



**The Guyana and Trinidad
Mutual Fire Insurance
Company Limited**



2021

142nd ANNUAL REPORT

Notice of Meeting

The **ORDINARY GENERAL MEETING OF MEMBERS** will be held at 14:00 hours on Wednesday, August 24, 2022 via Zoom Virtual Meeting Portal.

AGENDA

1. To approve and if seen fit pass, a special resolution authorising and directing the holding of the Ordinary General Meeting of Members of the GTM Fire Insurance Company Limited by means of a computer generated virtual real time format, where all members are in simultaneous visual attendance, due to the health and safety risks associated with large public gatherings during COVID-19 Pandemic.
2. To receive and consider the Report of the Directors, the Financial Statements for the year ended 31st December, 2021 and the Report of the Auditors thereon.
3. To sanction the declaration of a final dividend on Scrip Capital.
4. To elect Directors.
5. To fix remuneration of the Directors.
6. To elect Auditors and fix their remuneration.

By Order of the Board



A. Beharry
Company Secretary/ Legal Officer

GTM Buildings

27-29 Robb & Hincks Streets, Georgetown
13th July, 2022

N.B. The right to vote by proxy may only be exercised by any member who does not attend the virtual meeting.

The appointed proxy must be a member of the Company.

The instrument appointing a proxy must be deposited at the Head Office of the Company not less than twenty-four hours before the time appointed for holding the meeting.

Chairman & Board of Directors

CHAIRMAN

R. L. SINGH, AA., ACIS.

DIRECTORS

E. A. LUCKHOO, SC, LL.B , (HONS) (LOND)

B. J. HARPER (MS.), BA

G. E. DEAN, BSc., CIMA

P. S. FRASER

MANAGING DIRECTOR

R. ST. P. YEE, BSc. (HONS), EMBA.

Management Team

MANAGING DIRECTOR

R. ST. P. YEE, BSc. (HONS), EMBA

MANAGER

R. SINGH (MRS.), BSc., EMBA

COMPANY SECRETARY/LEGAL OFFICER

A. BEHARRY (MS.), LL.B, LL.M

FINANCE CONTROLLER

K. NAUTH, MBA, FCCA, CPA, MSc.

BRANCH MANAGER (AG.), ST. LUCIA

GERMAINE MAXWELL, FCII, MSc, BSc

BRANCH MANAGER, ST. VINCENT

C. CAMBRIDGE, AIAA, ACS (HONS), AIRC, Dip.Mgt (UWI)

BRANCH MANAGER, GRENADA

N. ENNIS (MS.), ACII, BSc.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their REPORT and the AUDITED FINANCIAL STATEMENTS for the year ended 31 December, 2021.

FIRE BUSINESS

GUYANA & CARIBBEAN OFFICES

At the commencement of the year after adjustment for the change in currency rates the sum insured for business in force was \$464,846,889,234 with annual premiums of \$2,037,535,183.

New policies, increases and reinstatements totalled \$56,956,031,594: in sums insured, yielding annual premiums of \$188,138,235. The amount of insurance in force at 31 December, 2021 was \$491,602,356,642 with annual premiums of \$2,105,095,210.

SUMMARY OF POLICIES ISSUED AND EXPIRED

SUM	ANNUAL INSURED	PREMIUMS
	G\$	G\$
Insurance in force at 31-12-2020	464,846,889,234	2,037,535,183
Issued during the year ended 31-12-2021	56,956,031,594	188,138,235
	<hr/> 521,802,920,828	<hr/> 2,225,673,418
Expired during the year ended 31-12-2021	30,200,564,186	120,578,208
Insurance in force at 31-12-2021	<hr/> 491,602,356,642	<hr/> 2,105,095,210

The total amount of claims paid and provided for during the year amounted to \$334,149,734 net of reinsurance recoveries.

TRIENNIAL CASH PROFIT

The Directors have declared a return of 30% of the premiums received after deduction of the usual reserve for unexpired time, in respect of those fire insurance policies issued in Guyana entitled to earn profit for the period ended 31 December, 2021. This will result in a return to policyholders of \$44,097,902 in cash.

REPORT OF THE DIRECTORS

INVESTMENTS

At the commencement of the year, the total value of investments was \$6,947,176,156. The ledger value of investments purchased during the year amounted to \$115,830,000 while redemptions were \$155,105,454. At 31 December 2021, securities were revalued in accordance with the Company's accounting policy, which resulted in a net increase in fair value of \$2,584,642,971. The total value of investments as at 31 December 2021 was \$9,490,875,710.

Certificates for the securities have been examined by the Auditors.

Mortgage Loans outstanding at 31 December, 2021 were \$21,465,321.

DIVIDENDS

The Directors have approved a final dividend of 5% on the Preferent Scrip and First Preferred Stock, and recommend a final dividend of 5% on the Ordinary Scrip Capital.

DIRECTORATE

The following Directors retire from Office and are eligible for re-election — Messrs. P. S. Fraser and G. E. Dean.

CORPORATE GOVERNANCE

The Company shares a common Board of Directors with the Guyana and Trinidad Mutual Life Insurance Company Limited and regular meetings are held for each Company.

The Board has established a Budget and Liquidity Risk Management Committee, which on an ongoing basis, reviews the Company's liquidity requirements and monitors potential risks to the business. Other major Committees on which members of the Board serve, are the Audit and Risk Management, Information Systems, Marketing and Public Relations, Building, Investment and Organisational and Compensation.

AUDITORS

Ram & McRae Chartered Accountants have retired and are eligible for election.

INDEPENDENT AUDITOR'S REPORT

To the Members of
The Guyana & Trinidad Mutual Fire Insurance Company Limited
on the Financial Statements for the Year Ended 31 December, 2021

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of **The Guyana and Trinidad Mutual Fire Insurance Company Limited**, which comprise the statement of financial position as at 31 December 2021, 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 summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements on pages 5 to 52 present fairly, in all material respects, the financial position of **The Guyana and Trinidad Mutual Fire Insurance Company Limited** as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, Ordinance No. 31 of 1980 and the Insurance Act 2016.

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 *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, Ordinance No. 31 of 1980 and the Insurance Act 2016, 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.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives 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.

Independent Auditor's Report — cont'd

Auditor's Responsibilities for the Audit of the Financial Statements - cont'd

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout 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 one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 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

As stated in Note 50 to these financial statements, the Bank of Guyana has determined that the Company is not compliant with certain provisions of the Insurance Regulations, 2018 which require the Company to take corrective action over five years from November 6, 2019.

Ram & Mc Rae
CHARTERED ACCOUNTANTS
PROFESSIONAL SERVICES FIRM

157 'C' WATERLOO STREET
GEORGETOWN
GUYANA
13th July, 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December, 2021

	Notes	2021 G\$	2020 G\$
REVENUE			
Insurance premiums	(5)	3,222,794,397	2,872,607,705
Movement in unexpired risks	(36)	299,462,631	(78,508,129)
Net insurance premiums		3,522,257,028	2,794,099,576
Reinsurance premiums	(5)	(626,859,685)	(517,693,245)
		2,895,397,343	2,276,406,331
Income from investments			
"Held-to-maturity"	(6)	78,917,484	68,366,308
"Loans and receivables"	(6)	5,026,508	4,489,142
"Available-for-sale"	(6)	86,226,161	77,867,758
Other income	(7)	14,253,752	622,774
Currency exchange (loss)	(8)	(10,593,371)	(7,819,819)
		3,069,227,877	2,419,932,494
Deduct:			
EXPENDITURE			
Claims	(9)	1,045,660,546	692,894,481
Commissions and sales expenses	(10)	338,291,952	320,441,517
Management expenses	(11)	453,193,895	443,765,849
Salaries and other staff costs	(11)	437,957,513	417,233,425
Pension fund contribution	(3)g	11,019,002	10,596,455
Lease interest cost		919,673	785,851
Withholding and other taxes	(12)a	12,244,076	10,867,421
Dividends, biennial bonus and triennial profit	(13)	55,950,335	47,382,375
Transfer to investment reserve	(14)	1,667,963	170,590
Total expenditure		2,356,904,955	1,944,137,964
Net surplus before movement in actuarial liabilities		712,322,922	475,794,530
Net movement in actuarial liabilities	(42)	(31,817,500)	—
Net surplus after movement in actuarial liabilities and before tax		680,505,422	475,794,530
Taxation	(12)b	273,455,670	159,885,517
Net surplus after taxation		407,049,752	315,909,013
OTHER COMPREHENSIVE INCOME			
Items that will not be classified to profit or loss			
Fair value gain on revaluation of property & equipment net of tax	(22)	144,300,000	—
Re-measurement of defined benefit pension plans net of tax	(24)	117,096,941	21,791,216
Prior year adjustment		—	3,781,453
Transfer to general reserve		46,188,893	—
Items that may be reclassified subsequently to profit or loss			
Adjustment to fair value of investments and transfer	(33)	2,584,642,971	528,638,654
Other comprehensive income for the year net of tax		2,892,228,805	554,211,323
Total comprehensive income for the year net of tax		3,299,278,557	870,120,336

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

PROFIT OR LOSS (ANNUAL) ACCOUNT — FIRE INSURANCE

For the Year Ended 31 December, 2021

	Notes	2021 G\$	2020 G\$
Premiums on without profit policies and commissions		1,045,377,592	1,013,655,228
Income from investments		170,170,153	154,808,804
Other income		14,253,752	622,774
		<u>1,229,801,497</u>	<u>1,169,086,806</u>
Deduct:			
Claims		287,983,712	122,087,611
Commissions and sales expenses		190,007,962	203,846,360
Salaries and other staff costs		353,146,800	326,072,851
Management expenses		362,671,871	334,867,871
Taxation		(98,939,856)	(87,661,929)
Reinsurance		268,033,637	265,197,815
Pension fund contribution		8,750,769	8,923,211
Transfer to investment reserve	(14)	1,667,963	170,590
Interest	(15)	62,294,908	44,703,966
		<u>1,435,617,766</u>	<u>1,218,208,346</u>
Transfer from premiums on with profit policies	(16)	<u>(205,816,269)</u>	<u>(49,121,540)</u>

This account, made up in accordance with By-Law 17 of this Company's Ordinance of Incorporation Chapter 210, (together with the accompanying profit or loss (triennial) account) has been prepared to reflect the declaration of triennial cash profit on fire policies entitled to profit in 2022.

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

PROFIT OR LOSS (TRIENNIAL) ACCOUNT — FIRE INSURANCE

For the Year Ended 31 December, 2021

	Notes	2021 G\$	2020 G\$
Balance of unexpired risks reserve at beginning		21,729,796	20,971,251
Premiums received		147,261,241	137,041,855
Premiums on policies surrendered for profit		3,986,168	582,390
		<u>172,977,205</u>	<u>158,595,496</u>
Deduct:			
Unexpired risks reserve at end		25,984,200	24,145,358
Transfer to profit or loss (annual) account	(17)	113,917,007	74,135,232
Triennial profit 30 % (2020 - 40%)		44,097,902	53,780,055
		<u>183,999,109</u>	<u>152,060,645</u>
Transfer from other reserve		<u>(11,021,904)</u>	<u>6,534,851</u>

This account, made up in accordance with By-Laws 12-14 of this Company's Ordinance of Incorporation Chapter 210, (together with the profit or loss (annual) account) has been prepared to reflect the declaration of triennial cash profit on fire policies entitled to profit in 2022.

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

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December, 2021

	Note	Scrip & stock capital G\$	Premium capital G\$	Investment reserve G\$	Other reserves G\$	Dividends, biennial bonus & triennial profit G\$	Property & equipment revaluation reserve G\$	Total G\$
-								
Balance at 1 January, 2020		1,000,000	189,419,334	5,394,061,222	2,533,813,915	51,336,612	627,783,615	8,797,414,698
Changes in equity 2020								
Total comprehensive income/(loss) for the year		—	10,101,023	528,638,654	325,292,925	6,087,734	—	870,120,336
Balance at 31 December 2020		1,000,000	199,520,357	5,922,699,876	2,859,106,840	57,424,346	627,783,615	9,667,535,034
Changes in equity 2021								
Total comprehensive income/(loss) for the year		—	(12,227,865)	2,584,642,971	593,271,511	(10,708,060)	144,300,000	3,299,278,557
Balance at 31 December 2021		1,000,000	187,292,492	8,507,342,847	3,452,378,351	46,716,286	772,083,615	12,966,813,591

“The accompanying notes form an integral part of these financial statements”

STATEMENT OF FINANCIAL POSITION

As at 31 December, 2021

	Notes	2021 G\$	2020 G\$
Assets			
Non-current assets			
Property and equipment	(18)	1,634,377,273	1,471,840,710
Right of use asset	(19)a	8,678,269	9,693,913
Deferred tax asset	(20)	73,670,574	89,262,980
Other assets			
Investments			
Held to maturity	(21)a	749,959,874	788,332,426
Loans and receivables	(21)b	21,465,321	22,368,223
Available for sale	(21)c	8,719,450,515	6,136,475,507
Statutory deposits	(23)	864,802,870	856,537,016
Retirement benefit assets	(24)	413,835,942	246,781,850
		<u>12,486,240,638</u>	<u>9,621,292,625</u>
Current assets			
Interest accrued	(25)	15,969,814	16,177,274
Receivables and prepayments	(26)	195,279,574	203,896,012
Related party receivable	(27)	—	128,457,591
Unexpired reinsurance premiums	(28)	17,871,502	14,456,416
Taxes recoverable	(39)	61,185,514	58,150,958
Treasury bills	(29)	466,060,002	456,683,681
Cash on deposit	(30)	1,302,191,136	1,141,467,703
Cash at bank		1,169,641,115	950,233,234
Cash on hand and in transit		4,766,373	5,986,391
		<u>3,232,965,030</u>	<u>2,975,509,260</u>
Total assets		<u>15,719,205,668</u>	<u>12,596,801,885</u>
Equity and liabilities			
Capital and reserves			
Scrip and stock capital	(31)	1,000,000	1,000,000
Premium capital	(32)	187,292,492	199,520,357
Investment reserve	(33)	8,507,342,847	5,922,699,876
Other reserve	(34)	3,452,378,351	2,859,106,840
Dividends, biennial bonus and triennial profit	(35)	46,716,286	57,424,346
Revaluation reserve	(22)	772,083,615	627,783,615
		<u>12,966,813,591</u>	<u>9,667,535,034</u>
Non-current liabilities			
Unexpired risks	(36)	1,129,661,436	1,429,124,067
Pension reserve	(37)	2,840,594	4,005,598
Actuarial liabilities	(42)	31,817,500	—
Lease liabilities	(19)b	6,179,900	8,226,384
Deferred tax liabilities	(20)	629,759,279	517,235,150
Retirement benefit obligations	(24)	68,057,002	86,072,641
		<u>1,868,315,711</u>	<u>2,044,663,840</u>
Current liabilities			
Lease liabilities	(19)b	4,180,455	3,182,148
Related party payables	(27)	100,664,864	—
Unclaimed dividends and triennial profit	(38)	34,129,132	79,447,272
Provision for taxation	(39)	63,084,730	55,367,154
Provision for claims	(40)	587,635,833	548,868,240
Payables and accruals	(41)	94,381,352	187,366,130
Bank overdraft (unsecured)	(43)	—	10,372,067
		<u>884,076,366</u>	<u>884,603,011</u>
Total equity and liabilities		<u>15,719,205,668</u>	<u>12,596,801,885</u>

The financial statements were approved by the Board of Directors on 13th July, 2022.

On behalf of the Board:

Chairman: **MR. R. L. SINGH, AA**

Director: **MR. G. E. DEAN**

Company Secretary / Legal Officer: **MS. A. BEHARRY**

“The accompanying notes form an integral part of these financial statements”

STATEMENT OF CASH FLOWS

For the Year Ended 31 December, 2021

	2021 G\$	2020 G\$
Operating activities		
Profit before taxation	680,505,422	475,794,530
Adjustments for -		
Depreciation — property and equipment	41,903,899	89,069,505
Depreciation — right of use asset	4,941,376	3,428,344
Dividend and interest received	(170,170,153)	(154,808,804)
Lease interest	919,673	785,851
Loss on investment	—	4,085,596
Loss on disposal of property and equipment	12,422,956	—
Currency exchange loss	10,593,371	7,819,819
Operating profit before working capital changes	581,116,544	426,174,841
Increase in reserves	231,260,050	27,875,114
Decrease in receivables and prepayments	133,866,403	22,499,001
(Increase) / decrease in unclaimed dividends and triennial profit	(45,318,140)	9,128,271
Increase / (decrease) in provision for claims	38,767,593	(72,199,611)
Increase in actuarial valuation - claim	31,817,500	—
Increase in payables and accruals	7,680,086	47,625,512
(Increase) / decrease in unexpired risks	(299,462,631)	78,508,129
Increase in retirement benefit assets	(167,054,092)	(69,884,143)
(Increase) / decrease in retirement benefit obligations	(18,015,639)	39,947,656
Net cash provided by operations	494,657,674	509,674,770
Taxes paid	(218,720,744)	(126,002,924)
Net cash provided by operating activities	275,936,930	383,671,846
Investing activities		
Purchase of property and equipment	(72,563,418)	(37,375,218)
Purchase of securities	(115,830,000)	(317,556,451)
Net proceeds from redemption of securities	154,202,552	171,212,627
Net mortgage repayments	902,902	638,130
Net (increase) / decrease in treasury bills	(9,376,321)	97,600,439
Increase in cash on deposits	(160,723,433)	(66,107,974)
Increase in statutory deposits	(8,265,854)	(63,598,071)
Dividend and interest received	170,170,153	154,808,804
Net cash used in investing activities	(41,483,419)	(60,377,714)
Financing activities		
Acquisition of right of asset	(3,925,732)	(4,757,163)
(Increase) / decrease in lease liabilities	(1,048,176)	1,044,725
Interest paid on lease liabilities	(919,673)	(785,851)
Net cash used in financing activities	(5,893,581)	(4,498,289)
Net increase in cash and cash equivalents	228,559,930	318,795,843
Cash and cash equivalents at beginning of period	945,847,558	627,051,715
Cash and cash equivalents at end of period	1,174,407,488	945,847,558
Cash and cash equivalents consist of:		
Cash on hand, at bank and in transit	1,174,407,488	956,219,625
Bank overdraft (unsecured)	—	(10,372,067)
	1,174,407,488	945,847,558

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

NOTES ON THE ACCOUNTS

(1) INCORPORATION AND ACTIVITIES

The Guyana and Trinidad Mutual Fire Insurance Company Limited was incorporated by Ordinance No. 31 of 15th December 1880. The objectives of the Company are to carry on the business of Property, Motor, Accident and Liability and any other class of insurance approved by the Regulators.

(2) ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

Amendments effective for the current year end

New and Amended Standards		Effective for annual periods beginning on or after
IAS 16	— Amendment to IAS 16 — Property, Plant and Equipment	1 January 2022
IFRS 9	— Amendment to IFRS 9 — Financial Instruments	1 January 2022
IAS 37	— Amendment to IAS 37 — Provision, contingent liabilities and contingent assets	1 January 2022
IFRS 3	— Amendments to IFRS 3 — Business combination	1 January 2022
IAS 1	— Amendments to IAS 1 — Presentation of Financial Statements	1 January 2023
IFRS 17	— Insurance Contracts	1 January 2023
IFRS 10	— Amendment to IFRS 10 — Consolidated financial statements and IAS 19 Investments in associates and joint venture	Deferred indefinitely

IAS 16 Amendments to IAS 16 — Property, Plant and Equipment

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sale proceeds and related cost in profit and loss.

IFRS 9 Amendments to IFRS 9 — Financial Instruments

The amendment, part of the Annual Improvements to IFRS Standards 2018 to 2020, clarifies which fees an entity includes when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IAS 37 Amendments to IAS 37 — Provision, contingent liabilities and contingent assets

The amendment clarify that, for the purpose of assessing whether a contract is onerous; the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

NOTES ON THE ACCOUNTS

(2) ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS — CONT'D

Pronouncements effective in the future period for early adoption

IFRS 3 Amendments to IFRS 3 — Business combination

The amendments updated the reference to the Conceptual Framework. They also added to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitute an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The International Accounting Standard Board added this exception to avoid an unintended consequence of updating the reference. Without the exception, an entity would have recognised some liabilities on the acquisition of a business that it would not recognise in other circumstances. Immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain.

IAS 1 Amendments to IAS 1 — Presentation of financial statements

IAS 1 has been revised to (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the 'right' to defer settlement by at least twelve months and make explicit that only rights in place 'at the end of the reporting period' should affect the classification of a liability; (ii) clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and (iii) made clear that settlement refers to the transfer to the counterparty of cash, equity instruments, or other assets and services.

IFRS 17 Insurance Contract

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

The adoption of this standard will have a material impact on the reported profit, the classification of assets, and the overall financial statement presentation and disclosure requirements.

IFRS 10 Amendments to IFRS 10 — Consolidated financial statements and IAS 19 investment in associates and joint venture

The amendments clarify the recognition of gains or losses in the Parent's financial statements for the sale or contribution of assets between an investor and its associate or joint venture.

NOTES ON THE ACCOUNTS

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

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

The principal accounting policies are set out below.

(b) Revenue recognition

i) Premiums

Premiums are recognised as revenue when received from policyholders. Premiums are recognised gross of commissions payable. Reserves for unexpired risks that relate to future periods are included under non-current liabilities.

ii) Other revenues

Interest income for all interest bearing financial instruments except for those classified as available for sale or designated at fair value is recognised in the statement of profit or loss and other comprehensive income on an accrual basis using the effective interest yield method.

The effective interest yield is the rate that exactly discounts estimated future cash receipts or payments throughout the expected life of the financial instrument or where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

iii) Other income

Other income is recognised as it is earned. This is mainly due to fees charged for routine transactions.

(c) Investments

Investments are recognised in the financial statements to comply with International Financial Reporting Standards.

The Company classifies its investment portfolio into the following categories: "held to maturity investments", "loans and receivables" and "available for sale financial assets". Management determines the appropriate classification at the time of purchase based on the purpose for which the investment securities are acquired. The classification is reviewed annually.

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

i) Held to maturity

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

ii) Loans and receivables

These comprise mortgages on property are stated at amortised cost.

iii) Available for sale financial assets

Investments are initially recognised at cost and adjusted to fair value at subsequent periods. Gains or losses on revaluations are recognised through the investment reserve account until the asset is sold or otherwise disposed, at which time previously recognised gains or losses are transferred to the statement of profit or loss and other comprehensive income for that period.

NOTES ON THE ACCOUNTS

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONT'D

(d) Foreign currencies

Transactions in currencies other than Guyana dollars are recorded at the rates of exchange prevailing on the dates of the transactions. At the date of the financial statements, monetary assets and liabilities that are denominated in foreign currencies are re-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 the rates prevailing at the date when the fair value was determined. Gains and losses arising on re-translation are included in the statement of profit or loss and other comprehensive income for the period.

(e) Property, equipment and depreciation

Land and buildings held for use in the supply of services, or for administrative purposes are stated in the statement of financial position at cost or their revalued amounts. Revalued amounts are taken as the fair value at the date of revaluation determined from the market based evidence by appraisal undertaken by professional valuers.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the revaluation reserve account. Depreciation on revalued assets is charged to the statement of profit or loss and other comprehensive income.

Equipment and fixtures are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and construction work-in-progress, over their estimated useful lives as follows:-

Buildings	— 2% (reducing balance)
Furniture and fittings	— 10% (reducing balance)
Computer equipment	— 20% (straight line)
Motor Vehicle & Machinery	— 20% (reducing balance)
Other equipment	— 15% (reducing balance)

No depreciation is provided on land.

Assets are reviewed for impairment whenever there is objective evidence to indicate that the carrying amount of an asset is greater than its estimated recoverable amount, and are written down immediately to their recoverable amounts.

The gain or loss arising on the disposal or retirement of an item of fixed assets is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss and other comprehensive income.

(f) Operating expenses

The Guyana and Trinidad Mutual Fire Insurance Company Limited and The Guyana and Trinidad Mutual Life Insurance Company Limited share common staff and facilities. In Guyana, staff are employed, and facilities are owned by, The Guyana and Trinidad Mutual Fire Insurance Company Limited. In the Caribbean territories, staff are employed, and facilities are owned by, The Guyana and Trinidad Mutual Life Insurance Company Limited. Relevant costs are shared between the Companies on a pre-determined, agreed and equitable reimbursement basis.

NOTES ON THE ACCOUNTS

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONT'D

(g) Employees' pension scheme

A defined benefit pension scheme is operated by The Guyana and Trinidad Mutual Fire Insurance Company Limited.

In Guyana, all staff are employed by The Guyana and Trinidad Mutual Fire Insurance Company Limited. Employment costs are shared with The Guyana and Trinidad Mutual Life Insurance Company Limited on a pre-determined, agreed and equitable reimbursement basis.

A defined benefit pension plan is also operated for the sales representatives of both The Guyana and Trinidad Mutual Fire and The Guyana and Trinidad Mutual Life Insurance Companies. Contributions to the scheme are paid by The Guyana and Trinidad Mutual Fire Insurance Company Limited, and the relevant portion is then reimbursed by The Guyana and Trinidad Mutual Life Insurance Company Limited.

Contributions for the period were as follows:

	2021	2020
	G\$	G\$
Pension scheme contribution (staff)	<u>5,788,837</u>	<u>5,113,309</u>
Pension scheme contribution (sales representative)	<u>5,230,165</u>	<u>5,483,146</u>

Actuarial valuations for Sales Representatives schemes were completed at January 1, 2020.

Actuarial valuations for Staff schemes were completed at September 1, 2020.

The fair value of the plans' assets and the present value of the obligations are actuarially calculated at the end of each year and disclosed on the statement of financial position.

The movements in assets and liabilities of the pension schemes are recognised through the statement of profit or loss and other comprehensive income.

(h) Taxation

Income tax expense represents the sum of the tax currently payable and the deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted in Guyana and the Caribbean territories at the reporting date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to the statement of profit or loss and other comprehensive income except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

NOTES ON THE ACCOUNTS

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONT'D

(i) Claims

Claims are made against the Company in respect of the various classes of insurance policies. Claims are recognised when reported to the Company, whether or not settled at the reporting date.

Claims are shown in the statement of profit or loss and other comprehensive income net of reinsurance recoveries. The liability for claims reported and unpaid at the reporting date is disclosed net of amount recoverable from reinsurers.

(j) Unexpired risks

Unexpired risks represents the proportion of the premiums written in a year which relates to the period of insurance subsequent to the reporting date. The basis of this accounting estimate has been changed from a 50% of all gross premium receipted in the financial year to a per policy basis to an ongoing calculation of actually unexpired risks on a month by month basis. This methodology allows for calculating the actual unexpired risk with greater accuracy.

(k) Commissions

Commissions represent expenses incurred in the acquisition of insurance business contracted mainly through sales representatives and brokers. Various rates are used in the computation of commissions paid.

(l) Financial instruments

Financial assets and liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

Financial instruments carried on the statement of financial position include investment securities, loans and overdrafts, receivables, payables, accruals, borrowings and cash resources. The recognition methods adopted for the instruments are disclosed in the individual policy statement.

i) Receivables and prepayments

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

ii) Bank borrowings

Interest bearing bank overdraft is recognised at amortised cost.

iii) Payables and accruals

Payables and accruals 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.

(m) Reinsurance

The Guyana and Trinidad Mutual Fire Insurance Company Limited has both treaty and facultative reinsurance in place for the risks that the Company underwrites. Relevant amounts are reimbursed to the Company for claims paid, in accordance with the terms of the reinsurance agreements.

Reinsurance premiums paid are disclosed separately in the statement of profit or loss and other comprehensive income, and claims are disclosed net of reinsurance recoveries.

NOTES ON THE ACCOUNTS

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONT'D

(n) Insurance contracts

The Company issues contracts that transfer insurance risk or financial risk or both.

Accident and liability insurance contracts protect the Company's clients against potential legal liability of causing harm to third parties or damage to third parties' property as a result of their legitimate activities and damages covered.

Property insurance contracts mainly indemnify the Company's clients for damage suffered to their properties or for the value of property lost.

Motor insurance contracts provide financial protection to the Company's clients against physical damage and/or bodily injury resulting from motor vehicle accidents, and against liability that could arise from them.

Liability adequacy test

The Company, 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 by the client and/or loss adjusters. 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 kept on the books until they are discharged or cancelled, or have expired.

(o) Premium capital

The premium capital is an accumulation of profit premiums net of any refunds, lapses, surrenders and unexpired time. This together with any gain or loss on the profit or loss account is used in the computation of triennial cash profit for distribution amongst members at the end of each triennial period.

(p) Investment reserve

This comprises the movement in the fair value of securities traded. This also includes provision made in accordance with By-Law 19 of the Company's Ordinance.

(q) Revaluation reserve

This comprises the revaluation surplus arising from the revaluation of land and buildings and is disclosed net of deferred tax.

(r) Triennial profit

This is a return of premium to profit policyholders in cash at the end of a triennial period pursuant to the By-Laws of the Company. A rate of return is decided by the Directors based on the performance of the Company.

(s) Biennial bonus

This is a cash bonus payable at a fixed rate of 30% at the end of the biennial period in accordance with the conditions of the policy. These are non-participating policies with a special bonus condition attached and are currently only sold in the territory of St. Lucia.

(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.

NOTES ON THE ACCOUNTS

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — CONT'D

(t) Impairment of tangible assets — Cont'd

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 profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

(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 judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, 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 Directors have determined that these securities do not meet the criteria for loans and receivables, held to 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 and equipment

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

iv) Other financial assets/liabilities

In determining the fair value of the investment in the absence of an active market, the Directors estimate the likelihood of impairment by using discounted cash flows. At December 31, 2020 provision for claims comprised of claims notified but not settled. The provision for the cost of claims notified but not settled is arrived at after taking into account all known facts up to the reporting date.

While management believes that the liability carried at the reporting date is adequate, the application of statistical techniques requires significant judgment. Any deviation in the actual cost of the claims would result in the recognition of an additional surplus or deficit in subsequent financial years.

v) Valuation method of pension schemes

Certain assumptions were used in the disclosure information on the schemes based on information provided by the management of the Company.

NOTES ON THE ACCOUNTS

	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G\$	G\$	G\$	G\$	G\$	G\$
(5) PREMIUMS						
Property	1,632,223,238	(542,746,422)	1,089,476,816	1,585,372,010	(468,137,578)	1,117,234,432
Motor	1,430,695,283	(80,265,396)	1,350,429,887	1,169,179,824	(49,932,797)	1,119,247,027
Accident & liability	159,475,656	(3,847,867)	155,627,789	117,545,174	377,130	117,922,304
Marine	400,220	—	400,220	510,697	—	510,697
	<u>3,222,794,397</u>	<u>(626,859,685)</u>	<u>2,595,934,712</u>	<u>2,872,607,705</u>	<u>(517,693,245)</u>	<u>2,354,914,460</u>
(6) INCOME FROM INVESTMENTS					2021 G\$	2020 G\$
"Held-to-maturity"						
Stocks, bonds and debentures					78,917,484	68,366,308
Treasury bills and fixed deposits						
"Loans and receivables"						
Mortgages					1,527,662	1,572,585
Sundry loans					3,498,846	2,916,557
					<u>5,026,508</u>	<u>4,489,142</u>
"Available-for-sale"						
Equities					86,226,161	77,867,758
TOTAL					<u>170,170,153</u>	<u>150,723,208</u>
(7) OTHER INCOME						
Miscellaneous income					<u>14,253,752</u>	<u>622,774</u>
(8) CURRENCY EXCHANGE (LOSS)					<u>(10,593,371)</u>	<u>(7,819,819)</u>

These differences arose as a result of translation of monetary assets and liabilities denominated in foreign currencies at the reporting date and transaction differences for the period.

NOTES ON THE ACCOUNTS

	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G\$	G\$	G\$	G\$	G\$	G\$
(9) CLAIMS						
Property	425,936,081	(91,786,347)	334,149,734	303,544,269	(133,494,807)	170,049,462
Motor	721,692,590	(13,172,070)	708,520,520	520,921,110	(3,575,000)	517,346,110
Accident and liability	2,990,292	—	2,990,292	5,498,909	—	5,498,909
	<u>1,150,618,963</u>	<u>(104,958,417)</u>	<u>1,045,660,546</u>	<u>829,964,288</u>	<u>(137,069,807)</u>	<u>692,894,481</u>

Claims paid in financial year

	2021			2020		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	G\$	G\$	G\$	G\$	G\$	G\$
Property	451,201,335	(75,315,070)	375,886,265	387,023,594	(11,657,107)	375,366,487
Motor	778,868,703	(37,278,619)	741,590,084	474,424,976	(7,827,564)	466,597,412
Accident and liability	2,010,292	—	2,010,292	3,998,909	—	3,998,909
	<u>1,232,080,330</u>	<u>(112,593,689)</u>	<u>1,119,486,641</u>	<u>865,447,479</u>	<u>(19,484,671)</u>	<u>845,962,808</u>

(10) COMMISSIONS AND SALES EXPENSES

Property	238,014,448	246,326,878
Motor	81,999,572	61,081,342
Accident and liability	18,267,432	12,931,157
Marine	10,500	102,140
	<u>338,291,952</u>	<u>320,441,517</u>

(11) MANAGEMENT EXPENSES

Operating expenses	390,239,868	333,965,442
Depreciation — property and equipment	41,903,899	89,069,505
Depreciation — right of use asset	4,941,376	3,428,344
Directors' emoluments (a)	9,838,752	9,757,440
Auditor's remuneration	6,270,000	7,545,118
	<u>452,193,895</u>	<u>443,765,849</u>
Salaries and other staff costs	<u>437,957,513</u>	<u>417,233,425</u>

(a) Directors' emoluments

Chairman	—	R. L. Singh	2,683,296	2,439,360
Directors	—	P. S. Fraser	1,341,648	1,219,680
	—	E. A. Luckhoo	1,341,648	1,219,680
	—	B. J. Harper	1,341,648	1,219,680
	—	L. W. Validum (deceased 2021-04-24)	447,216	1,219,680
	—	G. E. Dean	1,341,648	1,219,680
Managing Director	—	R. St. P. Yee	1,341,648	1,219,680
			<u>9,838,752</u>	<u>9,757,440</u>

NOTES ON THE ACCOUNTS

	2021 G\$	2020 G\$
(12)a WITHHOLDING AND OTHER TAXES		
Premium and stamp tax	10,177,140	8,834,254
Withholding tax	2,066,936	2,033,167
	<u>12,244,076</u>	<u>10,867,421</u>
(12)b TAXATION		
Reconciliation of tax expenses and accounting profit		
Accounting profit	680,505,422	475,794,530
Corporation tax at (40%)	272,202,169	190,317,812
Add:		
Tax effect of expenses not deductible in determining taxable profits:		
Depreciation for accounting purposes	16,761,560	35,627,802
Property tax	25,950,660	20,917,528
	<u>314,914,389</u>	<u>246,863,142</u>
Deduct:		
Tax effect of depreciation for tax purposes	(17,508,066)	(13,002,899)
Gain on disposal of property and equipment	—	—
	<u>297,406,323</u>	<u>233,860,243</u>
Adjustment / set off / effects of varying tax rates	(74,002,559)	(56,896,018)
	<u>223,403,764</u>	<u>176,964,225</u>
Corporation tax (28% — 40%)	223,403,764	176,964,225
Deferred tax (note 20)	(50,051,906)	(17,078,708)
	<u>273,455,670</u>	<u>159,885,517</u>
Taxation provisions are made in accordance with the tax administration laws of the various countries in which the Company operates, namely - Guyana, St. Lucia, St. Vincent and Grenada.		
(13) DIVIDENDS, BIENNIAL BONUS AND TRIENNIAL PROFIT		
Ordinary scrip dividend	23,819	27,000
Preferent scrip dividend	3,970	4,500
First preferred stock dividend	11,910	13,500
Triennial cash profit paid	54,026,872	44,750,303
Biennial bonus paid	1,883,764	2,587,072
	<u>55,950,335</u>	<u>47,382,375</u>

NOTES ON THE ACCOUNTS

	2021 G\$	2020 G\$
(14) TRANSFER TO INVESTMENT RESERVE		
By-Law 19 of the Company's Ordinance provides that in any year, the Directors may transfer from the interest account to the investment reserve account, an amount to provide for the past losses or future possible losses on investments or depreciation thereof.	<u>1,667,963</u>	<u>170,590</u>
(15) INTEREST		
Ordinary scrip	23,819	27,000
Preferent scrip	3,970	4,500
First preferred stock	11,910	13,500
Reserves	62,255,209	44,658,966
	<u>62,294,908</u>	<u>44,703,966</u>
(16) TRANSFER FROM PREMIUMS ON WITH PROFIT POLICIES		
Policies entitled to profit Dec 2020	—	(15,151,354)
Policies entitled to profit Dec 2021	(70,137,874)	(16,195,682)
Policies entitled to profit Dec 2022	(64,655,208)	(17,774,504)
Policies entitled to profit Dec 2023	(71,023,187)	—
	<u>(205,816,269)</u>	<u>(49,121,540)</u>
(17) TRANSFER TO PROFIT OR LOSS (ANNUAL) ACCOUNT on policies entitled to profit at December 2021		
As at 31 Dec 2018	—	39,102,776
As at 31 Dec 2019	27,583,451	19,881,102
As at 31 Dec 2020	16,195,682	15,151,354
As at 31 Dec 2021	70,137,874	—
	<u>113,917,007</u>	<u>74,135,232</u>

NOTES ON THE ACCOUNTS

(18) PROPERTY AND EQUIPMENT

	Land G \$	Buildings G \$	Furniture, computer and other equipment G \$	Motor vehicles G \$	Total G \$
Cost/valuation					
At 1 January 2020	761,300,000	577,030,137	849,060,471	41,247,579	2,228,638,187
Additions	—	—	37,375,218	—	37,375,218
Disposals	—	—	—	—	—
Revaluation	—	—	—	—	—
Impairment	—	—	—	—	—
At 31 December 2020	761,300,000	577,030,137	886,435,689	41,247,579	2,266,013,405
Additions	—	22,279,061	50,284,357	—	72,563,418
Disposals	—	—	(31,956,992)	—	(31,956,992)
Revaluation	114,200,000	30,100,000	—	—	144,300,000
Impairment	—	—	—	—	—
At 31 December 2021	875,500,000	629,409,198	904,763,054	41,247,579	2,450,919,831
Comprising:					
Cost	50,777,948	263,525,226	904,763,054	41,247,579	1,260,313,807
Valuation	824,722,052	365,883,972	—	—	1,190,606,024
	875,500,000	629,409,198	904,763,054	41,247,579	2,450,919,831
Depreciation:					
At 1 January 2020	—	33,972,029	655,183,518	15,947,643	705,103,190
Charge for the year	—	10,861,162	73,138,945	5,069,398	89,069,505
Written back on disposals	—	—	—	—	—
Adjustment	—	—	—	—	—
At 31 December 2020	—	44,833,191	728,322,463	21,017,041	794,172,695
Charge for the year	—	11,341,396	26,523,924	4,038,579	41,903,899
Written back on disposals	—	—	(19,534,036)	—	(19,534,036)
Adjustment	—	—	—	—	—
At 31 December 2021	—	56,174,587	735,312,351	25,055,620	816,542,558
Net book values:					
At 31 December 2020	761,300,000	532,196,946	158,113,226	20,230,538	1,471,840,710
At 31 December 2021	875,500,000	573,234,611	169,450,703	16,191,959	1,634,377,273

NOTES ON THE ACCOUNTS

(19) LEASES

(a) Right of use asset

The statement of financial position shows the following amounts relating to leases:

	Buildings G\$	
Gross carrying amount:		
At 1 January 2020	17,396,397	
Additions	4,757,163	
Disposal	—	
	<hr/>	
At 31 December 2020	22,153,560	
Additions	3,925,732	
Disposal	—	
	<hr/>	
At 31 December 2021	26,079,292	
Depreciation:		
At 1 January 2020	9,031,303	
Change for the year	3,428,344	
	<hr/>	
At December 2020	12,459,647	
Change for the year	4,941,376	
	<hr/>	
At December 2021	17,401,023	
	<hr/>	
Net carrying amount:		
At 31 December 2020	9,693,913	
	<hr/>	
At 31 December 2021	8,678,269	
	<hr/>	
(b) Lease liabilities	2021 G\$	2020 G\$
Current	4,180,455	3,182,148
Non-current	6,179,900	8,226,384
	<hr/>	<hr/>
	10,360,355	11,408,532
	<hr/>	<hr/>
(c) The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:		
Depreciation of right of use asset	4,941,376	3,428,344
	<hr/>	<hr/>
Lease interest cost	919,673	785,851
	<hr/>	<hr/>

(d) Total cash outflows for leases in 2021 were \$4,845,405 (2020: \$4,033,532).

NOTES ON THE ACCOUNTS

(19) LEASES — CONT'D

(e) The Company's leasing activities and how they are accounted for:

- (i) On adoption of IFRS 16, the Company has chosen the modified retrospective approach, with the cumulative effect of the adoption being recognised as an adjustment to the opening balance of retained earnings in the statement of equity.
- (ii) The Company leases various offices with lease contracts typically made for a period of three (3) to five (5) years that include extension and termination options. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. The lease agreements do not impose any covenants. Lease assets may not be used for borrowing purposes.
- (iii) Effective January 01, 2019, leases are recognised as right of use assets and a corresponding lease liability at the date at which lease asset is available to the Company. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than twelve months, the Company has applied the optional exemptions to not recognise right of use asset but to account for lease expense on a straight line basis over the remaining lease term.
- (iv) At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using an incremental borrowing rate of 8%.
- (v) The Company depreciates the right of use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Company also assesses the right of use asset for impairment when such indicators exist.
- (vi) Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed) and variable payments based on a rate of 3%, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.
- (vii) Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset, or profit or loss if the right of use asset is already reduced to zero.

NOTES ON THE ACCOUNTS

	2021 G\$	2020 G\$		
(20) DEFERRED TAX				
Recognised deferred tax assets/liabilities are attributed to the following items:				
Deferred tax liabilities				
Property and equipment, revaluation	418,522,410	418,522,410		
Property and equipment, timing difference	45,702,492	—		
Retirement benefit assets	165,534,377	98,712,740		
	<u>629,759,279</u>	<u>517,235,150</u>		
Deferred tax assets				
Retirement benefit obligations	27,222,801	34,429,056		
Accumulated tax losses	46,447,773	54,833,924		
	<u>73,670,574</u>	<u>89,262,980</u>		
Movement in temporary differences				
Deferred tax liabilities	Property and equipment revaluation G\$	Property and equipment timing difference G\$	Retirement benefit assets G\$	Total G\$
At 1 January, 2020	418,522,410	9,860,888	70,759,083	499,142,381
Movement during the year:-				
Statement of profit or loss	—	(9,860,888)	3,573,068	(6,287,820)
Statement of other comprehensive income	—	—	24,380,589	24,380,589
	<u>418,522,410</u>	<u>—</u>	<u>98,712,740</u>	<u>517,235,150</u>
At 31 December, 2020	418,522,410	—	98,712,740	517,235,150
Movement during the year:-				
Statement of profit or loss	—	45,702,492	4,350,116	50,052,608
Statement of other comprehensive income	—	—	62,471,521	62,471,521
	<u>418,522,410</u>	<u>45,702,492</u>	<u>165,534,377</u>	<u>629,759,279</u>
At 31 December, 2021	418,522,410	45,702,492	165,534,377	629,759,279
Deferred tax assets		Accumulated tax losses G\$	Retirement benefit obligations G\$	Total G\$
At 1 January, 2020		50,168,987	18,449,994	68,618,981
Movement during the year:-				
Statement of profit or loss		4,664,937	6,125,951	10,790,888
Statement of other comprehensive income		—	9,853,111	9,853,111
		<u>54,833,924</u>	<u>34,429,056</u>	<u>89,262,980</u>
At 31 December, 2020		54,833,924	34,429,056	89,262,980
Movement during the year:-				
Statement of profit or loss		(8,386,151)	8,386,852	701
Statement of other comprehensive income		—	(15,593,107)	(15,593,107)
		<u>46,447,773</u>	<u>27,222,801</u>	<u>73,670,574</u>
At 31 December, 2021		46,447,773	27,222,801	73,670,574

NOTES ON THE ACCOUNTS

(20) DEFERRED TAX — CONT'D

Net movements for the year

	2021 G\$	2020 G\$
Movements in deferred tax liabilities	(112,524,129)	(18,092,769)
Movements in deferred tax assets	(15,592,406)	20,643,999
Net movements for the year	<u>(128,116,535)</u>	<u>2,551,230</u>
Movements through the profit or loss account	50,051,907	(17,078,708)
Movements through statement of other comprehensive income	78,064,628	14,527,478
	<u>128,116,535</u>	<u>(2,551,230)</u>

(21) INVESTMENTS

(a) Held-to-maturity COMMONWEALTH CARIBBEAN GOVERNMENTS

Held in trust with Insurance Regulators
Others — Eastern Caribbean
Bonds and debentures

699,959,874	718,332,426
50,000,000	70,000,000
<u>749,959,874</u>	<u>788,332,426</u>

(b) Loans and receivables Mortgages

21,465,321	22,368,223
<u>21,465,321</u>	<u>22,368,223</u>

(c) Available-for-sale

Equity investments in Guyana
Equity investments in the Eastern Caribbean

8,714,263,163	6,131,288,155
5,187,352	5,187,352
<u>8,719,450,515</u>	<u>6,136,475,507</u>

NOTES ON THE ACCOUNTS

(21) INVESTMENTS — CONT'D

(d) Details of securities

	Year of maturity	Rate of interest %	2021 G\$	2020 G\$
"Held-to-maturity"				
Guyana	2023	4.75	50,000,000	70,000,000
Eastern Caribbean				
Grenada	2022	3.85	21,450,000	21,450,000
Grenada	2023	3.00	28,600	42,900,000
St. Vincent	2022	7.50	1,787,500	5,362,500
St. Vincent	2026	7.00	28,600,000	28,600,000
St. Lucia	2021	4.50	—	115,830,000
St. Lucia	2023	4.50	115,830,000	—
St. Lucia	2022	4.50	76,250,672	76,250,672
St. Lucia	2022	6.25	28,957,500	28,957,500
St. Lucia	2023	6.00	104,983,423	105,480,975
St. Lucia	2025	6.00	41,105,779	41,105,779
St. Lucia	2025	6.00	71,500,000	71,500,000
St. Lucia	2025	6.50	107,250,000	107,250,000
St. Lucia	2026	6.50	73,645,000	73,645,000
			<u>749,959,874</u>	<u>788,332,426</u>

NOTES ON THE ACCOUNTS

(22) FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table details the carrying values of assets and liabilities. However, fair values have been stated for disclosure purposes.

		2021			2020		
		IFRS 13	Carrying value	Fair value	IFRS 13	Carrying value	Fair value
		LEVEL	G\$	G\$	LEVEL	G\$	G\$
Assets							
Investments							
Held-to-maturity	2	749,959,874	749,959,874	2	788,332,426	788,332,426	
Loans and receivables	2	21,465,321	21,465,321	2	22,368,223	22,368,223	
Statutory deposits	1	864,480,870	864,802,870	1	856,537,016	856,537,016	
Interest accrued	2	15,969,814	15,969,814	2	16,177,274	16,177,274	
Receivables and prepayments	2	195,279,574	195,279,574	2	203,896,012	203,896,012	
Related party receivable	2	—	—	2	128,457,591	128,457,591	
Unexpired reinsurance premiums	2	17,871,502	17,871,502	2	14,456,416	14,456,416	
Taxes recoverable	2	61,185,514	61,185,514	2	58,150,958	58,150,958	
Treasury bills	1	466,060,002	466,060,002	1	456,683,681	456,683,681	
Cash on deposit	1	1,302,191,136	1,302,191,136	1	1,141,467,703	1,141,467,703	
Cash at bank	1	1,169,641,115	1,169,641,115	1	950,233,234	950,233,234	
Cash on hand and in transit	1	4,766,373	4,766,373	1	5,986,391	5,986,391	
				</			

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

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

"Loans and receivables"

These investments are carried net of specific and other provisions for impairment. The fair value is based on the expected realisation of outstanding balances. Mortgages are secured against the borrowers' properties.

NOTES ON THE ACCOUNTS

(22) FAIR VALUE OF FINANCIAL INSTRUMENTS — CONT'D

Valuation techniques and assumptions applied for the purposes of measuring fair values — CONT'D

"Financial instruments where the carrying amounts are equal to fair values"

The carrying amounts of certain financial instruments are assumed to approximate their fair values due to their short-term nature. These include cash resources, treasury bills and other assets and liabilities.

Assets carried at fair values

Property and equipment	2021 G\$	2020 G\$
Net book value	<u>1,634,377,273</u>	<u>1,471,840,710</u>

On December 31, 2019, the Company's land and buildings in Guyana were professionally revalued by the Senior Valuation Officer of the Valuation Division of the Ministry of Finance resulting in an increase in the revaluation surplus for the year net of deferred tax of \$43,080,000 and was recognised through other comprehensive income for that year. The revaluation surplus net of deferred tax of G\$772,083,615 (2020 — \$627,783,615) is being held in revaluation reserve.

All valuations were based on open market value. The valuation of property has been derived by reference to the current market value in the case of land, and the replacement cost in the case of buildings. The most significant input for these valuation approaches is the value or replacement cost per square foot which is considered to be observable. The valuation of property is classified as a level 2.

If no revaluation of land and buildings were done, the net book value of land and buildings would have been approximately G\$258,128,587 (2020 — G\$247,190,922).

Investments Available-for-sale	2021 G\$	2020 G\$
Level 1	8,708,157,088	6,125,182,080
Level 2	11,293,427	11,293,427
	<u>8,719,450,515</u>	<u>6,136,475,507</u>

Level 1:

Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The previously comparative reported value of NIL has been reclassified to reflect this.

Level 2:

Fair value measurements are those derived from inputs other than quoted 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). The previously reported comparative of \$6,136,475,507 was reclassified to reflect this.

	2021 G\$	2020 G\$
(23) STATUTORY DEPOSITS	<u>864,802,870</u>	<u>856,537,016</u>

These are deposits with Insurance Regulators and with financial institutions held in trust to the order of the relevant Insurance Regulators.

NOTES ON THE ACCOUNTS

(24) DEFINED BENEFIT ASSETS / OBLIGATIONS

The last actuarial valuations of the plans' assets and the present value of the defined benefit obligations for the sales representatives and the administrative staff were carried out as at January 1, 2020 and September 1, 2020 respectively by the Actuaries. The present value of the defined benefit obligations and the related current service cost to comply with IAS 19 were measured by the Actuaries as at December 31, 2020. The projected unit method was used as required by IAS 19.

	2021		2020	
	Sales reps. plan	Staff plan	Sales reps. plan	Staff plan
	G\$	G\$	G\$	G\$
Amounts recognised in the statement of financial position				
Fair value of plan assets	333,447,142	756,456,763	265,840,481	613,182,765
Present value of obligations	401,504,144	342,620,821	351,913,122	325,075,709
Fund status asset/(liability)	(68,057,002)	413,834,942	(86,072,641)	288,107,056
Effect of asset ceiling	—	—	—	(41,325,206)
Net defined benefit asset/(liability)	(68,057,002)	413,835,942	(86,072,641)	246,781,850
Reconciliation of amounts recognised in the statement of financial position				
Opening benefit asset/(liability)	(86,072,641)	246,781,850	(46,124,985)	176,897,707
Net pension cost	(32,034,197)	43,429	(25,113,002)	(908,265)
Contributions paid	11,067,069	10,831,862	9,798,124	9,840,936
Re-measurements recognised in other comprehensive income	38,982,767	156,178,802	(24,632,778)	60,951,472
Closing defined benefit asset/(liability)	(68,057,002)	413,835,942	(86,072,641)	246,781,850
Plan assets at fair value				
At beginning of year	265,840,481	613,182,765	250,223,469	595,486,115
Actual return on plan assets	58,600,059	151,753,393	9,578,295	27,025,615
Employer contributions	11,067,069	10,831,862	9,798,124	9,840,936
Employee contributions	6,392,098	3,530,304	5,866,542	3,225,523
Benefit payments	(8,452,565)	(22,841,560)	(9,625,949)	(22,395,424)
	333,447,142	756,456,763	265,840,481	613,182,765
Benefit obligations				
At beginning of year	351,913,122	325,075,709	296,348,454	305,132,607
Current service cost	27,324,138	12,259,961	22,489,469	9,755,291
Interest cost	18,227,248	16,077,503	15,285,674	15,021,265
Employee contributions	6,392,098	3,530,304	5,866,542	3,225,523
Actuarial (gain) / loss	6,100,103	8,518,904	21,548,932	14,336,447
Benefit payments	(8,452,565)	(22,841,560)	(9,625,949)	(22,395,424)
	401,504,144	342,620,821	351,913,122	325,075,709

NOTES ON THE ACCOUNTS

(24) DEFINED BENEFIT ASSETS / OBLIGATIONS — CONT'D

The major categories of plan assets are as follows:

	2021		2020	
	Sales reps. plan	Staff plan	Sales reps. plan	Staff plan
	G\$	G\$	G\$	G\$
Investments	512,871,567	748,110,026	425,831,516	617,242,521
Current liabilities	(23,235,867)	822,716	(16,783,924)	(9,215,869)
Cash	152,357,000	7,525,024	113,249,320	5,156,115
	<u>641,992,700</u>	<u>756,457,766</u>	<u>522,296,912</u>	<u>613,182,767</u>

Principal actuarial assumptions at the statement of financial position date

Assumed discount rate	5.00%	5.00%	5.00%	5.00%
Future promotional salary increases	2.00%	2.00%	2.00%	2.00%
Future inflationary salary increases	0.00%	3.00%	0.00%	3.00%
Expected rate of future pension increases	2.00%	2.00%	2.00%	2.00%

Summary of movements in plans' assets and liabilities

	2021	2020
	G\$	G\$
Opening value of plans' assets	246,781,850	176,897,707
Opening value of plans' liabilities	(86,072,641)	(46,124,985)
Closing value of plans' assets	413,835,942	246,781,850
Closing value of plans' liabilities	(68,057,002)	(86,072,641)
Net movements for the year	<u>185,068,731</u>	<u>29,936,487</u>
Recognised through the statement of profit or loss account (note a)	(10,091,838)	(6,382,207)
Recognised in other comprehensive income (note b)	195,161,569	36,318,694
	<u>185,069,731</u>	<u>29,936,487</u>
(a) The amounts recognised in the statement of profit or loss are included in salaries and other staff costs.		
(b) Amounts recognised in other comprehensive income net of 40% deferred tax.	<u>117,096,941</u>	<u>21,791,216</u>

NOTES ON THE ACCOUNTS

	2021 G\$	2020 G\$
(25) INTEREST ACCRUED		
Fixed deposits	4,924,591	5,809,050
Stocks, bonds and debentures	6,261,358	6,512,269
Treasury bills	4,783,865	3,855,955
	<u>15,969,814</u>	<u>16,177,274</u>
(26) RECEIVABLES AND PREPAYMENTS		
Receivables	187,557,487	203,732,638
Less: provision for bad debts	(17,701,941)	(34,429,430)
	<u>169,855,546</u>	<u>169,303,208</u>
Prepayments	25,424,028	34,592,804
	<u>195,279,574</u>	<u>203,896,012</u>
Receivables comprise amounts due from brokers, sales representatives, staff loans and other sundry receivables while prepayments comprise of reinsurance premiums paid in advance.		
(27) RELATED PARTY RECEIVABLE		
This amount represents the balance due from GTM Life Insurance Company Limited for shared costs.	(100,664,864)	128,457,591
(28) UNEXPIRED REINSURANCE PREMIUMS		
Property	10,462,984	11,964,432
Accident and liability	10,864,720	5,295,257
	<u>21,327,704</u>	<u>17,259,689</u>
Unexpired reinsurance commissions	(3,456,202)	(2,803,273)
	<u>17,871,502</u>	<u>14,456,416</u>

These are estimates of the amount of reinsurance cost incurred net of commission that relate to the future accounting period.

NOTES ON THE ACCOUNTS

		2021 G\$	2020 G\$
(29) TREASURY BILLS			
	Average interest rates %		
Grenada	3.60	125,025,461	125,433,826
St. Lucia	4.80	341,034,541	274,262,982
St. Vincent	1.50	—	56,986,873
		<u>466,060,002</u>	<u>456,683,681</u>
(30) CASH ON DEPOSIT			
Short term deposit accounts	0.00	519,001,693	360,756,322
Fixed deposits	0.93	783,189,443	780,711,381
		<u>1,302,191,136</u>	<u>1,141,467,703</u>
(31) SCRIP AND STOCK CAPITAL			
Ordinary scrip		600,000	600,000
Preferent scrip		100,000	100,000
First preferred stock		300,000	300,000
		<u>1,000,000</u>	<u>1,000,000</u>

These represent the stock capital of the Company. These are not available for payment of any expenses or claims incurred by the Company until all other funds are exhausted. Stockholders are entitled to be paid interest in accordance with the Company's Ordinance. Stock and scrip do not carry voting rights and dividends are paid at the average rate of interest that is declared by the Company each year.

	2021 G\$	2020 G\$
(32) PREMIUM CAPITAL		
Policies entitled to profit Dec 2021	—	128,600,072
Policies entitled to profit Dec 2022	120,378,998	64,382,534
Policies entitled to profit Dec 2023	61,511,631	—
Subtotal (i)	<u>181,890,629</u>	<u>192,982,606</u>
St. Lucia bonus policies (A)	5,401,863	—
St. Lucia bonus policies (B)	—	6,537,751
Subtotal (ii)	<u>5,401,863</u>	<u>6,537,751</u>
Total	<u>187,292,492</u>	<u>199,520,357</u>

(i) This represents premiums on with-profit policies entitled to cash profit payment in the future years.

(ii) This policy was introduced in St. Lucia in 2007, and entitles the policyholders to a rebate of a percentage of premiums paid on a biennial basis.

NOTES ON THE ACCOUNTS

	2021 G\$	2020 G\$
(33) INVESTMENT RESERVE		
Balance at 1 January	5,922,699,876	5,394,061,222
Movement in reserves for the year:		
Movements due to fair value revaluations	2,582,975,008	528,468,064
Transfer to investment reserve	1,667,963	170,590
Net movements in investment reserve for the year	2,584,624,971	528,638,654
Balance at 31 December	8,507,342,847	5,922,699,876

This represents fair value adjustment on the revaluation of investments and transfers in accordance with By-Law 19 of the Company's Ordinance as per note 14.

During the year, stock prices for investments held which are traded on the local stock exchange increased exponentially at an average rate of 45% over 2020. As such these investments are subject to market volatility and are valued using the closing quoted stock exchange price as at December 31, 2021.

	2021 G\$	2020 G\$
(34) OTHER RESERVES		
Sundry reserve	3,452,378,351	2,859,106,840
	3,452,378,351	2,859,106,840
This represents retained earnings.		

(35) DIVIDENDS, BIENNIAL BONUS AND TRIENNIAL PROFIT

Ordinary scrip dividend	30,000	23,820
Preferent scrip dividend	5,000	3,970
First preferred stock dividend	15,000	11,910
Triennial cash profit	44,097,902	53,780,055
Biennial bonus	2,568,384	3,604,591
	46,716,286	57,424,346

(36) UNEXPIRED RISKS

At 1 January	1,429,124,067	1,350,615,938
Movements for the year	(299,462,631)	78,508,129
At 31 December	1,129,661,436	1,429,124,067

This represents a special reserve held so that in the event of a winding up shall be available for the refund of premiums on policies expired or re-insurance risk of current policies. During year there was a change in the methodology adopted to measure unexpired risks as detailed in accounting policy note 3j.

(37) PENSION RESERVE

At 1 January	4,005,598	4,799,949
Movements for the year	(1,165,004)	(794,351)
At 31 December	2,840,594	4,005,598

This is a reserve created to provide for directors' pensions.

NOTES ON THE ACCOUNTS

	2021 G\$	2020 G\$
(38) UNCLAIMED DIVIDENDS AND TRIENNIAL PROFIT		
Ordinary scrip dividend	146,574	131,832
Preferent scrip dividend	23,111	20,764
First preferred stock dividend	60,672	54,470
Triennial cash profit	33,898,775	79,240,206
	<u>34,129,132</u>	<u>79,447,272</u>
(39) TAXATION PAYABLE/(RECOVERABLE)		
Taxation payable	<u>63,084,730</u>	<u>55,367,154</u>
Taxation recoverable	<u>(61,185,514)</u>	<u>(58,150,958)</u>
Taxes recoverable arise when advance payments on corporation taxes exceed the tax assessed for the year. Taxes payable and recoverable are disclosed separately, as the Company does not have a legally enforceable right to offset them.		
(40) PROVISION FOR CLAIMS		
Property	282,875,725	232,825,910
Motor	508,729,740	528,627,234
Accident and liability	99,447,519	98,467,519
	<u>891,052,984</u>	<u>859,920,663</u>
Provisions for recoveries	<u>(303,417,151)</u>	<u>(311,052,423)</u>
	<u>587,635,833</u>	<u>548,868,240</u>
(41) PAYABLES AND ACCRUALS		
Sundry payables	49,799,772	132,558,283
Accruals	44,601,580	54,807,847
	<u>94,381,352</u>	<u>187,366,130</u>
(42) ACTUARIAL LIABILITIES		
At 1 January	—	—
Movements for the year	31,817,500	—
At 31 December	<u>31,817,500</u>	<u>—</u>
Actuarial liabilities are valued at the end of each financial year, changes in the liabilities are recognised through the statement of profit or loss and other comprehensive income. This is a requirement by the St. Lucia Financial Services Regulatory Authority.		
(43) BANK OVERDRAFT (UNSECURED)		
	Interest (p.a)	
Republic Bank (Guyana) Ltd. current account	17.0%	—
		<u>10,372,067</u>
(44) CONTINGENT LIABILITIES		

There are several pending litigation matters as at the date of the financial statements. The outcome of these matters cannot be determined at this stage.

NOTES ON THE ACCOUNTS

(45) RELATED PARTY TRANSACTIONS

(a) Transactions with related Company

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. The Company shares a common Chairman and Board of Directors with The Guyana and Trinidad Mutual Life Insurance Company Limited. In Guyana, staff are employed, and facilities owned by, The Guyana and Trinidad Mutual Fire Insurance Company Limited. In the Caribbean territories, staff are employed, and facilities owned by, The Guyana and Trinidad Mutual Life Insurance Company Limited. Relevant costs are shared between the Companies on a pre-determined, agreed and equitable reimbursement basis.

Transactions with related company

	2021 G\$	2020 G\$
Costs incurred and shared by The Guyana and Trinidad Mutual Life Insurance Company Limited for the year.	76,645,590	129,392,360
Costs incurred and shared with The Guyana and Trinidad Mutual Life Insurance Company Limited for the year.	157,964,157	172,362,771
Net balance due to The Guyana and Trinidad Mutual Life Insurance Company Limited for shared costs.	(100,664,866)	—
Net balance due from The Guyana and Trinidad Mutual Life Insurance Company Limited for shared costs.	—	128,457,592
The fixed assets of The Guyana and Trinidad Mutual Life Insurance Company Limited are insured with this Company.		
Insurance coverage	906,488,170	909,776,241
Premiums for the year	4,517,347	4,833,592
Investment in The Guyana and Trinidad Mutual Fire Insurance Company Limited	100,000	100,000

(b) Key management personnel

(i) Compensation

The Company's 8 (2020 - 8) key management personnel comprise its managing director and senior managers. The remuneration paid during the year to senior managers is included in salaries and other staff costs and is shared with The Guyana and Trinidad Mutual Life Insurance Company Limited.

Short term benefits	79,652,640	81,205,386
(ii) Directors' emoluments — 6 directors (2020 — 7)	9,838,752	9,757,440

NOTES ON THE ACCOUNTS

(46) ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

2021	Held to maturity	Loans and receivables	Available for sale	Financial assets and liabilities at amortised cost	TOTAL
	G\$	G\$	G\$	G\$	G\$
Assets					
Cash resources	—	—	—	2,476,598,624	2,476,598,624
Investments	749,959,874	21,465,321	8,719,450,515	—	9,490,875,710
Statutory deposits	—	—	—	864,802,870	864,802,870
Treasury bills	—	—	—	466,060,002	466,060,002
Receivables and prepayments	—	195,279,574	—	—	195,279,574
Others	—	15,969,814	—	79,057,016	95,026,830
	<u>749,959,874</u>	<u>232,714,709</u>	<u>8,719,450,515</u>	<u>3,886,518,512</u>	<u>13,588,643,610</u>
Liabilities					
Pension reserves	—	—	—	2,840,594	2,840,594
Actuarial liabilities	—	—	—	31,817,500	31,817,500
Unclaimed dividends and triennial profits	—	—	—	34,129,132	34,129,132
Payables and accruals	—	—	—	94,381,352	94,381,352
Others	—	—	—	1,780,381,999	1,780,381,999
Bank overdraft (unsecured)	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,943,550,577</u>	<u>1,942,550,577</u>
2020	Held to maturity	Loans and receivables	Available for sale	Financial assets and liabilities at amortised cost	TOTAL
	G\$	G\$	G\$	G\$	G\$
Assets					
Cash resources	—	—	—	2,097,687,328	2,097,687,328
Investments	788,332,426	22,368,223	6,136,475,507	—	6,947,176,156
Statutory deposits	—	—	—	856,537,016	856,537,016
Treasury bills	—	—	—	456,683,681	456,683,681
Receivables and prepayments	—	203,896,012	—	—	203,896,012
Others	—	16,177,274	—	201,064,965	217,242,239
	<u>788,332,426</u>	<u>242,441,509</u>	<u>6,136,475,507</u>	<u>3,611,972,990</u>	<u>10,779,222,432</u>
Liabilities					
Pension reserves	—	—	—	4,005,598	4,005,598
Unclaimed dividends and triennial profits	—	—	—	79,447,272	79,447,272
Payables and accruals	—	—	—	187,366,130	187,366,130
Others	—	—	—	2,033,359,461	2,033,359,461
Bank overdraft (unsecured)	—	—	—	10,372,067	10,372,067
	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,314,550,528</u>	<u>2,314,550,528</u>

NOTES ON THE ACCOUNTS

(47) FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Company'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.

The Company 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.

(a) Market risk

The Company'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 minimise the risk.

(ii) Interest rate sensitivity analysis

The table overleaf analyses the sensitivity of interest rates exposure for both financial assets and financial liabilities at the end of the reporting period. The sensitivity analysis includes only outstanding balances at the end of the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

A positive number indicates an increase in surplus where the interest rate appreciates by 50 basis points. For a decrease of 50 basis points in interest rate, there would be an equal and opposite impact on surplus and the balances would be negative.

NOTES ON THE ACCOUNTS

(47) FINANCIAL RISK MANAGEMENT — CONT'D

(a) Market risk - cont'd

(ii) Interest rate sensitivity analysis - cont'd

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

	Increase/ decrease in basis points	Impact on surplus for the period	
		2021	2020
Cash and cash equivalents		G\$M	G\$M
Local currency	+/-50	3.44	3.55
Foreign currencies	+/-50	11.09	10.31

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 surplus or equity as other factors such as credit risks, market risks, political and disaster risks can affect the value of the assets and liabilities.

NOTES ON THE ACCOUNTS

(47) FINANCIAL RISK MANAGEMENT — CONT'D

(a) Market risk - cont'd

(iii) Interest rate risk

The Company's exposure to interest rate risk is minimal but the Company's management continuously monitors and manages these risks through the use of appropriate tools, and implements strategies to hedge against any adverse effects.

The Company's exposures to interest rate risk on financial assets and financial liabilities are listed below:

2021	Maturing					
	Average interest rate	Within 1 year	1 to 5 years	Over 5 years	Non interest bearing	Total
	%	G\$	G\$	G\$	G\$	G\$
Assets						
Cash resources	0.78	1,302,191,136	—	—	1,174,407,488	2,476,598,624
Investments	5.22	349,878,916	866,140,960	—	8,719,450,515	9,935,470,391
Mortgages	6.00	942,332	5,774,846	14,748,143	—	21,465,321
Statutory deposits	1.19	—	864,802,870	—	—	864,802,870
Receivables and prepayments	12.00	195,279,574	—	—	—	195,279,574
Others		—	—	—	95,026,830	95,026,830
		<u>1,848,291,958</u>	<u>1,736,718,676</u>	<u>14,748,143</u>	<u>9,988,884,833</u>	<u>13,588,643,610</u>
Liabilities						
Pension reserve		—	—	—	2,840,594	2,840,594
Unclaimed dividends and triennial profit		—	—	—	34,129,132	34,129,132
Payables and accruals		—	—	—	94,381,352	94,381,352
Other		—	—	—	1,780,381,999	1,780,381,999
Bank overdraft (unsecured)		—	—	—	—	—
		<u>—</u>	<u>—</u>	<u>—</u>	<u>1,911,733,077</u>	<u>1,911,733,077</u>
Interest sensitivity gap		<u>1,848,291,958</u>	<u>1,736,718,676</u>	<u>14,748,143</u>		

NOTES ON THE ACCOUNTS

(47) FINANCIAL RISK MANAGEMENT — CONT'D

(a) Market risk - cont'd

(iii) Interest rate risk — cont'd

2020	Maturing					
	Average interest rate	Within 1 year	1 to 5 years	Over 5 years	Non interest bearing	Total
	%	G\$	G\$	G\$	G\$	G\$
Assets						
Cash resources	0.78	1,141,467,703	—	—	956,219,625	2,097,687,328
Investments	5.06	280,875,259	861,895,848	102,245,000	6,136,475,507	7,381,491,614
Mortgages	6.00	880,949	5,395,638	16,091,636	—	22,368,223
Statutory deposits	1.19	—	856,537,016	—	—	856,537,016
Receivables and prepayments	12.00	203,896,012	—	—	—	203,896,012
Others		—	—	—	217,242,239	217,242,239
		<u>1,627,119,923</u>	<u>1,723,828,502</u>	<u>118,336,636</u>	<u>7,309,937,371</u>	<u>10,779,222,432</u>
Liabilities						
Pension reserve		—	—	—	4,005,598	4,005,598
Unclaimed dividends and triennial profit		—	—	—	79,447,272	79,447,272
Payables and accruals		—	—	—	187,366,130	187,366,130
Other		—	—	—	2,033,359,461	2,033,359,461
Bank overdraft (unsecured)		10,372,067	—	—	—	—
		<u>10,372,067</u>	<u>—</u>	<u>—</u>	<u>2,304,178,461</u>	<u>2,314,550,528</u>
Interest sensitivity gap		<u>1,616,747,856</u>	<u>1,723,828,502</u>	<u>118,336,636</u>		

NOTES ON THE ACCOUNTS

(47) FINANCIAL RISK MANAGEMENT — CONT'D

(a) Market risk - cont'd

(iv) Foreign currency risk

The Company's exposure to the effects of fluctuations in foreign currency exchange rates arises mainly from investments and foreign bank balances. The currencies which the Company is mainly exposed to are Pounds Sterling, United States, Eastern Caribbean and Trinidad & Tobago dollars.

The aggregate amounts of assets and liabilities denominated in currencies other than Guyana dollars are as shown:-

2021				
	£ Sterling	US\$	EC\$	TT\$
				Total G\$ equivalent
Assets	1,386,593	3,813,358	35,900,736	660,231
Liabilities	—	—	4,092,069	—
				3,766,434,436
				292,582,901
2020				
	£ Sterling	US\$	EC\$	TT\$
				Total G\$ equivalent
Assets	1,378,409	2,997,821	31,710,556	660,231
Liabilities	—	—	3,544,092	—
				3,298,295,111
				253,402,582

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 3% increase or decrease in the Guyana dollar against the relevant currencies. Although a rate is not formally adopted and used as a measure, 3% gives a prudent possibility of a change in rate.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for 3% change in foreign currency rate. A positive number below indicates an increase in reserves if the currency were to strengthen 3% against the Guyana dollar. If the currencies were to weaken 3% 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	US Dollar impact G\$M	EC Dollar impact G\$M	TT Dollar impact G\$M	Total G\$M equivalent
2021 Profit	11.3	24.1	85.8	0.6	121.8
2020 Profit	11.6	19.0	75.6	0.6	106.8

NOTES ON THE ACCOUNTS

(47) FINANCIAL RISK MANAGEMENT — CONT'D

(b) Liquidity risk

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

The Company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form.

The following table details the Company's remaining contractual maturity:

	On demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
	G\$	G\$	G\$	G\$	G\$	G\$
2021						
Assets						
Mortgages	—	229,786	712,546	5,774,846	14,748,143	21,465,321
Securities	—	21,450,000	106,995,672	621,514,202	8,719,450,515	9,469,410,389
Statutory deposits	—	—	—	864,802,870	—	864,802,870
Interest accrued	15,969,814	—	—	—	—	15,969,814
Receivables and prepayments	103,030,929	27,594,800	11,529,909	53,123,936	—	195,279,574
Related party receivable	—	—	—	—	—	—
Unexpired reinsurance premiums	—	17,871,502	—	—	—	17,871,502
Taxes recoverable	—	—	61,185,514	—	—	61,185,514
Treasury bills	—	2,164,748	219,268,496	244,626,758	—	466,060,002
Cash on deposit	1,302,191,136	—	—	—	—	1,302,191,136
Cash at bank	1,169,641,115	—	—	—	—	1,169,641,115
Cash on hand and in transit	4,766,373	—	—	—	—	4,766,373
	<u>2,595,599,367</u>	<u>69,310,836</u>	<u>399,692,137</u>	<u>1,789,842,612</u>	<u>8,734,198,658</u>	<u>13,588,643,610</u>
Liabilities						
Unexpired risks	236,935,735	350,970,250	534,905,612	6,849,839	—	1,129,661,436
Pension reserve	—	—	—	—	2,840,594	2,840,594
Related party payable	100,664,864	—	—	—	—	100,664,864
Unclaimed dividends and triennial profit	34,129,132	—	—	—	—	34,129,132
Taxation	—	63,084,730	—	—	—	63,084,730
Claims	587,635,833	—	—	—	—	587,635,833
Actuarial liabilities	31,817,500	—	—	—	—	31,817,500
Payables and accruals	—	94,381,352	—	—	—	94,381,352
	<u>991,183,064</u>	<u>508,436,332</u>	<u>534,905,612</u>	<u>6,849,839</u>	<u>2,840,594</u>	<u>2,044,215,441</u>
Net assets	<u>1,604,416,303</u>	<u>(439,125,496)</u>	<u>(135,213,475)</u>	<u>1,782,992,773</u>	<u>8,731,358,064</u>	<u>11,544,428,169</u>

NOTES ON THE ACCOUNTS

(47) FINANCIAL RISK MANAGEMENT — CONT'D

(b) Liquidity risk - cont'd

	On demand	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Total
	G\$	G\$	G\$	G\$	G\$	G\$
2020						
Assets						
Mortgages	—	214,832	666,117	5,395,638	16,091,636	22,368,223
Securities	—	115,830,000	—	570,257,426	6,238,720,507	6,924,807,933
Statutory deposits	—	—	—	856,537,016	—	856,537,016
Interest accrued	16,177,274	—	—	—	—	16,177,274
Receivables and prepayments	137,156,703	19,141,248	15,428,819	32,169,242	—	203,896,012
Related party receivable	128,457,591	—	—	—	—	128,457,591
Unexpired reinsurance premiums	—	14,456,416	—	—	—	14,456,416
Taxes recoverable	—	—	58,150,958	—	—	58,150,958
Treasury bills	—	2,164,748	162,880,511	291,638,422	—	456,683,681
Cash on deposit	1,141,467,703	—	—	—	—	1,141,467,703
Cash at bank	950,233,234	—	—	—	—	950,233,234
Cash on hand and in transit	5,986,391	—	—	—	—	5,986,391
	<u>2,378,478,896</u>	<u>151,807,244</u>	<u>237,126,405</u>	<u>1,755,997,744</u>	<u>6,254,812,143</u>	<u>10,779,222,432</u>
Liabilities						
Unexpired risks	—	—	—	—	1,429,124,067	1,429,124,067
Pension reserve	—	—	—	—	4,005,598	4,005,598
Unclaimed dividends and triennial profit	79,447,272	—	—	—	—	79,447,272
Taxation	—	55,367,154	—	—	—	55,367,154
Claims	548,868,240	—	—	—	—	548,868,240
Payables and accruals	—	187,366,130	—	—	—	187,366,130
	<u>628,315,512</u>	<u>242,733,284</u>	<u>—</u>	<u>—</u>	<u>1,433,129,665</u>	<u>2,304,178,461</u>
Net assets	<u>1,751,163,384</u>	<u>(90,926,040)</u>	<u>237,126,405</u>	<u>1,755,997,744</u>	<u>4,821,682,478</u>	<u>8,475,043,971</u>

NOTES ON THE ACCOUNTS

(47) FINANCIAL RISK MANAGEMENT — CONT'D

(c) Credit risk

Concentration of assets and liabilities

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company faces credit risk in respect of its receivables, investments and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the Company. The maximum credit risk faced by the Company are the balances reflected in the financial statements.

The table below shows the Company's maximum exposure to credit risk:

	2021 G\$	2020 G\$
	Maximum exposure	Maximum exposure
Investments (i)	9,469,410,389	6,924,807,933
Loans and receivables (ii)	21,465,321	22,368,223
Interest accrued (iii)	15,969,814	16,177,274
Receivables and prepayments (iv)	195,279,574	203,896,012
Related party receivable (v)	—	128,457,591
Unexpired reinsurance premiums (vi)	17,871,502	14,456,416
Statutory deposits (vii)	864,802,870	856,537,016
Treasury bills (viii)	466,060,002	456,683,681
Cash and cash equivalents (ix)	2,476,598,624	2,097,687,328
Taxes recoverable (x)	61,185,514	58,150,958
Total credit risk exposure	13,588,643,610	10,779,222,432

Receivables balances are classified as follows:

Current	177,577,633	169,466,582
Impaired	17,701,941	34,429,430
	195,279,574	203,896,012

- (i) Investments in Government Bonds and Equities are assets for which the likelihood of default are considered low by the Company.
- (ii) Loans and receivables include the sum of G\$21,465,321 (2020 — G\$22,368,223) that comprise of mortgages. These are fully secured against the borrowers' properties as such the likelihood of loss is considered extremely low by the Company.
- (iii) As detailed in note 25, interest accrued represents amounts due or accrued on the various investments of the Company. These amounts would either be received in the new financial year, or would materialise on the maturity of the investment(s) in accordance with their terms and conditions.
- (iv) Receivables and prepayments comprise a number of advances and loans to staff and sales representatives on which interest is earned. They also include amounts for securities pending redemption and amounts owing to the Company by other organisations. A provision for irrecoverable debts of \$17,701,941 was reflected as at December 31, 2021, (2020 — \$34,429,430).

NOTES ON THE ACCOUNTS

(47) FINANCIAL RISK MANAGEMENT — CONT'D

(c) Credit risk - cont'd

- (v) Related party receivable represents net balance due from The Guyana and Trinidad Mutual Life Insurance Company Limited for shared costs. The Company has a sound capital base and management continuously monitors this account.
- (vi) Unexpired reinsurance premiums is the estimated portion of the reinsurance cost that relates to the future accounting period. This amount would be recovered through the reversing of this provision in the next financial year.
- (vii) Statutory deposits represent deposits with Insurance Regulators and with financial institutions held in trust to the order of the Insurance Regulators. The likelihood of default is considered very low by the Company.
- (viii) Treasury bills are investments in Eastern Caribbean Governments and are such that the likelihood of default is extremely low and have therefore been considered virtually risk-free by the Company.
- (ix) Cash and cash equivalents include balances held with commercial banks. These banks have been assessed by the Company as being creditworthy, with very strong capacity to meet their obligations as they fall due.
The related risk is therefore considered very low.
- (x) Tax recoverable reflects overpayment of advance corporate tax to the Tax Authorities. The likelihood of default is considered extremely low by the Company.

Ageing of trade and other receivables which were past
due but not impaired

There were no mortgages and other receivables which were impaired

Ageing of trade and other receivables which were impaired

	2021 G\$	2020 G\$
120 + days	17,701,941	34,429,430
Provision for impairment - individually assessed	17,701,941	34,429,430

NOTES ON THE ACCOUNTS

(48) INSURANCE RISK

The principal risks that the Company faces under its insurance contracts are that actual claims are greater than estimates, actual claims are not adequately mitigated by re-insurance, and that total claims from the portfolio of contracts exceed the estimate used in pricing those contracts. The risks and mitigating factors are discussed below.

Risk management objectives and policies

The Company mitigates its risks by engaging in both facultative reinsurance and excess of loss reinsurance treaties. Reinsurance coverage for perils and other risks excluded from the excess of loss treaty are facultatively reinsured on a yearly renewable basis. The Company also engages in redlining where it reserves the right to offer no coverage in specified geographic areas. The Company declines, rates up, applies excesses, accepts small participation or a combination of more than one of the preceding as part of its overall prudent underwriting principles.

Terms and conditions of insurance contracts

All insurance contracts issued by the Company include conditions aimed at protecting it. Some of these include stating assumed risks clearly (aimed at removing any ambiguity), inclusion of excess clauses, reserving the right to terminate the policy with notice, and clearly stating the maximum limit of any liability. The Company promises to settle claims as soon as possible, all consideration given to proper investigations to establish that the insured event and losses have occurred.

Sensitivity analysis

The Company's profitability is sensitive to the flow of monies (1) inwards from policyholders; and (2) outwards to policyholders. If policyholders are unable to pay their premiums, the inflow of cash will be constrained. If claims are above anticipated averages, there will be strain on the Company's finances and it would have to seek alternative financing solutions. Its cash flow would therefore be affected negatively.

Concentrations of insurance risk

Insurance risks are spread in a number of geographical areas across the four territories in which the Company operates.

Claims development

Claims are provided for and kept as a liability until they are settled or have expired. At the time of loss, a provision is made based on best estimates. There is some amount of uncertainty surrounding the timing of payments and the exact amount to be paid for most claims. There are occasions where the provision is in excess of the incurred loss. This is adjusted at the time of claim settlement or at the point of the revision of provisions, whichever is earlier. Similarly, there are times when the provision is insufficient to cover the losses estimated. These too are adjusted at the earlier of claims payment or overall claims revision.

NOTES ON THE ACCOUNTS

(48) INSURANCE RISK — cont'd

Claims Development — cont'd

The table shows the Company's gross claims development history over a ten year period:

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$
Gross estimates of cumulative claims cost											
At the end year of claims	471,760,784	682,568,668	397,338,986	564,616,813	827,730,547	289,864,186	276,334,500	323,019,346	357,980,208	334,712,091	
One year later	472,351,028	695,566,928	399,410,986	582,495,658	835,509,390	289,864,186	292,812,364	330,078,101	358,695,208		
Two years later	471,171,278	727,167,297	404,270,685	582,495,658	852,648,655	297,298,686	293,611,287	359,464,601			
Three years later	479,180,708	727,622,037	404,270,685	582,795,658	855,032,505	297,298,686	293,611,287				
Four years later	479,716,958	731,260,314	404,870,685	588,108,882	857,511,426	297,298,686					
Five years later	479,716,958	732,556,670	403,970,332	588,108,882	862,659,426						
Six years later	479,816,958	732,914,170	403,970,332	588,408,882							
Seven years later	479,459,458	732,914,170	403,970,332								
Eight years later	479,459,458	734,029,661									
Nine years later	479,904,458										
Current estimate of cumulative claims cost	479,459,458	734,029,661	403,970,332	588,408,882	862,659,426	297,298,686	295,112,787	359,464,601	358,695,208	334,712,091	4,714,256,132
Cumulative payments	(465,382,320)	(714,793,035)	(385,281,932)	(566,870,597)	(829,944,421)	(280,594,498)	(200,852,545)	(237,707,892)	(233,932,322)	—	(3,915,359,562)
Adjustments	—	(4,433,000)	(1,430,000)	—	—	—	(7,150,000)	—	—	—	(13,013,000)
Outstanding claims	14,077,138	14,803,626	17,258,400	21,538,285	32,715,005	16,704,188	87,110,242	121,756,709	124,762,886	334,712,091	785,883,570
Outstanding claims 2011 and prior	105,169,414	—	—	—	—	—	—	—	—	—	105,169,414
Total gross outstanding claims	119,691,552	14,803,626	17,258,400	21,538,285	32,715,005	16,704,188	87,110,242	121,756,709	124,762,886	334,712,091	891,052,984

The table shows the Company's net claims development history over a ten year period after adjusting for reinsurance recoveries:

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$	G\$
Net estimates of cumulative claims cost											
At the end year of claims	274,466,064	132,182,056	268,063,994	242,967,149	304,170,415	263,341,543	247,277,355	269,217,762	218,199,161	229,601,348	
One year later	426,611,726	685,157,028	365,574,699	388,180,836	787,681,774	271,635,217	279,179,903	282,504,810	218,914,161		
Two years later	448,324,089	709,822,756	370,498,194	552,662,943	802,236,166	271,726,939	279,987,826	310,869,240			
Three years later	456,802,817	719,368,421	393,315,232	558,269,046	840,821,314	283,384,046	281,480,326				
Four years later	462,944,795	725,055,838	397,684,027	572,165,670	843,300,236	283,386,046					
Five years later	466,837,753	726,483,740	399,363,316	584,889,622	848,448,236						
Six years later	468,182,461	731,118,450	399,363,316	585,189,622							
Seven years later	473,373,345	732,691,450	399,363,316								
Eight years later	476,948,345	733,806,941									
Nine years later	477,393,345										
Current estimate of cumulative claims cost	477,393,345	733,806,941	399,363,316	585,189,622	848,448,236	283,384,046	281,480,326	310,869,240	218,914,161	299,601,348	4,368,450,581
Cumulative payments	(465,382,320)	(714,792,035)	(385,281,932)	(566,870,597)	(829,944,421)	(280,594,498)	(200,852,545)	(237,707,892)	(233,932,322)	—	(3,915,359,562)
Adjustments	206,955	(4,433,000)	(1,430,000)	—	10,122,574	6,487,893	(3,034,334)	15,541,081	75,315,070	—	98,776,239
Outstanding claims	12,217,980	14,580,906	12,651,384	18,319,025	28,626,389	9,277,441	77,593,447	88,702,429	60,296,909	299,601,348	561,867,258
Outstanding claims 2011 and prior	35,768,575	—	—	—	—	—	—	—	—	—	35,768,575
Total net outstanding claims	47,986,555	14,580,906	12,651,384	18,319,025	28,626,389	9,277,441	77,593,447	88,702,429	60,296,909	299,601,348	587,635,833

NOTES ON THE ACCOUNTS

(49) REPORTING BY CLASS OF INSURANCE

The Company's reporting is organised into three main business segments per the classes of insurance namely property, motor and accident and liability. The Company's primary reporting format is by class of insurance, and the secondary format would be by geographical segments.

The following is an analysis by the respective segments:

	2021				
	Property	Motor	Accident & liability	Marine	Total
	G\$	G\$	G\$	G\$	G\$
Revenue					
Gross premiums	1,632,223,238	1,430,695,283	159,475,656	400,220	3,222,794,397
Movement in unexpired risks	151,666,475	132,940,461	14,818,506	37,189	299,462,631
Less reinsurance premiums	(542,746,422)	(80,265,396)	(3,847,867)	—	(626,859,685)
Net premiums	1,241,143,291	1,483,370,348	170,446,295	437,409	2,895,397,343
Income from investment	86,184,734	75,543,645	8,420,642	21,132	170,170,153
Other income	7,218,985	6,327,669	705,328	1,770	14,253,752
Currency exchange loss	(5,365,141)	(4,702,716)	(524,198)	(1,316)	(10,593,371)
	<u>1,329,181,869</u>	<u>1,560,539,946</u>	<u>179,048,067</u>	<u>458,995</u>	<u>3,069,227,877</u>
Deduct:					
Expenditure					
Claims	334,149,734	708,520,520	2,990,292	—	1,045,660,546
Commissions and sales expenses	238,014,448	81,999,572	18,267,432	10,500	338,291,952
Management expenses	229,525,535	201,186,389	22,425,692	56,280	453,193,895
Salaries and other staff costs	221,08,884	194,422,501	21,671,740	54,387	437,957,513
Pension fund contribution	11,019,002	—	—	—	11,019,002
Lease interest cost	919,673	—	—	—	919,673
Withholding and other taxes	12,244,076	—	—	—	12,244,076
Dividends, bonus and triennial profit	55,950,335	—	—	—	55,950,335
Transfer to investment reserve	1,667,963	—	—	—	1,667,963
	<u>1,105,299,660</u>	<u>1,186,128,982</u>	<u>65,355,156</u>	<u>121,167</u>	<u>2,356,904,955</u>
Profit before taxation	<u>223,882,219</u>	<u>374,409,964</u>	<u>113,692,911</u>	<u>337,828</u>	<u>712,332,922</u>
Net movement in actuarial liabilities					(31,817,500)
Net surplus after movement in actuarial liabilities and before tax					680,505,422
Taxation					273,455,670
Profit after taxation					<u>407,049,752</u>

NOTES ON THE ACCOUNTS

(49) REPORTING BY CLASS OF INSURANCE — Cont'd

The following is an analysis by the respective segments:

	2020				
	Property	Motor	Accident & liability	Marine	Total
	G\$	G\$	G\$	G\$	G\$
Revenue					
Gross premiums	1,585,372,010	1,169,179,824	117,545,174	510,697	2,872,607,705
Movement in unexpired risks	(43,328,085)	(31,953,587)	(3,212,500)	(13,957)	(78,508,129)
Less reinsurance premiums	(468,137,578)	(49,932,787)	377,130	—	(517,693,245)
Net premiums	1,073,906,347	1,087,293,440	114,709,804	496,740	2,276,406,331
Income from investment	83,183,080	61,345,840	6,167,492	26,795	150,723,208
Other income	343,705	253,475	25,483	111	622,774
Currency exchange loss	(4,315,703)	(3,182,744)	(319,983)	(1,390)	(7,819,819)
	1,153,117,429	1,145,710,011	120,582,792	522,256	2,419,932,494
Deduct:					
Expenditure					
Claims	170,049,462	517,346,110	5,498,909	—	692,894,481
Commissions and sales expenses	246,326,878	61,081,342	12,931,157	102,140	320,441,517
Management expenses	244,911,254	180,617,101	18,158,600	78,892	443,765,849
Salaries and other staff costs	230,268,196	169,818,142	17,072,911	74,176	417,233,425
Pension fund contribution	10,596,455	—	—	—	10,596,455
Lease interest cost	785,851	—	—	—	785,851
Withholding and other taxes	10,867,421	—	—	—	10,867,421
Dividends, bonus and triennial profit	47,382,375	—	—	—	47,382,395
Transfer to investment reserve	170,590	—	—	—	170,590
	961,358,482	928,862,695	53,661,577	255,208	1,944,137,964
Profit before taxation	191,758,947	216,847,316	66,921,220	267,048	475,794,530
Net movement in actuarial liabilities					—
Net surplus after movement in actuarial liabilities and before tax					475,794,530
Taxation					159,885,517
Profit after taxation					315,909,013

NOTES ON THE ACCOUNTS

(49) REPORTING BY CLASS OF INSURANCE — Cont'd

	2021			
	Property	Motor	Accident & liability	Total
	G\$	G\$	G\$	G\$
Assets	8,802,755,174	6,287,682,267	628,768,227	15,719,205,668
Liabilities	1,506,012,114	1,075,722,939	107,572,294	2,689,307,347
Unallocated liabilities	—	—	—	63,084,730

	2020			
	Property	Motor	Accident & liability	Total
	G\$	G\$	G\$	G\$
Assets	7,054,209,056	5,038,720,754	503,872,075	12,596,801,885
Liabilities	1,609,383,830	1,149,559,879	114,955,988	2,873,899,697
Unallocated liabilities	—	—	—	55,367,154

(50) INSURANCE ACT 2016

The Insurance Act 2016 became effective in 2018. Part XIV section 171 of the Act relates to the statutory fund and refers to the Regulations made under the Insurance Act 2016, which also became effective in 2018.

Part 4 of the Regulations stipulate the statutory fund's composition, limits and other requirements including investments. The areas of non-compliance are as listed. The company has five years from November 2019 to be compliant.

Category limits

As stated in part 4 number 33 of the Regulations; "the category limits of investments for statutory fund requirements shall be as set out in Schedule 3." Schedule 3 specifies a maximum of 20% of the statutory fund for shares of Corporations in Guyana. At present, 88% of the statutory fund represents investment in shares of Corporations in Guyana.

Management is currently in the process of resolving this issue.

(51) APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved for issue by the Directors on 13th July, 2022.



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A Tradition of Superior Insurance Service