HAND-IN-HAND

MUTUAL LIFE ASSURANCE COMPANY LIMITED

(Incorporated June 23, 1966)

48th

ANNUAL REPORT AND ACCOUNTS

For the Year Ended 31st December, 2013

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTICE OF MEETING

48th Annual General Meeting

Notice is hereby given that the Forty Eighth Annual General Meeting of the above named Company will be held at the Company's Offices at Lots 1,2,3 & 4, Avenue of the Republic, Georgetown, on Thursday, May 22, 2014, at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Report of the Directors and the Accounts for the year ended December 31, 2013 and the Report of the Auditors thereon.

2. Election of Directors.

3. To fix the remuneration of the Directors.

4. Election of Auditors.

5. To fix the remuneration of the Auditors.

6. Any other business which may properly be brought before the meeting.

BY ORDER OF THE BOARD
Shaheed Essack
Company Secretary/Finance Controller.

1, 2, 3 & 4 Avenue of the Republic
Georgetown, Guyana.

April 25, 2014

N.B. *A Member entitled to attend and vote at the Meeting may appoint a Proxy to attend and vote instead of him. A proxy need not be a Member of the Company. A proxy form requires a $10.00 stamp.*

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HEAD OFFICE

1, 2, 3 & 4 Avenue of the Republic
Georgetown, Guyana.
Email: info@hihgy.com
Website: www.hihgy.com
Telephone: 225-1865-7
Fax: 225-7519
P.O. Box: 10188

DIRECTORS

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

MANAGEMENT:	
Chief Executive Officer -	Keith Evelyn, B.A.(Hons) Sheff. Hallam, B.Sc.UMIST., M.B.A.Liv., F.C.I.I., A.C.I.B. Chartered Insurer.
Manager -	Omadatt Singh, B.Sc.(Hons.), M.B.A., F.C.C.A., C.G.A.,C.P.C.U.
Deputy Manager -	Lalita Sukhram, F.L.M.I., A.C.S., A.R.A.
Company Secretary/ Finance Controller -	Shaheed Essack, M.A.A.T., A.C.I.S., M.C.M.I.
Accountant -	Compton Ramnaraine, M.A.A.T., A.I.C.B., A.C.C.A.affiliate.
Accountant/ Investment Analyst -	Kin Sue, B.Sc., M.Sc., C.I.S.I.
Human Resource Manager -	Zaida Joaquin, Dip. P.M., F.L.M.I., A.C.S., A.I.R.C., A.I.A.A., A.R.A.
Sales Manager -	Colin Welcome
Manager - Berbice Operations -	Tajpaul Adjodhea, F.L.M.I.
Internal Auditor/ Compliance Officer -	Ronald Stanley, A.C.C.A., C.P.C.U.
AUDITORS:	TSD LAL and Company Chartered Accountants
ATTORNEYS-AT-LAW:	Cameron & Shepherd Hughes, Fields & Stoby
MEDICAL ADVISOR:	Dr. Janice Imhoff
CONSULTING ACTUARIES:	Apex Consulting Ltd.
BANKERS:	Republic Bank (Guyana) Ltd. Guyana Bank for Trade & Industry Ltd. Bank of Nova Scotia. Citizens Bank (Guyana) Inc. Demerara Bank Ltd. Bank Of Baroda Lloyds TSB Offshore Private Banking.

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BRANCH OFFICES:

BERBICE:	1) New Amsterdam	Lots 15 & 16B New Street, New Amsterdam, Berbice.
	2) Corriverton	Lot 101 Ramjohn Square, No.78 Village (Springlands) Corriverton, Berbice.
	3) D'Edward Village	Lot 11 Section 'A' D'Edward Village, West Bank, Berbice.
	4) Rosehall	45'A' Public Road, Rosehall Town, Corentyne.
	5) Bush Lot	Lot 5 Section 'C' Bushlot Public Road, West Coast Berbice.
LINDEN:		23 Republic Avenue, Linden, Demerara River.
VREED-EN-HOOP:		Lot 4 New Road, Vreed-en-Hoop, West Coast Demerara.
PARIKA:		Upper floor, Citizens Bank Building Parika, East Bank Essequibo
BARTICA:		34 First Avenue, Bartica. Essequibo.
MON REPOS:		30 Tract "A" Mon Repos, East Coast Demerara.
GREAT DIAMOND:		G3 Mall, Lot "M" Great Diamond East Bank Demerara.
ESSEQUIBO		Doobay's Complex, Lot 18 Cotton Field, Essequibo Coast.
SOESDYKE		Shawnee Service Station Block'X' Soesdyke, East Bank Demerara.

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013 BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.

WELCOME

Ladies and Gentlemen, it is with pleasure that I welcome you to our Company's 48th Annual General Meeting to review the performance of the Company for the year ended December 31, 2013.

ECONOMIC REVIEW

In the year under assessment, the Guyanese economy saw subdued growth in the latter half of 2013, relative to the first half of the year where growth of 3.9 percent were announced. The overall growth rate of 5.2 percent in real GDP was recorded for 2013.

Output in the economy's major sectors of service, manufacturing, mining and agriculture was mixed, with the country recording the highest gold declaration of 458,105 ounces up from 438,038 the year before. Diamond declarations increased by 56.9 percent, while stone production grew by 47.8 percent, the latter reflecting the strong boom in construction activity across the country. Performance of the rice sector continued to be impressive with production of 535,439 tonnes in 2013, 26.9 percent over the previous year's output and setting a new record for the highest ever annual production. However, the strong dependence on the Venezuelan market for rice export continues to be a cause of concern. Sugar on the other hand recorded its lowest level of output in decades and the fortunes of bauxite were somewhat more tempered, with the industry registering an 11 percent decline in value added production.

The Guyana dollar depreciated against the US dollar by 0.86 percent and was being traded against the US Dollar at $206.25 compared to $204.00 a year ago. Despite the pressure on the exchange rate in recent months, monetary policy continues to be geared towards maintaining price and exchange rate stability. This policy has seen an inflation level of 3.5 percent for 2012 and 0.9 percent in 2013.

The global economy has finally started to display signs of recovery, lifting itself out of the harshest economic crisis in living memory, even if at a somewhat modest pace. Significant further policy action and improved policy coherence are still needed if growth and job creation are to be accelerated.

Global output expanded largely on account of stronger demand in advanced economies and an associated export rebound in emerging economies. The world economy grew by 3 percent in 2013.

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013 BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.

PERFORMANCE REVIEW

The company had a good year in terms of growth and profitability. Total income increased from $600.5m by 4.2 percent to $625.8m at the end of the period under review. Total Expenses increased slightly by 0.7 percent from $424.8m to $428.1m as a result of prudent cost control measures.

Total Income before Actuarial Adjustments increased from $175.7m in 2012 by 12.5 percent to $197.7m in 2013. The total assets moved from $3.1B to reach $4.9B at the end of the year, representing a 58 percent growth. The revaluation of investments to fair market value was a significant contributor to this sharp increase in total assets under control.

NEW BUSINESS

Our Individual Life insurance portfolio performed creditably in 2013 with 257 new policies being issued, providing coverage to the extent of $464.9m, which realized a Total Annualized Premium Income of $16.1m. Total Premiums increased from $610.0m in 2012 to $632.4m in 2013, an increase of 3.7 percent.

Congratulations are extended to the Brokers and the Sales Team for their effort in this performance. Special mention must be made of Mrs. Shirley Mc Donald and Mr. Reynold Jones who emerged as the leading Sales Representatives in 2013.

The Ordinary Life, Group Life, Group Medical and Group Pension Funds continued to expand and reached $2.8B at the end of 2013, up from $2.3B at the end of 2012.

CLAIMS

Our Company was happy to have met the needs of our policyholders who made claims. The cost of claims arising from death under Individual Life policies after reinsurance recoveries was $7.0m.

Payments totaling $5.4m after Reinsurance recoveries were made under our Group Life Policies in relation to death of members insured under these policies while payments totaling $124.4m were made to members insured under our Group Medical Policies.

Payments and provisions to the extent of $13.1m were also made in respect of policies which had reached full maturity and policies which during the year became eligible for part payments in accordance with the terms of the policies.

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REVIEW OF THE REPORT AND ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013 BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.

ACTUARIAL VALUATION

A triennial Actuarial Valuation was completed for the year ended December 31, 2012 and revealed a surplus of $724.8m or liability coverage of 1.3 times. A Liability Adequacy test was completed for the year ending December 31,2013 and revealed a surplus of $2,037.3m or liability coverage of 1.77 times. The next triennial Actuarial valuation is due on December 31, 2015.

THE INSURANCE ACT

The Insurance Supervision Department of the Bank of Guyana, with the assistance of the World Bank is in the process of finalizing new insurance legislation to repeal the Insurance Act 1998 and the Insurance (Supplementary Provisions) Act 2009. The legislation will provide for the regulation of insurance in Guyana, the promotion of competition in the insurance industry and the protection of customers.

In addition, a second draft relating to developing new pension legislation was circulated to stakeholders. The feedback period has closed and this is currently with the regulator/consultants. We are encouraged by this legislation and believe that the proposals in the draft will go a long way towards addressing the operations of pension schemes and removing many of the weaknesses of the current Act. We have submitted extensive feedback on the areas that we felt needed improvement and further work and are confident that our recommendations will be seriously considered.

STAFF AND CUSTOMER SERVICES

Our customer service continues to be our number one priority. The staff remains committed to providing, on a consistent basis, a high quality of service to our many customers and members of the public. In this regard, several staff members are pursuing relevant courses of professional development. The Company continues to place emphasis on providing robust training both internally and externally.

FUTURE OUTLOOK

In 2014, the global economy is projected to grow by 3.7 percent, with 2.2 percent growth projected in advanced economies and 5.1 percent in emerging and developing economies. The local economy is projected by the Government of Guyana to expand by 5.6 percent in 2014.

The local economy and business environment will be challenging as an uncompromising and uncertain legislative environment has resulted in the stalling of the AML /CFT Bill. With another deadline looming, international sanctions seems likely if compromise is not reached. The consequences of international sanctions are dire and far reaching. We are hopeful that there will be political maturity. The Insurance Association of Guyana, of which we are a founding member, has made a public statement urging the passage of this important legislation.

REVIEW OF THE REPORT AND ACCOUNTS
FOR THE YEAR ENDED DECEMBER 31, 2013
BY THE CHAIRMAN – MR. JOHN G. CARPENTER B.Sc.

Our principles of good corporate governance as well as the efficient functioning of the various committees established by the Board of Directors will continue in order to ensure this Company's long-term growth and development. We are well positioned to effectively take advantage of market opportunities while effectively managing risks to ensure stable and sustainable growth into the future.

CONCLUSION

In conclusion, I wish to thank most sincerely, our policyholders and all those who supported us during the past year, my fellow Directors, Management, the Sales Force and the indoor Staff Members of our Head Office and Branches for their dedication and commitment without which our Company would not have had a successful 2013.

I sincerely look forward to your continued support during the year 2014.

Thank you.

JOHN G.CARPENTER B.Sc.
CHAIRMAN

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in submitting for the information of Members and Policyholders the Forty Eighth Annual Report and Audited Financial Statements for the year ended December 31, 2013.

1. **Principal Activities**
   The Company is engaged in the underwriting of long term business and associated insurance activities.

2. **Operational Results**
   The Net Increase in Funds for the year before actuarial valuation adjustment was $197.7m as compared to $175.7m for the previous year.

3. **Life Business**
   Gross premiums received for Life Business for the year was $123.7m as compared with $168.5m for the previous year.

4. **Group Business**
   Gross premiums received in respect of Group Business amounted to $508.6m as compared with $441.5m for the previous year.

5. **Ordinary Life Fund**
   This fund now stands at $533.2m the comparative for the year ended December 31,2012 being $472.3m.

6. **Group Life Fund**
   This fund stands at $468.5m the previous year's figures being $307.3m.

7. **Group Health Fund**
   This fund stands at $6.1m the previous year's figures being a deficit of 3.4m.

8. **Deposit administration Fund**
   This fund now stands at $1,758.9m the previous year's figures being $1,501.9m.

9. **Actuarial Valuation**
   An Actuarial Valuation for the year ended December 31, 2013 was completed. This revealed a surplus of $2,037.3m.

10. **Claims**
    Total death claims paid and provided for during the year amounted to $57.3m of which $44.9m is recoverable from our re-insurer resulting in a net cost to the Company of $12.4m. Policies matured during the year were $13.1m while medical claims amounted to $124.4m.

REPORT OF THE DIRECTORS

11. Investments

At December 31, 2013 the total amount invested is $3,224.6m. Investments in Government, Municipal and other Securities stood at $2,852.2m, Mortgages amounted to $59.2m, Share Purchase Plans $6.1m,loans to Berbice Bridge $272m and MCG (Giftland) $10m and Loans on policies $43.1m.The Company invested 15,000 $10 shares of the Guyana Bank for Trade and Industry Ltd for the sum of $6.9m, 243,000 $1 shares in Republic Bank Limited for the sum of $25.6m, 10,000 $1 shares in Demerara Tobacco Co Ltd for the sum of $11.1m , 558,518 $1 shares in Demerara Distillers Ltd for the sum of $10.1m and 193,584 $1 shares in Banks DIH Ltd for the sum of $3.87m during the financial year.

12. Employee Relations

Relations with employees throughout the year were cordial. Training is provided at all levels for technical and personal development.

13. Directorate

The following Directors retire on this occasion in accordance with Article 141 and 147 of the Articles of Association and being eligible, offer themselves for re-election.

Messrs: C.R. Quintin
I.A Mc Donald
P.A. Chan-A-Sue

14. Corporate Governance

The Directors apply principles of good governance by adopting policies and procedures for the better management of the Company. The Board meets monthly and has adopted a structure of mandates granted to committees whilst retaining specific matters for its decisions. Non-executives are considered independent and bring wide knowledge, experience and professionalism to the deliberations of the Board.

The committees established by the Board and their Chairpersons are:

1. Finance and Audit Committee – Mr. P.A. Chan-A-Sue
2. Sales and Marketing Committee – Mr. W.A. Lee
3. Human Resources Committee – Mr. C.R. Quintin
4. Buildings Committee – Mr. J.G.Carpenter

15. Auditors

The Auditors, TSD Lal and Company, retire and have indicated their willingness to be reappointed.

By Order of the Board
Shaheed Essack
Company Secretary/Finance Controller.

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAND IN HAND MUTUAL LIFE ASSURANCE COMPANY LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Report on the Financial Statements

We have audited the accompanying financial statements of Hand In Hand Mutual Life Assurance Company Limited, which comprise the statement of financial position as at 31 December 2013 and the statement of profit or loss and other comprehensive income , statement of changes in equity and funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 13 to 52

Directors'/Management's Responsibility for the Financial Statements

The Directors/ Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAND IN HAND MUTUAL LIFE ASSURANCE COMPANY LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects of the financial position of Hand In Hand Mutual Life Assurance Company Limited as at 31 December 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

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

The Insurance Act 1998 came into effect in 2002. As explained in Note 33, the company did not fully comply with the requirements of the Act.

TSD LAL & CO.
CHARTERED ACCOUNTANTS

Date: April 30, 2014

77 Brickdam,
Stabroek,
Georgetown,Guyana.

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 G$	2012 G$ (Restated)
Revenue			
Premiums	5	632,361,270	610,018,422
Reassurance premiums	5	63,979,805	57,026,974
		568,381,465	552,991,448
Investment income			
"Held to Maturity"	6	89,638	4,328,672
"Available for Sale"	6	3,704,493	9,469,682
"Loans and Receivables"	6	47,920,636	27,791,563
"Other Income"	6	923,314	2,355,539
		52,638,081	43,945,456
Loss on exchange		(231,352)	(934,389)
Gain on disposal of investments		4,980,428	4,509,853
		4,749,076	3,575,464
		625,768,622	600,512,368
Deduct:			
Expenditure			
Management expenses	7	197,138,068	160,004,038
Commissions	8	54,386,317	55,463,518
Claims	9	150,995,484	191,063,033
Surrenders	10	16,208,062	13,379,639
Annuities and pensions	11	4,702,947	3,144,452
Taxation	12	4,666,974	1,767,374
		428,097,852	424,822,054
Net increase in funds for the year before actuarial adjustment		197,670,770	175,690,314
Actuarial adjustment to:			
Policyholders' liabilities	24	231,654,815	358,931,461
Reinsurance assets	19	(23,531,342)	18,803,332
		208,123,473	377,734,793
Net decrease in funds for the year		(10,452,703)	(202,044,479)
Other comprehensive income Items that may be subsequently reclassified to profit or loss			
Currency Translation Difference		3,233,655	-
Fair value adjustment on investments		1,319,666,631	192,310,670
Other comprehensive income		1,322,900,286	192,310,670
Total comprehensive income for the year		1,312,447,583	(9,733,809)

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

STATEMENT OF CHANGES IN EQUITY AND FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Issued share capital G$	Other reserve G$	Ordinary life fund G$	Group life fund G$	Group health fund G$	Group pension fund G$	General reserve G$	Total G$
Balance at 1 January 2012 (Previously reported)	275,000	673,323,499	253,264,851	160,365,182	7,299,165	1,310,713,015	-	2,405,240,712
Adjustments - IAS 1 adoption (Note 39)	-	-	(253,264,851)	(160,365,182)	(7,299,165)	(1,310,713,015)	60,954,930	(1,670,687,283)
Balance at 1 January 2012 (Re-stated)	275,000	673,323,499	-	-	-	-	60,954,930	734,553,429
Changes in equity 2012								
Total comprehensive Income for the year	-	192,310,670	-	-	-	-	(202,044,479)	(9,733,809)
Balance at 31 December 2012 (Re-stated)	275,000	865,634,169	-	-	-	-	(141,089,550)	724,819,620
Changes in equity 2013								
Total comprehensive Income for the year	-	1,319,666,631	-	-	-	-	(7,219,048)	1,312,447,583
Balance at 31 December 2013	275,000	2,185,300,800	-	-	-	-	(148,308,597)	2,037,267,203

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

MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	Notes	2013	2012	2011
		G$	G$	G$
ASSETS			(Restated)	(Restated)
Non current assets				
Fixed assets	13	244,132,135	182,134,807	184,142,453
Other assets				
Investments				
"Held to Maturity"	14(a)	62,792,527	112,542,527	121,438,422
"Available for Sale"	14(b)	2,789,372,854	1,405,768,380	1,123,249,873
"Loans and Receivables"	14(c)	372,438,522	372,727,229	376,523,064
Reinsurance assets	19	69,028,704	52,006,862	65,494,194
Statutory deposit	16	18,750,000	18,750,000	18,750,000
		3,556,514,742	2,143,929,805	1,889,598,006
Current assets				
Short Term Loan	14(c)	18,000,000	18,000,000	-
Interest accrued	17	13,662,123	6,937,872	7,347,759
Debtors and prepayments	18	833,105,607	786,227,495	451,625,375
Stocks of stationery		281,826	623,858	346,192
Tax recoverable		4,950,089	4,950,089	4,580,360
Cash on hand and at bank	20	484,108,370	192,371,732	205,255,695
		1,354,108,015	1,009,111,046	669,155,381
TOTAL ASSETS		4,910,622,757	3,153,040,851	2,558,753,387
EQUITY AND LIABILITIES				
Capital and reserves				
Issued share capital	21	275,000	275,000	275,000
Other reserve	22	2,185,300,800	865,634,169	673,323,499
General reserve	23	(148,308,597)	(141,089,550)	60,954,930
		2,037,267,203	724,819,619	734,553,429
Non - Current Liabilities				
Policyholders' Liabilities	24	1,007,788,238	776,133,423	417,201,962
Deposit administration fund	25	1,758,900,443	1,501,952,416	1,310,713,015
		2,766,688,681	2,278,085,839	1,727,914,977
Current liabilities				
Claims admitted or intimated but not paid	26	18,440,587	30,490,996	12,034,277
Tax payable		5,779,481	2,678,765	2,915,184
Creditors and accrued expenses	27	72,890,482	73,300,311	58,318,974
Insurance contract liabilities	28	6,136,493	15,733,986	1,716,532
Bank overdraft (unsecured)	29	3,419,830	27,931,335	21,300,014
		106,666,873	150,135,393	96,284,981
TOTAL EQUITY AND LIABILITIES		4,910,622,757	3,153,040,851	2,558,753,387

These Financial Statements were approved by the Board of Directors on April 30, 2014

On behalf of the Board:

K.Evelyn ..Director

P.A Chan-A-Sue ..Director

S.Essack ..Company Secretary/Finance Controller

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

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MUTUAL LIFE ASSURANCE COMPANY LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 G$	2012 G$ (Restated)
Operating activities		
Decrease in funds and reserves for the year before taxation	(5,785,729)	(200,277,105)
Adjustments for:		
Depreciation	1,497,742	2,324,932
Redemption of securities - Gain	(4,980,428)	(4,509,853)
Disposal of fixed assets - loss	-	79
Investment income	(52,638,081)	(43,945,456)
Decrease in funds for the year before working capital changes	(61,906,496)	(246,407,403)
(Incresase)/decrease in interest accrued	(6,724,251)	409,887
Increase in debtors and prepayments	(46,878,112)	(334,602,120)
(Increase)/decrease in reinsurance assets	(17,021,842)	13,487,332
(Increase)/decrease in stocks of stationery	342,032	(277,666)
Increase/(decrease) in claims admitted or intimated but not paid	(12,050,408)	18,456,719
Increase/(decrease) in creditors and accrued expenses	(409,829)	14,981,337
Increase in Policyholders' liabilities	231,654,815	358,931,461
Increase in Deposit administration fund	256,948,027	191,239,401
Increase/(decrease) in insurance contract liabilities	(9,597,493)	14,017,454
Cash generated from operations	334,356,443	30,236,402
Taxes paid	(1,566,259)	(2,373,522)
Net cash provided by operating activities	332,790,184	27,862,880
Investing activities		
Purchase of fixed assets	(63,495,070)	(317,365)
Proceeds from redemption of securities	120,108,636	190,734,181
Purchase of securities	(126,082,395)	(277,536,271)
Mortgages repayments	(12,125,958)	(9,140,012)
Loans on policies repayments	(5,585,335)	(6,867,373)
Share purchase plans repayments	-	11,803,220
Short Term Loan	18,000,000	-
Dividends and interest received	52,638,081	43,945,456
Net cash used in investing activities	(16,542,041)	(47,378,164)
Net Increase/(decrease) in cash and cash equivalents	316,248,143	(19,515,284)
Cash and cash equivalents at beginning of period	164,440,397	183,955,681
Cash and cash equivalents at end of period	480,688,540	164,440,397

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

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

1. Incorporation and activities

Hand in Hand Mutual Life Assurance Company Limited was incorporated in Guyana on 23 June 1966. It is engaged in the underwriting of long term insurance business and associated insurance activities.

Employees

During the year the number of employees was 29 (2012 – 22).

2. **New and revised standards and interpretations**

<u>Effective for the current year end</u>

New and Amended Standards		**Effective for annual periods beginning on or after**
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 19	Amendments to IAS 19 - Employee Benefits	1 January 2013
IAS 27(2011)	Separate Financial Statements	1 January 2013
IAS 28(2011)	Investments in Associates and Joint Ventures	1 January 2013
IAS 1(2011)	Amendments to IAS 1 – Presentation of Other Comprehensive Income	1 July 2012
IFRS 7	Financial Instruments - Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 1	First-time Adoption of International Financial Reporting Standards (Government loans)	1 January 2013
IFRS 1	Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 1	Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 16	Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 32	Amendments as part of improvements to IFRSs 2011	1 January 2013
IAS 34	Amendments as part of improvements to IFRSs 2011	1 January 2013
IFRS 10	Consolidated Financial Statements (Transitional arrangements)	1 January 2013
IFRS 11	Joint Arrangements (Transitional arrangements)	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities (Transitional arrangements)	1 January 2013

NOTES ON THE ACCOUNTS

2. **New and revised standards and interpretations-cont'd**

Effective for the current year end-cont'd

		Effects for annual periods beginning on or after
New interpretation		
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

Amendments to IAS 1 is the only standard to have an effect in the current year

Available for early adoption for the current year end
New and Amended Standards

IFRS 7	Financial Instruments: Disclosures	1 January 2017
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2017
IFRS 9	Additions for Financial Liability Accounting	1 January 2017
IFRS 10	Consolidated Financial Statements (Exemptions)	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities (Exemptions)	1 January 2014
IAS 19	Employee Benefits	1 July 2014
IAS 27	Separate Financial Statements (Exemptions)	1 January 2014
IAS 32	Financial Instruments - Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36	Impairment of Assets	1 January 2014
IAS 39	Financial Instruments: Recognition and Measurement	1 January 2014

New interpretation

IFRIC 21 Levies	1 January 2014

The Company has not opted for early adoption.

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

IFRS 7
This standard is closely linked to IFRS 9. In December 2011, the IASB issued an amendment which modifies the relief from restating comparative periods and the associated disclosures.

NOTES ON THE ACCOUNTS

2. **New and revised standards and interpretations-cont'd**

IFRS 9

IFRS 9 was issued in November 2009 and was initially required to be applied from 1 January 2013. However, new requirements were added in November 2010 and the revised date for adoption was set for 1 January 2015. However, in November 2013, consequential amendments were issued which removed the mandatory effective date. At a meeting the IASB tentatively decided that the mandatory effective date will be no earlier than annual periods beginning on or after 1 January 2017.

This standard specifies how an entity should classify and measure its financial assets.

The application of IFRS 9 may have significant impact on amounts reported in respect of the Company's financial assets and financial liabilities However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

When adopted, the standard will be applied retrospectively in accordance with IAS 8

IAS 32

Amends the disclosure requirements in IFRS 7 Financial Instruments, to require information about all recognised financial instruments that are set off.

The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements.

The directors do not anticipate that the application of these amendments to IAS 32 and IFRS 7 will have a significant impact on the Company's financial statements as the Company does not have any financial assets and financial liabilities that qualify for offset.

IAS 36

This amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed. It clarifies the disclosures required and introduces an explicit requirement to disclose the discount rate used in determining impairment or reversals where recoverable amount is determined using a present value technique.

The directors anticipate that the application of this amendment may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities. However it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies

(a) Accounting convention

The accounts have been prepared under the historical cost convention, modified by the revaluation of "available for sale" investments and conform with International Financial Reporting Standards.

(b) Segregated funds

All income and direct expenses related to the funds are allocated accordingly. Indirect expenses are apportioned based on the amount of premiums generated in the year.

Policyholders' Liabilities

(i) Ordinary Life

All income and expenses relating to its individual life and annuities businesses are allocated to this fund.

(ii) Group Life

Income and expenses relating to group life businesses are allocated to this fund and is represented by assets included in the cash on hand and at banks and securities.

(iii) Group Health

This fund is administered by the company on behalf of several group medical schemes and is represented by assets included in the cash on hand and at banks and securities.

Deposit administration fund

(i) Group Pension Fund

This fund is administered by the company on behalf of several group pension schemes and is represented by assets included in investments, cash at bank and on deposit.

NOTES ON THE ACCOUNTS

3. Summary of significant accounting policies -cont'd

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business.

Interest income is accrued on a time basis by reference to the principal outstanding and the effective interest rate.

Dividend income from investments is recognized when the shareholders rights to receive payment have been established.

(d) Reassurance

The company transfers some of its insurance risk to other insurers through reinsurance both locally and overseas. The reinsurer assumes part of the risk and part of the premium originally taken by the company. Reinsurer reimburses the company for claims paid to policyholders according to various standing agreements reached. The company has both treaty and facultative reinsurance. Under a treaty each party automatically accepts specific percentage of the insurers' business. Facultative reinsurance covers specific individual risks that are unusual or so large that it cannot be covered in the company's reinsurance treaties.
Reinsurance premium paid and reinsurance recoveries that are set off against claims are accounted for in the statement of profit or loss and other comprehensive income.
Reinsurance recoveries on outstanding claims are shown as a current asset in the statement of financial position.

(e) Foreign currencies
Transactions in currencies other than Guyana dollars are recorded at the rates of exchange prevailing on the dates of the transaction. At the end of the reporting period, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on that date. Non monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. Gains and losses are recognized in the statement of profit or loss and other comprehensive income.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies -cont'd

(f) Management expenses

These expenses are allocated based on the gross premium written on each class of business for the year.

(g) Commission and allowances

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

(h) Claims

Claims are made against the company for losses incurred by its various policy holders. Management minimizes this expense by prudent underwriting policies and efficient handling and settlement of claims. Management also minimizes this expense by reinsurance.
Claims that are reported but not paid are provided for in the accounts. A claim must be made immediately and then put in writing within 14 days according to the insurance contract.
Claims are recognized when reported to the company, whether or not settled at the end of the reporting period.
Claims are reflected in the statement of profit or loss and other comprehensive income net of reassurance recoveries. The liability for claims reported and unpaid at the end of the reporting period is disclosed net of amounts recoverable from Reassurers.

(i) Maturities

Some of the company's policies mature after the contractual period has elapsed. Such amounts whether or not claimed for by the policyholder is accrued in the statement of profit or loss and other comprehensive income and provided for as claims unpaid under current liabilities.

(j) Taxation

Life insurance business is taxed at 30% on the income from the statutory fund less 12% allowance for expenses.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies -cont'd

(k) Fixed assets and depreciation

Land and building held for use in the provision of services, or for administrative purposes is stated in the statement of financial position at cost or revalued amounts. No revaluation was done for the financial year, based on the Directors opinion the net book value of this land approximated the stated value in the financial statements.

Furniture, equipment, machinery and motor vehicles are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of fixed assets is calculated on the reducing balance method at the rates specified below which are estimated to write off the cost or valuation of these assets to their residual values over their estimated useful life.

Office Machinery and Equipment	-	10%
Motor Vehicles	-	20%
Computers	-	50%

(l) Investments

Investments are recognized in the financial statements to comply with International Accounting Standards.

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

Held to maturity

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

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies-cont'd

(l) Investment cont'd

Available for sale

These investments are initially recognized at cost and adjusted to fair value in subsequent periods.
Gains or losses on "available for sale financial assets" are recognized through the statement of profit and loss and other comprehensive income

Loans and receivables
Loans and receivables are stated net of unearned interest and provision for losses. Specific provisions are established on individual loans to recognize anticipated losses, and doubtful debts are written off when the possibility of further recovery seems remote.
Loans and receivables are classified as non-accrual whenever there is reasonable doubt regarding the collectability of principal or interest and principal is ninety days past due.

(m) Financial instruments

Financial assets and liabilities are recognized on the company's statement of financial position when the company becomes a party to the contractual provisions of the instruments.

<u>Trade receivables</u>
Trade receivables are stated at amortized cost. Appropriate allowances for estimated unrecoverable amounts are recognized in the statement of profit or loss and other comprehensive income when there is objective evidence that they are not collectible.

<u>Trade payables</u>
Trade payables are recognized at amortized cost.

<u>Bank borrowings</u>
Interest bearing bank loans and overdrafts are recognized at amortized cost.

<u>Cash and cash equivalents</u>
Cash and cash equivalents in the cash flow statement consist of cash at bank with maturity period of 3 months or less and cash on hand and bank overdraft.

NOTES ON THE ACCOUNTS

3 Summary of significant accounting policies-cont'd

(m) Financial instruments- cont'd

De-recognition
Financial assets are derecognized when the right to receive cash flows from the asset has expired.

Financial liabilities are derecognized when they are extinguished, i.e. when obligation is discharged, cancelled or expired.

(n) Insurance contracts

The company issues contracts that transfer insurance risk.
Short-duration life insurance contracts protect the company's customers from the consequences of events such as death or disability that would affect the ability of the customer or his/her dependents to maintain their current level of income

Long-term insurance contracts with fixed and guaranteed terms are contracts that insure events associated with human life such as death over a long duration.
Premiums received and reinsurance premiums ceded are recognized as revenue and expense over the period of coverage

(o) Pension Funding

A defined benefit plan was established on 1 January 1971, and is administered under a Trust Deed executed on that date amended later by supplemental deeds.

All employees of the Hand-in-Hand Mutual Life Assurance Company Limited are contracted with The Hand-in-Hand Mutual Fire Insurance Company Limited. They provide services to Hand-in-Hand Mutual Life Assurance Company Limited, for which the company pays on a monthly basis. The company also pays the corresponding portion of pension contribution to the pension scheme.

A defined benefit pension plan is also operated for the Sales Representatives of the Hand-in-Hand Mutual Life Assurance Company Limited. Contributions to the scheme are paid by The Hand-in-Hand Mutual Fire Insurance Company Limited, and the relevant portion is then reimbursed by Hand-in-Hand Mutual Life Assurance Company Limited.

NOTES ON THE ACCOUNTS

4. Critical accounting judgement and key sources of estimation uncertainty

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimated.

The estimation of the liability arising from claims made under insurance contracts is the company's most critical accounting estimate.

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

(ii) Useful lives of fixed assets
Management reviews the estimated useful lives of fixed assets at the end of each year to determine whether the useful lives should remain the same.

(iii) Other financial assets
In determining the fair value of investments in the absence of a market, the directors estimate the likelihood of impairment by using discounted cash flows.

(iv) Method of actuarial valuation
Actuarial liabilities have been calculated using the Policy Premium Reserve Method. Under this method the reserve is based on cash flow matching. The liability equal to the value of the assets that will be sufficient, without being excessive, to provide for the future policy cash flows. This computation assumes that the data is not materially misstated.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

5 Premiums

	2013			2012		
	Gross G$	Reassurance G$	Net G$	Gross G$	Reassurance G$	Net G$
Ordinary Life	123,730,414	17,506,062	106,224,352	168,498,857	15,553,467	152,945,390
Group Life	306,747,145	46,473,743	260,273,402	247,559,340	41,473,507	206,085,833
Group Health	201,883,711	-	201,883,711	193,960,225	-	193,960,225
	632,361,270	63,979,805	568,381,465	610,018,422	57,026,974	552,991,448

6 Investment income

	2013 G$	2012 G$
"Held to Maturity"		
Bonds and debentures	89,638	4,328,672
"Available for sale"		
Shares and stocks	3,704,493	9,469,682
"Loans and receivable"		
Policy loans	6,715,762	5,364,580
MCG Loan(Giftland)	(39,178)	569,589
Hand in Hand Mutual Fire Ins.Co.	40,725,212	21,569,902
Share purchase plans	518,840	287,492
	47,920,636	27,791,563
"Other Income"		
Cash on deposits	922,333	2,218,957
Miscellaneous	981	136,582
	923,314	2,355,539
	52,638,081	43,945,456
Summary of interest received		
Cash on deposits	922,333	2,218,957
Shares and stocks	3,704,493	9,469,682
Bonds and debentures	89,638	4,328,672
Policy loans	6,715,762	5,364,580
Share purchase plans	518,840	287,492
MCG Loan(Giftland)	(39,178)	569,589
Hand in Hand Mutual Fire Ins.Co.	40,725,212	21,569,902
Miscellaneous	981	136,582
	52,638,081	43,945,456

NOTES ON THE ACCOUNTS

		2013	2012
		G$	G$
7	Management expenses		
	Actuarial fees	7,936,920	433,412
	Auditors' remuneration	2,064,765	1,966,443
	Directors' emoluments (Note a)	4,866,588	4,634,856
	Depreciation	1,497,742	2,324,932
	Employment cost	132,282,412	112,022,605
	Pension Contributions	5,987,704	3,271,394
	Operating expenses	42,501,937	35,350,396
		197,138,068	160,004,038
	(a) Directors emoluments:		
	Chairman: J.G.Carpenter	1,179,708	1,123,536
	Non Executive Directors:		
	W.A. Lee	737,376	702,264
	P.A. Chan-A-Sue	737,376	702,264
	I.A. Mc Donald	737,376	702,264
	T. A. Parris	737,376	702,264
	C.R. Quintin	737,376	702,264
	Executive Directors:		
	K.Evelyn	-	-
	H.Cox	-	-
		4,866,588	4,634,856
8	Commissions		
	Ordinary Life	12,051,273	12,117,725
	Group Life	32,008,198	30,187,914
	Group Health	10,326,846	13,157,879
		54,386,317	55,463,518

MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

9 Claims

	2013 Gross G$	2013 Reassurance G$	2013 Net G$	2012 Gross G$	2012 Reassurance G$	2012 Net G$
Ordinary Life						
Death	33,324,625	26,289,473	7,035,152	7,503,938	4,186,250	3,317,688
Maturities	13,141,887	-	13,141,887	10,334,607	-	10,334,607
Other claims	1,057,952	-	1,057,952	12,855,533	-	12,855,533
	47,524,464	26,289,473	21,234,991	30,694,078	4,186,250	26,507,828
Group Life	23,967,000	18,561,841	5,405,159	36,895,862	15,243,985	21,651,877
Group Health	124,355,334	-	124,355,334	142,903,328	-	142,903,328
	195,846,798	44,851,314	150,995,484	210,493,268	19,430,235	191,063,033

Claims paid in financial year

	2013 Gross G$	2013 Reassurance G$	2013 Net G$	2012 Gross G$	2012 Reassurance G$	2012 Net G$
Ordinary Life						
Death	28,506,250	23,064,473	5,441,777	6,626,200	4,186,250	2,439,950
Maturities	11,582,558	-	11,582,558	11,790,145	-	11,790,145
Other claims	1,057,952	-	1,057,952	12,855,533	-	12,855,533
	41,146,760	23,064,473	18,082,287	31,271,878	4,186,250	27,085,628
Group Life	17,096,000	14,985,841	2,110,159	18,463,985	9,927,985	8,536,000
Group Health	124,355,334	-	124,355,334	142,903,328	-	142,903,328
	182,598,094	38,050,314	144,547,780	192,639,191	14,114,235	178,524,956

10 Surrenders

	2013 G$	2012 G$
Ordinary Life	16,208,062	13,379,639

11 Annuities

Ordinary Life	4,702,947	3,144,452

12 Taxation

Taxes deducted at source from income on deposits	4,666,974	1,767,374

Taxation on the company have been computed based on the applicable tax laws relating to life insurance companies.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

13 Fixed assets

	Freehold Land and building G$	Office furniture and equipment G$	Computer equipment G$	Motor vehicle G$	Total G$
Cost					
At 1 January 2013	175,860,480	8,137,976	25,309,534	2,000,000	211,307,990
Additions	62,000,000	1,169,470	325,600	-	63,495,070
At 31 December 2013	237,860,480	9,307,446	25,635,134	2,000,000	274,803,060
Depreciation					
At 1 January 2013	-	4,329,449	23,534,106	1,309,628	29,173,183
Charge for the year	-	395,907	963,761	138,074	1,497,742
At 31 December 2013	-	4,725,356	24,497,867	1,447,702	30,670,925
Net book values:					
At 31 December 2013	237,860,480	4,582,090	1,137,267	552,298	244,132,135
At 31 December 2012	175,860,480	3,808,527	1,775,428	690,372	182,134,807

14 **Investments**

	2013 G$	2012 G$
(a) Held to Maturity:		
Local Bonds	10,000,000	10,000,000
Foreign Bond	52,792,527	102,542,527
	62,792,527	112,542,527
(b) Available for sale		
United Kingdom Securities	155,503,505	148,033,059
United Kingdom Stocks	10,346,832	9,686,484
United States Securities	15,592,004	4,338,326
Local Securities	2,607,930,513	1,243,710,511
	2,789,372,854	1,405,768,380

NOTES ON THE ACCOUNTS

14 **Investments- cont'd**

(c) **Loans and Receivables:**

	2013	2012
	G$	G$
(i) Mortgages on properties		
At 1 January	54,397,436	45,240,544
Advances	26,188,085	15,209,457
Repayments	(20,748,397)	(6,052,565)
	59,837,124	54,397,436
Less: Provision for impairment	598,371	7,284,641
At 31 December	59,238,753	47,112,795
Provision for impairment individually assessed		
At 1 January	7,484,611	7,467,731
Provision for the year	196,042	16,880
Recoveries	(7,082,282)	
At 31 December	598,371	7,484,611
(ii) Loans on policies	43,052,679	37,467,344

This represents loans granted to policyholders taking into account the cash value of the policies.

	2013	2012
(iii) Share purchase plans		
Beneficiaries:		
Banks DIH Limited	4,935,530	4,935,530
Guyana National Industrial Company Inc.	1,211,560	1,211,560
	6,147,090	6,147,090

The capital sums earn interest and are repayable in ten (10) years.

	2013	2012
(iv) MCG -Loan (Giftland Office Max)	10,000,000	10,000,000

MCG Investments Ltd (Giftland)
The terms and conditions for this loan is as follows:
10 years with a moratorium on interest and capital for a period of one (1) year.The rate of interest is 11% per annum.

	2013	2012
(v) Berbice Bridge Loan		
At 1 January	290,000,000	290,000,000
Disbursed	-	-
Repayment	(18,000,000)	-
At 31 December	272,000,000	290,000,000
Current	18,000,000	18,000,000
Loan term	254,000,000	272,000,000
	272,000,000	290,000,000

Second Loan
This loan was granted in January and March 2010 for $40 million and $50 million respectively.Capital repayment commence in 2013

Third Loan
This Loan was granted in June 2011 for $200M.Capital repayment has not yet commence.

The terms and conditions for these loans are as follows: Payment of interest commence immediately and is payable annually for the first three(3) years thereafter repayment of the principal and interest will commence three (3) years after the drawn down by (5) equal annual installments. The rate of interest is 7.5%.Security held on these loans are promissory notes for $200 million, $50 million and $40 million respectively in favour of the company.

	2013	2012
At 31 December	390,438,522	390,727,229
Comprised of:		
Short Term Loan	18,000,000	18,000,000
Loans and Receivables	372,438,522	372,727,229
	390,438,522	390,727,229

NOTES ON THE ACCOUNTS

15 **Fair Value of Financial Instruments**

The following table details the carrying costs of financial assets and liabilities and their fair value

	2013		2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	G$	G$	G$	G$
Financial assets			(Restated)	(Restated)
Investments				
Held to Maturity	62,792,527	62,792,527	112,542,527	112,542,527
Available for sale	2,789,372,854	2,789,372,854	1,405,768,380	1,405,768,380
Loans and receivables	372,438,522	372,438,522	372,727,229	372,727,229
Statutory Deposits	18,750,000	18,750,000	18,750,000	18,750,000
Reinsurance assets	69,028,704	69,028,704	52,006,862	52,006,862
Short term loan	18,000,000	18,000,000	18,000,000	18,000,000
Accrued and unpaid interest	13,662,123	13,662,123	6,937,872	6,937,872
Debtor and prepayments	833,105,607	833,105,607	786,227,495	786,227,495
Cash resources	484,108,370	484,108,370	192,371,732	192,371,732
Tax recoverable	4,950,089	4,950,089	4,950,089	4,950,089
	4,666,208,796	4,666,208,796	2,970,282,186	2,970,282,186
Financial liabilities				
Policyholders' liabilities	1,007,788,238	1,007,788,238	776,133,423	776,133,423
Group Pension Fund	1,758,900,443	1,758,900,443	1,501,952,416	1,501,952,416
Claims admitted and intimated (net of amounts recoverable from reinsurers)	18,440,587	18,440,587	30,490,996	30,490,996
Insurance Contract Liabilities	6,136,493	6,136,493	15,733,986	15,733,986
Creditors and accruals	72,890,482	72,890,482	73,300,311	73,300,311
Bank overdraft	3,419,830	3,419,830	27,931,335	27,931,335
Tax payable	5,779,481	5,779,481	2,678,765	2,678,765
	2,873,355,554	2,873,355,554	2,428,221,232	2,428,221,232

Valuation techniques and assumptions applied for the purpose of measuring fair value

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

"Held to maturity"

The carrying value of these investments were determined using the level 2 fair value measurement.

"Loans and receivables"

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

" Available for sale"

The carrying values of these investments were valued using quoted market prices.Quoted market prices are obtained from independent market valuators using level 1 fair value measurements as follows:

Guyana Association of Securities Companies & Intermediaries Inc.
London Stock Exchange

For unquoted available for sale investments level 2 fair value measurement was used to determine carrying value.

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

The carrying amounts of certain financial instruments is assumed to approximate their fair value due to their short-term nature. These includes cash resources and other financial assets and liabilities.

NOTES ON THE ACCOUNTS

15. Fair Value of Financial Instruments - cont'd

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

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).

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

	2013			
	Level 1 **G$**	Level 2 **G$**	Level 3 **G$**	Total **G$**
Held to maturity	-	62,792,527		62,792,527
	124,052,668	2,507,922,857		
Available for sale	2,607,930,513	181,442,341	157,317,329	2,789,372,854
	2,607,930,513	244,234,868	157,397,329	2,852,165,381

	2012			
	Level 1 **G$**	Level 2 **G$**	Level 3 **G$**	Total **G$**
Held to maturity	-	112,542,527	-	112,542,527
Available for sale	1,243,710,511	1,136,227,394	157,397,329	1,405,768,380
	1,243,710,511	1,248,769,921	157,397,329	1,518,310,907

NOTES ON THE ACCOUNTS

		2013	2012
		G$	G$
16	Statutory deposit		
	Citizen Bank Inc.	18,750,000	18,750,000

This is a statutory one year term deposit to the direct order of the Commissioner of Insurance

		2013	2012
17	Interest accrued		
	Mortgages	290,200	301,793
	Loans on policies	3,046,454	2,162,135
	Deposits at banks	515,625	539,575
	Interest on Banks DIH Share Purchase Plan	283,420	331,430
	Interest on MCG Loan-(Giftland Office Max)	530,411	569,589
	Government of Trinidad Debentures	-	1,719,361
	Interest on Courts Bond	773,698	370,410
	Government of St. Lucia Bond	-	943,579
	Investment Income	8,222,315	-
		13,662,123	6,937,872
18	Debtors and prepayments		
	Hand-in-Hand Mutual Fire Insurance Company Ltd (i)	800,454,338	750,454,338
	Other debtors (ii)	32,651,269	35,773,157
		833,105,607	786,227,495

(I) This represent loan to the Hand-in-Hand Mutual Fire Insurance Company Limited. Interest is charged at a rate of 8% per annum. This loan is secured by unallocated portion of land and building situated at 1-4 Avenue of the Republic Georgetown.

(ii) This comprise of securities pending redemption, sales representatives, staff and other sundry debtors.

NOTES ON THE ACCOUNTS

19 Reinsurance assets	Ordinary life fund G$	Group life fund G$	Single premium mortgage protection G$	Total G$
Balance as at 31 December 2011 (Restated)	57,365,194	8,129,000	-	65,494,194
Actuarial decrease	(18,803,332)	-	-	(18,803,332)
Claims recoverable	-	5,316,000	-	5,316,000
Balance as at 31 December 2012 (Restated)	38,561,862	13,445,000	-	52,006,862
Actuarial Increase	4,149,015	2,284,687	17,097,640	23,531,342
Claims recoverable/(payable)	3,359,500	(9,869,000)	-	(6,509,500)
Balance as at 31 December 2013	46,070,377	5,860,687	17,097,640	69,028,704

20 Cash on hand and at banks

Non Statutory Deposits:		
Deposits - others	364,266,533	105,556,638
Current Accounts	119,831,837	86,805,094
Cash on hand	10,000	10,000
	484,108,370	192,371,732

The interest rates on deposits vary from 2% to 6%.

21 Share capital

Authorised		
Number of 6% cumulative redeemable preference shares	10,000	10,000
Issued and fully paid		
2,750 - 6% cumulative redeemable preference shares	275,000	275,000

The Capital of the company is G$1,000,000: divided into 10,000 Redeemable Cumulative Preference shares of G$100:each.This amount issued to the Hand in Hand Mutual Fire Insurance Company Limited is not available for the payment of any expenses or claims incurred by the company until all other funds are exhausted. The company shall be entitled to redeem the whole or any part of the shares as shall be determined by the board.

NOTES ON THE ACCOUNTS

22 Other reserve

	2013 G$	2012 G$
At 1 January	865,634,169	673,323,499
Fair value adjustment on investments	1,319,666,631	192,310,670
At 31 December	2,185,300,800	865,634,169

23 General reserve

	2013 G$	2012 G$
At 1 January	(141,089,550)	60,954,929
Net decrease in fund for the year	(10,452,702)	(202,044,479)
Currency translation difference	3,233,655	-
At 31 December	(148,308,597)	(141,089,550)

24 Policyholders' liabilities

Gross liabilities	Ordinary life fund G$	Group life fund G$	Single premium mortgage protection G$	Group health fund G$	Total G$
Balance as at 31 December 2011	341,353,451	6,665,047	71,583,937	(2,400,473)	417,201,962
Actuarial Increase/(Decrease)	130,931,139	1,268,749	227,750,345	(1,018,772)	358,931,461
Balance as at 31 December 2012	472,284,590	7,933,796	299,334,282	(3,419,245)	776,133,423
Actuarial Increase	60,906,281	158,950	161,085,083	9,504,501	231,654,815
					-
Balance as at 31 December 2013	533,190,871	8,092,746	460,419,365	6,085,256	1,007,788,238

NOTES ON THE ACCOUNTS

25 Deposit Administration Funds.

	2013 G$	2012 G$
At 1 January	1,501,952,416	1,310,713,015
Contributions received plus interest	315,399,342	308,257,131
Refund of contributions	(32,429,645)	(94,324,784)
Charges, claims and benefits	(26,021,670)	(22,692,946)
At 31 December	1,758,900,443	1,501,952,416

26 Claims admitted or intimated but not paid

Ordinary life	9,668,587	6,196,418
Group life	8,772,000	24,294,578
	18,440,587	30,490,996

27 Creditors and accrued expenses

Other creditors	19,738,973	20,677,780
Accruals	53,151,509	52,622,531
	72,890,482	73,300,311

28 Insurance Contract Liabilities

	6,136,493	15,733,986

This represents reinsurance premiums outstanding for the year.

29 Bank overdraft (unsecured)

Bank of Nova Scotia	3,419,830	27,931,335

NOTES ON THE ACCOUNTS

30 Pending litigation

There are several income tax appeals pending for the years 1976 - 1988 and 1995 inclusive. The tax in dispute has been lodged with the Guyana Revenue Authority.

31 Related party transactions

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.

Listed below are transactions with related parties.

Related company

The Hand in Hand Mutual Fire Insurance Company Limited and the Hand in Hand Mutual Life Assurance Company Limited share a common Board of Directors.

	2013	2012
(i) Interest received	G$	G$
Interest received during the year on loans granted to The Hand-in-Hand Mutual Fire Insurance Company Limited	61,244,484	37,449,352
Loans to The Hand-in-Hand Mutual Fire Insurance Company Limited. Interest is charged at a rate of 8% per annum.	800,454,338	750,454,338
The Hand in Hand Fire Insurance Company Limited 2,750 - 6% Cumulative Redeemable Preference Shares	275,000	275,000

NOTES ON THE ACCOUNTS

31 Related party transactions - cont'd

Related company

(ii) Fees paid

The Hand in Hand Mutual Life Assurance Company Limited utilised the staff and facilities of The Hand in Hand Mutual Fire Insurance Company Limited.

	2013	2012
	G$	G$
Fees charged	69,225,296	54,937,707

Key management personnel

(i) Compensation

The company's key management personnel comprises of its Directors, its Chief ExecutiveOfficer and Managers. The renumeration paid during the year was as follows:

	2013	2012
	G$	G$
Short term employee benefits - Managers - 10 (2012 -10)	22,298,822	36,158,797
Long term benefit is derived from the Pension Scheme.		
Directors' emoluments - 6 (2012 - 6)	4,866,588	4,634,856

NOTES ON THE ACCOUNTS

32 Analysis of financial assets and liabilities by measurement basis.

	2013					2012
	Held to maturity	"Available for sale"	Loans and receivable	Other Assets/Liabilities at amortized cost	Total	Total
	G$	G$	G$	G$	G$	G$
Assets						Restated
Investments	62,792,527	2,789,372,854	390,438,522	-	3,242,603,903	1,909,038,136
Statutory deposit	-		-	18,750,000	18,750,000	18,750,000
Interest accrued	-	-	13,662,123	-	13,662,123	6,937,872
Debtors and prepayments	-	-	833,105,607	-	833,105,607	786,227,495
Reinsurance assets	-	-	69,028,704	-	69,028,704	52,006,862
Tax recoverable	-	-	4,950,089	-	4,950,089	4,950,089
Cash on hand and at banks	-	-	484,108,370	-	484,108,370	192,371,732
	62,792,527	2,789,372,854	1,795,293,415	18,750,000	4,666,208,796	
2012	112,542,527	1,405,768,380	1,202,425,185	211,121,732		2,970,282,186
Liabilities						
Policyholders' liabilities				1,007,788,238	1,007,788,238	776,133,423
Group Pension Fund	-	-	-	1,758,900,443	1,758,900,443	1,501,952,416
Claims admitted	-	-	-	18,440,587	18,440,587	30,490,996
Taxation	-	-	-	5,779,481	5,779,481	2,678,765
Creditors and accrued expenses	-	-	-	72,890,482	72,890,482	73,300,311
Insurance Contract Liabilities	-	-	-	6,136,493	6,136,493	15,733,986
Bank overdraft	-	-	-	3,419,830	3,419,830	27,931,335
	-	-	-	2,873,355,554	2,873,355,554	
2012	-	-	-	1,652,087,809		2,428,221,232

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

33 INSURANCE ACT 1998

The Insurance Act 1998 became effective in 2002 upon the appointment of a Commissioner of Insurance, the duties of whose office were then conferred onto the Bank of Guyana in 2009. Part XVI of the act relates to pension plans, their registrations, management and all other stipulations. The company has not fully complied with this section for all the plans it manages. This is a continuing effort.

34 FINANCIAL RISK MANAGEMENT

Financial risk mangement objectives

The Company's management monitors and manages the financial risk relating to the operation of the Company through internal risk reports which analyse exposure by degree and magnitude of risk. 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 risks.

(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 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 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 sensivity 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 profits where the interest rate appreciates by 50 basis points. For a decrease of 50 basis points in the interest rate, there would be an equal and opposite impact on profit and the balances would be negative.

NOTES ON THE ACCOUNTS

34 **Financial risk management - cont'd**

(a) Market risk - cont'd

(ii) Interest sensitivity analysis - cont'd

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

	Increase / decrease in basis point	Impact on profit for year 2013	2012
Cash and cash equivalents		G$M	G$M
Local Currency	+/-50	1.33	0.52
Foreign Currencies	+/-50	0.46	0.10

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

(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:

	Average Interest Rate %	Maturing 31-12-2013 Within 1 year G$	1 to 5 years G$	Over 5 years G$	Non-interest bearing G$	Total G$
Assets						
Investments	5.97	-	62,792,527	-	2,789,372,854	2,852,165,381
Mortgages on properties	7.48	-	59,238,753	-	-	59,238,753
Loans on policies	15.57	-	43,052,679	-	-	43,052,679
Berbice Bridge loan	7.50	18,000,000	254,000,000	-	-	272,000,000
Share purchase plans	14.31	-	-	6,147,090	-	6,147,090
MCG Loan(Giftland)	11		10,000,000	-	-	10,000,000
Statutory deposits	3.00	-	18,750,000	-	-	18,750,000
Debtors & prepayments	8.00	800,454,338	-	-	32,651,269	833,105,607
Cash on hand and at banks	3.18	364,266,533	-	-	119,841,837	484,108,370
Others		-	-	-	87,640,916	87,640,916
		1,182,720,871	447,833,959	6,147,090	3,029,506,876	4,666,208,796
Liabilities						
Policholders' Liabilities	-	-	-	-	1,007,788,238	1,007,788,238
Group Pension Fund	-	-	-	-	1,758,900,443	1,758,900,443
Claims	-	-	-	-	18,440,587	18,440,587
Creditors	-	-	-	-	72,890,482	72,890,482
Bank Overdraft	-	3,419,830	-	-	-	3,419,830
Others	-	-	-	-	11,915,974	11,915,974
		3,419,830	-	-	2,869,935,724	2,873,355,554
Interest sensitivity gap		1,179,301,041	447,833,959	6,147,090		

NOTES ON THE ACCOUNTS

34 **Financial risk management - cont'd**

(a) Market risk - cont'd

(iii) Interest rate risk - cont'd

	Average Interest Rate %	Maturing Within 1 year G$	1 to 5 years G$	Over 5 years G$	31-12-2012 Non-interest bearing G$	Total G$ Restated
Assets						
Investments	5.97	59,750,000	52,792,527	-	1,405,768,380	1,518,310,907
Mortgages on properties	7.48	-	47,112,795	-	-	47,112,795
Loans on policies	15.57	-	37,467,344	-	-	37,467,344
Berbice Bridge loan	7.50	18,000,000	272,000,000	-	-	272,000,000
Share purchase plans	14.31	-	-	6,147,090	-	6,147,090
MCG Loan(Giftland)	11	-	10,000,000	-	-	10,000,000
Statutory deposits	3.00	-	18,750,000	-	-	18,750,000
Debtors & prepayments	8.00	750,454,338	-	-	35,773,157	786,227,495
Cash on hand and at banks	3.18	105,556,638	-	-	86,815,094	192,371,732
Others		-	-	-	63,894,823	63,894,823
		933,760,976	438,122,666	6,147,090	1,592,251,454	2,970,282,186
Liabilities						
Policyholders' liabilities	-	-	-	-	776,133,423	776,133,423
Deposit Administration Fund	-	-	-	-	1,501,952,416	1,501,952,416
Claims	-	-	-	-	30,490,996	30,490,996
Creditors	-	-	-	-	73,300,311	73,300,311
Bank Overdraft	-	27,931,335	-	-	-	27,931,335
Others	-	-	-	-	18,412,751	18,412,751
		27,931,335	-	-	2,400,289,897	2,428,221,232
Interest sensitivity gap		905,829,641	438,122,666	6,147,090		

NOTES ON THE ACCOUNTS

34 **Financial risk management - cont'd**

(a) Market risk-cont'd

(iv) Foreign currency risk

The company is exposed to foreign currency risk due to fluctuations in exchange rates on investments and foreign bank balances. The currencies which the company are mainly exposed to are United States Dollar and Pounds Sterling.

The equivalent Guyana dollar value of assets in pounds sterling are shown below:

	2013				2012			
				Total				Total
	£	US$	T.T$	G$	£	US$	T.T$	G$
Assets	552,834	82,332	-	181,442,341	549,349	93,218	-	180,608,361

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 prudent possibility of a change in rate.

The sensitivity analysis shows the impact of all assets and liabilities that are held in foreign currencies. A positive number below indicates an increase in reserves if the currency were strenghtened 3% against the Guyana dollar. If the currencies were weaken 3% against the Guyana dollar, there would be an equal and opposite impact on the reserves and the balances would be negative.

	2013			2012		
	T.T dollar impact G$ M	£ Sterling impact G$ M	US dollar impact G$ M	T.T dollar impact G$ M	£ Sterling impact G$ M	US dollar impact G$ M
Profit/(loss)	-	4.98	0.50	-	4.86	0.56

NOTES ON THE ACCOUNTS

34 **Financial risk management - cont'd**

(b) Credit risk

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

Cash and cash equivalents are held by commercial banks. These Banks have been assessed by the Directors as being credit worthy, with very strong capacity to meet their obligations as they fall due.

The risk is therefore considered very low.

Investments reflected by the company are assets for which the likelihood of default are considered minimal by the Directors.

	2013 G$	2012 G$
Investments		(Restated)
Held to Maturity	62,792,527	112,542,527
Available for sale	2,789,372,854	1,405,768,380
Statutory deposit	18,750,000	18,750,000
Taxes recoverable	4,950,089	4,950,089
Cash on hand and at bank	484,108,370	192,371,732
Loans & Receivables(i)	390,438,522	390,727,229
Accrued interest(ii)	13,662,123	6,937,872
Debtors & Prepayments (iii)	833,105,607	786,227,495
Insurance contract assets (iv)	69,028,704	52,006,862
	4,666,208,796	2,970,282,186
Receivables (Current)	1,311,185,045	1,202,425,185
Provision for impairment	598,371	7,484,611

(i) Loans and receivables include the sum of G$43,052,679 for loans on policies. These are fully secured against the cash values of of the individual policies.Ongoing evaluation is performed on the financial condition of these receivables on a regular basis.

(ii) Accrued Interest represents amounts due or accrued on the various Investments of the company. These amounts would either be received in the next financial year , or would materialise on the maturity of the investment(s) in accordance with their terms and conditions.

(iii) Debtors & Prepayment comprise a number of advances and loans to staff and sales representative on which interest is earned. They also include a loan that is granted to The Hand in Hand Mutual Fire Insurance Company Limited on which interest is earned.

(iv) Insurance Contract Assets comprise amounts recovered from reinsurers for claims that was paid during the financial year.

NOTES ON THE ACCOUNTS

34 **Financial risk management - cont'd**

(c) 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.

2013	On Demand G$	1 to 3 months G$	4 to 12 months G$	1 to 5 years G$	Over 5 years G$	Total G$
Assets						
Securities	2,789,372,854	-	-	-	-	2,789,372,854
Bonds	-	-		62,792,527	-	62,792,527
Mortgages on properties	122,299	240,654	755,645	6,607,435	51,512,719	59,238,752
Loans on policies	-	-	-	43,052,679	-	43,052,679
Share purchase plans	-	-	-	-	6,147,090	6,147,090
Berbice Bridge loan	-	-	18,000,000	254,000,000	-	272,000,000
Statutory deposits	-	-	-	18,750,000	-	18,750,000
MCG Loan(Giftland)	-	-	-	-	10,000,000	10,000,000
Interest accrued	13,662,123	-	-	-	-	13,662,123
Debtors and others	-	-	833,105,607	-	4,950,089	838,055,696
Insurance contract assets	69,028,704	-	-	-		69,028,704
Cash on deposits	364,266,533	-	-	-	-	364,266,533
Cash on hand & at banks	119,841,837	-	-	-	-	119,841,837
	3,356,294,350	240,654	851,861,252	385,202,641	72,609,898	4,666,208,796
Liabilities						
Policyholders liabilities	-	-	-	1,007,788,238	-	1,007,788,238
Deposit Administration Fund	-	-	-	1,758,900,443	-	1,758,900,443
Claims	18,440,587	-	-	-	-	18,440,587
Creditors	53,151,509	305,715	5,338,849	14,094,409	-	72,890,482
Bank overdraft	3,419,830	-	-	-	-	3,419,830
Insurance Contract Liabilities	6,136,493	-	-	-	-	6,136,493
Others	-	-	5,779,481	-	-	5,779,481
	81,148,419	305,715	11,118,330	2,780,783,090	-	2,873,355,554
Net current assets	3,275,145,931	(65,061)	840,742,922	(2,395,580,449)	72,609,898	1,792,853,242

2012	On Demand G$	1 to 3 months G$	4 to 12 months G$	1 to 5 years G$	Over 5 years G$	Total G$ Restated
Assets						
Securities	1,405,768,380	-	-	-	-	1,405,768,380
Bonds	-	-	59,750,000	-	52,792,527	112,542,527
Mortgages on properties	6,531,788	2,069,131	3,797,051	6,029,232	28,685,593	47,112,795
Loans on policies	-	-	-	37,467,344	-	37,467,344
Share purchase plans	-	-	-	-	6,147,090	6,147,090
Berbice Bridge loan	-	-	-	290,000,000	-	290,000,000
Statutory deposits	-	-	-	18,750,000	-	18,750,000
MCG Loan(Giftland)	-	-	-	-	10,000,000	10,000,000
Interest accrued	6,937,872	-	-	-	-	6,937,872
Debtors and others	-	-	784,981,909	1,245,586	4,950,089	791,177,584
Insurance contract assets	52,006,862	-	-	-	-	52,006,862
Cash on deposits	105,556,638	-	-	-	-	105,556,638
Cash on hand & at banks	86,815,094	-	-	-	-	86,815,094
	1,663,616,634	2,069,131	848,528,960	353,492,162	102,575,299	2,970,282,186
Liabilities						
Policyholders liabilities	-	-	-	776,133,423	-	776,133,423
Deposit Administration Fund	-	-	-	1,501,952,416	-	1,501,952,416
Claims	30,490,996	-	-	-	-	30,490,996
Creditors	52,622,531	1,007,023	5,319,662	14,351,095	-	73,300,311
Bank overdraft	27,931,335	-	-	-	-	27,931,335
Insurance Contract Liabilities	15,733,986	-	-	-	-	15,733,986
Others	-	-	2,678,765	-	-	2,678,765
	126,778,848	1,007,023	7,998,427	2,292,436,934	-	2,428,221,232
Net current assets/(liablities)	1,536,837,786	1,062,108	840,530,533	(1,938,944,772)	102,575,299	542,060,954

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

35 Reporting by class of business

	2013				2012
	Ordinary Life Fund	Group Life Fund	Group Health Fund	Total	Total
	G$	G$	G$	G$	G$ Restated
Revenue					
Premiums	123,730,414	306,747,145	201,883,711	632,361,270	610,018,422
Reassurance premiums	17,506,062	46,473,743	-	63,979,805	57,026,974
	106,224,352	260,273,402	201,883,711	568,381,465	552,991,448
Investment income	36,204,025	16,423,790	10,266	52,638,081	43,945,456
Loss on exchange	-	(231,351)	-	(231,352)	(934,389)
Gain on disposal of investments	-	4,980,428	-	4,980,428	4,509,853
	142,428,377	281,446,269	201,893,977	625,768,622	600,512,368
Deduct:					
Expenditure					
Management expenses	37,197,918	93,799,602	66,140,548	197,138,068	160,004,038
Commissions	12,051,273	32,008,198	10,326,846	54,386,317	55,463,518
Claims	21,234,991	5,405,159	124,355,334	150,995,484	191,063,033
Surrenders	16,208,062	-	-	16,208,062	13,379,639
Annuities and pensions	4,702,947	-	-	4,702,947	3,144,452
	91,395,191	131,212,959	200,822,728	423,430,878	423,054,680
Surplus/(deficit) of revenue over expenditure for the year ended 31 December	51,033,186	150,233,310	1,071,249	202,337,744	177,457,688
Taxation				4,666,974	1,767,374
Surplus of revenue over expenditure after Taxation				197,670,770	175,690,314
ASSETS	1,776,411,777	1,370,600,396	4,710,141	3,151,722,314	1,651,088,435
UNALLOCATED ASSETS				1,758,900,443	1,501,952,416
LIABILITIES	63,858,703	36,955,528	73,161	100,887,392	147,456,628
UNALLOCATED LIABILITIES				1,764,679,924	1,504,631,181

36 **ACTUARIAL VALUATION**

An actuarial valuation of the Company was done as at 31 December 2013. This revealed a surplus of G$2,037,267,203.

NOTES ON THE ACCOUNTS

37 Insurance Risk

The risk under any one insurance contract is the possibility that the insured event will occur By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The principal risk that the company faces under its insurance contract is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year.

Experience shows that the larger the portfolio of similar insurance contract, the smaller the relative variability about the expected outcome will be. The company has developed its insurance categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or wide spread changes in lifestyle resulting in earlier or more claims than expected.

At present, these risks do not vary significantly in relation to the location of the risk insured by the company. However under concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis. For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted.

The company manages these risks through its underwriting strategy and reinsurance arrangements.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the company to some extent balances death risk and survival risk across its portfolio. The company has a retention limit of G$1,500,000 on the vast proportion of lives insured. The company reinsures the excess of the insured benefit over G$1,500,000 for standard risks (as measured by the sum insured) under a yearly renewable term reinsurance arrangement. The company does not have in place any reinsurance for contracts that insure survival risk.

NOTES ON THE ACCOUNTS

37 Insurance Risk - cont'd

(a) Frequency and severity of claims - cont'd

Insurance risk for contracts disclosed in this note is also affected by the contract holders' right to reduced or no future premiums, to terminate the contract completely, or to exercise a guaranteed pay annuity option. As a result, the amount of insurance risk is also subject to the contract holders' behaviour. On the assumption that contract holders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behaviour. For example, it is likely that contract holders whose health has deteriorated significantly will be less inclined to terminate contracts insuring death benefits than those contract holders remaining in good health.

(b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contract arises from the unpredictability of long-term changes in overall levels of mortality and variability in contract holder behaviour.

(c) Guaranteed annuity options

The company has no annuity policy with the guaranteed annuity option, hence is not exposed to the risk from variability in contract holder behaviour.

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

(i) Mortality

An assumption was made which reflected the Actuary's knowledge of mortality experience in the Caribbean. The mortality assumption used for all policies was 120% of the CIA 86-92 Male Aggregate Table(240% for Special Whole Life) plus a margin for adverse deviation equal to 15 per thousand(7.5% per thousand for the participating business), divided by life expectancy. In addition, an allowance for AIDS was included in accordance with 100% of that recommended for Canadian life companies by the Canadian Institute of Actuaries. A margin is added for adverse deviation.

NOTES ON THE ACCOUNTS

37. Insurance Risk-cont'd

(ii) Investment yields

Expected investment yields are based on actual investment yields over the past three years.

(iii) Persistency

The assumed lapse rates were derived from a lapse study conducted using the company's experience as at December 31, 2012. This rate was maintained for 2013.A margin for adverse deviation is added by increasing or decreasing lapse rates.

(iv) Expenses

Best estimate for administrative expenses per policy was set at G$ 6,195.00 per annum, inflating at 3.25% per annum effective January 1, 2014. Thereafter, Inflation on expenses has been assumed to be at 3.25% per annum to 1.5% per annum. The provision for adverse deviation assumes a 10 % annum on non-participation business and 5% per annum on participating business. Paid up polices have been assigned one-eighth of the expense of in -force policies. For the single mortgage protection policies expense per policy was determined as G$ 4,372.

(v) Ongoing review

Actuarial assumptions are continuously reviewed based on emerging company and industry experience and revised if appropriate and material.

(vi) Margins for Adverse Deviation Assumptions

The basis assumptions made in establishing policy liabilities are best estimates for a range of possible outcomes. To recognize the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuary is required to include a margin in each assumption. The impact of these margins is to increase reserves and so decrease the income that would be recognized on inception of the policy. The Canadian Institute of Actuaries prescribes a range of allowable margins. The company uses assumptions at the conservative end of the range, taking into account the risk profiles of the business and its small size.

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

NOTES ON THE ACCOUNTS

38 **Assets held under Trust**

Assets	**2013** G$	**2012** G$
Statutory Deposit at Citizens Bank	18,750,000	18,750,000
Land & Building	50,000,000	175,000,000
Mortgages	20,735,399	31,250,020
Short term loan - Berbice Bridge	290,000,000	290,000,000
Short term loan - MCG (GiftLand)	10,000,000	-
	389,485,399	515,000,020
Government Bonds & Bills		
Government of Saint Lucia Bond	-	51,500,000
Government of Trinidad and Tobago Bond	52,792,527	51,467,594
	52,792,527	102,967,594
Ordinary Shares-		
Guyana-		
Demerara Tobacco Co. Ltd	22,275,000	11,097,000
Demerara Distillers Limited	22,381,845	18,857,145
Carribbean Containers Incorporated	4,172,820	1,963,680
Guyana Bank for Trade and Industry Ltd.	62,008,000	9,570,000
Hand In Hand Trust Corporation	157,367,329	157,367,329
Banks DIH Limited	89,657,069	64,722,854
Republic Bank(Guyana) Limited	532,752,528	414,848,280
Citizens Bank Guyana Incorporated	338,565,920	314,382,640
Hand In Hand Investment Inc.	30,000	-
Rupununi Development Co. Ltd	14,500,000	-
	1,243,710,511	992,808,928
Bond & Debentures of Companies Incorporated in Guyana-		
Courts Bond	10,000,000	10,000,000
Loan granted to The Hand in Hand Mutual Fire Insurance Company Limited-secured	313,794,894	31,163,728
Fixed Deposit at Republic Bank (Guyana) Limited	60,650,879	60,650,879
	374,445,773	91,814,607
TOTAL	2,070,434,210	1,712,591,149

NOTES ON THE ACCOUNTS

39 Reclassification and Restatement

The following reclassification and restatement were made to correct the adoption of IFRS 4 and IAS 1

The effect of these changes are stated below:

Restatement in the Statement of Financial Position

Reclassification from:

	2012	**2011**
Capital and Reserves	**G$**	**G$**
Ordinary Life Fund	(410,349,826)	(253,264,851)
Group Life Fund	(186,153,324)	(160,365,182)
Group Health Fund	(116,361)	(7,299,165)
Group Pension Fund	(1,501,952,416)	(1,310,713,015)
Current assets		
Insurance contract assets	13,582,500	8,266,500
Reclassification to:		
General reserve	141,089,550	(60,954,930)
Non- Current Liabilities		
Policyholders' Liabilities	(776,133,423)	(417,201,962)
Deposit administration fund	(1,501,952,416)	(1,310,713,015)
Other assets		
Insurance contract assets	52,006,862	65,494,194

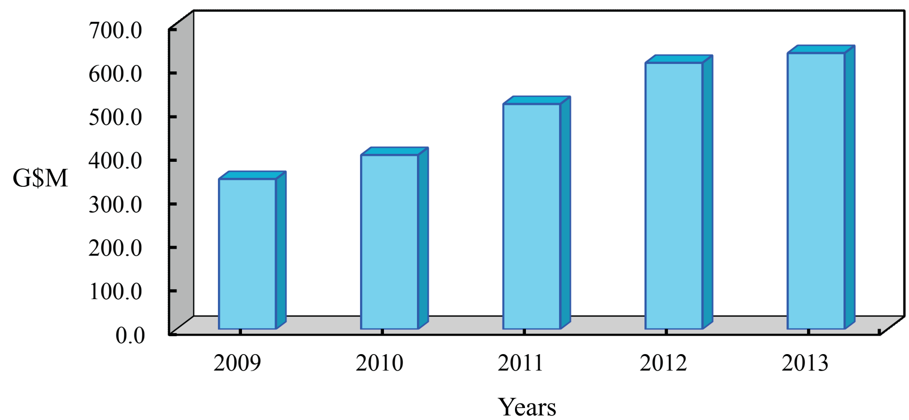
Restatement in the Statement of Comprehensive Income

	2013	**2012**
	G$	**G$**
Decrease in net profit after taxation due to net movement in actuarial liabilities	(208,123,473)	(377,735,793)

HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

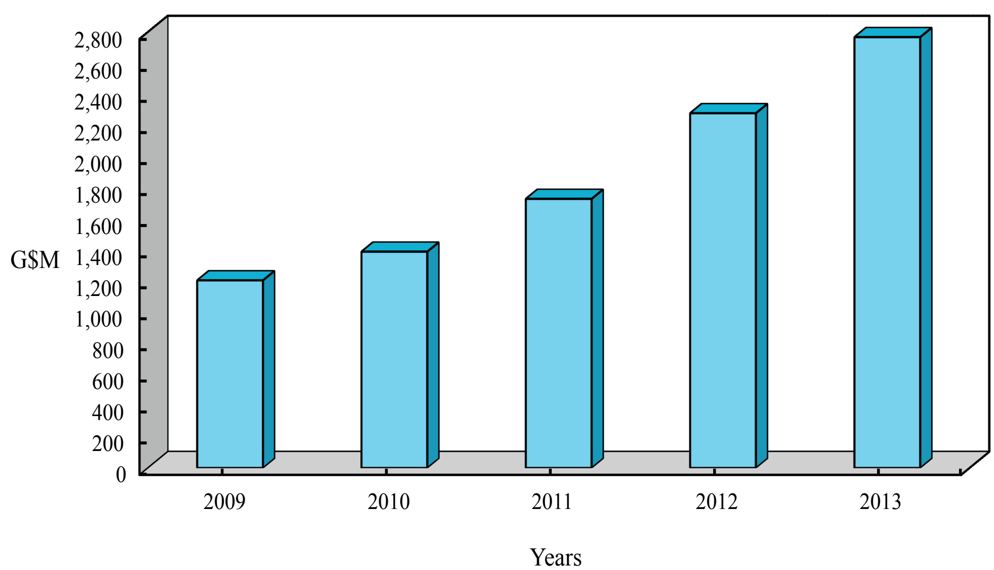
MOVEMENT IN PREMIUM

Years	2009	2010	2011	2012	2013
G$M	344.0	399.0	515.7	610.0	632.4



MOVEMENT IN FUNDS

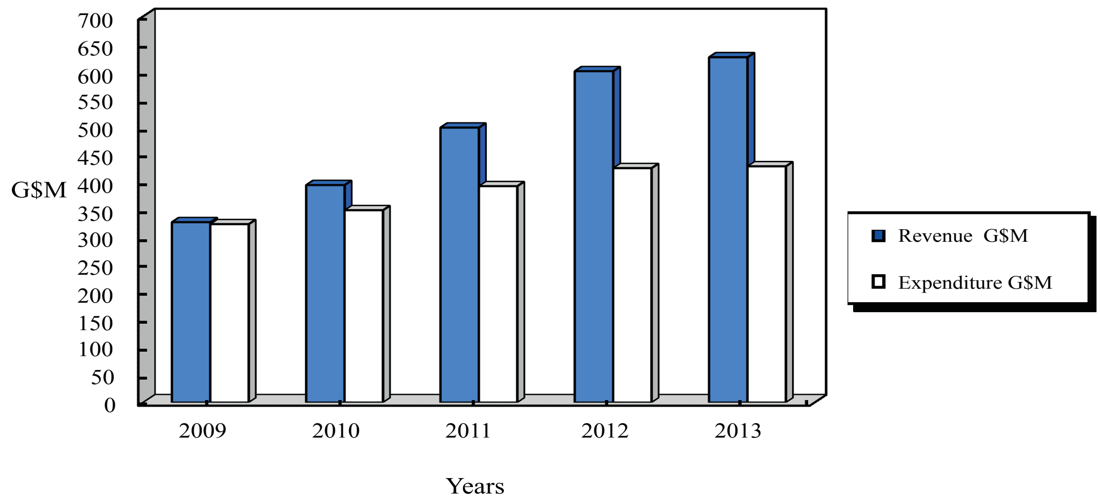
Years	2009	2010	2011	2012	2013
G$M	1204.6	1388.9	1727.9	2278.1	2766.7



HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

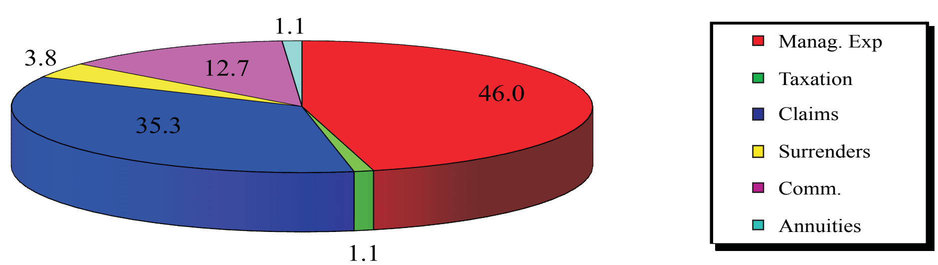
TOTAL REVENUE/EXPENDITURE

Years	2009	2010	2011	2012	2013
Revenue G$M	326.8	394.1	498.3	600.5	625.8
Expenditure G$M	323.2	348.5	392.1	424.8	428.1



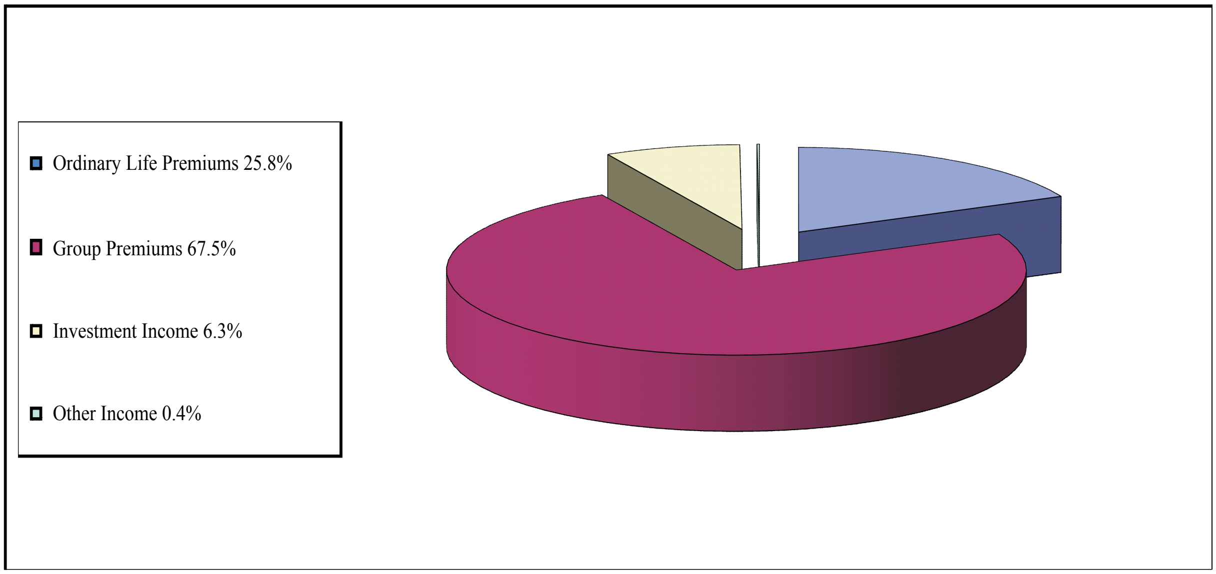
EXPENDITURE
YEAR 2013

TYPE	Manag. Exp	Taxation	Claims	Surrenders	Comm.	Annuities
%	46.0	1.1	35.3	3.8	12.7	1.1

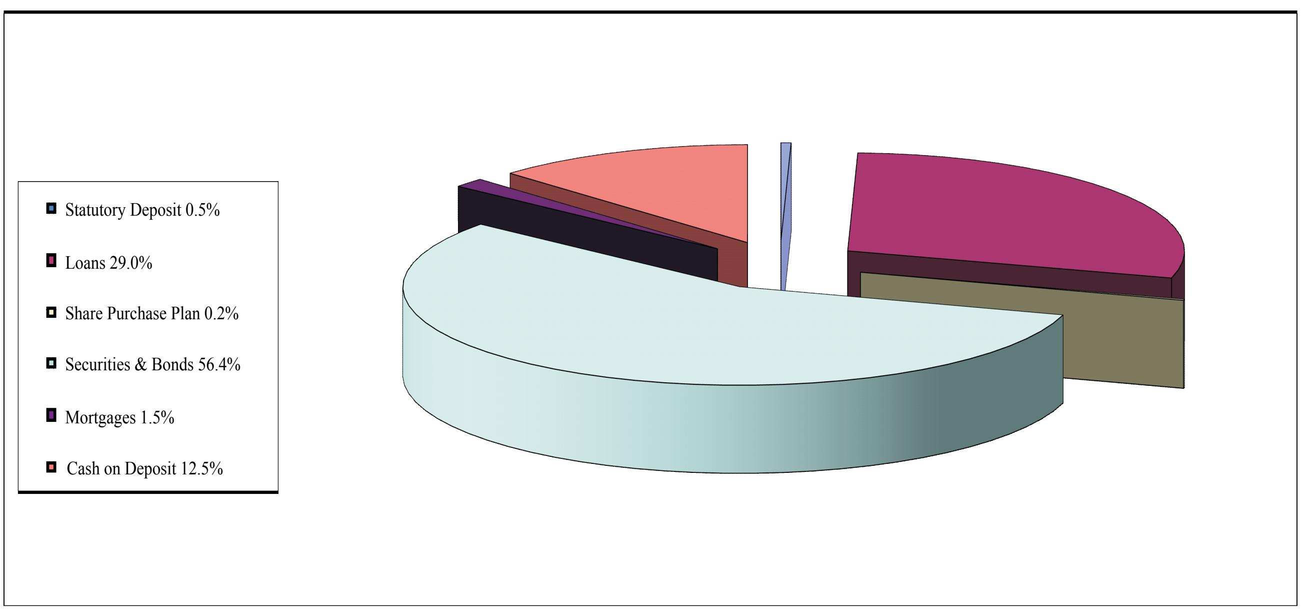


HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

SOURCES OF REVENUE FOR THE YEAR



DISTRIBUTION OF INVESTMENT PORTFOLIO



HAND-IN-HAND
MUTUAL LIFE ASSURANCE COMPANY LIMITED

PLANS OF INSURANCE OFFERED:

WHOLE-OF-LIFE
JOINT WHOLE-OF-LIFE
SPECIAL WHOLE-OF-LIFE
WHOLE-OF-LIFE LIMITED PAYMENT
EXECUTIVE BONUS WHOLE-OF-LIFE
RETIREMENT BONUS WHOLE-OF-LIFE
ANTICIPATED BONUS WHOLE-OF-LIFE
ENDOWMENT
ANTICIPATED ENDOWMENT
SECONDARY SCHOOL EDUCATION ENDOWMENT
UNIVERSITY EDUCATION ENDOWMENT TERM
5 YEARS RENEWABLE & CONVERTIBLE TERM
TERM 5, 10, 15, 20 & 25 YEARS
MORTGAGE PROTECTION
ANNUITIES (IMMEDIATE AND DEFERRED)
GROUP LIFE
GROUP MEDICAL
GROUP PENSION
GROUP CREDITORS

RIDERS - may be attached to most plans

HOSPITAL INDEMNITY
ACCIDENTAL MEDICAL EXPENSES
ACCIDENTAL DEATH AND DISMEMBERMENT
ACCIDENTAL DISABILITY INCOME
TOTAL PERMANENT DISABILITY
TOTAL DISABILITY (WAIVER OF PREMIUM)
PAYOR DEATH & DISABILITY (WAIVER OF PREMIUM)