

The accompanying statement of financial position as at 31 December 2019 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended are extracted from the full audited financial statements of Massy United Insurance Ltd. – Guyana Branch for the year ended 31 December 2019. The Report of the Independent Auditors, reproduced below, refers to the full audited financial statements and not the extracted statements only.

REPORT OF THE INDEPENDENT AUDITORS

Opinion

We have audited the accompanying financial statements of the Guyana Branch of Massy United Insurance Ltd. which comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income, the statement of changes in equity and the 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 08 to 29.

In our opinion, the financial statements give a true and fair view of the financial position of the Branch as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act of Guyana.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Branch in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional 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 and the Guyana Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' 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 auditors' 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control 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 Branch'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 Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Branch 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 identify during our audit.



JACK A. ALLI, SONS & CO.
145 Crown Street, Queenstown
Georgetown
08 July 2020

**Massy United Insurance Ltd. – Guyana Branch
Statement of Comprehensive Income
For Year Ended December 31, 2019**

(Expressed in thousands of Guyana dollars)

	For twelve months ended Dec 31, 2019 \$	For fifteen months ended Dec 31, 2018 \$
Revenue		
Gross premium earned	497,703	610,263
Reinsurance premium ceded	(233,258)	(282,107)
	<u>264,445</u>	<u>328,156</u>
Net premiums earned	264,445	328,156
Reinsurance commission	34,441	52,495
Other income	5,575	18,321
	<u>304,461</u>	<u>398,972</u>
Expenses		
Gross claims incurred	27,254	32,585
Reinsurers' share of claims incurred	212	5,249
	<u>27,466</u>	<u>37,834</u>
Net claims incurred	27,466	37,834
Policy acquisition costs	65,729	84,181
General and administrative expenses	85,862	127,676
	<u>179,057</u>	<u>249,691</u>
Income before taxation	125,404	149,281
Taxation	(76,327)	(72,671)
Total comprehensive profit for the period	<u>49,077</u>	<u>76,410</u>

**Massy United Insurance Ltd. – Guyana Branch
Statement of Cash Flows
For Year Ended December 31, 2019**

(Expressed in thousands of Guyana dollars)

	For twelve months ended Dec 31, 2019 \$	For fifteen months ended Dec 31, 2018 \$
Cash flows from operating activities		
Profit before taxation	125,404	149,281
Depreciation	6,070	11,238
Loss on disposal of fixed asset	0	87
Interest receivable	(3,828)	(2,203)
Net movement in impairment of receivables	0	(3,801)
	<u>127,646</u>	<u>154,602</u>
Operating profit before working capital changes	127,646	154,602
(Increase) / decrease in accounts receivable and prepayments	(30,968)	56,002
Decrease in accounts payable and deferred income	(5,193)	(26,419)
Increase in general insurance liabilities, net of reinsurance assets	30,126	10,331
	<u>121,611</u>	<u>194,516</u>
Net cash generated from operations	121,611	194,516
Taxes paid	(98,003)	(33,980)
Net cash generated from operating activities	<u>23,608</u>	<u>160,536</u>
Cash flows from investing activities		
Purchase of property and equipment	0	(1,151)
Increase of fixed deposits	(131,872)	(170,362)
Interest income received	3,828	2,203
Net cash used by investing activities	<u>(128,044)</u>	<u>(169,310)</u>
Cash flows from financing activities		
Net movement in head office account	105,946	(24,786)
Net cash generated from \ (used by) financing activities	<u>105,946</u>	<u>(24,786)</u>
Net increase / (decrease) in cash and cash equivalents	1,510	(33,560)
Cash and cash equivalents - beginning of period	98,516	132,076
Cash and cash equivalents - end of period	<u>100,026</u>	<u>98,516</u>

**Massy United Insurance Ltd. – Guyana Branch
Statement of Changes In Equity
For Year Ended December 31, 2019**

(Expressed in thousands of Guyana dollars)

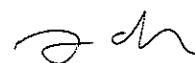
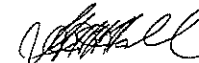
	Head office \$	Retained earnings \$	Total \$
Balance at September 30, 2017	177,773	(54,552)	123,221
Net movement in Head Office Account	(24,786)	0	(24,786)
Total comprehensive profit for the year	<u>0</u>	<u>76,410</u>	<u>76,410</u>
Balance at December 31, 2018	152,987	21,858	174,845
Net movement in Head Office Account	(105,946)	0	(105,946)
Total comprehensive profit for the period	<u>0</u>	<u>49,077</u>	<u>49,077</u>
Balance as of December 31, 2019	<u>258,933</u>	<u>70,935</u>	<u>329,868</u>

**Massy United Insurance Ltd. – Guyana Branch
Statement of Financial Position
For Year Ended December 31, 2019**

(Expressed in thousands of Guyana dollars)

	As at Dec 31, 2019 \$	As at Dec 31, 2018 \$
Assets		
Cash and cash equivalents	100,026	98,516
Fixed deposits	378,390	246,518
Accounts receivable and prepayments	119,682	88,714
Reinsurance assets	132,940	94,666
Tax refundable	73,503	61,815
Property and equipment	10,559	16,629
Deferred tax asset	4,647	3,708
	<u>819,747</u>	<u>610,566</u>
Liabilities		
Accounts payable and deferred income	57,141	62,334
Insurance liabilities	345,019	276,619
Tax payable	87,719	96,768
	<u>489,879</u>	<u>435,721</u>
Equity		
Head office	258,933	152,987
Retained earnings	70,935	21,858
	<u>329,868</u>	<u>174,845</u>
	<u>819,747</u>	<u>610,566</u>

 Approved by the Board of Directors on 08 July 2020,
and signed on its behalf by:


Director
Randy Graham

Director
Howard Hall