STATEMENT OF MANAGEMENT´S RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Guardian General Insurance Limited and its subsidiary (the Group) which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a Significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group´s assets, detection/prevention of fraud, and the achievement of operational efficiencies for the Group;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act and Insurance Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Dean Romany	Nalini Gopiechansingh-Mahato
President	Vice President - Finance
22 February 2022	22 February 2022

INDEPENDENT AUDITOR´S REPORT

pwc

To the shareholder of Guardian General Insurance Limited

Report on the audit of the Company´s consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Guardian General Insurance Limited (the Company) and its subsidiary (together ´the Group´) as at 31 December 2021, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group´s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor´s responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group´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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group´s financial reporting process.

Auditor´s responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group´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 Group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor´s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor´s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
22 February 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 $´000	2020 $´000
Assets			
Property and equipment	5	36,321	33,950
Right-of-use assets	6 (a)	6,430	1,697
Investment properties	7	11,159	10,790
Investment in associated company	8	106,602	84,683
Investment securities	9	544,912	546,792
Loans and receivables	10	166,569	177,762
Pension plan asset	21	13,414	10,396
Deferred tax asset	11	13,746	11,800
Reinsurance assets	12	472,293	378,656
Due from affiliated companies	13	15,231	1,249
Deferred acquisition costs	14	68,011	60,494
Taxation recoverable		26,831	28,989
Cash and cash equivalents	15	298,243	271,824
Total assets		1,779,762	1,619,082
Equity and liabilities			
Shareholders´ equity			
Share capital	16	43,597	43,597
Reserves	17	74,950	73,090
Retained earnings	18	454,038	437,310
Total equity		572,585	553,997
Liabilities			
Insurance contracts	20	953,188	877,771
Lease liabilities	6 (b)	5,613	2,005
Pension plan liability	21	1,659	1,139
Post retirement medical benefit obligation	22	11,294	7,693
Deferred tax liabilities	11	36,879	28,547
Due to parent and affiliated companies	23	62	472
Payables and accruals	24	192,037	144,590
Provision for taxation		6,445	2,868
Total liabilities		1,207,177	1,065,085
Total equity and liabilities		1,779,762	1,619,082

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

On 22 February 2022, the Board of Directors of Guardian General Insurance Limited authorised these consolidated financial statements for issue.

Director Director

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 $´000	2020 $´000
Gross premiums written		1,579,007	1,463,667
Outward reinsurance premiums		(1,202,209)	(1,023,466)
Net premiums written		376,798	440,201
Change in gross provision for unearned premiums		(37,652)	(51,719)
Change in provision for unearned premiums reinsurers´ share		61,890	26,460
Net insurance premium revenue		401,036	414,942
Reinsurance commission		158,064	142,502
Underwriting revenue		559,100	557,444
Gross claims incurred		287,168	23,451
Reinsurers´ share of claims incurred		(131,726)	110,341
Net claims incurred		155,442	133,792
Acquisition costs		177,691	157,233
Change in deferred acquisition costs		(7,187)	(5,901)
Expenses of management	25	209,408	185,579
Finance charges	26	318	244
Underwriting expenses		535,672	470,947
Underwriting profit		23,428	86,497
Investment income from financial assets measured at amortised cost	27	15,310	14,587
Other investment income	27	2,640	2,668
Net realised gains/(losses) on other assets	28	713	(480)
Net fair value gains	29	11,663	97
Other operating income	30	741	16,241
Net impairment (losses)/gains on financial assets	31	(1,968)	321
Net investment and other income		29,099	33,434
Results of operating activities		52,527	119,931
Share of profit after tax of associated company	8	26,905	11,581
Profit before taxation		79,432	131,512
Taxation	32	(19,162)	(31,298)
Profit for the year		60,270	100,214
Income attributable to non-controlling interests	19	–	(1,332)
Profit attributable to equity holders of the parent		60,270	98,882

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

		Other reserves		Retained earnings		Non-controlling interests		Total	
	Notes	2021 $´000	2020 $´000	2021 $´000	2020 $´000	2021 $´000	2020 $´000	2021 $´000	2020 $´000
Profit for the year		–	–	60,270	98,882	–	1,332	60,270	100,214
Other comprehensive income/(loss)									
Items that may be reclassified subsequently to profit or loss:									
Exchange differences on translating foreign operations		3,732	(4,114)	–	–	–	(15)	3,732	(4,129)
Taxation relating to components of other comprehensive income	11	(10)	(4)	–	–	–	–	(10)	(4)
Net other comprehensive income/(loss) that may be reclassified subsequently to profit or loss		3,722	(4,118)	–	–	–	(15)	3,722	(4,133)
Items that will not be reclassified subsequently to profit or loss:									
(Losses)/gains on property revaluation	5	(141)	467	–	–	–	–	(141)	467
Remeasurement of pension plans	21	–	–	(1,590)	5,905	–	–	(1,590)	5,905
Remeasurement of post-retirement medical benefit obligations	22	–	–	(3,346)	42	–	–	(3,346)	42
Taxation relating to components of other comprehensive income	11	(1,721)	(518)	1,394	(4,134)	–	–	(327)	(4,652)
Net other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss		(1,862)	(51)	(3,542)	1,813	–	–	(5,404)	1,762
Other comprehensive (loss)/income for the period, net of tax		1,860	(4,169)	(3,542)	1,813	–	(15)	(1,682)	(2,371)
Total comprehensive income for the period, net of tax		1,860	(4,169)	56,728	100,695	–	1,317	58,588	97,843

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to equity holders of the parent					
	Share Capital $'000	Reserves (Note 17) $'000	Retained Earnings (Note 18) $'000	Total ordinary Shareholders' equity $'000	Non-Controlling Interests $'000	Total Equity $'000
Balance at 1 January 2021	43,597	73,090	437,310	553,997	–	553,997
Total comprehensive income	–	1,860	56,728	58,588	–	58,588
Dividends paid (Note 34)	–	–	(40,000)	(40,000)	–	(40,000)
Balance at 31 December 2021	43,597	74,950	454,038	572,585	–	572,585
Balance at 1 January 2020	45,016	77,259	375,044	497,319	23,592	520,911
Total comprehensive income	–	(4,169)	100,695	96,526	1,317	97,843
Share option scheme - lapses	(1,419)	–	1,419	–	–	–
Acquisition of non-controlling interest	–	–	(7,848)	(7,848)	(22,517)	(30,365)
Dividends paid (Note 34)	–	–	(32,000)	(32,000)	(2,392)	(34,392)
Balance at 31 December 2020	43,597	73,090	437,310	553,997	–	553,997

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 31 December 2021 $'000	2020 $'000
Cash flows from operating activities			
Profit before taxation		79,432	131,512
Adjustment for specific items included on the accruals basis:			
- Finance charges		318	244
- Investment income		(17,974)	(17,278)
Adjustment for non-cash items	33	(30,055)	663
Interest received		14,516	12,860
Dividends received		7,729	2,691
		53,966	130,692
Changes in operating assets and liabilities:			
Net increase/(decrease) in insurance liabilities		74,833	(379,480)
Net (increase)/decrease in reinsurance assets		(93,341)	390,862
Purchase of investment securities		(269,348)	(299,767)
Proceeds from sale of investment securities		285,022	300,873
Net decrease/(increase) in other operating assets/liabilities		32,237	(150,916)
Cash generated/(used in) by operating activities		83,369	(7,736)
Interest paid		(311)	(255)
Net taxation paid		(8,741)	(26,814)
Net cash generated/(used in) by operating activities		74,317	(34,805)
Cash flows from investing activities			
Acquisition of non-controlling interest in subsidiaries		–	(30,365)
Purchase of property and equipment	5	(3,111)	(3,289)
Proceeds on sale of property and equipment		55	92
Net cash used in investing activities		(3,056)	(33,562)
Cash flows from financing activities			
Repayment of lease liabilities		(4,202)	(3,586)
Dividends paid to equity holders of the parent	34	(40,000)	(32,000)
Dividends paid to non-controlling interest		–	(2,392)
Net cash used in financing activities		(44,202)	(37,978)
Net increase/(decrease) in cash and cash equivalents	15	27,059	(106,345)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021

1. Incorporation and activities

Guardian General Insurance Limited and its subsidiary ('the Group') is engaged in the provision of all classes of general insurance including property, motor, marine and casualty primarily in the Caribbean. Guardian General Insurance Limited ('the Company') was incorporated in Trinidad and Tobago on 1 October 1999 and is wholly owned by Guardian Holdings Limited (GHL). The registered office of the Company is 30 - 36 Maraval Road, Newtown, Port of Spain, Trinidad, West Indies.

On 30 September 2020, Guardian General Insurance Limited purchased 40.6% minority shareholding, 2,047,448 shares, in Guardian General Insurance (OECS) Limited ('the 100% owned subsidiary') increasing its shareholding to 100%, 5,041,666 shares. The 100% owned subsidiary was incorporated in Grenada on 21 August 1990 and its registered office is located at the Villa, St. George's, Grenada.

On 13 May 2019, NCB Financial Group Limited ('NCBFG'), through its 100% owned subsidiary NCB Global Holdings Limited ('NCBGH' and the 'Parent'), acquired 74,230,750 ordinary shares in GHL, increasing its shareholding from 29.974% (acquired in 2016) to 61.967%. NCBGH is a limited liability holding company, which was incorporated in Trinidad and Tobago in December 2017.

NCBFG was incorporated in Jamaica in April 2016 and is the financial holding company for the NCB Group. NCBFG is 52.46% owned by AIC (Barbados) Limited and the ultimate parent company is Portland Holdings Inc., incorporated in Canada.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied in all the years presented, except as described below.

2.1. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. They have been prepared under the historical cost convention, except for the following classes of assets which are stated at fair value in compliance with the relevant IFRS: land and building, investment properties, financial assets at fair value through profit and loss and defined benefit pension plan - plan assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

2.1. Basis of preparation (continued)

(a) New standards and amendments/revisions to published standards and interpretations effective in 2021

The following amendments to published standards are mandatory for the Group's accounting periods beginning on or after 1 January 2021:

IFRS 16 Leases – Amendments – COVID-19-Related Rent Concessions

The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to the other terms and conditions of the lease.

These amendments had no impact on the consolidated financial statements of the Group.

(b) New standards and amendments/revisions to published standards and interpretations effective in 2021 but not applicable to the Group.

The following new IFRS amendment that have been issued do not apply to the activities of the Group:

- IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 4 Insurance Contracts
- IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases – Amendments – Interest Rate Benchmark Reform Phase 2

(c) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Group

The following is a list of new IFRS standards, interpretations and amendments issued that are not yet effective as at 31 December 2021 and have not been early adopted by the Group. The Group expects to implement these standards when they become effective.

Effective 1 January 2022:

- IFRS 3 Business Combinations – Amendments – Reference to the Conceptual Framework
- IFRS 16 Leases – Amendments – COVID-19-Related Rent Concessions beyond 30 June 2021
- IAS 16 Property, Plant and Equipment – Amendments – Proceeds before intended use
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Amendments – Onerous contract – Cost of fulfilling a contract
- Annual Improvements to IFRSs 2018 – 2020 Cycle:
  - IFRS 1 First-time Adoption of International Financial Reporting Standards – Amendments – Subsidiary as a first-time adopter
  - IFRS 9 Financial Instruments – Amendments – Fees in the '10 per cent' test for derecognition of financial liabilities
  - IAS 41 Agriculture – Amendments – Taxation in fair value measurements

The Group is currently evaluating the impact of these amendments, however they are not expected to have a material impact on the Group's financial statements.

Effective 1 January 2023:

- IAS 1 Presentation of Financial Statements – Amendments – Classification of liabilities as current or non-current
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 – Amendments – Disclosure of accounting policies
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Amendments – Definition of accounting estimates
- IAS 12 Income Taxes – Amendments – Deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17 Insurance Contracts

IFRS 17 will replace IFRS 4 Insurance Contracts and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Group's financial statements. In June 2020, the IASB released amendments which, among other things, addressed concerns raised on the initial release of the standard, dealt with some implementation challenges and confirmed the deferral of the standard's effective date as 1 January 2023.

IFRS 17 must be applied retrospectively. However if full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The standard requires entities to measure insurance contract liabilities in the statement of financial position as the total of (a) the fulfilment cash flows – the current estimates of amounts that the Group expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk for those amounts and (b) the contractual service margin – the future profit for providing insurance coverage.

IFRS 17 will have a significant impact on the Group's consolidated financial statements, tax and regulatory capital positions and other financial metrics that are dependent upon IFRS accounting values. The Group's assessment of the impact of IFRS 17, including work to ensure implementation by the effective date, is ongoing.

Amendments postponed:

- IFRS 10 and IAS 28 – Amendments – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – In December 2015, the IASB deferred the effective date of the amendments until such time it has finalised any amendments that result from its research project on the equity method of accounting.

2.2 Consolidation

These consolidated financial statements are prepared solely for statutory purposes.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases, when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where additional interest is acquired in a subsidiary, the difference arising on the date of acquistion between the carrying value of the non-controlling interest of the subsidiary and the purchase consideration is recorded within retained earnings.

The Group uses the purchase method of accounting for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of income.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the Company's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

A listing of the Group's subsidiary is set out in Note 38.

(b) Associated companies

The Group's investment in its associated company is accounted for using the equity method of accounting. An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Under the equity method, the investment in associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. The consolidated statement of income reflects the share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

2.2 Consolidation (continued)

(b) Associated companies (continued)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at each consolidated statement of financial position date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated statement of income.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring their accounting policies in line with the Group.

2.3 Foreign currency translation

(a) Translation of transactions in foreign currencies

The financial results of the Group entities are prepared in the currency in which they conduct their ordinary course of business, which is referred to as functional currency.

Transactions occurring in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

(b) Translation to the presentation currency

In preparing the consolidated financial statements, the results and financial position of all the Group entities are translated from their respective functional currencies to Trinidad and Tobago dollars, the presentation currency, as follows:

i. Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the end of the reporting period;

ii. Income and expenses for each consolidated statement of income are translated at average exchange rates; and

iii. All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to the consolidated statement of comprehensive income. When a foreign operation is sold, liquidated or wound up, such exchange differences are recognised in the consolidated statement of income as part of the gain or loss on sale.

2.4 Property and equipment

Freehold properties comprise mainly offices occupied by the Group and are shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated statement of income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in the consolidated statement of comprehensive income. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in the statement of comprehensive income; all other decreases are charged to the consolidated statement of income.

Land is not depreciated. Depreciation is charged over the estimated useful lives of the assets based on the following depreciation methods and rates:

Freehold building	-	straight-line method, 2% per annum
Leasehold property	-	over the period of the lease
Motor vehicles	-	straight-line method, 20% per annum
Office, furniture and equipment	-	straight line method, 10-20 % per annum

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7 (b)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of income. When revalued assets are sold, the amounts included in the revaluation surplus account are transferred to retained earnings.

2.5 Investment properties

Freehold or leasehold properties held for long term rental yields that are not owner occupied are classified as investment properties. Investment properties comprise freehold land and buildings and are carried at fair value based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. Fair value is determined annually by accredited external independent valuators. Investment properties are not subject to depreciation. Any appreciation or diminution in value is recognised in the consolidated statement of income.

If investment properties become owner-occupied, they are reclassified as property and equipment, and their fair value at the date of reclassification becomes its cost for subsequent accounting periods. Alternatively, where properties classified as property under IAS 16 become investment properties because of a change in use, these properties are accounted for as investment properties and any differences arising between the carrying amount and the fair value of these items at the date of transfer are recognised in equity as a revaluation of property. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated statement of income.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal. Upon disposal, any surplus previously recorded in the property revaluation reserve in equity is transferred to retained earnings.

2.6 Financial assets

(a) Initial recognition and measurement

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, the date on which the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

At initial recognition, the Group measures financial assets at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of income.

The Group's financial assets include cash and short-term deposits, investment in debt and equity securities, interest receivable, receivables arising from insurance contracts and reinsurance contracts and other loans and receivables.

(b) Classification and subsequent measurement

Debt instruments

Subsequent to initial recognition, the Group's debt instruments are measured in accordance with the business models determined by the Group's respective business units for managing the asset and the cash flow characteristics of the asset. The Group uses amortised cost to measure its debt instruments.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The carrying amounts of these assets are adjusted by any expected credit loss allowance recognised. In addition to certain debt securities, the Group's loans and receivables are carried at amortised cost.

The Group reclassifies debt instruments when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be infrequent.

Business model assessment

The Group's business units determine their business models at the level that best reflects how it manages groups of financial assets to achieve its business objective. Factors considered by the business units in determining the business model for a group of assets include:

- the stated policies and objectives for the group of assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets with the duration of any related liabilities or expected cash outflows or realising cash flows through sale of the assets;
- how performance of the group of assets is evaluated and reported to management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

If cash flows after initial recognition are realised in a way that is different from original expectations, the business units do not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets.

The solely payment of principal and interest (SPPI) test

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and other basic lending risks and costs, as well as a profit margin.

Where the business model is to hold assets and collect contractual cash flows or to collect contractual cash flows and sell, the Group's business units assess whether the financial assets' cash flows represent solely payments of principal and interest. In making this assessment, the business units considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. the definition of interest. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

2.6 Financial assets (continued)

(b) Classification and subsequent measurement (continued)

Equity instruments

Subsequent to initial recognition, the Group measures all equity investments at fair value, and changes in the fair value of equity instruments are recognised in the consolidated statement of income.

(c) Derecognition of financial assets

A financial asset (or when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The right to receive cash flows from the asset have expired.
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement.
- The Group has transferred its right to receive cash flows from the asset and either:
  - has transferred substantially all the risk and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the non-consideration received is recognised in the consolidated statement of income. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to the consolidated statement of income.

(d) Modifications of financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different from that of the original asset. If the terms are substantially different, the Group derecognises the original financial asset and recognises a new financial asset at fair value. The date of modification is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. The Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the modification was driven by the debtor being unable to make the originally agreed payments.

If the cash flows of the modified asset are not substantially different, the modification does not result in derecognition of the financial asset. The Group recalculates the gross carrying amount of the financial asset based on revised cash flows, discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets), and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated statement of income.

2.7 Impairment of assets

(a) Financial assets

At each reporting date, the Group assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets measured at amortised cost.

The Group measures loss allowances on its debt instruments at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments for which credit risk has not increased significantly since initial recognition.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial asset, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date.

For receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrated otherwise. In the prior year, as a direct result of the COVID-19 pandemic, the Group offered a deferral in premium payments from customers for a period of up to 3 months, thereby temporarily extending credit terms to up to 120 days. Because these were blanket offers to all customers, acceptance of the offer was not taken as an indicator of a significant increase in credit risk. As at 31 December 2020, this deferral was no longer in effect. Customers were required, in some cases, to bring their accounts back up to date, and in other cases, to resume monthly payments without yet bringing their accounts up to date. Where a customer has been granted a temporary extension in the credit period as a result of the COVID-19 pandemic and was not later required to bring their accounts up to date, the past-due status is based on the extended credit period. Any accounts that were 30 days past due at year end, whether a deferral had been previously taken or not, were considered to have had a significant increase in credit risk.

Loss allowances for ECL are presented in the consolidated financial statements as follows:

- Financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets in the statement of financial position. Movement in ECL is recognised in the consolidated statement of income.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

The quantitative assessment to identify whether a significant increase in credit risk has occurred for an exposure is performed by comparing:

- the remaining lifetime probability of default as at the reporting date; with
- the remaining lifetime probability of default for this point in time that was estimated at the time of initial recognition of the exposure.

The qualitative assessment to identify whether credit risk has increased significantly since initial recognition takes into account the following:

- Actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the debtor;
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of the debtor;
- Actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligation.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor or issuer;
- A breach of contract, such as a default or past due event;
- The disappearance of an active market for a financial asset because of financial difficulties;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- Rating agencies' assessments of creditworthiness.

Definition of default

The Group considers a financial asset to be in default when:

- the debtor is past due more than 90 days unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate

In assessing whether a debtor is in default, the Group considers indicators that are qualitative, quantitative and based on data developed internally and obtained from external sources.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

2.7 Impairment of assets (continued)

(a) Financial assets (continued)

Write-off

The Group writes off financial assets, either partially or in full, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount.

Measurement of expected credit losses

The measurement of expected credit losses is a function of:

(i) Probability of default - an estimate of the likelihood of default over a given time horizon;

(ii) Loss given default - an estimate of the loss arising in the case where a default occurs at a given time; and

(iii) Exposure of default - an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Forward-looking information considered by the Group includes economic data and forecasts published by governmental bodies and monetary authorities, supranational organisations such as the Organisation for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

Expected credit losses are measured as the present value of all cash shortfalls i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The mechanics of the expected credit losses method are summarised below:

- A financial instrument that is not credit-impaired on initial recognition, a 12-month ECL allowance is calculated. The Group calculates the 12-month ECL allowance based on the expectation of a default occurring in the twelve months following the reporting date. The expected 12-month default probability is applied to a forecast exposure at default and multiplied by the expected loss given default, and discounted by the original effective interest rate.
- When a financial instrument has shown a significant increase in credit risk since initial recognition, the Group records an allowance for life-time ECL. The mechanics are similar to 12-month ECL calculation on a financial instrument that is not credit-impaired on initial recognition, but default probability and loss given default are estimated over the life of the instrument.
- A financial instrument that is credit-impaired, but is not a purchased or originated credit-impaired financial instrument, the Group records an allowance for lifetime ECL calculated similar to lifetime ECL on a financial instrument that has shown a significant increase in credit risk since initial recognition.
- Purchased or originated credit-impaired financial assets are assets that are credit-impaired on initial recognition. ECL on these assets are always measured on a lifetime basis, discounted by a credit adjusted effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the basis of shared risk characteristics that include: instrument type; credit risk ratings; nature, size and industry of debtors; collateral type; and geographic location of the debtor.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

(b) Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined on an individual asset basis, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of income unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase.

2.8 Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market. If there is no quoted price in an active market, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis making maximum use of market inputs and relying as little as possible on entity-specific inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. This level mainly comprise freehold and investment properties, which are fair valued by professional external valuators and unquoted equity securities, which are held either at cost, being the fair value of the consideration paid on acquisition, or at fair value based on market value ratios such as book value per share. Assets in level 3 held at cost are regularly assessed for impairment.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of certain assets such as investment properties and freehold and leasehold properties. Involvement of external valuers is decided upon annually and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

2.9 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, money market placements and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, when they arise, are shown within borrowings in current financial liabilities on the consolidated statement of financial position.

Cash and cash equivalents are carried at amortised cost on the consolidated statement of financial position.

2.11 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

2.12 Employee benefits

(a) Pension plans

The GHL Group operates a number of defined benefit and defined contribution plans, the assets of which are held in separate trustee- administered funds. The plans are generally funded by payments from employees and by the relevant Group companies after taking account of the recommendations of the independent qualified actuaries.

The plans are governed by trust deeds and rules and are administered in accordance with the laws of the jurisdiction in which the plan resides. Responsibility for the governance of the plans, including investment strategies, lies with the Board of Trustees/Foundation.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The asset or liability recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. Plan assets exclude any insurance contracts issued by the Group.

For defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated statement of comprehensive income so as to spread the regular cost over the service lives of employees in accordance with the advice of a qualified actuary, who carries out full valuations of the plans every three years. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Remeasurements of the net defined benefit liability, which comprise of actuarial gains and losses and the return on plan assets (excluding interest), are recognised immediately through other comprehensive income in the statement of comprehensive income.

The defined benefit plans mainly expose the Group to actuarial risks such as investment risk, interest rate risk and longevity risk.

The Group's contributions to the defined contribution pension plans are charged to the consolidated statement of income in the year to which they relate.

(b) Post retirement medical benefit obligations

The Group provides post-retirement medical benefits to its permanent employees who retire from active service, their spouses and their dependents. The entitlement to these benefits is based on the employee remaining in service up to retirement age or leaving service due to ill health. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit plans. All actuarial gains and losses are recognised immediately through other comprehensive income in the statement of comprehensive income. External qualified actuaries carry out a valuation of these obligations.

(c) Cash-based long-term performance incentive plan

The Group operates a cash-based long-term performance incentive plan for eligible executives. Accruals are made annually based on the ultimate expected payments to eligible executives.

(d) Employee share ownership plan (ESOP)

The employees of the Group company in Trinidad and Tobago have the option to receive their bonuses in cash and/or ordinary shares of the parent Company (GHL) purchased on the open market, in accordance with the terms outlined in the Trust Deed governing an approved ESOP. The Group recognises an expense within staff costs when bonuses are awarded.

(e) Bonus plans

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obligated or where there is a past practice that has created a constructive obligation.

2.13 Taxation

Taxation in the consolidated statement of income comprises current and deferred income tax.

Current income tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted or substantively enacted at the date of the consolidated statement of financial position.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted or substantively enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to the consolidated statement of income, except where it relates to items charged or credited to the consolidated statement of comprehensive income, in which case, deferred tax is also dealt with in the consolidated statement of comprehensive income.

2.14 Insurance contracts

The Group issues short-term contracts that transfer significant insurance risk. As a general guideline, the Group defines as significant insurance risk, the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

(a) Recognition and measurement

These contracts are principally property, motor, casualty (employers' liability, public liability), marine, group life and health insurance contracts. Health insurance contracts include both group and individual health insurance.

Property insurance contracts indemnify the Group's customers in the event of a loss from a specified insured peril such as but not limited to fire, windstorm or earthquake up to the insured amount and within the terms of the policy conditions. These contracts are issued for both private and commercial risks insured perils.

Motor insurance contracts indemnify the Group's customers for their legal requirement under the applicable Road Traffic Act, which in certain instances stipulate unlimited coverage for third party liability. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

Casualty insurance contracts provide coverage for liability exposures that indemnify the Group's customers against actions from third parties subject to policy limits and conditions. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and employers who become liable to pay compensation to third parties for bodily harm or property damage (public liability).

Marine insurance contracts indemnify the Group's customers for loss or damage to their insured cargo, commercial hull and pleasure craft vessels. Third party coverage is also provided.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premiums received on in-force contracts that relate to unexpired risks at the consolidated statement of financial position date is reported as an unearned premium liability. Premiums are shown before deduction of commissions payable to agents and brokers and exclude any taxes or duties levied on such premiums. Premium income includes premiums collected by agents and brokers not yet passed on to the Group.

Unearned premiums represent the portion of premiums written in the current year that relate to periods of insurance subsequent to the consolidated statement of financial position date calculated using either the three hundred and sixty-fifths method or the twenty-fourths method. Unearned premiums relating to marine cargo are calculated using 180 days after the first date of sailing.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. They arise from known events that have occurred up to the consolidated statement of financial position date even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group, statistical analyses for claims incurred but not reported (IBNR) and the estimate of the expected ultimate cost of more complex claims that may be affected by external factors such as court decisions. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising on these revisions are included with claims expense in the current year.

(b) Outstanding claims

Provision for outstanding claims and the related costs of settlement are based on incidents reported before the end of the financial year and include appropriate provisions for claims incurred but not yet reported. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising on these revisions are included within claims expense in the current year.

(c) Deferred acquisition costs (DAC)

Commissions paid to agents and brokers relating to securing new contracts and renewing existing contracts are capitalised and subsequently amortised over the terms of the policies as the premium is earned. All other costs are recognised as expenses when incurred.

(d) Liability adequacy test

At each consolidated statement of financial position date, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate, the deficiency is recognised in the consolidated statement of income and the amount of the relevant insurance liabilities is increased.

(e) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inward reinsurance) are included within insurance contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

2.14 Insurance contracts (continued)

(e) Reinsurance contracts held (continued)

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and amounts advanced by reinsurers to settle claims arising from catastrophic events.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the consolidated statement of income.

(f) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises an impairment loss in the consolidated statement of income.

(g) Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (salvage). The Group may also have the right to pursue third parties for payment of some or all costs (subrogation). The estimated cost of claims includes a deduction for the expected value of salvage and other recoveries.

(h) Statutory reserve

In accordance with the provisions of Section 171 of the Insurance Act 1980 of Trinidad and Tobago, general insurance companies are required to appropriate towards statutory reserve at least 25% of the prior year's profit until the excess of assets over liabilities equals or exceeds the reserve in respect of its unearned premiums. The Insurance Act 2018, which was enacted on 1 January 2018, replaced the Insurance Act 1980. General insurance companies of Trinidad and Tobago are no longer required to maintain this reserve however, it is at the discretion of the companies to retain this reserve.

2.15 Provisions

Provisions are made when the Group has a present legal or constructive obligation as a result of past events, for which it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

2.16 Revenue recognition

Revenue comprises the fair value for services rendered after eliminating revenue within the Group. Revenue is recognised as follows:

(a) Premium income

Premium income is recognised on the accrual basis in accordance with the terms of the underlying contracts as outlined in Note 2.14.

(b) Investment income

Interest income is recognised using the effective interest method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- Purchased or originated credit-impaired financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to their amortised cost i.e. net of the expected credit loss provision.

Dividend income is recognised when the right to receive payment is established.

(c) Rental income

Rental income is recognised in the consolidated statement of income on the accrual basis.

(d) Realised and unrealised investment gains and losses

Realised and unrealised gains and losses on investments measured at amortised cost or fair value through profit or loss are recognised in the consolidated statement of income in the period in which they arise.

2.17 Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Group as a lessee

The Group mainly leases various office space, motor vehicles and equipment used in its operations. Rental contracts for these leases are typically made for fixed periods of 3 to 7 years but may have extension options, which is described below. Some contracts contain lease and non-lease components, which are accounted for as separate components based on the stand-alone prices stated in the contracts.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

The Group applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. At lease commencement date, the Group recognises a right-of-use asset and a lease liability in the consolidated statement of financial position.

The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequent to initial measurement, the right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group also assesses the right-of-use asset for impairment when such indicators exist. The Group does not revalue any of its right-of-use assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalty payments for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

The Group remeasures the lease liability when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an extension or termination option. Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggered those payments occured. The Group did not have any variable lease payments that do not depend on an index or a rate for the period ended 31 December 2021.

The Group applies the short-term lease recognition exemption to its short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the exemption for lease of low-value assets to leases that are considered to be low value. The Group recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

The Group as a lessor

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income arising is accounted for on a straight-line basis over the lease term and is included in other income in the consolidated statement of income.

2.18 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as an appropriation in the consolidated financial statements in the period in which the dividends are approved by the Group's Board of Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. A source of estimation uncertainty that originated in 2020 and continues to affect the Group into 2021 is the ongoing COVID-19 pandemic. While uncertainty remains about the speed of the economic recovery, the trajectory has undoubtedly been positive, with the development and distribution of vaccines and the gradual reopening of economies worldwide. Further positive developments include higher energy prices for Trinidad and Tobago, increased tourism for Jamaica and the Dutch Caribbean, and the strong growth of the international equity markets in 2021. The Group has made forward-looking projections using the macroeconomic indicators, such as real GDP, unemployment, and inflation, which were available as at the end of the reporting period. The ongoing uncertainty means an increased likelihood that actual economic outcomes will vary from estimates used, resulting in differences between the current accounting estimates and the actual future results of the Group. These uncertainties predominantly affected the measurement of expected credit losses on financial assets (see Note 4.2.2).

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is an important accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims, in particular, for claims arising from motor, casualty and health insurance contracts. At 31 December 2021, the carrying amount of short-term insurance contracts (claims) was $398,319,000 (2020: $363,776,000). See Note (4) for a detailed understanding of this estimate.

(b) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. Factors considered by the Group's business units in determining the business model for a group of assets are disclosed in Note 2.6(b).

(d) Impairment losses on financial assets

The measurement of expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's expected credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the expected credit loss models that are considered accounting judgements and estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Selection of forward-looking macroeconomic scenarios to derive the economic inputs into the expected credit loss models
- Development of forward-looking scenarios probability weighted based on macroeconomic trends and expectations
- Determination of associations between macroeconomic scenarios and, economic inputs and the effect on probabilities of default, exposure at default and loss given default

The Group regularly reviews its internal models in the context of actual loss experience and adjust when necessary. The carrying amount of expected credit loss allowance on financial assets are disclosed in Note 4.2.2(d).

Forward-looking macroeconomic variables

The estimation and application of forward-looking information requires significant judgement. Probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. The estimation of ECL on 12-month ECLs and Lifetime ECLs is a discounted probability-weighted estimate that considers three future macroeconomic scenarios, with macroeconomic projections varying by territory. The base case scenario assumes that a stable economic enviroment where current conditions, based on available macroeconomic data, will largely continue. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions, considering macroeconomic forecasts and trends.

Scenarios are reassessed on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted separately for each territory modeled according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on an annual basis or more frequently as warranted.

COVID-19 Pandemic

In the prior year, to incorporate the economic impact of the COVID-19 pandemic, the Group made adjustments to its ECL models such as increasing the likelihood of pessimistic scenarios and overlaying a further pessimistic scenario that explicitly accounts for acute negative economic fallout. For the year ended 31 December 2021, the overlay for the acute negative scenario remains; however, the likelihood attributed to this and other pessmistic scenarios have been reduced given the improvements in the current and expected economic environment. The resulting probability of default and losses given default were applied to all financial assets.

Management also maintains the position that the lifetime default risk of assets with several years remaining to maturity has not significantly changed since the onset of the COVID-19 pandemic, an important factor given that IFRS 9 requires that entities assess the risk of default over the life of expected assets. Such assets account for a significant portion of the Group's investment portfolio.

The carrying amounts of expected credit loss allowance on financial assets are disclosed in Note 4.2.2.

(e) Post employment benefits

In conducting valuation exercises to measure the effect of all post-employment benefit plans throughout the Group, the Group's external actuaries use judgement and assumptions in determining discount rates, salary increases, pension increases and health care costs. These assumptions are detailed in Note 21 and Note 22.

(f) Taxation

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination are uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. Management of insurance and financial risk

The Group issues contracts that transfer insurance risk. This section summarises these risks and the way the Group manages them.

4.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these 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 the type of industry covered.

4.1.1 Casualty insurance contracts

(a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs (subrogation).

The Group's reinsurance arrangements include non-proportional excess of loss placements on a per claimant and a per occurrence basis.

(b) Sources of uncertainty in the estimation of future claim payments

Claims on casualty contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a large element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Management of insurance and financial risk (continued)

4.1 Insurance risk (continued)

4.1.1 Casualty insurance contracts

(b) Sources of uncertainty in the estimation of future claim payments (continued)

procedures they adopt. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability cover) or members of the public (for public liability cover). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR and a provision for reported claims not yet paid at the statement of financial position date. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

In calculating the estimated cost of unpaid claims (both reported and IBNR), the Group's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where information about the claim event is available. IBNR claims may not be apparent to the insurer until many years after the event that gave rise to the claims has happened. For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

In estimating the liability for the cost of reported claims not yet paid, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the Group adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Note 20 presents the development of the estimated ultimate claim cost for claims notified in a given year. This analysis gives an indication of the accuracy of the Group's estimation technique for claim payments.

4.1.2 Property insurance contracts

(a) Frequency and severity of claims

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, river flooding, hurricanes, typhoons, etc.) and their consequences (for example, subsidence claims). For certain contracts, the Group has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claims payment limits are always included to cap the amount payable on occurrence of the insured event. The cost of rebuilding properties, of replacement or indemnity for contents and the time taken to restart operations for business interruption are key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arise from storm or flood damage. The Group analyses the property exposures using in-house and external modeling tools and purchases sufficient reinsurance protection to cover its perceived liabilities.

The Group's reinsurance arrangements include proportional quota share and surplus arrangements and non-proportional excess of loss placements in a per claimant and a per occurrence basis.

Property claims are analysed separately for subsidence and non-subsidence claims. The development of large losses/catastrophes is analysed separately. Non-subsidence claims can be estimated with greater reliability, and the Group's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allows the Group to achieve a higher degree of certainty about the estimated cost of claims and relatively little IBNR is held at year-end. The longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain.

4.2 Financial risk

The Group is exposed to financial risk through its financial assets, financial liabilities (borrowings), reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets will not be sufficient to fund its obligations arising from its insurance contracts. The components of financial risk are market risk, liquidity risk and credit risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

Risk management is carried out by Executive Investment Committees under policies approved by the Group's Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

4.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk – interest rate risk, currency risk and other price risk, each of which are outlined below.

(a) Interest rate risk

The Group is principally exposed to interest rate risk primarily through its investment in debt instruments, which are primarily fixed rate. Insurance contracts do not expose the Group to interest rate risk as these are undiscounted and contractually non-interest bearing. Exposure is managed largely by the use of natural hedges that arise by matching interest sensitive assets with liabilities of a similar nature. The Group also mitigates the effect of interest rate risk of the investment portfolio through the functioning of an Executive Investment Committee.

Sensitivity analysis – Interest rate risk

The sensitivity analysis for interest rate risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. For the sensitivity analysis, a 1% movement in interest rates was used for Barbados (2020: 1%) and 1% for the Trinidad market (2020: 1%). There is no effect in the consolidated statement of income and equity in 2021 (2020: nil).

(b) Currency risk

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency rates on its financial position and cash flows. The main exposure to risks are in respect to the United States (US) dollar, Eastern Caribbean (EC) dollar and Barbados (BDS) dollar. The Group's strategy for dealing with foreign exchange risk is to offset as far as possible foreign currency liabilities with assets denominated in the same currency.

The Group has an Executive Investment Committee, which has oversight for the management of currency risk. Exposure to currency risk is also mitigated by the requirements of the Insurance Act 2018, which does not allow more than 30% of the assets supporting policyholder liabilities to be held in currencies other than the currency of the liability.

The tables below summaries the Group's exposure to foreign currency exchange rate risk. The Group's assets and liabilities at carrying amounts are included in the table categorised by currency positions expressed in TT$ equivalents.

	TT $'000	US $'000	EC $'000	BDS $'000	Other $'000	Total $'000
As at 31 December 2021						
Total assets	413,980	578,161	241,483	189,263	356,875	1,779,762
Total liabilities	376,169	251,174	178,177	139,274	262,383	1,207,177
	37,811	326,987	63,306	49,989	94,492	572,585
As at 31 December 2020						
Total assets	409,325	578,021	227,701	165,626	238,409	1,619,082
Total liabilities	370,158	272,778	155,249	115,203	151,697	1,065,085
	39,167	305,243	72,452	50,423	86,712	553,997

Sensitivity analysis – currency risk

The Group has significant foreign operations whose functional currencies are United States (US) dollars, Eastern Caribbean (EC) dollars and Barbados (BDS) dollars. The Group is subject to foreign exchange risk as a result of the translation of the foreign operations whose functional currencies are different from the presentation currency of the Group. The sensitivity analysis for currency rate risk illustrates how changes in the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates at the reporting date. For the sensitivity analyses in 2021, 0.6% movement in exchange rates was used for US$, -1.8% was

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.1 Market risk (continued)

(b) Currency risk (continued)

Sensitivity analysis – currency risk (continued)

used for EC$ and 3.5% was used for BDS$. For 2020, a 2.1% movement in exchange rates was used for US$, 1.5% movement for EC$, while 10.3% was used for BDS$.

The table below shows the impact on the consolidated statement of income and equity at the reporting date.

	US $'000	EC $'000	BDS $'000	Other $'000	Total $'000
Impact on statement of income					
2021	1,316	(49)	–	1,113	2,380
2020	4,625	228	–	442	5,295
Impact on equity					
2021	640	(1,095)	1,750	–	1,295
2020	1,778	862	5,194	–	7,834

(c) Other price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument of its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated statement of financial position as fair value through profit or loss. The Group manages its price risk by limiting the amount of its investments in equities and by monitoring movements in equity prices.

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices at the reporting date. The following table shows the estimated effect of reasonably possible changes in equity prices on the consolidated statement of income and equity.

Stock exchanges and markets	Change in equity prices 2021 $'000	2020 $'000	Effect on consolidated statement of income 2021 $'000	2020 $'000
Trinidad and Tobago	5.0%	2.5%	2,946	1,354
Other	1–8.5%	1%–6%	914	647
			3,860	2,001

4.2.2 Credit risk

Credit risk is defined as the potential for loss that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations to us. The Group, has an Executive Investment Committee (EIC) that sets credit limits and monitors exposure by constraining the magnitude and tenor of the exposure to counterparties and issuers. Some of the credit risk mitigation techniques include, where appropriate, the right to require initial collateral or margin, the right to terminate transactions or to obtain collateral (including guarantees) should unfavorable events occur.

(a) Assets bearing credit risk

The Group actively monitors the financial status of its reinsurers both by reference to publicly available information and the Financial Strength Ratings of A.M. Best. All of the Group's reinsurers are rated superior by A.M. Best. A rating of superior is assigned to reinsurance companies that have, in the opinion of A.M. Best, a superior ability to meet their ongoing obligations to the primary insurer.

Below is an analysis of assets bearing credit risk.

	Gross exposure 2021 $'000	2020 $'000	Net carrying amount 2021 $'000	2020 $'000
Investment securities measured at fair value through profit or loss	18,708	17,829	18,708	17,829
Investment securities measured at amortised cost	436,379	449,863	427,455	442,390
Loans and receivables	170,530	183,329	166,569	177,762
Reinsurance assets	472,293	378,656	472,293	378,656
Due from affiliated companies	15,231	1,249	15,231	1,249
Cash and cash equivalents	301,913	273,269	298,243	271,824
	1,415,054	1,304,195	1,398,499	1,289,710

(b) Credit quality of reinsurance and financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings, if available, or to a rating assigned by the investment manager using an approach consistent with that used by Standard and Poor's.

AAA

An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment is very strong.

A

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Below BBB

Obligations rated 'Below BBB' are regarded as having significant speculative characteristics. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

Not Rated

This indicates that there is insufficient information on which to base a rating. These balances are current and are monitored regularly for impairment. This classification mainly includes obligations due from individuals and short-term securities.

The following tables set out the credit quality analysis for financial assets measured at amortised cost.

	12-month ECL $'000	Lifetime ECL: Not credit impaired $'000	Lifetime ECL: Credit impaired $'000	Purchased Credit impaired $'000	Total $'000
Investment securities measured at amortised cost					
As at 31 December 2021					
Below BBB	394,504	7,561	–	27,870	429,935
Not rated	3,556	505	2,383	–	6,444
Gross carrying amount	398,060	8,066	2,383	27,870	436,379
Loss allowance	(3,467)	(3,074)	(2,383)	–	(8,924)
Net carrying amount	394,593	4,992	–	27,870	427,455
As at 31 December 2020					
A	7,696	–	–	–	7,696
BBB	226,450	–	–	–	226,450
Below BBB	166,733	496	–	26,500	193,729
Not rated	18,927	–	3,061	–	21,988
Gross carrying amount	419,806	496	3,061	26,500	449,863
Loss allowance	(4,291)	(121)	(3,061)	–	(7,473)
Net carrying amount	415,515	375	–	26,500	442,390

	12-month ECL $'000	Lifetime ECL: Not credit impaired $'000	Lifetime ECL: Credit impaired $'000	Total $'000
Loans and receivables				
As at 31 December 2021				
AAA	–	10	–	10
A	–	6,626	–	6,626
BBB	–	11	–	11
Not rated	5	163,878	–	163,883
Gross carrying amount	5	170,525	–	170,530
Loss allowance	–	(3,961)	–	(3,961)
Net carrying amount	5	166,564	–	166,569
As at 31 December 2020				
AAA	–	10	–	10
A	–	10,146	–	10,146
BBB	–	10	–	10
Not rated	83	173,080	–	173,163
Gross carrying amount	83	183,246	–	183,329
Loss allowance	–	(5,567)	–	(5,567)
Net carrying amount	83	177,679	–	177,762

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.2 Credit risk (continued)

(b) Credit quality of reinsurance and financial assets (continued)

		Lifetime ECL		
	12-month ECL $´000	**Not credit impaired $´000**	**Credit impaired $´000**	**Total $´000**
Due from affiliated companies				
As at 31 December 2021				
A	–	80	–	80
Below BBB	–	15,151	–	15,151
Net carrying amount	–	15,231	–	15,231
As at 31 December 2020				
A	–	1	–	1
BBB	–	22	–	22
Below BBB	–	1,226	–	1,226
Net carrying amount	–	1,249	–	1,249
Cash and cash equivalents				
As at 31 December 2021				
BBB	23,845	–	–	23,845
Below BBB	276,064	–	–	276,064
Not rated	2,004	–	–	2,004
Gross carrying amount	301,913	–	–	301,913
Loss allowance	(3,670)	–	–	(3,670)
Net carrying amount	298,243	–	–	298,243
As at 31 December 2020				
BBB	37,027	–	–	37,027
Below BBB	228,403	–	–	228,403
Not rated	7,840	–	–	7,840
Gross carrying amount	273,269	–	–	273,269
Loss allowance	(1,445)	–	–	(1,445)
Net carrying amount	271,824	–	–	271,824

The following table sets out the credit quality analysis for reinsurance assets and financial assets (excluding equity instruments) measured at fair value through profit or loss.

	A $´000	**BBB $´000**	**Below BBB $´000**	**Not Rated $´000**	**Total $´000**
As at 31 December 2021					
Investment securities at fair value through profit or loss (excluding equities)	–	–	–	18,708	18,708
Reinsurance assets	472,293	–	–	–	472,293
	472,293	–	–	18,708	491,001
As at 31 December 2020					
Investment securities at fair value through profit or loss (excluding equities)	–	–	–	17,829	17,829
Reinsurance assets	378,656	–	–	–	378,656
	378,656	–	–	17,829	396,485

(c) Credit-impaired reinsurance and financial assets

Assets that are credit-impaired are shown below.

	Gross exposure $´000	**Net carrying amount $´000**
As at 31 December 2021		
Investment securities measured at amortised cost	34,832	27,870
	34,832	27,870
As at 31 December 2020		
Investment securities measured at amortised cost	28,839	26,500
	28,839	26,500

(d) Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial asset. Reconciling items include the following:

- New assets originated or purchased, which reflect the allowance related to assets newly recognised during the period.
- Assets derecognised, which reflect the allowance related to assets derecognised during the period without a credit loss being incurred, including those assets that were derecognised following a modification of terms.
- Net transfer to/(from) 12-month ECL and lifetime ECL, which are presumed to occur before any corresponding remeasurement of the allowance.
- Remeasurements, which comprise the impact of changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions; changes in the measurement following a transfer between 12-month ECL and lifetime ECL; and unwinding of the time value discount due to the passage of time.

		Lifetime ECL		
	12-month ECL $´000	**Not credit impaired $´000**	**Credit impaired $´000**	**Total $´000**
Investment securities measured at amortised cost				
Year ended 31 December 2021				
Balance at beginning of year	4,291	121	3,061	7,473
New assets originated or purchased	2,802	–	–	2,802
Assets derecognised (excluding write-offs)	(34)	(218)	–	(252)
Net transfer to/(from) lifetime ECL - not credit impaired	(2,459)	3,181	(722)	–
Remeasurements	(1,380)	(13)	–	(1,393)
Exchange rate adjustments	247	3	44	294
Balance at end of year	3,467	3,074	2,383	8,924
Year ended 31 December 2020				
Balance at beginning of year	7,657	112	3,076	10,845
New assets originated or purchased	1,717	–	–	1,717
Net transfer to/(from) 12-month ECL	91	(91)	–	–
Remeasurements	(5,291)	99	–	(5,192)
Exchange rate adjustments	117	1	(15)	103
Balance at end of year	4,291	121	3,061	7,473
Loans and receivables				
Year ended 31 December 2021				
Balance at beginning of year	–	5,567	–	5,567
Remeasurements	–	(1,617)	–	(1,617)
Amounts written-off	–	(20)	–	(20)
Amounts recovered	–	21	–	21
Exchange rate adjustments	–	10	–	10
Balance at end of year	–	3,961	–	3,961
Loans and receivables				
Year ended 31 December 2020				
Balance at beginning of year	–	3,837	–	3,837
Remeasurements	–	3,179	–	3,179
Amounts written-off	–	(983)	–	(983)
Exchange rate adjustments	–	(466)	–	(466)
Balance at end of year	–	5,567	–	5,567

Cash and cash equivalents

Impairment on cash and cash equivalents measured at amortised cost has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group uses a similar approach for the assessment of expected credit losses for cash and cash equivalents to those used for debt securities.

The impairment allowance on cash and cash equivalents as at 31 December 2021 is $3,670,000 (2020: $1,445,000). The Group recognised a net impairment expense of $2,176,000 for the year ended 31 December 2021 (2020: a net gain of $24,000).

Credit Risk - Economic Variable Assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2021 and 2020 are set out below.

The PDs and LGDs are impacted by long-term changes in the various data sets gathered from external rating agencies such as Moody´s. Macroeconomic variables used in the Group´s ECL models also include, but are not limited to, gross domestic product growth, inflation rates, national budget deficits, debt to GDP ratios for the various territories. Refer to the tables below for the ranges applied to each scenario for the two most significant assumptions.

	Scenario	**Assumption**
GDP Growth	Base	Stable
	Optimistic	Positive
	Pessimistic	Negative
	Acute Pessimistic	Negative
Inflation	Base	Positive
	Optimistic	Positive
	Pessimistic	Negative
	Acute Pessimistic	Negative

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.2 Credit risk (continued)

(d) Loss allowance (continued)

Credit Risk – Economic Variable Assumptions (continued)

The weightings assigned to each economic scenario as at 31 December 2021 vary by jurisdiction and were as follows:

	Base	Optimistic	Pessimistic	Acute Pessimistic
Scenarios	15% – 50%	40% – 70%	5% – 10%	5%

Refer to Note 3(d) for descriptions of the scenarios.

Credit Risk – Sensitivity analysis

Set out below are the changes in ECL allowance at the reporting date that would result from a reasonably possible change in the probabilities of default (PDs) used by the Group.

	Actual PDs applied 2021	Actual PDs applied 2020	Change in PD	Impact on ECL 2021 $'000	Impact on ECL 2020 $'000
Investment securities measured at amortised cost	0.01%–33.31%	0.23%–12.06%	+/- 20%	2,124	2,288
Cash and cash equivalents	0.40%–7.50%	0.12%–8.02%	+/- 20%	2,178	464
				4,302	2,752

(e) Financial assets subject to ECL

The following tables show an analysis of changes in the gross carrying amount of financial assets subject to ECL.

		Lifetime ECL			
	12-month ECL $'000	Not credit impaired $'000	Credit impaired $'000	Purchased Credit impaired $'000	Total $'000
Investment securities measured at amortised cost					
Year ended 31 December 2021					
Balance at beginning of year	419,806	496	3,061	26,500	449,863
New assets originated or purchased	269,015	–	–	–	269,015
Assets derecognised (excluding write-offs)	(284,467)	(260)	–	–	(284,727)
Transfer to 12-month ECL	–	–	–	–	–
Transfer to lifetime ECL – not credit impaired	(7,010)	7,732	(722)	–	–
Changes in interest accrual	(628)	–	–	–	(628)
Exchange rate adjustments	1,344	98	44	1,370	2,856
Balance at end of year	398,060	8,066	2,383	27,870	436,379
Year ended 31 December 2020					
Balance at beginning of year	419,201	1,803	3,076	28,982	453,062
New assets originated or purchased	296,971	–	–	–	296,971
Assets derecognised (excluding write-offs)	(298,797)	(41)	–	(3,238)	(302,076)
Transfer to 12-month ECL	1,259	(1,259)	–	–	–
Transfer to lifetime ECL – credit impaired	–	–	–	–	–
Changes in interest accrual	2,077	(22)	–	–	2,055
Exchange rate adjustments	(905)	15	(15)	756	(149)
Balance at end of year	419,806	496	3,061	26,500	449,863

		Lifetime ECL		
	12-month ECL $'000	Not credit impaired $'000	Credit impaired $'000	Total $'000
Loans and receivables				
Year ended 31 December 2021				
Balance at beginning of year	83	183,246	–	183,329
Amounts written-off	–	(20)	–	(20)
Amounts recovered	–	21	–	21
Other movements	(78)	(12,950)	–	(13,028)
Exchange rate adjustments	–	228	–	228
Balance at end of year	5	170,525	–	170,530
Year ended 31 December 2020				
Balance at beginning of year	84	158,851	–	158,935
Amounts written-off	–	(983)	–	(983)
Other movements	–	23,601	–	23,601
Exchange rate adjustments	(1)	1,777	–	1,776
Balance at end of year	83	183,246	–	183,329

(f) Concentrations of risks of reinsurance and financial assets with credit risk exposure

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The following table breaks down the Group's main credit risk exposure as categorised by the industry sectors of its counterparties.

	2021 $'000	2020 $'000
Financial services	494,400	460,405
Real estate	16,283	20,283
Public sector	223,038	221,205
Insurance and reinsurance	633,524	541,213
Consumers/individuals	2,793	3,275
Other industries	28,461	43,329
	1,398,499	1,289,710

4.2.3 Liquidity risk

The Group is exposed to daily calls on its available cash resources mainly from claims arising from short term insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. An internally constituted Executive Investment Committee sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover claims.

The following tables analyse the insurance and financial liabilities of the Group into relevant maturity groupings based on the remaining period to the contractual or expected maturity date. Financial liabilities are at contractual undiscounted cash flows, and insurance contracts and investment contracts are at expected undiscounted cash flows.

		Contractual/Expected Undiscounted Cash Flows			
	Carrying amount $'000	No stated maturity $'000	Less than one year $'000	One – five years $'000	Over five years $'000
Insurance and financial liabilities					
Year ended 31 December 2021					
Short-term insurance contracts	953,188	–	707,284	160,705	85,199
Lease liabilities	5,613	–	2,687	2,950	–
Other liabilities	192,411	–	192,411	–	–
Total	1,151,212	–	902,382	163,655	85,199
Year ended 31 December 2020					
Short-term insurance contracts	877,771	–	595,481	201,044	81,246
Lease liabilities	2,005	–	616	1,420	–
Other liabilities	145,416	–	148,839	26,506	–
Total	1,025,192	–	744,936	228,970	81,246

4.2.4 Capital management

The Group's objectives when managing capital are:

a. To comply with the insurance capital requirements required by the regulators of the insurance markets where the Group operates;

b. To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

c. To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In each country in which the Group operates, the local insurance regulator specifies the minimum amount and type of capital that must be held by each entity in addition to their insurance liabilities and the Group is subject to insurance solvency regulations in all the territories in which it issues insurance contracts.

Under Section 82 (1) of the Insurance Act 2018 of Trinidad and Tobago, insurance companies are required to maintain adequate capital. Capital adequacy is managed by the Group's management. It is calculated by management, certified by the appointed actuary and reviewed by executive management, the audit committee and the board of directors.

The table below summarises the minimum required capital across the Group and the regulatory capital held against each of them. These figures are an aggregate number, being the sum of the statutory capital and surplus for each insurance company in each country subject to local regulatory requirements, which may differ from jurisdiction to jurisdiction. The current year is, in general, an estimate that is updated once calculations prepared for the regulators are final. The companies in the Group were in compliance.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2021.

	2021 $'000	2020 $'000
Regulatory capital held	289,771	325,863
Minimum regulatory capital	142,515	98,652

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Property and equipment

	Freehold and leasehold properties $'000	Furniture and equipment $'000	Motor vehicles $'000	Work in progress $'000	Total $'000
Year ended 31 December 2021					
Opening net book amount	29,908	2,620	962	460	33,950
Revaluation deficit	(141)	–	–	–	(141)
Additions	85	208	–	2,818	3,111
Disposals and adjustments	40	(337)	13	–	(284)
Transfers (within categories)	360	331	–	(691)	–
Depreciation charge (Note 25)	(662)	(767)	(396)	–	(1,825)
Exchange rate adjustment	1,418	62	7	23	1,510
Closing net book amount	31,008	2,117	586	2,610	36,321
At 31 December 2021					
Cost/valuation	33,009	10,547	3,845	2,610	50,011
Accumulated depreciation	(2,001)	(8,430)	(3,259)	–	(13,690)
Closing net book amount	31,008	2,117	586	2,610	36,321
Year ended 31 December 2020					
Opening net book amount	30,805	2,045	1,307	1,276	35,433
Revaluation surplus	467	–	–	–	467
Additions	1,710	759	198	622	3,289
Disposals and adjustments	–	(16)	(24)	–	(40)
Reclass to investment properties	(805)	–	–	–	(805)
Transfers (within categories)	810	578	–	(1,388)	–
Depreciation charge (Note 25)	(419)	(670)	(503)	–	(1,592)
Exchange rate adjustment	(2,660)	(76)	(16)	(50)	(2,802)
Closing net book amount	29,908	2,620	962	460	33,950
At 31 December 2020					
Cost/valuation	31,365	10,506	3,982	460	46,313
Accumulated depreciation	(1,457)	(7,886)	(3,020)	–	(12,363)
Closing net book amount	29,908	2,620	962	460	33,950

If freehold properties were stated on a historical cost basis, the amounts would be as follows:

	2021 $´000	2020 $´000
Cost	25,715	24,156
Accumulated depreciation	(6,562)	(5,864)
	19,153	18,292

As at 31 December 2021, gross carrying amount of fully depreciated property and equipment still in use was $9,012,000 (2020: $9,767,000).

6. Leases

The following tables provide information for leases where the Group is a lessee.

(a) Right-of-use assets

	Leasehold properties $´000	Office equipment $´000	Motor vehicles $´000	Total $´000
Year ended 31 December 2021				
Balance at beginning of year	605	20	1,072	1,697
Additions	7,714	97	–	7,811
Depreciation charge (Note 25)	(2,806)	(27)	(244)	(3,077)
Exchange rate adjustments	–	(1)	–	(1)
Balance at end of year	5,513	89	828	6,430
At 31 December 2021				
Cost	8,612	429	1,196	10,237
Accumulated depreciation	(3,099)	(340)	(368)	(3,807)
Balance at end of year	5,513	89	828	6,430
Year ended 31 December 2020				
Balance at beginning of year	3,945	255	286	4,486
Additions	–	–	884	884
Disposals and adjustments	–	(179)	–	(179)
Depreciation charge (Note 25)	(3,340)	(43)	(98)	(3,481)
Exchange rate adjustments	–	(13)	–	(13)
Balance at end of year	605	20	1,072	1,697
At 31 December 2020				
Cost	7,769	332	1,196	9,297
Accumulated depreciation	(7,164)	(312)	(124)	(7,600)
Balance at end of year	605	20	1,072	1,697

(b) Lease liabilities

	2021 $´000	2020 $´000
Balance at beginning of year	2,005	4,920
Additions	7,811	884
Interest expense (Note 26)	318	244
Lease payments	(4,513)	(3,841)
Effect of modification to lease terms	–	(168)
Exchange rate adjustments	(8)	(34)
Balance at end of year	5,613	2,005
Current	2,643	1,075
Non-current	2,970	930
	5,613	2,005

(c) Amounts recognised in the consolidated statement of income

	2021	2020
Interest expense on lease liabilities	318	244
Depreciation charge on right-of-use assets	3,077	3,481
	3,395	3,725

(d) Amounts recognised in the consolidated statement of cash flows

The Group had total cash outflows for leases of $4,513,000 (2020: $$3,849,000).

7. Investment properties

	2021 $´000	2020 $´000
Balance at beginning of year	10,790	10,581
Re-classification from property and equipment	–	805
Fair value (loss)/gain (Note 29)	(87)	48
Exchange rate adjustment	456	(644)
Balance at end of year	11,159	10,790
Residential properties	3,074	2,954
Commercial property	8,085	7,836
	11,159	10,790
Rental income	522	545
Direct operating expenses incurred in respect of investment properties that generated rental income during the year	520	598

The Group has both commercial and residential investment properties in Barbados and Grenada.

Valuations are conducted by external third party valuators. All valuators are accredited in the territory that they serve specialising in the valuation of commercial, residential and mixed use properties.

Residential properties are mainly revalued using the comparable sales approach, which estimates the fair value based on sale prices of properties of similar nature or in similar locations with price adjustments being made for any notable differences between the sample and subject properties such as, location, size, and quality of improvements.

The commercial property was primarily valued using the income and sales comparison approaches and the direct capitalisation of income approach. The income and sales comparison approaches involve determining the value of the property by applying an appropriate valuation model to convert the expected future cash flows into present values. Discount rate applied to this model for the Group was 8.5% (2020: 8%) as deemed most appropriate by the valuator in the territory. The direct capitalisation of income approach applies a valuation model that converts monthly rental income and expenses into market values through the use of a capitalisation rate. The capitalisation rate within this model, as applied by the external professional valuator, was 8.5% (2020: 8.5%) for the Group.

The last third-party professional valuation of the investment properties were performed as at 31 December 2021 for Enfield House and as at 7 December 2021, applicable to 31 December 2021, for Grenada. The valuation was based on existing market values. Income derived from the rental of the investment properties is disclosed in Note 30.

No investment properties in the Group is subject to any liens or mortgages and the Group has no curtailments with regard to the transfer, resale or other use of its investment properties. The Group is not under any contractual obligation with regard to significant development, enhancement, repair or maintenance of any investment properties.

The highly uncertain economic outlook as a result of the COVID-19 pandemic may have a material adverse effect on the marketability of investment properties. This uncertainty is factored into the valuation of investment properties, specifically in estimating occupancy rates, expected revenue or revenue growth rates, and discount rates, all of which are significant inputs into the fair value determination.

The 2021 valuations contain a ´material valuation uncertainty´ clause due to the market disruption caused by the COVID-19 pandemic, which resulted in a reduction in transactional evidence and market yields. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Accordingly, the valuer cannot attach as much weight as usual to previous market evidence for comparison purposes, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion. As a result of this increased uncertainty, the assumptions may be revised significantly in 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Investment properties (continued)

Future minimum lease payments receivable on leases of the investment properties are as follows:

	2021 $'000	2020 $'000
Within one year	1,711	1,710
Between one and two years	1,881	1,879
Between two and three years	1,951	1,947
Between three and four years	277	272
Between four and five years	346	340
After five years	416	408
	6,582	6,556

8. Investment in associated company

	2021 $'000	2020 $'000
Balance at beginning of year	84,683	73,101
Share of profit after taxation	26,905	11,581
Dividends received	(5,065)	–
Reserve and other movements	34	–
Exchange rate adjustments	45	1
Balance at end of year	106,602	84,683

The Group's interest in its associate, which is unlisted, is as follows:

Name	Principal activity	Country of incorporation	Proportion of ownership interest and voting power held 2021	2020
RoyalStar Holdings Limited	Property and Casualty Insurer	Bahamas	26.2%	26.3%

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information below represent amounts shown in the associate's financial statements prepared in accordance with IFRSs (adjusted by the Group for equity accounting purposes).

	RoyalStar Holdings Limited 2021 $'000	2020 $'000
Total assets	695,699	648,083
Total liabilities	(289,131)	(326,286)
Equity	406,568	321,797
Carrying amount of the investment	106,602	84,683
Revenue	294,358	216,103
Profit for the year	102,604	44,008
Total comprehensive income	102,604	44,008
Dividends received during the year	(5,065)	–

There are no contingent liabilities relating to the associated company.

9. Investment securities

	2021 Carrying value $'000	2021 Fair value $'000	2020 Carrying value $'000	2020 Fair value $'000
Investment securities	544,912	543,010	546,792	548,343
Investment securities mandatorily measured at fair value through profit or loss (FVPL-M)	117,457	117,457	104,402	104,402
Investment securities measured at amortised cost (AC)	427,455	425,553	442,390	443,941
Total investment securities	544,912	543,010	546,792	548,343

	Carrying value FVPL-M 2021 $'000	Carrying value AC 2021 $'000	Fair value AC 2021 $'000
Equity securities:			
- Listed	85,327	–	–
- Unlisted	13,422	–	–
	98,749	–	–
Debt securities:			
- Government securities	–	223,591	218,205
- Debentures and corporate bonds	–	60,380	57,323
	–	283,971	275,528
Deposits (more than 90 days)	–	146,889	144,506
Other	18,708	–	–
	18,708	146,889	144,506
	117,457	430,860	420,034
Interest receivable	–	5,519	5,519
Loss allowance	–	(8,924)	–
	117,457	427,455	425,553
Current	–	181,022	
Non-current	117,455	246,433	
	117,455	427,455	

	Carrying value FVPL-M 2020 $'000	Carrying value AC 2020 $'000	Fair value AC 2020 $'000
Equity securities:			
- Listed	77,273	–	–
- Unlisted	9,300	–	–
	86,573	–	–
Debt securities:			
- Government securities	–	227,085	223,057
- Debentures and corporate bonds	–	63,964	64,408
	–	291,049	287,465
Deposits (more than 90 days)	–	152,760	150,422
Other	17,829	–	–
	17,829	152,760	150,422
	104,402	443,809	437,887
Interest receivable	–	6,054	6,054
Loss allowance	–	(7,473)	–
	104,402	442,390	443,941
Current	–	189,977	
Non-current	104,402	252,413	
	104,402	442,390	

10. Loans and receivables

	2021 $'000	2020 $'000
Premiums receivable from agents, brokers and policyholders	158,355	154,593
Balances due from reinsurers	8,520	16,055
Other loans and receivables	3,655	12,681
Loss allowance	(3,961)	(5,567)
	166,569	177,762
Current	166,568	177,720
Non-current	1	42
	166,569	177,762

The carrying amounts of loans and receivables are reasonable approximations of their fair values. There were no loans and receivables pledged as collateral for liabilities at year end (2020: nil).

11. Deferred tax

	2021 $'000	2020 $'000
The following amounts are shown in the statement of financial position:		
Deferred tax assets:		
- To be recovered after more than 12 months	238	247
- To be recovered within 12 months	13,508	11,553
	13,746	11,800
Deferred tax liabilities:		
- Crystallising after more than 12 months	(36,879)	(28,547)
	(36,879)	(28,547)
Net deferred tax liability	(23,133)	(16,747)
The movement on the net deferred tax account is as follows:		
Balance at beginning of year	(16,747)	(11,866)
Charged to:		
- statement of income (Note 32)	(6,025)	(206)
- other comprehensive income	(337)	(4,656)
Exchange rate adjustments	(24)	(19)
Balance at end of year	(23,133)	(16,747)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Deferred tax (continued)

The movement in the deferred tax assets and liabilities during the year is attributable to the following items:

	Balance at beginning 2021 $'000	Credited/(charged) to Statement of income $'000	Credited/(charged) to Other comprehensive income $'000	Exchange rate adjustment $'000	Balance at end of year $'000
Investment in associate	(6,739)	(6,532)	(10)	–	(13,281)
Pension plan	(4,236)	1,658	390	113	(2,075)
Accelerated tax depreciation	2,186	113	–	(1)	2,298
Tax losses carried forward	4,441	44	–	(25)	4,460
Investments at fair value through profit or loss	(15,033)	(3,966)	–	(3)	(19,002)
Allowance for expected credit losses	2,623	578	–	13	3,214
Revaluation of properties	(2,385)	1,844	(1,721)	(121)	(2,383)
Post-retirement medical benefit obligation	2,308	77	1,004	–	3,389
Right-of-use assets	88	159	–	–	247
	(16,747)	(6,025)	(337)	(24)	(23,133)

	Balance at beginning 2020 $'000	Credited/(charged) to Statement of income $'000	Credited/(charged) to Other comprehensive income $'000	Exchange rate adjustment $'000	Balance at end of year $'000
Investment in associate	(3,261)	(3,474)	(4)	–	(6,739)
Pension plan	(912)	597	(4,121)	200	(4,236)
Accelerated tax depreciation	(482)	2,668	–	–	2,186
Tax losses carried forward	2,494	2,164	–	(217)	4,441
Investments at fair value through profit or loss	(15,437)	385	–	19	(15,033)
Allowance for expected credit losses	3,577	(927)	–	(27)	2,623
Revaluation of properties					
Post-retirement medical	(73)	(1,800)	(518)	6	(2,385)
benefit obligation	2,328	(7)	(13)	–	2,308
Right-of-use assets	(100)	188	–	–	88
	(11,866)	(206)	(4,656)	(19)	(16,747)

There are tax losses relating to overseas jurisdictions that are available for set-off against future chargeable profits of $14,988,000 (2020 - $14,804,000). These tax losses expire over varying periods. No deferred tax asset has been recognised on tax losses carried forward of nil (2020 - nil), due to the uncertain timing of their recovery. Some of these losses have not yet been agreed with the respective tax authorities.

12. Reinsurance assets

	2021 $'000	2020 $'000
Claims reported and loss adjustment expenses (Note 20.1(a))	162,751	118,568
Claims incurred but not reported (Note 20.1(a))	21,060	35,356
Unearned premiums (Note 20.1(b))	288,482	224,732
	472,293	378,656
Current	385,448	283,360
Non-current	86,845	95,296
	472,293	378,656

13. Due from affiliated companies

	2021 $'000	2020 $'000
Guardian Life of The Caribbean Limited	80	1
Guardian Shared Services Limited	672	1,090
Guardian International Inc	22	22
Guardian Re (SAC) Limited	–	22
Guardian General Insurance Jamaica Limited	–	32
Fatum Holding N.V.	37	82
Almi Holdings Limited Group	14,420	–
	15,231	1,249

The amounts due from affiliated companies are unsecured, non-interest bearing and have no fixed repayment terms.

14. Deferred acquisition costs

	2021 $'000	2020 $'000
Short-term insurance contracts:		
Balance at beginning of year	60,494	54,699
Increase in the period	67,677	60,605
Release in the period	(60,490)	(54,704)
Exchange rate adjustments	330	(106)
Total at end of year	68,011	60,494

15. Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank and in hand	269,566	245,024
Short-term deposits (90 days or less)	31,903	26,844
Cash and cash equivalents	301,469	271,868
Cash and cash equivalents in mutual funds	444	1,401
Loss allowance	(3,670)	(1,445)
Net cash and cash equivalents	298,243	271,824
At beginning of year	271,824	378,830
Net movement in loss allowance	(2,176)	24
Exchange rate adjustments	1,536	(685)
	271,184	378,169
At end of year	298,243	271,824
Net increase/(decrease) in cash used in cash flow	27,059	(106,345)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The cash and cash equivalents disclosed above and in the statement of cash flows include $8,058,000 (2020: $31,053,000), which are pledged with regulatory authorities in countries in which the Group is authorised to conduct business as security for its policyholders.

No cash and cash equivalents are pledged as collateral for financial liabilities.

16. Share capital

Authorised

An unlimited number of ordinary shares of no par value

Issued and fully paid

3,144,873 ordinary shares of no par value (2020: 3,144,873 ordinary shares)

	Number of shares	Share capital $'000	Share Option plan $'000	Total $'000
As at 1 January 2021	3,144,873	43,597	–	43,597
As at 31 December 2021	3,144,873	43,597	–	43,597
As at 1 January 2020	3,144,873	43,597	1,419	45,016
Executive share option plan:				
- value of lapsed options	–	–	(1,419)	(1,419)
As at 31 December 2020	3,144,873	43,597	–	43,597

Performance share option plan

The movement in the number of share options outstanding for the year is as follows:

	2021 Average exercise price	2020 Average exercise price	2020 Options (thousands)
At beginning of year	$ 24.51	$ 24.51	60
Lapsed	$ 18.00	$ 24.51	(60)
At end of year	$ 18.00	$ 24.51	–

Effective 1 January 2017, Guardian Holdings Limited replaced its former share-based plan with a cash-based long-term performance incentive plan. There are no options outstanding under the performance share option plan, all outstanding options at the beginning of the year expired on 31 March 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Reserves

	Property revaluation reserve $'000	Statutory reserves $'000	Translation reserves $'000	Total $'000
As at 1 January 2021	9,265	50,784	13,041	73,090
Other comprehensive income	(1,862)	–	3,722	1,860
As at 31 December 2021	7,403	50,784	16,763	74,950
As at 1 January 2020	9,316	50,784	17,159	77,259
Other comprehensive (loss)	(51)	–	(4,118)	(4,169)
As at 31 December 2020	9,265	50,784	13,041	73,090

The property revaluation reserve is used to record increases or decreases in the carrying amount of an item of property that has been revalued. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in equity under the heading of revaluation reserve. However, the increase is recognised in the consolidated statement of income to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income. If the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the consolidated income statement.

In accordance with the provisions of Section 171 of the Insurance Act 1980 of Trinidad and Tobago, general insurance companies are required to appropriate towards statutory reserve at least 25% of the prior year's profit until the excess of assets over liabilities equals or exceeds the reserve in respect of its unearned premiums. The Insurance Act 2018, which was enacted on 1 January 2018, replaced the Insurance Act 1980. General insurance companies of Trinidad and Tobago are no longer required to maintain this reserve however, it is at the discretion of the companies to retain this reserve. The company retained this reserve.

The translation reserve is used to record exchange differences arising from group companies whose functional currency is different to the functional currency used in the consolidated financial statements. Differences in retranslating opening net assets for investment in group companies using the exchange rate at year end compared to the exchange rate at the beginning of the year are recognised in other comprehensive income and taken to the translation reserve. The difference between a group company's profit or loss for the year translated at the year end exchange rate and the profit or loss for the year converted at the average rate for the year is recognised in other comprehensive income and taken to the translation reserve.

18. Retained earnings

The retained earnings balance includes an amount of $96,930,000 (2020: $96,930,000) in respect of the catastrophe reserve. Local regulations permit general insurance companies to set aside each year an amount of 20% of net premiums written on its property business to a catastrophe reserve. The catastrophe reserve is not available for distribution to shareholders.

19. Non-controlling interests

	2021 $'000	2020 $'000
At beginning of year	–	23,592
Share of profit of Guardian General Insurance (OECS) Limited	–	1,332
Dividend paid to minority shareholders	–	(2,392)
Net increase/decrease in non controlling interest	–	(22,517)
Exchange rate adjustment	–	(15)
At end of year	–	–

20. Insurance contracts

	2021 $'000	2020 $'000
Short-term insurance contracts:		
Claims reported and loss adjustment expenses (Note 20.1(a))	357,672	313,805
Claims incurred but not reported (Note 20.1(a))	40,647	49,971
Unearned premiums (Note 20.1(b))	554,869	513,995
Total gross insurance liabilities	953,188	877,771
Current	707,283	603,247
Non-current	245,905	274,524
	953,188	877,771

20.1 Movements in insurance liabilities and reinsurance assets Short-term insurance contracts:

(a) Claims and loss adjustment expenses/claims incurred but not reported

	2021			2020		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Year ended 31 December						
Notified claims	313,805	(118,568)	195,237	598,609	(396,463)	202,146
Incurred but not reported	49,971	(35,356)	14,615	193,949	(173,678)	20,271
Total at beginning of year	363,776	(153,924)	209,852	792,558	(570,141)	222,417
Cash paid for claims settled in the year	(256,393)	103,268	(153,125)	(446,956)	304,297	(142,659)
Increase in liabilities	287,168	(131,726)	155,442	23,451	110,341	133,792
Net exchange differences	3,768	(1,429)	2,339	(5,277)	1,579	(3,698)
Total at end of year	398,319	(183,811)	214,508	363,776	(153,924)	209,852
Notified claims	357,672	(162,751)	194,921	313,805	(118,568)	195,237
Incurred but not reported	40,647	(21,060)	19,587	49,971	(35,356)	14,615
	398,319	(183,811)	214,508	363,776	(153,924)	209,852

(b) Provisions for unearned premiums

	Gross 2021	Reinsurance 2021	Net 2021	Gross 2020	Reinsurance 2020	Net 2020
Total at beginning of year	513,995	(224,732)	289,263	464,457	(199,256)	265,201
Increase in the period	551,560	(286,560)	265,000	516,250	(225,767)	290,483
Release in the period	(513,908)	224,670	(289,238)	(464,531)	199,307	(265,224)
Net exchange differences	3,222	(1,860)	1,362	(2,181)	984	(1,197)
Total at end of year	554,869	(288,482)	266,387	513,995	(224,732)	289,263

20.2 Short term non-life insurance contracts - assumptions, changes in assumptions and sensitivity

The risks associated with these insurance contracts and in particular, casualty insurance contracts, are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Group has no known or reported latent claims arising from disease such as asbestosis and therefore no actuarial analysis is made. The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the Group's estimate of total claims outstanding for each accident year has changed at successive year-ends.

Accident Year	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000	2021 $'000	Total $'000
Insurance claims - gross							
Estimate of ultimate claims costs:							
- at end of accident year	337,931	2,214,134	284,556	914,322	232,377	320,582	
- one year later	310,684	2,489,044	187,933	688,098	202,104	–	
- two years later	308,667	2,173,292	183,244	683,830	–	–	
- three years later	306,137	2,158,521	183,180	–	–	–	
- four years later	305,320	2,163,975	–	–	–	–	
- five years later	303,730	–	–	–	–	–	
Current estimate of cumulative claims	303,730	2,163,975	183,180	683,830	202,104	320,582	3,857,401
Cumulative payments to date	(290,203)	(2,143,146)	(161,302)	(627,919)	(163,217)	(124,664)	(3,510,451)
Liability recognised in the statement of financial position	13,527	20,829	21,878	55,911	38,887	195,918	346,950
Liability in respect of prior years							51,369
Total liability included in the statement of financial position							398,319
Insurance claims - net							
Estimate of ultimate claims costs:							
- at end of accident year	177,448	748,058	177,085	150,750	137,439	163,110	
- one year later	162,252	733,101	152,298	348,425	142,731	–	
- two years later	160,913	722,856	148,704	346,021	–	–	
- three years later	159,947	721,268	147,036	–	–	–	
- four years later	158,141	723,884	–	–	–	–	
- five years later	156,959	–	–	–	–	–	
Current estimate of cumulative claims	156,959	723,884	147,036	346,021	142,731	163,110	1,679,741
Cumulative payments to date	(144,174)	(708,115)	(127,452)	(314,641)	(117,278)	(82,087)	(1,493,747)
Liability recognised in the statement of financial position	12,785	15,769	19,584	31,380	25,453	81,023	185,994
Liability in respect of prior years							28,515
Net liability included in the statement of financial position							214,509

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Pension plan assets/liabilities

The following information explains the quantification of the assets and liabilities recognised in the consolidated statement of financial position and the net income for the year in accordance with the provisions of IAS 19.

	Pension plan asset		Pension plan liability		Net pension plan asset/(liability)	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Fair value of pension plan assets	81,637	77,826	23,413	10,506	105,050	88,332
Less: Present value of funded obligations	(68,223)	(67,430)	(25,072)	(11,645)	(93,295)	(79,075)
IAS 19 statement of financial position asset/(liability)	13,414	10,396	(1,659)	(1,139)	11,755	9,257

The amount in the income statement is made up as follows:-

	2021 $'000	2020 $'000
Administration expenses	(225)	(158)
Net interest expense	1,281	373
Current service cost	(3,462)	(3,312)
Total pension cost	(2,406)	(3,097)
The remeasurement of pension plan obligation in other comprehensive income is made up as follows:		
Actuarial gains and losses arising during the period from:		
- changes in financial assumptions	1,989	5,894
- experience adjustment	(3,579)	11
	(1,590)	5,905
The movement in the fair value of pension plan assets of the year is as follows:		
Balance at beginning of year	88,332	73,143
Administration expenses	(247)	(170)
Interest income	5,908	3,913
Benefit payments	(6,706)	(6,251)
Company contributions	6,017	3,943
Contributions by plan participants	947	822
Remeasurement arising from experience adjustment	9,686	14,649
Exchange rate adjustments	1,113	(1,717)
Balance at end of year	105,050	88,332
The movement in the obligation to plan members over the year is as follows:		
Balance at beginning of year	79,075	69,840
Current service cost	3,844	3,648
Interest cost	4,944	3,875
Contributions by plan participants	947	822
Remeasurement arising from changes in financial assumptions	(2,284)	(6,255)
Remeasurement arising from experience adjustment	12,862	14,493
Benefits paid	(6,706)	(6,251)
Exchange rate adjustments	613	(1,097)
Balance at end of year	93,295	79,075

The principal actuarial assumptions used for accounting purposes were:

	2021	2020
Discount rates	5.2-11.2%	5.2-11.2%
Future salary increases	3.0-5.0%	2-5.0%
Post retirement mortality	GAM94	GAM94, UP94
Pre-retirement mortality	NIS2012	NIS2012, UP94
Withdrawal from service	Yes	Yes
Future pension increases	2.5-3.5%	2.25-3.5%
Proportion of employees opting for early retirement	None	None
Life expectation of pensioners at the age of 65 - male	17.3-18.3	17.3-18.3
Life expectation of pensioners at the age of 65 - female	21.8-22.1	21.8-22.1

The actual return on plan assets was $15,600,000 (2020: -$18,529,000).

	2021		2020	
	$'000	%	$'000	%
Pension plan assets are comprised as follows:				
Equity securities	7,865	7.5%	3,011	3.4%
Debt securities	12,128	11.5%	5,590	6.3%
Cash and cash equivalents	1,163	1.1%	320	0.4%
Property	618	0.6%	157	0.2%
Other	83,276	79.3%	79,256	89.7%
	105,050	.0%	88,334	100.0%

Expected contributions to plan for the year ending 31 December 2022 are $5,687,000.

The duration of the defined benefit plans obligation at the end of the reporting period is 13 to 21 years (2020: 13 to 20.8 years).

A quantitative sensitivity analysis for significant assumptions as at 31 December 2021 is shown below:

	Impact on the net defined benefit obligation	
	Increase $'000	Decrease $'000
1% increase/decrease in discount rate	(3,903)	4,993
1% increase/decrease in future salary increases	1,965	(1,585)
1% increase/decrease in future pension increases	1,594	(1,338)
Life expectancy increase/decrease by 1 year - male	316	(330)
Life expectancy increase/decrease by 1 year - female	346	(361)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

22. Post retirement medical benefit obligations

The amounts recognised in the statement of financial position are as follows:

	2021 $'000	2020 $'000
Present value of obligations	11,294	7,693
The amount in the statement of income is made up as follows:		
Interest cost	451	425
Current service cost	115	132
	566	557
Expense for the year		
The movement in the liability is as follows:		
Balance at beginning of year	7,693	7,476
Remeasurement of obligation (actuarial gains)	3,346	(42)
Employer contributions	(311)	(298)
Expense as per above	566	557
Balance at end of year	11,294	7,693
The principal actuarial assumptions used were as follows:		
Discount rate	6.70%	5.90%
Healthcare cost escalation	5.60%	4.80%
Retiree premium escalation:		
Existing retirees	5.60%	4.80%
Future retirees	5.60%	4.80%
Pre-retirement mortality	Ignored	Ignored
Post retirement mortality	GAM94	GAM94

A quantitative sensitivity analysis for significant assumptions at as 31 December 2021 is shown below.

	Impact on plan obligation	
	Increase $'000	Decrease $'000
1% increase/decrease in discount rate	(1,882)	2,473
1% decrease/increase in future 1% premium increases	2,476	(1,915)

Expected contributions to be made to post retirement medical benefit plans for the year ending 31 December 2022 are $328,000.

23. Due to parent and affiliated companies

	$'000	$'000
Guardian Holdings Limited	25	229
Guardian Asset Management & Investment Services Limited	2	243
Guardian Re		
Guardian Shared Services Limited	35	–
	–	–
	62	472

The amounts due to parent and affiliated companies are unsecured, non-interest bearing and have no fixed repayment terms.

24. Payables and accruals

	2021 $'000	2020 $'000
Due to reinsurers	136,283	97,099
Trade payables and accrued expenses	55,754	47,491
	192,037	144,590

25. Expenses of management

	2021 $'000	2020 $'000
Staff costs	85,107	64,957
Depreciation - Property and equipment (Note 5)	1,825	1,592
Depreciation - Right-of-use assets (Note 6(a))	3,077	3,481
Investment management fees - related party balance (Note 36)	1,473	1,487
Related party expenses (Note 36)	43,852	56,636
Other operating expenses	74,074	57,426
	209,408	185,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Finance charges

	2021 $'000	2020 $'000
Interest on leasing arrangements (Note 6(b))	318	244

27. Investment income

	2021 $'000	2020 $'000
Interest income from:		
- Amortised cost investment securities	14,917	13,982
- Loans and receivables	–	5
- Cash and cash equivalents	393	600
Investment income from financial assets measured at amortised cost	15,310	14,587
Dividend income	2,664	2,691
Investment expenses	(24)	(23)
Other investment income	2,640	2,668
Total investment income	17,950	17,255

28. Net realised gains/(losses) on other assets

	2021 $'000	2020 $'000
Investment securities measured mandatorily at fair value through profit or loss	(225)	(480)
Investment securities measured at amortised cost	938	–
	713	(480)

29. Net fair value gains

	2021 $'000	2020 $'000
Net fair value gains on:		
- Investment securities measured mandatorily at fair value through profit or loss	11,750	49
Fair value adjustment on investment properties (Note 7)	(87)	48
	11,663	97

30. Other operating income

	2021 $'000	2020 $'000
Foreign exchange (loss)/ gains	(1,076)	15,991
Net rental expense from investment properties	(1,564)	(1,797)
Other income	3,381	2,047
	741	16,241

31. Net impairment (losses)/gains on financial assets

	2021 $'000	2020 $'000
Investment securities measured at amortised cost	(1,409)	3,475
Loans and receivables	1,617	(3,178)
Cash and cash equivalents	(2,176)	24
	(1,968)	321

32. Taxation

	2021 $'000	2020 $'000
Current year taxation	13,137	31,092
Deferred tax (Note 11)	6,025	206
	19,162	31,298
The effective tax rate differs from the Trinidad and Tobago statutory rate of 30% as a result of the following:		
Profit before taxation	79,432	131,512
Tax calculated at statutory rate of 30%	23,830	39,454
Effect of different tax rate in other countries	(153)	36
Income not subject to tax	(9,570)	(6,532)
Expenses not deductible for tax purposes	3,781	5,506
Utilisation of tax losses not previously recognised	–	(13,268)
Tax reliefs and deductions	(5,891)	(2,244)
Business levy/withholding tax	1,260	4,262
Miscellaneous adjustments	5,905	4,084
Tax charge for the year	19,162	31,298

33. Adjustment for non-cash items

	2021 $'000	2020 $'000
Share of profit after tax of associates (Note 8)	(26,905)	(11,581)
Net fair value gains (Note 29)	(11,750)	(49)
Net realised losses/(gains) on financial assets (Note 28)	(713)	480
Impairment of financial assets	1,968	(321)
Change in fair value of investment properties (Note 7)	87	(48)
Change in value of recognisable pension plan assets	2,837	3,401
Depreciation (Note 25)	4,902	5,073
Gain on disposal of property and equipment	300	(52)
Exchange rate adjustments	(781)	3,760
	(30,055)	663

34. Dividends

	2021 $'000	2020 $'000
Final dividend for 2020 - $12.72 per share (2019 - $8.59 per share)	40,000	27,000
Interim dividend for 2021 - $0.00 per share (2020 - $1.59 per share)	–	5,000
	40,000	32,000

On 22 February 2022, the Board of Directors declared a final dividend of $6.84 per share (2020 - $12.72), a total dividend to be paid of $21.5 million (2020: $40 million). These consolidated financial statements do not reflect the final dividend which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2022.

35. Contingencies

Legal proceedings

The Group, like all other insurers, is subject to litigation in the normal course of business. The Group does not believe that such litigation will have a material effect on its profit or loss and financial condition. However, the recent trend of increasing jury awards and settlements makes it more difficult to assess the ultimate outcome of such litigation.

36. 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 operational decisions. The following transactions were entered into with subsidiaries within the Guardian Holdings Group in the normal course of business.

	2021 $'000	2020 $'000
Expenses		
Guardian Shared Services Limited:		
Technical fees	(5,808)	(2,980)
Royalties	38,531	47,801
Computer lease rental	43	974
Software maintenance	9,463	8,506
Multi-Functional Printer charges	154	94
Telecom charges	1,426	1,828
RTP Receipting	–	364
	43,809	56,587
Guardian Life of the Caribbean Limited: Rental of office space	43	49
Guardian Asset Management & Investment Services Ltd	1,473	1,487
Net underwriting income/(loss) from		
Guardian Life of the Caribbean Limited	1,628	1,642
Guardian Re (SAC) Limited	106,145	–
Vanguard Risk Solutions	5,356	2,404
Almi Holdings Limited Group	(51)	2,404
Dividend income		
RoyalStar Holdings Limited	5,065	–
Other related parties	1,252	473
Key management compensation		
Salaries and other short-term benefits	12,407	9,831
Post-employment benefits	410	492
Other Long Term benefits	1,043	726
	13,860	11,049
Receivables from and payables (to)		
Guardian Holdings Limited	(25)	(229)
Guardian Shared Services Limited	672	1,090
Almi Holdings Limited Group	14,420	–
Other related parties	102	(84)
Financial assets of other related parties	16,269	15,426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Regulated assets

The Group has deposited certain assets with the regulatory authorities in the countries in which it is authorised to conduct business as security for its policyholders. The type and values of these assets are in accordance with the legal requirements of the countries concerned. The carrying value of pledged assets comprises:

	2021 $´000	2020 $´000
Statutory deposits/funds	281,325	436,649

38. Subsidiary and associated companies

	Country of incorporation	Effective percentage interest held	Principal activity
Subsidiary			
Guardian General Insurance (OECS) Limited	Grenada	100	General Insurance
Associated			
RoyalStar Holdings Limited	Bahamas	26.21	General Insurance

Effective 30 September 2020, Guardian General Insurance Limited purchased the minority shareholding of 40.6%, 2,047,448 shares at EC $5.40 per share, in Guardian General Insurance (OECS) Limited.

39. Fair value measurement

The following table provides the fair value measurement of the Group´s assets that are disclosed at fair value in the consolidated statement of financial position.

	Level 1 $´000	Level 2 $´000	Level 3 $´000	Total fair value $´000
Assets measured at fair value:				
As at 31 December 2021				
Freehold and leasehold properties	–	–	29,387	29,387
Investment properties				
Investment securities at fair value through profit or loss:	–	–	11,159	11,159
Equity securities	82,440	2,887	13,422	98,749
Other	–	11,263	7,445	18,708
	82,440	14,150	61,413	158,003
As at 31 December 2020				
Assets measured at fair value:				
Freehold and leasehold properties	–	–	28,224	28,224
Investment properties	–	–	10,790	10,790
Investment securities at fair value through profit or loss:				
Equity securities	74,440	2,833	9,300	86,573
Other	–	10,345	7,484	17,829
	74,440	13,178	55,798	143,416

There were no transfers between level 1 and level 2 during the period.

Reconciliation of movements in level 3 assets measured at fair value

The following table shows a reconciliation of the opening and closing recorded amount of Level 3 assets and which are recorded at fair value:

			Investment securities		
	Freehold properties $´000	Investment properties $´000	Equity securities $´000	Other $´000	Total $´000
As at 31 December 2021					
Balance at beginning of year	28,224	10,790	9,300	7,484	55,798
Total gains or losses:					
- in income statement	(486)	(87)	3,918	(175)	3,170
- in other comprehensive income	(141)	–	–	–	(141)
Purchases	–	–	–	–	–
Sales	–	–	16	–	16
Other movements	401	–	–	–	401
Exchange rate adjustment	1,389	456	188	136	2,169
Balance at end of year	29,387	11,159	13,422	7,445	61,413
As at 31 December 2020					
Balance at beginning of year	30,805	10,581	6,140	7,866	55,392
Total gains or losses:					
- in income statement	(405)	48	3,146	(444)	2,345
- in other comprehensive income	467	–	–	–	467
Purchases	11	–	–	–	11
Sales	–	–	(56)	–	(56)
Other movements	5	805	–	–	810
Exchange rate adjustment	(2,659)	(644)	70	62	(3,171)
Balance at end of year	28,224	10,790	9,300	7,484	55,798

Total gains or losses (realised and unrealised) for the year in the above table are presented in the consolidated statement of income and other comprehensive income as follows:

	2021 $´000	2020 $´000
Total gains or losses recognised in the statement of income		
Net fair value gains	3,656	2,750
Operating expenses	(486)	(405)
	3,170	2,345
Total gains or losses recognised in the statement of comprehensive income		
Gains on property revaluation	(141)	467
Total unrealised gains/(losses) for the period included in statement of income for assets and liabilities held at end of year:		
Assets measured at fair value:		
Investment properties	(87)	48
Investment securities:		
Equity securities	3,918	3,146
Other	(175)	(444)
	3,656	2,750

The Group does not regard that any reasonable change in the valuation assumptions of level 3 assets and liabilities will have any significant impact on the consolidated financial statements.

The following table provides the fair value measurement of the Group´s assets and liabilities that are not measured at fair value in the consolidated statement of financial position but whose fair values are disclosed in the notes to the accounts.

	Level 1 $´000	Level 2 $´000	Level 3 $´000	Total fair value $´000
Assets for which fair values are disclosed:				
As at 31 December 2021				
Investment securities measured at amortised cost:				
Government securities	23	210,457	7,725	218,205
Debentures & corporate bonds	–	57,323	–	57,323
Deposits (more than 90 days)	–	139,262	5,244	144,506
	23	407,042	12,969	420,034
Assets for which fair values are disclosed:				
As at 31 December 2020				
Investment securities measured at amortised cost:				
Government securities	24	216,696	6,337	223,057
Debentures & corporate bonds	2,793	61,615	–	64,408
Deposits (more than 90 days)	–	145,122	5,300	150,422
	2,817	423,433	11,637	437,887

STATEMENT OF MANAGEMENT´S RESPONSIBILITIES

Management is responsible for the following:

- Preparing and fairly presenting the accompanying non-consolidated financial statements of Guardian General Insurance Limited which comprise the non-consolidated statement of financial position as at 31 December 2021, the non-consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the company´s assets, detection/prevention of fraud, and the achievement of company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act and Insurance Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these non-consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying non-consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Dean Romany	Nalini Gopiechansingh-Mahato
President	Vice President - Finance
22 February 2022	22 February 2022

INDEPENDENT AUDITOR´S REPORT

pwc

To the Shareholders of Guardian General Insurance Limited

Report on the audit of the Company´s non-consolidated financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of Guardian General Insurance Limited (the Company) as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company´s financial statements (the financial statements) comprise:

- the non-consolidated statement of financial position as at 31 December 2021;
- the non-consolidated statement income for the year then ended;
- the non-consolidated statement of comprehensive income for the year then ended;
- the non-consolidated statement of changes in equity for the year then ended;
- the non-consolidated statement of cash flows for the year then ended; and
- the notes to the non-consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor´s responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor´s responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Company´s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management´s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor´s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor´s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent

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.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
22 February 2022

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (Expressed in Trinidad and Tobago Dollars)

	Notes	2021 $	2020 $
Assets			
Property and equipment	5	33,725	30,897
Right-of-use assets	6 (a)	6,431	1,697
Investment property	7	8,086	7,836
Investment in associated company	8	15,540	15,540
Investment in subsidiary	9	36,251	36,251
Investment securities	10	494,885	497,504
Loans and receivables	11	157,312	169,607
Pension plan asset	21	13,414	10,396
Deferred tax asset	12	13,508	11,553
Reinsurance assets	13	454,389	363,001
Due from affiliated companies	14	15,231	1,249
Deferred acquisition costs	15	66,840	59,563
Taxation recoverable		26,831	28,504
Cash and cash equivalents	16	282,589	260,020
Total assets		1,625,032	1,493,618
Equity and liabilities			
Shareholders´ equity			
Share capital	17	43,597	43,597
Reserves	18	65,686	64,967
Retained earnings	19	360,956	361,471
Total equity		470,239	470,035
Liabilities			
Insurance contracts	20	919,966	846,877
Lease liabilities	6 (b)	5,613	1,996
Pension plan liability	21	1,349	785
Post retirement medical benefit obligation	22	11,294	7,693
Deferred tax liabilities	12	23,550	21,754
Due to parent and affiliated companies	23	62	678
Payables and accruals	24	186,605	140,932
Provision for taxation		6,354	2,868
Total liabilities		1,154,793	1,023,583
Total equity and liabilities		1,625,032	1,493,618

The accompanying notes form an integral part of these non-consolidated financial statements.
On 22 February 2022, the Board of Directors of Guardian General Insurance Limited authorised these financial statements for issue.

______________________________ Director

______________________________ Director

NON-CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021 (Expressed in Trinidad and Tobago Dollars)

	Notes	2021 $	2020 $
Gross premiums written		1,544,727	1,422,256
Outward reinsurance premiums		(1,178,093)	(991,949)
Net premiums written		366,634	430,307
Change in gross provision for unearned premiums		(35,747)	(50,558)
Change in provision for unearned premiums reinsurers´ share		60,068	25,203
Net insurance premium revenue		390,955	404,952
Reinsurance commission		150,338	134,705
Underwriting revenue		541,293	539,657
Gross claims incurred		284,319	16,672
Reinsurers´ share of claims incurred		(131,402)	112,502
Net claims incurred		152,917	129,174
Acquisition costs		176,586	155,478
Change in deferred acquisition costs		(6,970)	(5,921)
Expenses of management	25	201,039	177,991
Finance charges	26	318	243
Underwriting expenses		523,890	456,965
Underwriting profit		17,403	82,692
Investment income from financial assets measured at amortised cost	27	14,746	13,878
Other investment income	27	11,093	6,021
Net realised losses on financial assets measured at amortised cost	28 (a)	938	–
Net realised losses on other assets	28 (b)	(225)	(480)
Net fair value gains/(losses)	29	11,660	(933)
Other operating income	30	71	16,279
Net impairment losses on financial assets	31	(2,052)	(92)
Net investment and other income		36,231	34,673
Profit before taxation		53,634	117,365
Taxation	32	(10,698)	(26,832)
Profit for the year		42,936	90,533

The accompanying notes form an integral part of these non-consolidated financial statements.

NON-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021 (Expressed in Trinidad and Tobago Dollars)

		Other reserves		Retained earnings		Non-controlling interests		Total	
	Notes	2021 $´000	2020 $´000	2021 $´000	2020 $´000	2019 $´000	2018 $´000	2021 $´000	2020 $´000
Profit for the year		–	–	42,936	90,533	–	–	42,936	90,533
Other comprehensive income/(loss)									
Items that may be reclassified subsequently to profit or loss:									
Exchange differences on translating foreign operations		2,581	(4,558)	–	–	–	–	2,581	(4,558)
Net other comprehensive income/(loss) that may be reclassified subsequently to profit or loss		2,581	(4,558)	–	–	–	–	2,581	(4,558)
Items that will not be reclassified subsequently to profit or loss:									
(Losses)/Gains on property revaluation	5	(141)	467	–	–	–	–	(141)	467
Remeasurement of pension plans	21	–	–	(1,499)	6,138	–	–	(1,499)	6,138
Remeasurement of post-retirement medical benefit obligations	22	–	–	(3,346)	42	–	–	(3,346)	42
Taxation relating to components of other comprehensive income	12	(1,721)	(518)	1,394	(4,134)	–	–	(327)	(4,652)
Net other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss		(1,862)	(51)	(3,451)	2,046	–	–	(5,313)	1,995
Other comprehensive income/(loss) for the period, net of tax		719	(4,609)	(3,451)	2,046	–	–	(2,732)	(2,563)
Total comprehensive income for the period, net of tax		719	(4,609)	39,485	92,579	–	–	40,204	87,970

The accompanying notes form an integral part of these non-consolidated financial statements.

NON-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021 (Expressed in Trinidad and Tobago Dollars)

	Share Capital $'000	Statutory reserve $'000	Translation reserves $'000	Revaluation reserves $'000	Retained Earnings (Note 19) $'000	Total $'000
Year ended 31 December 2021						
Balance at 1 January 2021	43,597	50,784	4,918	9,265	361,471	470,035
Total comprehensive income	–	–	2,581	(1,862)	39,485	40,204
Dividends paid (Note 34)	–	–	–	–	(40,000)	(40,000)
Balance at 31 December 2021	43,597	50,784	7,499	7,403	360,956	470,239
Balance at 1 January 2020	45,016	50,784	9,476	9,316	299,473	414,065
Total comprehensive income	–	–	(4,558)	(51)	92,579	87,970
Share option scheme - lapses	(1,419)	–	–	–	1,419	–
Dividends paid (Note 34)	–	–	–	–	(32,000)	(32,000)
Balance at 31 December 2020	43,597	50,784	4,918	9,265	361,471	470,035

The accompanying notes form an integral part of these non-consolidated financial statements.

NON-CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021 (Expressed in Trinidad and Tobago Dollars)

	Notes	2021 $	2020 $
Cash flows from operating activities			
Profit before taxation		53,634	117,365
Adjustment for specific items included on the accruals basis:			
- Finance charges		318	244
- Investment income		(25,839)	(19,899)
Adjustment for non-cash items	33	(3,828)	13,669
Interest received		13,903	12,126
Dividends received	27	11,093	6,021
		49,281	129,526
Changes in operating assets and liabilities:			
Net increase/(decrease) in insurance liabilities		73,089	(381,285)
Net (increase)/decrease in reinsurance assets		(91,387)	391,543
Purchase of investment securities		(232,106)	(264,830)
Proceeds from sale of investment securities		247,579	261,582
Net decrease/(increase) in other operating assets/liabilities		31,560	(147,507)
Cash provided/(used in) by operating activities		78,016	(10,971)
Interest paid		(312)	(264)
Net taxation paid		(7,357)	(24,745)
Net cash provided/(used in) by operating activities		70,347	(35,980)
Cash flows from investing activities			
Acquisition of non-controlling interest in subsidiaries		–	(30,365)
Purchase of property and equipment	5	(2,818)	(858)
Proceeds on sale of property and equipment		55	62
Net cash used in investing activities		(2,763)	(31,161)
Cash flows from financing activities			
Repayment of lease liabilities		(4,202)	(3,586)
Dividends paid to equity holders of the parent	34	(40,000)	(32,000)
Net cash used in financing activities		(44,202)	(35,586)
Net increase/(decrease) in cash and cash equivalents	16	23,382	(102,727)

The accompanying notes form an integral part of these non-consolidated financial statements.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2021 (Expressed in Trinidad and Tobago Dollars)

1. Incorporation and business activities

Guardian General Insurance Limited ("the Company") is engaged in the provision of all classes of general insurance including property, motor, marine, casualty and group life primarily in the Caribbean. The Company was incorporated in Trinidad and Tobago on 1 October 1999 and is wholly owned by Guardian Holdings Limited (GHL). The registered office of the Company is 30-36 Maraval Road, Newtown, Port of Spain, Trinidad, West Indies.

On 13 May 2019, NCB Financial Group Limited ('NCBFG'), through its 100% owned subsidiary NCB Global Holdings Limited ('NCBGH' and the 'Parent'), acquired 74,230,750 ordinary shares in GHL, increasing its shareholding from 29.974% (acquired in 2016) to 61.967%. NCBGH is a limited liability holding company, which was incorporated in Trinidad and Tobago in December 2017.

NCBFG was incorporated in Jamaica in April 2016 and is the financial holding company for the NCB Group. NCBFG is 52.46% owned by AIC (Barbados) Limited and the ultimate parent company is Portland Holdings Inc., incorporated in Canada.

2. Significant accounting policies

The principal accounting policies applied in the preparation of these non-consolidated financial statements are set out below. These policies have been consistently applied in all the years presented, except as described below.

2.1 Basis of preparation

These non-consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ("IFRIC") interpretations. They have been prepared under the historical cost convention, except for the following classes of assets which are stated at fair value in compliance with the relevant IFRS: land and building, investment property, financial assets at fair value through profit and loss and defined benefit pension plan - plan assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the non-consolidated financial statements are disclosed in Note 3.

(a) New standards and amendments/revisions to published standards and interpretations effective in 2021

The following amendments to published standards are mandatory for the Company's accounting periods beginning on or after 1 January 2021:

IFRS 16 Leases - Amendments - COVID-19-Related Rent Concessions

The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to COVID- 19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to the other terms and conditions of the lease.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

(a) New standards and amendments/revisions to published standards and interpretations effective in 2021 (continued)

These amendments had no impact on the non-consolidated financial statements of the Company.

(b) New standards and amendments/revisions to published standards and interpretations effective in 2021 but not applicable to the Company.

The following new IFRS amendment that have been issued do not apply to the activities of the Company:

- IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 4 Insurance Contracts IFRS 7 Financial Instruments: Disclosures and IFRS 16 Leases - Amendments - Interest Rate Benchmark Reform Phase 2

(c) New standards, interpretations and revised or amended standards that are not yet effective and have not been early adopted by the Company

The following is a list of new IFRS standards, interpretations and amendments issued that are not yet effective as at 31 December 2021 and have not been early adopted by the Company. The Company expects to implement these standards when they become effective.

Effective 1 January 2022:

- IFRS 3 Business Combinations - Amendments - Reference to the Conceptual Framework
- IFRS 16 Leases - Amendments - COVID-19-Related Rent Concessions beyond 30 June 2021
- IAS 16 Property, Plant and Equipment - Amendments - Proceeds before intended use
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Amendments - Onerous contract - Cost of fulfilling a contract
- Annual Improvements to IFRSs 2018 - 2020 Cycle:
- IFRS 1 First-time Adoption of International Financial Reporting Standards - Amendments - Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments - Amendments - Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture - Amendments - Taxation in fair value measurements

The Company is currently evaluating the impact of these amendments, however they are not expected to have a material impact on the Company's financial statements.

Effective 1 January 2023:

- IAS 1 Presentation of Financial Statements - Amendments - Classification of liabilities as current or non-current
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 - Amendments - Disclosure of accounting policies
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Amendments - Definition of accounting estimates
- IAS 12 Income Taxes - Amendments - Deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17 Insurance Contracts

IFRS 17 will replace IFRS 4 Insurance Contracts and will materially change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the company's financial statements. In June 2020, the IASB released amendments which, among other things, addressed concerns raised on the initial release of the standard, dealt with some implementation challenges and confirmed the deferral of the standard's effective date as 1 January 2023.

IFRS 17 must be applied retrospectively. However if full retrospective application to a group of contracts is impractical, the modified retrospective or fair value methods may be used. The standard requires entities to measure insurance contract liabilities in the statement of financial position as the total of (a) the fulfilment cash flows – the current estimates of amounts that the company expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk for those amounts and (b) the contractual service margin – the future profit for providing insurance coverage.

IFRS 17 will have a significant impact on the company's financial statements, tax and regulatory capital positions and other financial metrics that are dependent upon IFRS accounting values. The company's assessment of the impact of IFRS 17, including work to ensure implementation by the effective date, is ongoing.

Amendments Postponed:

- IFRS 10 and IAS 28 - Amendments - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - In December 2015, the IASB deferred the effective date of the amendments until such time it has finalised any amendments that result from its research project on the equity method of accounting.

2.2 Investment in Subsidiaries and Associated companies

These non-consolidated financial statements are prepared solely for statutory purposes and do not reflect the consolidation of the accounts of subsidiary and associate companies.

(a) Subsidiaries

Subsidiaries are all entities over which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Investment in subsidiary is stated at cost less any provision for impairment. The cost is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

(b) Associated companies

An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The investment in associated company is stated at cost less any provision for impairment.

2.3 Foreign currency translation

(a) Translation of transactions in foreign currencies

The financial results of Guardian General Insurance Limited are prepared in the currency in which it conducts its ordinary course of business, which is referred to as functional currency.

Transactions occurring in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the non-consolidated statement of income.

(b) Translation to the presentation currency

In preparing the non-consolidated financial statements, the results and financial position of the Company are translated from their respective functional currencies to Trinidad and Tobago dollars, the presentation currency, as follows:

i. Assets and liabilities for each non-consolidated statement of financial position presented are translated at the closing rate at the end of the reporting period;

ii. Income and expenses for each non-consolidated statement of income are translated at average exchange rates; and

iii. All resulting exchange differences are recognised as a separate component of equity.

2.4 Property and equipment

Freehold properties comprise mainly offices occupied by the Company and are shown at fair value, based on periodic, but at least triennial, valuations by external independent appraisers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in the non-consolidated statement of comprehensive income. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in the statement of comprehensive income; all other decreases are charged to the non-consolidated statement of income.

Land is not depreciated. Depreciation is charged over the estimated useful lives of the assets based on the following depreciation methods and rates:

Freehold building	-	straight-line method, 2% per annum
Leasehold property	-	over the period of the lease
Motor vehicles	-	straight-line method, 20% per annum
Office, furniture and equipment	-	straight line method, 10-20 % per annum

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7 (b)).

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

2.4 Property and equipment (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the non-consolidated statement of income. When revalued assets are sold, the amounts included in the revaluation surplus account are transferred to retained earnings.

2.5 Investment property

Freehold or leasehold properties held for long term rental yields that are not owner occupied are classified as investment property. Investment property comprises freehold land and buildings and is carried at fair value based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. Fair value is determined annually by accredited external independent valuators. Investment property is not subject to depreciation. Any appreciation or diminution in value is recognised in the non- consolidated statement of income.

If investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting periods. Alternatively, where property classified as property under IAS 16 become investment property because of a change in use, the property is accounted for as investment property and any differences arising between the carrying amount and the fair value of these items at the date of transfer are recognised in equity as a revaluation of property. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the non-consolidated statement of income.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Upon disposal, any surplus previously recorded in the property revaluation reserve in equity is transferred to retained earnings.

2.6 Financial assets

(a) Initial recognition and measurement

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on settlement date, the date on which the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

At initial recognition, the Company measures financial assets at its fair value plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the non-consolidated statement of income.

The Company's financial assets include cash and short-term deposits, investment in debt and equity securities, interest receivable, receivables arising from insurance contracts and reinsurance contracts and other loans and receivables.

(b) Classification and subsequent measurement

Debt instruments

Subsequent to initial recognition, the Company's debt instruments are measured in accordance with the business models determined by the Company's respective business units for managing the asset and the cash flow characteristics of the asset. The Company uses amortised cost to measure its debt instruments.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. The carrying amounts of these assets are adjusted by any expected credit loss allowance recognised. In addition to certain debt securities, the Company's loans and receivables are carried at amortised cost.

The Company reclassifies debt instruments when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be infrequent.

Business model assessment

The Company's business units determine their business models at the level that best reflects how it manages groups of financial assets to achieve its business objective. Factors considered by the business units in determining the business model for a group of assets include:

- the stated policies and objectives for the group of assets and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets with the duration of any related liabilities or expected cash outflows or realising cash flows through sale of the assets;
- how performance of the group of assets is evaluated and reported to management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

If cash flows after initial recognition are realised in a way that is different from original expectations, the business units do not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets.

The solely payment of principal and interest (SPPI) test

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and other basic lending risks and costs, as well as a profit margin.

Where the business model is to hold assets and collect contractual cash flows or to collect contractual cash flows and sell, the Company's business units assess whether the financial assets' cash flows represent solely payments of principal and interest. In making this assessment, the business units considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. the definition of interest. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Equity instruments

Subsequent to initial recognition, the Company measures all equity investments at fair value, and changes in the fair value of equity instruments are recognised in the non-consolidated statement of income.

(c) Derecognition of financial assets

A financial asset (or when applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The right to receive cash flows from the asset have expired.
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement.
- The Company has transferred its right to receive cash flows from the asset and either:
  - has transferred substantially all the risk and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the non-consideration received is recognised in the non-consolidated statement of income. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to the non-consolidated statement of income.

(d) Modifications of financial assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different from that of the original asset. If the terms are substantially different, the Company derecognises the original financial asset and recognises a new financial asset at fair value. The date of modification is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. The Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the modification was driven by the debtor being unable to make the originally agreed payments.

If the cash flows of the modified asset are not substantially different, the modification does not result in derecognition of the financial asset. The Company recalculates the gross carrying amount of the financial asset based on revised cash flows, discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets), and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in the non- consolidated statement of income.

2.7 Impairment of assets

(a) Financial assets

At each reporting date, the Company assesses, on a forward-looking basis, the expected credit losses (ECL) associated with its financial assets measured at amortised cost.

The Company measures loss allowances on its debt instruments at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL:

- Debt securities that are determined to have low credit risk at the reporting date; and

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

2.7 Impairment of assets (continued)

(a) Financial assets (continued)

- Other financial instruments for which credit risk has not increased significantly since initial recognition.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial asset, whereas 12-month ECL are the portion of ECL that results from default events that are possible within the 12 months after the reporting date.

For receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrated otherwise. In the prior year, as a direct result of the COVID-19 pandemic, the Company offered a deferral in premium payments from customers for a period of up to 3 months, thereby temporarily extending credit terms to up to 120 days. Because these were blanket offers to all customers, acceptance of the offer was not taken as an indicator of a significant increase in credit risk. As at 31 December 2020, this deferral was no longer in effect. Customers were required, in some cases, to bring their accounts back up to date, and in other cases, to resume monthly payments without yet bringing their accounts up to date. Where a customer has been granted a temporary extension in the credit period as a result of the COVID-19 pandemic and was not later required to bring their accounts up to date, the past-due status is based on the extended credit period. Any accounts that were 30 days past due at year end, whether a deferral had been previously taken or not, were considered to have had a significant increase in credit risk.

Loss allowances for ECL are presented in the non-consolidated financial statements as follows:

- Financial assets measured at amortised cost: the loss allowance is deducted from the gross carrying amount of the assets in the statement of financial position. Movement in ECL is recognised in the non-consolidated statement of income.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring as at the reporting date with the risk of default occurring as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

The quantitative assessment to identify whether a significant increase in credit risk has occurred for an exposure is performed by comparing:

- the remaining lifetime probability of default as at the reporting date; with
- the remaining lifetime probability of default for this point in time that was estimated at the time of initial recognition of the exposure.

The qualitative assessment to identify whether credit risk has increased significantly since initial recognition takes into account the following:

- Actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the debtor;
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of the debtor;
- Actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligation.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial instrument has a low risk of default, the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations. The Company considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor or issuer;
- A breach of contract, such as a default or past due event;
- The disappearance of an active market for a financial asset because of financial difficulties;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- Rating agencies' assessments of creditworthiness.

Definition of default

The Company considers a financial asset to be in default when:

- the debtor is past due more than 90 days unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate

In assessing whether a debtor is in default, the Company considers indicators that are qualitative, quantitative and based on data developed internally and obtained from external sources.

Write-off

The Company writes off financial assets, either partially or in full, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.

If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount.

Measurement of expected credit losses

The measurement of expected credit losses is a function of:

(i) Probability of default - an estimate of the likelihood of default over a given time horizon;

(ii) Loss given default - an estimate of the loss arising in the case where a default occurs at a given time; and

(iii) Exposure of default - an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Forward-looking information considered by the Company includes economic data and forecasts published by governmental bodies and monetary authorities, supranational organisations such as the Organisation for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

Expected credit losses are measured as the present value of all cash shortfalls i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The mechanics of the expected credit losses method are summarised below:

- A financial instrument that is not credit-impaired on initial recognition, a 12-month ECL allowance is calculated. The Company calculates the 12-month ECL allowance based on the expectation of a default occurring in the twelve months following the reporting date. The expected 12-month default probability is applied to a forecast exposure at default and multiplied by the expected loss given default, and discounted by the original effective interest rate.
- When a financial instrument has shown a significant increase in credit risk since initial recognition, the Company records an allowance for life-time ECL. The mechanics are similar to 12-month ECL calculation on a financial instrument that is not credit- impaired on initial recognition, but default probability and loss given default are estimated over the life of the instrument.
- A financial instrument that is credit-impaired, but is not a purchased or originated credit-impaired financial instrument, the Company records an allowance for lifetime ECL calculated similar to lifetime ECL on a financial instrument that has shown a significant increase in credit risk since initial recognition.
- Purchased or originated credit-impaired financial assets are assets that are credit-impaired on initial recognition. ECL on these assets are always measured on a lifetime basis, discounted by a credit adjusted effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the basis of shared risk characteristics that include: instrument type; credit risk ratings; nature, size and industry of debtors; collateral type; and geographic location of the debtor.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

2.7 Impairment of assets (continued)

(b) Non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined on an individual asset basis, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the non-consolidated statement of income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the Company makes an estimate of the recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the non-consolidated statement of income unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase.

2.8 Fair value measurement

The Company measures financial instruments and non-financial assets at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market. If there is no quoted price in an active market, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis making maximum use of market inputs and relying as little as possible on entity-specific inputs.

All assets and liabilities for which fair value is measured or disclosed in the non-consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. This level mainly comprise various freehold and investment properties, various unquoted equity securities, and the unquoted, illiquid Series G Government of Barbados debt securities. Freehold and investment properties are fair valued by professional external valuators. Unquoted equity securities are held at fair value based on market value ratios such as book value per share. The Series G debt securities are valued using a discounted cash flow model that incorporates expected cash flows and a risk adjusted yield curve issued by the Central Bank of Barbados.

For assets and liabilities that are recognised in the non-consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of certain assets such as investment property and freehold and leasehold properties. Involvement of external valuers is decided upon annually and selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

2.9 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the non-consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, money market placements and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, when they arise, are shown within borrowings in current financial liabilities on the non-consolidated statement of financial position.

Cash and cash equivalents are carried at amortised cost on the non-consolidated statement of financial position.

2.11 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

2.12 Employee benefits

(a) Pension plans

The GHL Group operates a number of defined benefit and defined contribution plans, the assets of which are held in separate trustee- administered funds. The plans are generally funded by payments from employees and by the relevant Group companies after taking account of the recommendations of the independent qualified actuaries.

The plans are governed by trust deeds and rules and are administered in accordance with the laws of the jurisdiction in which the plan resides. Responsibility for the governance of the plans, including investment strategies, lies with the Board of Trustees/Foundation.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

The asset or liability recognised in the non-consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. Plan assets exclude any insurance contracts issued by the Company.

For defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the non-consolidated statement of comprehensive income so as to spread the regular cost over the service lives of employees in accordance with the advice of a qualified actuary, who carries out full valuations of the plans every three years. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. Remeasurements of the net defined benefit liability, which comprise of actuarial gains and losses and the return on plan assets (excluding interest), are recognised immediately through other comprehensive income in the statement of comprehensive income.

The defined benefit plans mainly expose the Company to actuarial risks such as investment risk, interest rate risk and longevity risk.

The Company's contributions to the defined contribution pension plans are charged to the non-consolidated statement of income in the year to which they relate.

(b) Post retirement medical benefit obligations

The Company provides post-retirement medical benefits to its permanent employees who retire from active service, their spouses and their dependents. The entitlement to these benefits is based on the employee remaining in service up to retirement age or leaving service due to ill health. The expected costs of these benefits are accrued over the period of employment, using a methodology similar to that for defined benefit plans. All actuarial gains and losses are recognised immediately through other comprehensive income in the statement of comprehensive income. External qualified actuaries carry out a valuation of these obligations.

(c) Cash-based long-term performance incentive plan

The Company operates a cash-based long-term performance incentive plan for eligible executives. Accruals are made annually based on the ultimate expected payments to eligible executives.

(d) Employee share ownership plan (ESOP)

The employees of the Company have the option to receive their bonuses in cash and/or ordinary shares of the parent Company (GHL) purchased on the open market, in accordance with the terms outlined in the Trust Deed governing an approved ESOP. The Company recognises an expense within staff costs when bonuses are awarded.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

2.12 Employee benefits (continued)

(e) Bonus plans

The Company recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obligated or where there is a past practice that has created a constructive obligation.

2.13 Taxation

Taxation in the non-consolidated statement of income comprises current and deferred income tax.

Current income tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability for current tax is calculated at tax rates that have been enacted or substantively enacted at the date of the non-consolidated statement of financial position.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted or substantively enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to the non-consolidated statement of income, except where it relates to items charged or credited to the non-consolidated statement of comprehensive income, in which case, deferred tax is also dealt with in the non-consolidated statement of comprehensive income.

2.14 Insurance contracts

The Company issues short-term contracts that transfer significant insurance risk. As a general guideline, the Company defines as significant insurance risk, the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

(a) Recognition and measurement

These contracts are principally property, motor, casualty (employers' liability, public liability), marine, group life and health insurance contracts. Health insurance contracts include both group and individual health insurance.

Property insurance contracts indemnify the Company's customers in the event of a loss from a specified insured peril such as but not limited to fire, windstorm or earthquake up to the insured amount and within the terms of the policy conditions. These contracts are issued for both private and commercial risks insured perils.

Motor insurance contracts indemnify the Company's customers for their legal requirement under the applicable Road Traffic Act, which in certain instances stipulate unlimited coverage for third party liability. These contracts may be extended for additional coverage such as physical damage, theft and personal accident.

Casualty insurance contracts provide coverage for liability exposures that indemnify the Company's customers against actions from third parties subject to policy limits and conditions. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and employers who become liable to pay compensation to third parties for bodily harm or property damage (public liability).

Marine insurance contracts indemnify the Company's customers for loss or damage to their insured cargo, commercial hull and pleasure craft vessels. Third party coverage is also provided.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premiums received on in-force contracts that relate to unexpired risks at the non-consolidated statement of financial position date is reported as an unearned premium liability. Premiums are shown before deduction of commissions payable to agents and brokers and exclude any taxes or duties levied on such premiums. Premium income includes premiums collected by agents and brokers not yet passed on to the Company.

Unearned premiums represent the portion of premiums written in the current year that relate to periods of insurance subsequent to the non-consolidated statement of financial position date calculated using either the three hundred and sixty-fifths method or the twenty-fourths method. Unearned premiums relating to marine cargo are calculated using 180 days after the first date of sailing.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. They arise from known events that have occurred up to the non-consolidated statement of financial position date even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company, statistical analyses for claims incurred but not reported (IBNR) and the estimate of the expected ultimate cost of more complex claims that may be affected by external factors such as court decisions. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising on these revisions are included with claims expense in the current year.

(b) Outstanding claims

Provision for outstanding claims and the related costs of settlement are based on incidents reported before the end of the financial year and include appropriate provisions for claims incurred but not yet reported. Estimates are continually revised as more information becomes available and for the effects of anticipated inflation. Adjustments arising on these revisions are included within claims expense in the current year.

(c) Deferred acquisition costs (DAC)

Commissions paid to agents and brokers relating to securing new contracts and renewing existing contracts are capitalised and subsequently amortised over the terms of the policies as the premium is earned. All other costs are recognised as expenses when incurred.

(d) Liability adequacy test

At each non-consolidated statement of financial position date, the Company assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate, the deficiency is recognised in the non-consolidated statement of income and the amount of the relevant insurance liabilities is increased.

(e) Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held.

Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inward reinsurance) are included within insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and amounts advanced by reinsurers to settle claims arising from catastrophic events.

The Company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the non-consolidated statement of income.

(f) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises an impairment loss in the non-consolidated statement of income.

(g) Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (salvage). The Company may also have the right to pursue third parties for payment of some or all costs (subrogation). The estimated cost of claims includes a deduction for the expected value of salvage and other recoveries.

(h) Statutory reserve

In accordance with the provisions of Section 171 of the Insurance Act 1980 of Trinidad and Tobago, general insurance companies are required to appropriate towards statutory reserve at least 25% of the prior year's profit until the excess of assets over liabilities equals or exceeds the reserve in respect of its unearned premiums. The Insurance Act 2018, which was enacted on 1 January 2018, replaced the Insurance Act 1980. General insurance companies of Trinidad and Tobago are no longer required to maintain this reserve however, it is at the discretion of the companies to retain this reserve.

2.15 Provisions

Provisions are made when the Company has a present legal or constructive obligation as a result of past events, for which it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

2.16 Revenue recognition

Revenue comprises the fair value for services rendered after eliminating revenue within the Company. Revenue is recognised as follows:

(a) Premium income

Premium income is recognised on the accrual basis in accordance with the terms of the underlying contracts as outlined in Note 2.14.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Significant accounting policies (continued)

2.16 Revenue recognition (continued)

(b) Investment income

Interest income is recognised using the effective interest method. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- Purchased or originated credit-impaired financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- Financial assets that are not purchased or originated credit-impaired but have subsequently become credit-impaired, for which interest revenue is calculated by applying the effective interest rate to their amortised cost i.e. net of the expected credit loss

Dividend income is recognised when the right to receive payment is established.

(c) Rental income

Rental income is recognised in the non-consolidated statement of income on the accrual basis.

(d) Realised and unrealised investment gains and losses

Realised and unrealised gains and losses on investments measured at amortised cost or fair value through profit or loss are recognised in the non-consolidated statement of income in the period in which they arise.

2.17 Leases

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset. This may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Company as a lessee

The Company mainly leases various office space, motor vehicles and equipment used in its operations. Rental contracts for these leases are typically made for fixed periods of 3 to 7 years but may have extension options, which is described below. Some contracts contain lease and non-lease components, which are accounted for as separate components based on the stand-alone prices stated in the contracts.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

The Company applies a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. At lease commencement date, the Company recognises a right-of-use asset and a lease liability in the non-consolidated statement of financial position.

The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequent to initial measurement, the right-of-use asset is depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Company also assesses the right-of-use asset for impairment when such indicators exist. The Company does not revalue any of its right-of-use assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalty payments for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

The Company remeasures the lease liability when there is a change in future lease payments arising from a change in an index or rate, or if the Company changes its assessment of whether it will exercise an extension or termination option. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the non-consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of- use asset. The related payments are recognised as an expense in the period in which the event or condition that triggered those payments occured. The Company did not have any variable lease payments that do not depend on an index or a rate for the period ended 31 December 2021.

The Group applies the short-term lease recognition exemption to its short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. The Group recognises the lease payments associated with these leases as an operating expense on a straight line basis over the lease term.

The Company as a lessor

The Company leases out its investment property. The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income arising is accounted for on a straight- line basis over the lease term and is included in other income in the non-consolidated statement of income.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as an appropriation in the non-consolidated financial statements in the period in which the dividends are approved by the Company's Board of Directors.

3. Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that may affect the reported amounts of assets and liabilities during the succeeding financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

COVID-19 Pandemic

A source of estimation uncertainty that originated in 2020 and continues to affect the Company into 2021 is the ongoing COVID-19 pandemic. While uncertainty remains about the speed of the economic recovery, the trajectory has undoubtedly been positive, with the development and distribution of vaccines and the gradual reopening of economies worldwide. Further positive developments include higher energy prices for Trinidad and Tobago, increased tourism for Jamaica and the Dutch Caribbean, and the strong growth of the international equity markets in 2021. The Company has made forward-looking projections using the macroeconomic indicators, such as real GDP, unemployment, and inflation, which were available as at the end of the reporting period. The ongoing uncertainty means an increased likelihood that actual economic outcomes will vary from estimates used, resulting in differences between the current accounting estimates and the actual future results of the Company. These uncertainties predominantly affected the measurement of expected credit losses on financial assets (see Note 4.2.2).

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is an important accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims, in particular, for claims arising from motor, casualty and health insurance contracts. At 31 December 2021, the carrying amount of short-term insurance contracts (claims) was $286,692,000 (2020: $352,163,000). See Note (4) for a detailed understanding of this estimate.

(b) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. Factors considered by the Company's business units in determining the business model for a group of assets are disclosed in Note 2.6(b).

(d) Impairment losses on financial assets

The measurement of expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Critical accounting estimates and judgements in applying accounting policies (continued)

(d) Impairment losses on financial assets (continued)

credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's expected credit loss calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the expected credit loss models that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime expected credit loss basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Selection of forward-looking macroeconomic scenarios to derive the economic inputs into the expected credit loss models
- Development of forward-looking scenarios probability weighted based on macroeconomic trends and expectations
- Determination of associations between macroeconomic scenarios and, economic inputs and the effect on probabilities of default, exposure at default and loss given default

The Company regularly reviews its internal models in the context of actual loss experience and adjust when necessary. The carrying amount of expected credit loss allowance on financial assets are disclosed in Note 4.2.2(d).

Forward-looking macroeconomic variables

The estimation and application of forward-looking information requires significant judgement. Probability of default ('PD'), loss given default ('LGD') and exposure at default ('EAD') inputs used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio. The estimation of ECL on 12-month ECLs and Lifetime ECLs is a discounted probability-weighted estimate that considers three future macroeconomic scenarios, with macroeconomic projections varying by territory. The base case scenario assumes that a stable economic enviroment where current conditions, based on available macroeconomic data, will largely continue. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions, considering macroeconomic forecasts and trends.

Scenarios are reassessed on at least an annual basis and more frequently if conditions warrant. Scenarios are probability-weighted separately for each territory modeled according to the best estimate of their relative likelihood based on historical frequency and current trends and conditions. Probability weights are updated on an annual basis or more frequently as warranted.

COVID-19 Pandemic

In the prior year, to incorporate the economic impact of the COVID-19 pandemic, the Company made adjustments to its ECL models such as increasing the likelihood of pessimistic scenarios and overlaying a further pessimistic scenario that explicitly accounts for acute negative economic fallout. For the year ended 31 December 2021, the overlay for the acute negative scenario remains; however, the likelihood attributed to this and other pessmistic scenarios have been reduced given the improvements in the current and expected economic environment. The resulting probability of default and losses given default were applied to all financial assets.

Management also maintains the position that the lifetime default risk of assets with several years remaining to maturity has not significantly changed since the onset of the COVID-19 pandemic, an important factor given that IFRS 9 requires that entities assess the risk of default over the life of expected assets. Such assets account for a significant portion of the Company's investment portfolio.

The carrying amounts of expected credit loss allowance on financial assets are disclosed in Note 4.2.2.

(e) Post employment benefits

In conducting valuation exercises to measure the effect of all post-employment benefit plans, the Company's external actuaries use judgement and assumptions in determining discount rates, salary increases, pension increases and health care costs. These assumptions are detailed in Note 21 and Note 22.

(f) Taxation

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination are uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. Management of insurance and financial risk

The Company issues contracts that transfer insurance risk. This section summarises these risks and the way the Company manages them.

4.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these 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 the type of industry covered.

4.1.1 Casualty insurance contracts

(a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (subrogation).

The Company's reinsurance arrangements include non-proportional excess of loss placements on a per claimant and a per occurrence basis.

(b) Sources of uncertainty in the estimation of future claim payments

Claims on casualty contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occur during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a large element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopt. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees (for employer's liability cover) or members of the public (for public liability cover). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The estimated cost of claims includes direct expenses to be incurred in settling claims. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR and a provision for reported claims not yet paid at the statement of financial position date. The amount of casualty claims is particularly sensitive to the level of court awards and to the development of legal precedent on matters of contract and tort.

In calculating the estimated cost of unpaid claims (both reported and IBNR), the Company's estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and an estimate based upon actual claims experience using predetermined formulae where greater weight is given to actual claims experience as time passes.

The initial loss-ratio estimate is an important assumption in the estimation technique and is based on previous years' experience, adjusted for factors such as premium rate changes, anticipated market experience and historical claims inflation.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available. IBNR claims may not be apparent to the insurer until many years after the event that gave rise to the claims has happened. For casualty contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Management of insurance and financial risk (continued)

4.1 Insurance risk (continued)

4.1.1 Casualty insurance contracts (continued)

(b) Sources of uncertainty in the estimation of future claim payments (continued)

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case-by-case basis or projected separately in order to allow for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the Company adopts multiple techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections given by the various methodologies also assist in estimating the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

Note 20 presents the development of the estimated ultimate claim cost for claims notified in a given y ear. This analysis gives an indication of the accuracy of the Company's estimation technique for claim payments.

4.1.2 Property insurance contracts

(a) Frequency and severity of claims

For property insurance contracts, climatic changes give rise to more frequent and severe extreme weather events (for example, river flooding, hurricanes, typhoons, etc.) and their consequences (for example, subsidence claims). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claims payment limits are always included to cap the amount payable on occurrence of the insured event. The cost of rebuilding properties, of replacement or indemnity for contents and the time taken to restart operations for business interruption are key factors that influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arise from storm or flood damage. The Company analyses the property exposures using in-house and external modeling tools and purchases sufficient reinsurance protection to cover its perceived liabilities.

The Company's reinsurance arrangements include proportional quota share and surplus arrangements and non-proportional excess of loss placements in a per claimant and a per occurrence basis.

(b) Sources of uncertainty in the estimation of future claim payments

Property claims are analysed separately for subsidence and non-subsidence claims. The development of large losses/catastrophes is analysed separately. Non-subsidence claims can be estimated with greater reliability, and the Company's estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims and relatively little IBNR is held at year-end. The longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain.

4.2 Financial risk

The Company is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets will not be sufficient to fund its obligations arising from its insurance contracts. The components of financial risk are market risk, liquidity risk and credit risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

Risk management is carried out by the Executive Investment Committees under policies approved by the Company's Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

4.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk – interest rate risk, currency risk and other price risk, each of which are outlined below.

(a) Interest rate risk

The Company is principally exposed to interest rate risk primarily through its investment in debt instruments, which are primarily fixed rate. Insurance contracts do not expose the Company to interest rate risk as these are undiscounted and contractually non-interest bearing. Exposure is managed largely by the use of natural hedges that arise by matching interest sensitive assets with liabilities of a similar nature. The Company also mitigates the effect of interest rate risk of the investment portfolio through the functioning of an Executive Investment Committee.

Sensitivity analysis – Interest rate risk

The sensitivity analysis for interest rate risk illustrates how changes in the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. For the sensitivity analysis, a 1% movement in interest rates was used for Barbados (2020: 1%) and 1% for the Trinidad market (2020: 1%). There is no effect in the non-consolidated statement of income and equity in 2021 (2020: nil).

(b) Currency risk

The Company takes on exposure to effects of fluctuations in the prevailing foreign currency rates on its financial position and cash flows. The main exposure to risks are in respect to the United States (US) dollar, Eastern Caribbean (EC) dollar and Barbados (BDS) dollar. The Company's strategy for dealing with foreign exchange risk is to offset as far as possible foreign currency liabilities with assets denominated in the same currency.

The Company has an Executive Investment Committee, which has oversight for the management of currency risk. Exposure to currency risk is also mitigated by the requirements of the Insurance Act 2018, which does not allow more than 30% of the assets supporting policyholder liabilities to be held in currencies other than the currency of the liability.

The tables below summaries the Company's exposure to foreign currency exchange rate risk. The Company's assets and liabilities at carrying amounts are included in the table categorised by currency positions expressed in TT$ equivalents.

	TT $'000	US $'000	EC $'000	BDS $'000	Other $'000	Total $'000
At 31 December 2021						
Total assets	465,772	471,334	141,788	189,263	356,875	1,625,032
Total liabilities	362,888	251,174	139,070	139,274	262,387	1,154,793
	102,884	220,160	2,718	49,989	94,488	470,239
At 31 December 2020						
Total assets	460,780	493,102	135,702	165,626	238,408	1,493,618
Total liabilities	363,420	272,778	120,482	115,203	151,700	1,023,583
	97,360	220,324	15,220	50,423	86,708	470,035

Sensitivity analysis – currency risk

The Company has significant foreign operations whose functional currencies are United States (US) dollars, Eastern Caribbean (EC) dollars and Barbados (BDS) dollars. The Company is subject to foreign exchange risk as a result of the translation of the foreign operations whose functional currencies are different from the presentation currency of the Company. The sensitivity analysis for currency rate risk illustrates how changes in the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates at the reporting date. For the sensitivity analyses in 2021, 0.6% movement in exchange rates was used for US$, -1.8% was used for EC$ and 3.5% was used for BDS$. For 2020, a 2.1% movement in exchange rates was used for US$, 1.5% movement for EC$, while 10.3% was used for BDS$.

The table below shows the impact on the non-consolidated statement of income and equity at the reporting date.

	US $'000	EC $'000	BDS $'000	Other $'000	Total $'000
Impact on statement of income					
2021	1,321	(49)	–	1,113	2,385
2020	4,627	228	–	441	5,296
Impact on equity					
2021	–	–	1,750	–	1,750
2020	–	–	5,194	–	5,194

(c) Other price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument of its issuer or factors affecting all instruments traded in the market. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the non-consolidated statement of financial position as fair value through profit or loss. The Company manages its price risk by limiting the amount of its investments in equities and by monitoring movements in equity prices.

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices at the reporting date. The following table shows the estimated effect of reasonably possible changes in equity prices on the non-consolidated statement of income and equity.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

	Change in equity prices 2021	Change in equity prices 2020	Consolidated statement of income 2021 $'000	Consolidated statement of income 2020 $'000
Stock exchanges and markets				
Trinidad and Tobago	5.0%	2.5%	2,946	1,354
Other	1-8.5%	1-6%	914	647
			3,860	2,001

4.2.2 Credit risk

Credit risk is defined as the potential for loss that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations to us. The Company, has an Executive Investment Committee (EIC) that sets credit limits and monitors exposure by constraining the magnitude and tenor of the exposure to counterparties and issuers. Some of the credit risk mitigation techniques include, where appropriate, the right to require initial collateral or margin, the right to terminate transactions or to obtain collateral (including guarantees) should unfavorable events occur.

(a) Assets bearing credit risk

The Company actively monitors the financial status of its reinsurers both by reference to publicly available information and the Financial Strength Ratings of A.M. Best. All of the Company's reinsurers are rated superior by A.M. Best. A rating of superior is assigned to reinsurance companies that have, in the opinion of A.M. Best, a superior ability to meet their ongoing obligations to the primary insurer.

Below is an analysis of assets bearing credit risk.

	Gross exposure 2021 $'000	Gross exposure 2020 $'000	Net carrying amount 2021 $'000	Net carrying amount 2020 $'000
Investment securities measured at amortised cost	400,237	414,336	394,672	410,263
Loans and receivables	160,822	174,682	157,312	169,607
Reinsurance assets	454,389	363,001	454,389	363,001
Due from affiliated companies	15,231	1,249	15,231	1,249
Cash and cash equivalents	286,170	261,427	282,589	260,020
	1,316,849	1,214,695	1,304,193	1,204,140

(b) Credit quality of reinsurance and financial assets

The credit quality of financial assets can be assessed by reference to external credit ratings, if available, or to a rating assigned by the investment manager using an approach consistent with that used by Standard and Poor's.

AAA

An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment is very strong.

A

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB

An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Below BBB

Obligations rated 'Below BBB' are regarded as having significant speculative characteristics. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

Not Rated

This indicates that there is insufficient information on which to base a rating. These balances are current and are monitored regularly for impairment. This classification mainly includes obligations due from individuals and short-term securities.

The following tables set out the credit quality analysis for financial assets measured at amortised cost.

	12-month ECL $'000	Lifetime ECL: Not credit impaired $'000	Lifetime ECL: Credit impaired $'000	Purchased Credit impaired $'000	Total $'000
Investment securities measured at amortised cost					
As at 31 December 2021					
Below BBB	361,208	7,098	–	27,870	396,176
Not rated	3,556	505	–	–	4,061
Gross carrying amount	364,764	7,603	–	27,870	400,237
Loss allowance	(2,601)	(2,964)	–	–	(5,565)
Net carrying amount	362,163	4,639	–	27,870	394,672
As at 31 December 2020					
A	7,696	–	–	–	7,696
BBB	217,653	–	–	–	217,653
Below BBB	142,838	–	–	26,500	169,338
Not rated	18,927	–	722	–	19,649
Gross carrying amount	387,114	–	722	26,500	414,336
Loss allowance	(3,351)	–	(722)	–	(4,073)
Net carrying amount	383,763	–	–	26,500	410,263

	12-month ECL $'000	Lifetime ECL: Not credit impaired $'000	Lifetime ECL: Credit impaired $'000	Total $'000
Loans and receivables				
As at 31 December 2021				
AAA	–	10	–	10
A	–	6,626	–	6,626
BBB	–	11	–	11
Not rated	5	154,170	–	154,175
Gross carrying amount	5	160,817	–	160,822
Loss allowance	–	(3,510)	–	(3,510)
Net carrying amount	5	157,307	–	157,312
As at 31 December 2020				
AAA	–	10	–	10
A	–	10,146	–	10,146
BBB	–	10	–	10
Not rated	83	164,433	–	164,516
Gross carrying amount	83	174,599	–	174,682
Loss allowance	–	(5,075)	–	(5,075)
Net carrying amount	83	169,524	–	169,607
Due from affiliated companies				
As at 31 December 2021				
A	–	80	–	80
Below BBB	–	15,151	–	15,151
Net carrying amount	–	15,231	–	15,231
As at 31 December 2020				
A	–	1	–	1
BBB	–	22	–	22
Below BBB	–	1,226	–	1,226
Net carrying amount	–	1,249	–	1,249
Cash and cash equivalents				
As at 31 December 2021				
BBB	23,845	–	–	23,845
Below BBB	260,321	–	–	260,321
Not rated	2,004	–	–	2,004
Gross carrying amount	286,170	–	–	286,170
Loss allowance	(3,581)	–	–	(3,581)
Net carrying amount	282,589	–	–	282,589
As at 31 December 2020				
BBB	35,489	–	–	35,489
Below BBB	218,098	–	–	218,098
Not rated	7,840	–	–	7,840
Gross carrying amount	261,427	–	–	261,427
Loss allowance	(1,407)	–	–	(1,407)
Net carrying amount	260,020	–	–	260,020

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.2 Credit risk (continued)

(b) Credit quality of reinsurance and financial assets (continued)

The following table sets out the credit quality analysis for reinsurance assets and financial assets (excluding equity instruments) measured at fair value through profit or loss.

	A $´000	BBB $´000	Not Rated $´000	Total $´000
As at 31 December 2021				
Investment securities at fair value through profit or loss (excluding equities)	–	–	11,263	11,263
Reinsurance assets	454,389	–	–	454,389
	454,389	–	11,263	465,652
As at 31 December 2020				
Investment securities at fair value through profit or loss (excluding equities)	–	–	10,345	10,345
Reinsurance assets	363,001	–	–	363,001
	363,001	–	10,345	373,346

(c) Credit-impaired reinsurance and financial assets

Assets that are credit-impaired are shown below.

	Gross exposure $´000	Net carrying amount $´000
As at 31 December 2021		
Investment securities measured at amortised cost	32,449	27,870
	32,449	27,870
As at 31 December 2020		
Investment securities measured at amortised cost	27,222	27,222
	27,222	27,222

(d) Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial asset. Reconciling items include the following:

- New assets originated or purchased, which reflect the allowance related to assets newly recognised during the period.
- Assets derecognised, which reflect the allowance related to assets derecognised during the period without a credit loss being incurred, including those assets that were derecognised following a modification of terms.
- Net transfer to/(from) 12-month ECL and lifetime ECL, which are presumed to occur before any corresponding remeasurement of the allowance.
- Remeasurements, which comprise the impact of changes in model inputs or assumptions, including changes in forward-looking macroeconomic conditions; changes in the measurement following a transfer between 12-month ECL and lifetime ECL; and unwinding of the time value discount due to the passage of time.

		Lifetime ECL		
	12-month ECL $´000	Not credit impaired $´000	Credit impaired $´000	Total $´000
Investment securities measured at amortised cost				
Year ended 31 December 2021				
Balance at beginning of year	3,351	–	722	4,073
New assets originated or purchased	2,802	–	–	2,802
Assets derecognised (excluding write-offs)	(34)	(218)	–	(252)
- not credit impaired	(2,460)	3,182	(722)	–
Remeasurements	(1,290)	–	–	(1,290)
Exchange rate adjustments	232	–	–	232
Balance at end of year	2,601	2,964	–	5,565
Year ended 31 December 2020				
Balance at beginning of year	5,941	–	756	6,697
New assets originated or purchased	819	–	–	819
Remeasurements	(3,516)	–	–	(3,516)
Exchange rate adjustments	107	–	(34)	73
Balance at end of year	3,351	–	722	4,073

		Lifetime ECL		
	12-month ECL $´000	Not credit impaired $´000	Credit impaired $´000	Total $´000
Loans and receivables				
Year ended 31 December 2021				
Balance at beginning of year	–	5,075	–	5,075
Remeasurements	–	(1,587)	–	(1,587)
Amounts recovered	–	21	–	21
Exchange rate adjustments	–	1	–	1
Balance at end of year	–	3,510	–	3,510
Year ended 31 December 2020				
Balance at beginning of year	–	3,701	–	3,701
Remeasurements	–	2,825	–	2,825
Amounts written-off	–	(983)	–	(983)
Exchange rate adjustments	–	(468)	–	(468)
Balance at end of year	–	5,075	–	5,075

Cash and cash equivalents

Impairment on cash and cash equivalents measured at amortised cost has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Company uses a similar approach for the assessment of expected credit losses for cash and cash equivalents to those used for debt securities.

The impairment allowance on cash and cash equivalents as at 31 December 2021 is $3,580,000 (2020: $1,407,000). The Company recognised a net impairment expense of $2,127,000 for the year ended 31 December 2021 (2020: a net gain of $36,000).

Credit Risk – Economic Variable Assumptions

The most significant period-end assumptions used for the ECL estimate as at 31 December 2021 and 2020 are set out below.

The PDs and LGDs are impacted by long-term changes in the various data sets gathered from external rating agencies such as Moody´s. Macroeconomic variables used in the Company´s ECL models also include, but are not limited to, gross domestic product growth, inflation rates, national budget deficits, debt to GDP ratios for the various territories. Refer to the tables below for the ranges applied to each scenario for the two most significant assumptions.

	Scenario	Assumption
GDP Growth	Base	Stable
	Optimistic	Positive
	Pessimistic	Negative
	Acute Pessimistic	Negative
Inflation	Base	Positive
	Optimistic	Positive
	Pessimistic	Negative
	Acute Pessimistic	Negative

The weightings assigned to each economic scenario as at 31 December 2021 vary by jurisdiction and were as follows:

	Base	Optimistic	Pessimistic	Acute Pessimistic
Scenarios	15% - 50%	40% - 70%	5% - 10%	5%

Refer to Note 3(d) for descriptions of the scenarios.

Credit Risk – Sensitivity analysis

Set out below are the changes in ECL allowance at the reporting date that would result from a reasonably possible change in the probabilities of default (PDs) used by the Company.

	Actual PDs applied 2021	Actual PDs applied 2020	Change in PD	Impact on ECL 2021 $´000	Impact on ECL 2020 $´000
Investment securities measured at amortised cost	0.01% - 33.31%	12.06%	+/- 20%	433	415
Cash and cash equivalents	0.40% - 7.50%	0.12% - 8.02%	+/- 20%	2,004	389
				2,437	804

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.2 Credit risk (continued)

(e) Financial assets subject to ECL

The following tables show an analysis of changes in the gross carrying amount of financial assets subject to ECL.

	12-month ECL $'000	Lifetime ECL Not credit impaired $'000	Lifetime ECL Credit impaired $'000	Purchased Credit impaired $'000	Total $'000
Investment securities measured at amortised cost					
Year ended 31 December 2021					
Balance at beginning of year	387,114	–	722	26,500	414,336
New assets originated or purchased	232,105	–	–	–	232,105
Assets derecognised (excluding write-offs)	(247,579)	(218)	–	–	(247,797)
Transfer to lifetime ECL – not credit impaired	(7,010)	7,733	(722)	–	1
Changes in interest accrual	(592)	–	–	–	(592)
Exchange rate adjustments	726	88	–	1,370	2,184
Balance at end of year	364,764	7,603	–	27,870	400,237
Year ended 31 December 2020					
Balance at beginning of year	384,188	–	756	28,982	413,926
New assets originated or purchased	262,032	–	–	–	262,032
Assets derecognised (excluding write-offs)	(259,993)	–	–	(2,516)	(262,509)
Changes in interest accrual	2,078	–	–	–	2,078
Exchange rate adjustments	(1,191)	–	(34)	34	(1,191)
Balance at end of year	387,114	–	722	26,500	414,336

	12-month ECL $'000	Lifetime ECL Not credit impaired $'000	Lifetime ECL Credit impaired $'000	Total $'000
Loans and receivables				
Year ended 31 December 2021				
Balance at beginning of year	83	174,599	–	174,682
Amounts recovered	–	21	–	21
Other movements	(78)	(13,866)	–	(13,944)
Exchange rate adjustments	–	63	–	63
Balance at end of year	5	160,817	–	160,822
Year ended 31 December 2020				
Balance at beginning of year	84	149,317	–	149,401
Amounts written-off	–	(983)	–	(983)
Other movements	–	24,565	–	24,565
Exchange rate adjustments	(1)	1,700	–	1,699
Balance at end of year	83	174,599	–	174,682

(f) Concentrations of risks of reinsurance and financial assets with credit risk exposure

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The following table breaks down the Company's main credit risk exposure as categorised by the industry sectors of its counterparties.

	2021 $'000	2020 $'000
Financial services	445,966	417,172
Real estate	16,283	20,283
Public sector	211,649	210,073
Insurance and reinsurance	608,584	520,473
Consumers/individuals	696	308
Other industries	21,015	35,831
	1,304,193	1,204,140

4.2.3 Liquidity risk

The Company is exposed to daily calls on its available cash resources mainly from claims arising from short term insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. An internally constituted Executive Investment Committee sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover claims.

The following tables analyse the insurance and financial liabilities of the Company into relevant maturity groupings based on the remaining period to the contractual or expected maturity date. Financial liabilities are at contractual undiscounted cash flows, and insurance contracts and investment contracts are at expected undiscounted cash flows.

	Carrying amount $'000	Contractual/Expected Undiscounted Cash Flows: No stated maturity $'000	Less than one year $'000	One – five years $'000	Over five years $'000
Insurance and financial liabilities					
Year ended 31 December 2021					
Short-term insurance contracts	919,966	–	677,644	157,123	85,199
Lease liabilities	5,613	–	2,687	2,950	–
Other liabilities	186,667	–	186,667	–	–
Total	1,112,246	–	866,998	160,073	85,199
Year ended 31 December 2020					
Short-term insurance contracts	846,877	–	572,353	193,278	81,246
Lease liabilities	1,996	–	616	1,420	–
Other liabilities	141,610	–	141,610	–	–
Total	990,483	–	714,579	194,698	81,246

4.2.4 Capital management

The Company's objectives when managing capital are:

a. To comply with the insurance capital requirements required by the regulators of the insurance markets where the Company operates;

b. To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

c. To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

In each country in which the Company operates, the local insurance regulator specifies the minimum amount and type of capital that must be held by each entity in addition to their insurance liabilities and the Company is subject to insurance solvency regulations in all the territories in which it issues insurance contracts.

Under Section 82 (1) of the Insurance Act 2018 of Trinidad and Tobago, insurance companies are required to maintain adequate capital. Capital adequacy is managed by the Company's management. It is calculated by management, certified by the appointed actuary and reviewed by Executive Management, the Audit Committee and the Board of Directors.

The table below summarises the minimum required capital across the Company and the regulatory capital held against each of them. These figures are an aggregate number, being the sum of the statutory capital and surplus for each insurance company in each country subject to local regulatory requirements, which may differ from jurisdiction to jurisdiction. The current year is, in general, an estimate that is updated once calculations prepared for the regulators are final.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2021.

	2021 $'000	2020 $'000
Regulatory capital held	276,835	313,167
Minimum regulatory capital	129,686	86,061

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Property and equipment

	Freehold and leasehold properties $	Furniture and equipment $	Motor vehicles $	Work in progress $	Total $
Year ended 31 December 2021					
Opening net book amount	28,224	1,523	690	460	30,897
Revaluation deficit	(141)	–	–	–	(141)
Additions	–	–	–	2,818	2,818
Disposals and adjustments	40	19	13	–	72
Transfers (within categories)	360	331	–	(691)	–
Depreciation charge (Note 25)	(487)	(631)	(272)	–	(1,390)
Exchange rate adjustment	1,392	51	3	23	1,469
Closing net book amount	29,388	1,293	434	2,610	33,725
At 31 December 2021					
Cost/valuation	31,193	8,837	2,377	2,610	45,017
Accumulated depreciation	(1,805)	(7,544)	(1,943)	–	(11,292)
Closing net book amount	29,388	1,293	434	2,610	33,725
Year ended 31 December 2020					
Opening net book amount	30,805	1,620	782	1,276	34,483
Revaluation surplus	467	–	–	–	467
Additions	11	28	198	622	859
Disposals and adjustments	–	(13)	(24)	–	(37)
Reclass to investment property	(805)	–	–	–	(805)
Transfers (within categories)	810	578	–	(1,388)	–
Depreciation charge (Note 25)	(404)	(613)	(247)	–	(1,264)
Exchange rate adjustment	(2,660)	(77)	(19)	(50)	(2,806)
Closing net book amount	28,224	1,523	690	460	30,897
At 31 December 2020					
Cost/valuation	29,665	8,828	2,541	460	41,494
Accumulated depreciation	(1,441)	(7,305)	(1,851)	–	(10,597)
Closing net book amount	28,224	1,523	690	460	30,897

	2021 $'000	2020 $'000
If freehold properties were stated on a historical cost basis, the amounts would be as follows:		
Cost	23,898	22,457
Accumulated depreciation	(6,368)	(5,849)
	17,530	16,608

As at 31 December 2021, gross carrying amount of fully depreciated property and equipment still in use was $7,420,000 (2020: $8,334,000).

6. Leases

The following tables provide information for leases where the Company is a lessee.

(a) Right-of-use assets

	Leasehold properties $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Year ended 31 December 2021				
Balance at beginning of year	605	20	1,072	1,697
Additions	7,714	97	–	7,811
Depreciation charge (Note 25)	(2,806)	(27)	(244)	(3,077)
Balance at end of year	5,513	90	828	6,431
At 31 December 2021				
Cost	8,612	429	1,196	10,237
Accumulated depreciation	(3,099)	(339)	(368)	(3,806)
Balance at end of year	5,513	90	828	6,431
Year ended 31 December 2020				
Balance at beginning of year	3,945	255	286	4,486
Additions	–	–	884	884
Disposals and adjustments	–	(179)	–	(179)
Depreciation charge (Note 25)	(3,340)	(43)	(98)	(3,481)
Exchange rate adjustments	–	(13)	–	(13)
Balance at end of year	605	20	1,072	1,697
At 31 December 2020				
Cost	7,769	332	1,196	9,297
Accumulated depreciation	(7,164)	(312)	(124)	(7,600)
Balance at end of year	605	20	1,072	1,697

	2021 $'000	2020 $'000
(b) Lease liabilities		
Balance at beginning of year	1,996	4,920
Additions	7,811	884
Interest expense (Note 26)	318	243
Lease payments	(4,513)	(3,849)
Effect of modification to lease terms	–	(168)
Exchange rate adjustments	1	(34)
Balance at end of year	5,613	1,996
Current	2,643	1,075
Non-current	2,970	921
	5,613	1,996
(c) Amounts recognised in the non-consolidated statement of income		
Interest expense on lease liabilities	318	243
Depreciation charge on right-of-use assets	3,077	3,481
	3,395	3,724

(d) Amounts recognised in the non-consolidated statement of cash flows

The Company had total cash outflows for leases of $4,513,000 (2020: $3,849,000).

7. Investment property

	2021 $'000	2020 $'000
Balance at beginning of year	7,836	7,699
Re-classification from property and equipment	–	805
Fair value loss (Note 29)	(150)	–
Exchange rate adjustment	400	(668)
Balance at end of year	8,086	7,836
Commercial property	8,086	7,836
	8,086	7,836
Rental income	454	477
Direct operating expenses incurred in respect of investment property that generated rental income during the year	503	581

The Company has a commercial investment property in Barbados. The valuation was conducted by an external third party valuator. The valuator is accredited, specialising in the valuation of commercial, residential and mixed use properties.

The commercial property was primarily valued using the income and sales comparison approaches and the direct capitalisation of income approach. The income and sales comparison approaches involve determining the value of the property by applying an appropriate valuation model to convert the expected future cash flows into present values. Discount rate applied to this model for the Company was 8.5% (2020: 8.5%) as deemed most appropriate by the valuator in the territory. The direct capitalisation of income approach apply a valuation model that converts monthly rental income and expenses into market values through the use of a capitalisation rate. The capitalisation rate within this model, as applied by the external professional valuator, was 8.5% (2020: 8.5%) for the Company.

The last third-party professional valuation of the investment property was performed as at 31 December 2021 for Enfield House. The valuation was based on existing market values. Income derived from the rental of the investment property located in Barbados is disclosed in Note 30.

The investment property in the Company is subject to any liens or mortgages and the Company has no curtailments with regard to the transfer, resale or other use of its investment property. The Company is not under any contractual obligation with regard to significant development, enhancement, repair or maintenance of any investment property.

The highly uncertain economic outlook as a result of the COVID-19 pandemic may have a material adverse effect on the marketability of investment property. This uncertainty is factored into the valuation of investment property, specifically in estimating occupancy rates, expected revenue or revenue growth rates, and discount rates, all of which are significant inputs into the fair value determination.

The 2021 valuation contain a 'material valuation uncertainty' clause due to the market disruption caused by the COVID-19 pandemic, which resulted in a reduction in transactional evidence and market yields. This clause does not invalidate the valuation but implies that there is substantially more uncertainty than under normal market conditions. Accordingly, the valuer cannot attach as much weight as usual to previous market evidence for comparison purposes, and there is an increased risk that the price realised in an actual transaction would differ from the value conclusion. As a result of this increased uncertainty, the assumptions may be revised significantly in 2022.

Future minimum lease payments receivable on leases of the investment property are as follows:

	2021 $'000	2020 $'000
Within one year	1,642	1,642
Between one and two years	1,743	1,743
Between two and three years	1,743	1,743
	5,128	5,128

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Investment in associated company

	2021 $'000	2020 $'000
RoyalStar Holdings Limited (2021 owned: 26.21% and 2020: 26.32%)	15,540	15,540
	15,540	15,540

The associated company had no commitments and contingent liabilities as at 31 December 2021 or 2020.

9. Investment in subsidiary

	2021 $'000	2020 $'000
Guardian General Insurance (OECS) Limited (100% owned)	36,251	36,251

10. Investment securities

	2021 Carrying value $'000	2021 Fair value $'000	2020 Carrying value $'000	2020 Fair value $'000
Investment securities	494,885	492,221	497,504	498,231
Investment securities mandatorily measured at fair value through profit or loss (FVPL-M)	100,213	100,213	87,241	87,241
Investment securities measured at amortised cost (AC)	394,672	392,008	410,263	410,990
Total investment securities	494,885	492,221	497,504	498,231

	Carrying value FVPL-M 2021 $'000	Carrying value AC 2021 $'000	Fair value AC 2021 $'000
Equity securities:			
- Listed	75,620	–	–
- Unlisted	13,330	–	–
	88,950	–	–
Debt securities:			
- Government securities	–	211,813	206,640
- Debentures and corporate bonds	–	55,248	52,192
	–	267,061	258,832
Deposits (more than 90 days)	–	127,883	127,883
Other	11,263	–	–
	11,263	127,883	127,883
	100,213	394,944	386,715
Interest receivable	–	5,293	5,293
Loss allowance	–	(5,565)	–
	100,213	394,672	392,008
Current	–	151,122	
Non-current	100,213	243,550	
	100,213	394,672	

	2020 $'000	2020 $'000	2020 $'000
Equity securities:			
- Listed	67,687	–	–
- Unlisted	9,209	–	–
	76,896	–	–
Debt securities:			
- Government securities	–	215,486	211,694
- Debentures and corporate bonds	–	58,927	59,372
	–	274,413	271,066
Deposits (more than 90 days)	–	134,125	134,126
Other	10,345	–	–
	10,345	134,125	134,126
	87,241	408,538	405,192
Interest receivable	–	5,798	5,798
Loss allowance	–	(4,073)	–
	87,241	410,263	410,990
Current	–	159,390	
Non-current	87,241	250,873	
	87,241	410,263	

11. Loans and receivables

	2021 $'000	2020 $'000
Premiums receivable from agents, brokers and policyholders	148,768	146,049
Balances due from reinsurers	8,520	16,055
Other loans and receivables	3,534	12,578
Loss allowance	(3,510)	(5,075)
	157,312	169,607
Current	157,312	169,566
Non-current	–	41
	157,312	169,607

The carrying amounts of loans and receivables are reasonable approximations of their fair values. There were no loans and receivables pledged as collateral for liabilities at year end (2020: nil).

12. Deferred tax

	2021 $'000	2020 $'000
The following amounts are shown in the statement of financial position:		
Deferred tax assets:		
- To be recovered within 12 months	13,508	11,553
	13,508	11,553
Deferred tax liabilities:		
- Crystallising after more than 12 months	(23,550)	(21,754)
	(23,550)	(21,754)
Net deferred tax liability	(10,042)	(10,201)
The movement on the net deferred tax account is as follows:		
Balance at beginning of year	(10,201)	(8,621)
Charged to:		
- statement of income (Note 32)	515	3,091
- other comprehensive income	(327)	(4,652)
Exchange rate adjustments	(29)	(19)
Balance at end of year	(10,042)	(10,201)

The movement in the deferred tax assets and liabilities during the year is attributable to the following items:

	Balance at beginning 2021 $'000	Credited/(charged) to Statement of income $'000	Credited/(charged) to Other comprehensive income $'000	Exchange rate adjustment $'000	Balance at end of year $'000
Pension plan	(4,335)	1,671	390	111	(2,163)
Accelerated tax depreciation	2,241	108	–	–	2,349
Tax losses carried forward	4,441	44	–	(25)	4,460
Investments at fair value through profit or loss	(15,034)	(3,966)	–	(3)	(19,003)
Allowance for expected credit losses	2,476	578	–	9	3,063
Revaluation of properties	(2,386)	1,844	(1,721)	(121)	(2,384)
Post-retirement medical benefit obligation	2,306	77	1,004	–	3,387
Right-of-use assets	88	159	–	–	247
Long-term incentive scheme	2	–	–	–	2
	(10,201)	515	(327)	(29)	(10,042)

	Balance at beginning 2020 $'000	Credited/(charged) to Statement of income $'000	Credited/(charged) to Other comprehensive income $'000	Exchange rate adjustment $'000	Balance at end of year $'000
Pension plan	(940)	527	(4,121)	199	(4,335)
Accelerated tax depreciation	(423)	2,663	–	1	2,241
Tax losses carried forward	2,494	2,164	–	(217)	4,441
Investments at fair value through profit or loss	(15,438)	385	–	19	(15,034)
Allowance for expected credit losses	3,532	(1,029)	–	(27)	2,476
Revaluation of properties					
Post-retirement medical benefit	(74)	(1,800)	(518)	6	(2,386)
obligation	2,326	(7)	(13)	–	2,306
Right-of-use assets	(100)	188	–	–	88
Long-term incentive scheme	2	–	–	–	2
	(8,621)	3,091	(4,652)	(19)	(10,201)

There are tax losses relating to overseas jurisdictions that are available for set-off against future chargeable profits of $14,988,000 (2020 – $14,804,000). These tax losses expire over varying periods. No deferred tax asset has been recognised on tax losses carried forward of nil (2020 – nil), due to the uncertain timing of their recovery. Some of these losses have not yet been agreed with the respective tax authorities.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Reinsurance assets

	2021 $'000	2020 $'000
Claims reported and loss adjustment expenses (Note 20.1(a))	160,736	116,663
Claims incurred but not reported (Note 20.1(a))	20,958	35,272
Unearned premiums (Note 20.1(b))	272,695	211,066
	454,389	363,001
Current	367,718	267,705
Non-current	86,671	95,296
	454,389	363,001

14. Due from affiliated companies

	2021 $'000	2020 $'000
Guardian Life of The Caribbean Limited	80	1
Guardian Shared Services Limited	672	1,090
Guardian International Inc	22	22
Guardian Re (SAC) Limited	–	22
Guardian General Insurance Jamaica Limited	–	32
Guardian General Insurance (OECS) Limited	–	–
Almi Holdings Limited Group	14,420	–
Fatum Holding N.V.	37	82
	15,231	1,249

The amounts due from affiliated companies are unsecured, non-interest bearing and have no fixed repayment terms.

15. Deferred acquisition costs

	2021 $'000	2020 $'000
Short-term insurance contracts:		
Balance at beginning of year	59,563	53,756
Increase in the period	66,533	59,677
Release in the period	(59,563)	(53,756)
Exchange rate adjustments	307	(114)
Total at end of year	66,840	59,563

16. Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank and in hand	253,822	233,182
Short-term deposits (90 days or less)	31,903	26,844
Cash and cash equivalents	285,725	260,026
Cash and cash equivalents in mutual funds	444	1,401
Loss allowance	(3,580)	(1,407)
Net cash and cash equivalents	282,589	260,020
At beginning of year	260,020	363,517
Net movement in loss allowance	(2,127)	36
Exchange rate adjustments	1,314	(806)
	259,207	362,747
At end of year	282,589	260,020
Net (decrease)/increase in cash used in cash flow	23,382	(102,727)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The cash and cash equivalents disclosed above and in the statement of cash flows include $8,058,000 (2020: $31,053,000), which are pledged with regulatory authorities in countries in which the Company is authorised to conduct business as security for its policyholders.

No cash and cash equivalents are pledged as collateral for financial liabilities.

17. Share capital

Authorised
An unlimited number of ordinary shares of no par value

Issued and fully paid
3,144,873 ordinary shares of no par value (2020: 3,144,873 ordinary shares)

	Number of shares	Share capital $'000	Share Option plan $'000	Total $'000
As at 1 January 2021	3,144,873	43,597	–	43,597
As at 31 December 2021	3,144,873	43,597	–	43,597
As at 1 January 2020	3,144,873	43,597	1,419	45,016
Executive share option plan:				
- value of lapsed options	–	–	(1,419)	(1,419)
As at 31 December 2020	3,144,873	43,597	–	43,597

Performance share option plan

The movement in the number of share options outstanding for the year is as follows:

	2021 Average exercise price	2020 Average exercise price	2020 Options (thousands)
At beginning of year	$24.51	$24.51	60
Lapsed	$18.00	$24.51	(60)
At end of year	$18.00	$24.51	–

Effective 1 January 2017, the Company replaced its former share-based plan with a cash-based long-term performance incentive plan. There are no options outstanding under the performance share option plan, all outstanding options expired on 31 March 2020.

18. Reserves

	Property revaluation reserve $'000	Statutory reserves $'000	Translation reserves $'000	Total $'000
As at 1 January 2021	9,265	50,784	4,918	64,967
Other comprehensive income	(1,862)	–	2,581	719
As at 31 December 2021	7,403	50,784	7,499	65,686
As at 1 January 2020	9,316	50,784	9,476	69,576
Other comprehensive (loss)	(51)	–	(4,558)	(4,609)
As at 31 December 2020	9,265	50,784	4,918	64,967

The property revaluation reserve is used to record increases or decreases in the carrying amount of an item of property that has been revalued. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in equity under the heading of revaluation reserve. However, the increase is recognised in the non-consolidated statement of income to the extent that it reverses a revaluation decrease of the same asset previously recognised in the statement of comprehensive income. If the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the non-consolidated income statement.

In accordance with the provisions of Section 171 of the Insurance Act 1980 of Trinidad and Tobago, general insurance companies are required to appropriate towards statutory reserve at least 25% of the prior year's profit until the excess of assets over liabilities equals or exceeds the reserve in respect of its unearned premiums. The Insurance Act 2018, which was enacted on 1 January 2018, replaced the Insurance Act 1980. General insurance companies of Trinidad and Tobago are no longer required to maintain this reserve however, it is at the discretion of the companies to retain this reserve.

The translation reserve is used to record exchange differences arising from branches whose functional currency is different to the functional currency used in the non-consolidated financial statements. Differences in retranslating opening net assets for investment using the exchange rate at year end compared to the exchange rate at the beginning of the year are recognised in other comprehensive income and taken to the translation reserve. The difference between a company's profit or loss for the year translated at the year end exchange rate and the profit or loss for the year converted at the average rate for the year is recognised in other comprehensive income and taken to the translation reserve.

19. Retained earnings

The retained earnings balance includes an amount of $96,930,000 (2020: $96,930,000) in respect of the catastrophe reserve. Local regulations permit general insurance companies to set aside each year an amount of 20% of net premiums written on its property business to a catastrophe reserve. The catastrophe reserve is not available for distribution to shareholders.

20. Insurance contracts

	2021 $'000	2020 $'000
Short-term insurance contracts:		
Claims reported and loss adjustment expenses (Note 20.1(a))	346,997	302,955
Claims incurred but not reported (Note 20.1(a))	39,695	49,208
Unearned premiums (Note 20.1(b))	533,274	494,714
Total gross insurance liabilities	919,966	846,877
Current	677,644	572,353
Non-current	242,322	274,524
	919,966	846,877

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Insurance contracts (continued)

20.1 Movements in insurance liabilities and reinsurance assets Short-term insurance contracts:

(a) Claims and loss adjustment expenses/claims incurred but not reported

	2021			2020		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Year ended 31 December						
Notified claims	302,955	(116,663)	186,292	588,212	(393,923)	194,289
Incurred but not reported	49,208	(35,272)	13,936	193,462	(173,669)	19,793
Total at beginning of year	352,163	(151,935)	200,228	781,674	(567,592)	214,082
Cash paid for claims settled in the year	(253,344)	103,031	(150,313)	(440,815)	301,557	(139,258)
Increase in liabilities	284,318	(131,403)	152,915	16,672	112,502	129,174
Net exchange differences	3,555	(1,387)	2,168	(5,368)	1,598	(3,770)
Total at end of year	386,692	(181,694)	204,998	352,163	(151,935)	200,228
Notified claims	346,997	(160,736)	186,261	302,955	(116,663)	186,292
Incurred but not reported	39,695	(20,958)	18,737	49,208	(35,272)	13,936
	386,692	(181,694)	204,998	352,163	(151,935)	200,228

(b) Provisions for unearned premiums

	2021			2020		
	Gross $´000	Reinsurance $´000	Net $´000	Gross $´000	Reinsurance $´000	Net $´000
Total at beginning of year	494,714	(211,066)	283,648	446,488	(186,952)	259,536
Increase in the period	530,461	(271,134)	259,327	497,046	(212,156)	284,890
Release in the period	(494,714)	211,066	(283,648)	(446,488)	186,953	(259,535)
Net exchange differences	2,813	(1,561)	1,252	(2,332)	1,089	(1,243)
Total at end of year	533,274	(272,695)	260,579	494,714	(211,066)	283,648

20.2 Short term non-life insurance contracts - assumptions, changes in assumptions and sensitivity

The risks associated with these insurance contracts and in particular, casualty insurance contracts, are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Company has no known or reported latent claims arising from disease such as asbestosis and therefore no actuarial analysis is made. The development of insurance liabilities provides a measure of the Company´s ability to estimate the ultimate value of claims. The table below illustrates how the Company´s estimate of total claims outstanding for each accident year has changed at successive year-ends.

Accident Year	2016 $´000	2017 $´000	2018 $´000	2019 $´000	2020 $´000	2021 $´000	Total $´000
Insurance claims - gross							
Estimate of ultimate claims costs:							
- at end of accident year	333,458	2,207,455	277,702	907,556	227,425	315,426	
- one year later	305,928	2,482,683	181,595	679,034	197,631	–	
- two years later	303,927	2,167,440	177,046	674,964	–	–	
- three years later	301,393	2,152,699	176,984	–	–	–	
- four years later	300,569	2,158,184	–	–	–	–	
- five years later	298,998	–	–	–	–	–	
Current estimate of cumulative claims	298,998	2,158,184	176,984	674,964	197,631	315,426	3,822,187
Cumulative payments to date	(286,728)	(2,138,491)	(156,590)	(619,864)	(160,084)	(122,897)	(3,484,654)
Liability recognised in the statement of financial position	12,270	19,693	20,394	55,100	37,547	192,529	337,533
Liability in respect of prior years							49,159
Total liability included in the statement of financial position							386,692
Insurance claims - net							
Estimate of ultimate claims costs:							
- at end of accident year	173,342	744,160	172,302	146,880	133,039	158,651	
- one year later	157,924	729,466	147,632	343,809	138,607	–	
- two years later	156,565	719,433	144,178	341,585	–	–	
- three years later	155,595	717,868	142,511	–	–	–	
- four years later	153,782	720,514	–	–	–	–	
- five years later	152,607	–	–	–	–	–	
Current estimate of cumulative claims	152,607	720,514	142,511	341,585	138,607	158,651	1,654,475
Cumulative payments to date	(140,954)	(705,821)	(124,394)	(310,994)	(114,408)	(80,413)	(1,476,984)
Liability recognised in the statement of financial position	11,653	14,693	18,117	30,591	24,199	78,238	177,491
Liability in respect of prior years							27,507
Net liability included in the statement of financial position							204,998

21.Pension plan assets/liabilities

The following information explains the quantification of the assets and liabilities recognised in the statement of financial position and the net income for the year in accordance with the provisions of IAS 19.

	Pension plan asset		Pension plan liability		Net pension plan asset/(liability)	
	2021 $´000	2020 $´000	2021 $´000	2020 $´000	2021 $´000	2020 $´000
Fair value of pension plan assets	81,637	77,826	15,811	3,574	97,448	81,400
Less: Present value of funded obligations	(68,223)	(67,430)	(17,160)	(4,359)	(85,383)	(71,789)
IAS 19 statement of financial position asset/(liability)	13,414	10,396	(1,349)	(785)	12,065	9,611

	2021 $´000	2020 $´000
The amount in the income statement is made up as follows:		
Administration expenses	(225)	(158)
Net interest expense	1,515	560
Current service cost	(3,653)	(3,480)
Total pension cost	(2,363)	(3,078)
The remeasurement of pension plan obligation in other comprehensive income is made up as follows:		
Actuarial gains and losses arising during the period from:		
- changes in financial assumptions	2,176	6,197
- experience adjustment	(3,675)	(59)
	(1,499)	6,138
The movement in the fair value of pension plan assets of the year is as follows:		
Balance at beginning of year	81,400	66,379
Administration expenses	(225)	(158)
Interest income	5,908	3,913
Benefit payments	(6,456)	(5,976)
Company contributions	5,809	3,767
Contributions by plan participants	871	757
Remeasurement arising from experience adjustment	9,188	14,434
Exchange rate adjustments	953	(1,716)
Balance at end of year	97,448	81,400
The movement in the obligation to plan members over the year is as follows:		
Balance at beginning of year	71,789	62,976
Current service cost	3,653	3,480
Interest cost	4,393	3,353
Contributions by plan participants	871	757
Remeasurement arising from changes in financial assumptions	(2,176)	(6,197)
Remeasurement arising from experience adjustment	12,862	14,493
Benefits paid	(6,456)	(5,976)
Exchange rate adjustments	447	(1,097)
Balance at end of year	85,383	71,789

	2021	2020
The principal actuarial assumptions used for accounting purposes were:		
Discount rates	5.2-11.2%	5.2-11.2%
Future salary increases	3.8-5.0%	3.8-5.0%
Post retirement mortality	GAM94	GAM94
Pre-retirement mortality	NIS2012	NIS2012
Withdrawal from service	Yes	Yes
Future pension increases	3.5%	3.5%
Proportion of employees opting for early retirement	None	None
Life expectation of pensioners at the age of 65 - male	17.3-18.3	17.3-18.3
Life expectation of pensioners at the age of 65 - female	21.8-22.1	21.8-22.1

The actual return on plan assets was $15,102,000 (2020: $18,314,000).

	2021		2020	
	$´000	%	$´000	%
Pension plan assets are comprised as follows:				
Equity securities	5,736	5.9%	1,139	1.4%
Debt securities	8,023	8.2%	1,915	2.4%
Cash and cash equivalents	1,163	1.2%	320	0.4%
Property	618	0.6%	157	0.2%
Other	81,908	84.1%	77,869	95.7%
	97,448	.0%	81,400	100.0%

Expected contributions to plan for the year ending 31 December 2022 are $5,391,000.

The duration of the defined benefit plans obligation at the end of the reporting period is 13 to 21 years (2020: 13.3 to 20.8 years).

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Pension plan assets/liabilities (continued)

A quantitative sensitivity analysis for significant assumptions as at 31 December 2021 is shown below:

	Impact on the net defined benefit obligation Increase $'000	Decrease $'000
1% increase/decrease in discount rate	(3,903)	4,993
1% increase/decrease in future salary increases	1,965	(1,585)
1% increase/decrease in future pension increases	1,594	(1,338)
Life expectancy increase/decrease by 1 year – male	316	(330)
Life expectancy increase/decrease by 1 year – female	346	(361)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

22. Post retirement medical benefit obligations

	2021 $'000	2020 $'000
The amounts recognised in the statement of financial position are as follows:		
Present value of obligations	11,294	7,693
The amount in the statement of income is made up as follows:		
Interest cost	451	425
Current service cost	115	132
Expense for the year	566	557
The movement in the liability is as follows:		
Balance at beginning of year	7,693	7,476
Remeasurement of obligation (actuarial gains)	3,346	(42)
Employer contributions	(311)	(298)
Expense as per above	566	557
Balance at end of year	11,294	7,693

	2021	2020
The principal actuarial assumptions used were as follows:		
Discount rate	6.70%	5.90%
Healthcare cost escalation	5.60%	4.80%
Retiree premium escalation:		
Existing retirees	5.60%	4.80%
Future retirees	5.60%	4.80%
Pre-retirement mortality	Ignored	Ignored
Post retirement mortality	GAM94	GAM94

A quantitative sensitivity analysis for significant assumptions at as 31 December 2021 is shown below:

	Impact on plan obligation Increase $'000	Decrease $'000
1% increase/decrease in discount rate	(1,882)	2,473
1% decrease/increase in future 1% premium increases	2,476	(1,915)

Expected contributions to be made to post retirement medical benefit plans for the year ending 31 December 2022 are $328,000.

23. Due to parent and affiliated companies

	2021 $'000	2020 $'000
Guardian Holdings Limited	25	229
Guardian Asset Management & Investment Services Limited	2	243
Guardian General Insurance (OECS) Limited	–	206
Guardian Re (SAC) Limited	35	–
	62	678

The amounts due to affiliated companies are unsecured, non-interest bearing and have no fixed repayment terms.

24. Payables and accruals

	2021 $'000	2020 $'000
Due to reinsurers	132,420	94,997
Trade payables and accrued expenses	54,185	45,935
	186,605	140,932

25. Expenses of management

	2021 $'000	2020 $'000
Staff costs	80,284	60,409
Depreciation – Property and equipment (Note 5)	1,390	1,264
Depreciation – Right-of-use assets (Note 6(a))	3,077	3,481
Investment management fees – related party balance (Note 36)	1,473	1,487
Related party expenses (Note 36)	43,809	56,574
Other operating expenses	71,006	54,776
	201,039	177,991

26. Finance charges

	2021 $'000	2020 $'000
Interest on leasing arrangements (Note 6(b))	318	243

27. Investment income

	2021 $'000	2020 $'000
Interest income from:		
– Amortised cost investment securities	14,353	13,273
– Loans and receivables	–	5
– Cash and cash equivalents	393	600
Investment income from financial assets measured at amortised cost	14,746	13,878
Dividend income	11,093	6,021
Other investment income	11,093	6,021
Total investment income	25,839	19,899

28. Net realised gains/(losses)

	2021 $'000	2020 $'000
(a) Net realised gains on financial assets measured at amortised cost		
Government securities	828	–
Debentures and Corporate Bonds	110	–
	938	–
(b) Net realised losses on other assets		
Investment securities measured mandatorily at fair value through profit or loss	(225)	(480)
	(225)	(480)

29. Net fair value gains/(losses)

	2021 $'000	2020 $'000
Net fair value gains/(losses) on:		
– Investment securities measured mandatorily at fair value through profit or loss	11,810	(933)
Fair value adjustment on investment properties (Note 7)	(150)	–
	11,660	(933)

30. Other operating income

	2021 $'000	2020 $'000
Foreign exchange (losses)/gains	(1,076)	15,990
Net rental expense from investment property	(1,632)	(1,865)
Other income	2,779	2,154
	71	16,279

31. Net impairment (losses)/gains on financial assets

	2021 $'000	2020 $'000
Investment securities measured at amortised cost	(1,512)	2,697
Loans and receivables	1,587	(2,825)
Cash and cash equivalents	(2,127)	36
	(2,052)	(92)

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Taxation

	2021 $'000	2020 $'000
Current year taxation	11,213	29,923
Deferred tax (Note 12)	(515)	(3,091)
	10,698	26,832

The effective tax rate differs from the Trinidad and Tobago statutory rate of 30% as a result of the following:

	2021 $'000	2020 $'000
Profit before taxation	53,634	117,365
Tax calculated at statutory rate of 30%	16,090	35,210
Effect of different tax rate in other countries	1	152
Income not subject to tax	(3,677)	(3,507)
Expenses not deductible for tax purposes	3,522	5,370
Utilisation of tax losses not previously recognised	–	(13,268)
Tax reliefs and deductions	(5,891)	(2,244)
Business levy/withholding tax	1,260	4,262
Miscellaneous adjustments	(607)	857
Tax charge for the year	10,698	26,832

33. Adjustment for non-cash items

	2021 $'000	2020 $'000
Net fair value (gains)/losses (Note 29)	(11,660)	933
Net realised (gains)/losses on financial assets (Note 28)	(713)	480
Impairment of financial assets	2,052	92
Change in value of recognisable pension plan assets	2,929	3,634
Depreciation (Note 25)	4,467	4,745
Gain on disposal of property and equipment	(55)	(26)
Exchange rate adjustments	(848)	3,811
	(3,828)	13,669

34. Dividends

	2021 $'000	2020 $'000
Final dividend for 2020 - $12.72 per share (2019 - $8.59 per share)	40,000	27,000
Interim dividend for 2021 - $0.00 per share (2020 - $1.59 per share)	–	5,000
	40,000	32,000

On 22 February 2022, the Board of Directors declared a final dividend of $6.84 per share (2020 - $12.72), a total dividend to be paid of $21.5 million (2020: $40 million). These non-consolidated financial statements do not reflect the final dividend which will be accounted for as an appropriation of retained earnings in the year ending 31 December 2022.

35. Contingencies Legal proceedings

The Company, like all other insurers, is subject to litigation in the normal course of business. The Company does not believe that such litigation will have a material effect on its profit or loss and financial condition. However, the recent trend of increasing jury awards and settlements makes it more difficult to assess the ultimate outcome of such litigation.

36. 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 operational decisions. The following transactions were entered into with subsidiaries within the Guardian Holdings Group in the normal course of business.

	2021 $'000	2020 $'000
Expenses		
Guardian Shared Services Limited:		
Technical fees	(5,808)	(2,980)
Royalties	38,531	47,801
Computer lease rental	–	901
Software maintenance	9,463	8,506
Multi-Functional Printer charges	154	94
Telecom charges	1,426	1,828
RTP Receipting	–	364
	43,766	56,514
Guardian Life of The Caribbean Limited: Rental of office space	43	60
Guardian Asset Management & Investment Services Ltd	1,473	1,487
Net underwriting income/(loss)		
Guardian Life of The Caribbean Limited	1,628	1,642
Guardian General Insurance (OECS) Limited	6,180	5,549
Guardian Re (SAC) Limited	106,145	–
Vanguard Risk Solutions	5,356	4,935
Almi Holdings Limited Group	(51)	–
Dividend income		
Guardian General Insurance (OECS) Limited	3,516	3,483
RoyalStar Holdings Limited	5,065	–
Other related parties	1,252	473
Key management compensation		
Salaries and other short-term benefits	11,657	9,016
Post-employment benefits	410	492
Other long-term benefits	1,043	726
	13,110	10,234
Receivables from/(payables to)		
Guardian Holdings Limited	(25)	(229)
Guardian General Insurance (OECS) Limited	–	(206)
Guardian Shared Services Limited	672	1,090
Almi Holdings Limited Group	14,420	–
Other related parties	102	(84)
Financial assets of other related parties	16,269	15,426

37. Regulated assets

The Company has deposited certain assets with the regulatory authorities in the countries in which it is authorised to conduct business as security for its policyholders. The type and values of these assets are in accordance with the legal requirements of the countries concerned. The carrying value of pledged assets comprises:

	2021 $'000	2020 $'000
Statutory deposits/funds	262,825	418,497

38. Subsidiary and associated companies

	Country of incorporation	Effective percentage interest held	Principal activity
Subsidiary			
Guardian General Insurance (OECS) Limited	Grenada	100	General Insurance
Associated			
RoyalStar Holdings Limited	Bahamas	26.21	General Insurance

Effective 30 September 2020, Guardian General Insurance Limited purchased the minority shareholding of 40.6%, 2,047,448 shares at EC $5.40 per share, in Guardian General Insurance (OECS) Limited.

39. Fair value measurement

The following table provides the fair value measurement of the Company's assets and liabilities that are disclosed at fair value in the statement of financial position.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
At 31 December 2021				
Assets measured at fair value:				
Freehold and leasehold properties	–	–	29,388	29,388
Investment property	–	–	8,086	8,086
Investment securities at fair value through profit or loss:				
Equity securities	75,620	–	13,330	88,950
Other	–	11,263	–	11,263
	75,620	11,263	50,804	137,687
At 31 December 2020				
Assets measured at fair value:				
Freehold and leasehold properties	–	–	28,224	28,224
Investment property	–	–	7,836	7,836
Investment securities at fair value through profit or loss:				
Equity securities	67,687	–	9,209	76,896
Other	–	10,345	–	10,345
	67,687	10,345	45,269	123,301

There were no transfers between level 1 and level 2 during the period.

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Fair value measurement (continued)

Reconciliation of movements in level 3 assets measured at fair value

The following table shows a reconciliation of the opening and closing recorded amount of Level 3 assets and which are recorded at fair value:

	Freehold properties $´000	Investment properties $´000	Equity securities $´000	Total $´000
At 31 December 2021				
Balance at beginning of year	28,224	7,836	9,209	45,269
Total gains or losses:				
- in income statement	(486)	(150)	3,918	3,282
- in other comprehensive income	(141)	–	–	(141)
Sales	–	–	16	16
Other movements	401	-	–	401
Exchange rate adjustment	1,390	400	187	1,977
Balance at end of year	29,388	8,086	13,330	50,804
At 31 December 2020				
Balance at beginning of year	30,805	7,699	6,073	44,577
- in income statement	(405)	–	3,123	2,718
- in other comprehensive income	467	–	–	467
Purchases	11	–	–	11
Sales	–	–	(56)	(56)
Other movements	5	805	–	810
Exchange rate adjustment	(2,659)	(668)	69	(3,258)
Balance at end of year	28,224	7,836	9,209	45,269

Total gains or losses (realised and unrealised) for the year in the above table are presented in the statement of income and other comprehensive income as follows:

	2021 $´000	2020 $´000
Total gains or losses recognised in the statement of income		
Net fair value gains	3,768	3,123
Operating expenses	(486)	(405)
	3,282	2,718
Total gains or losses recognised in the statement of comprehensive income		
(Losses)/gains on property revaluation	(141)	467
Total unrealised (losses /gains for the period included in the statement of income for assets and liabilities held at end of year:		
Assets measured at fair value:		
Investment property	(150)	–
Investment securities:		
Equity securities	3,918	3,123
	3,768	3,123

The Company does not regard that any reasonable change in the valuation assumptions of level 3 assets and liabilities will have any significant impact on the financial statements.

The following table provides the fair value measurement of the Company´s assets and liabilities that are not measured at fair value in the statement of financial position but whose fair values are disclosed in the notes to the accounts.

	Level 1 $´000	Level 2 $´000	Level 3 $´000	Total fair value $´000
At 31 December 2021				
Assets for which fair values are disclosed:				
Investment securities measured at amortised cost:				
Government securities	22	206,618	–	206,640
Debentures & corporate bonds	–	52,192	–	52,192
Deposits (more than 90 days)	–	122,639	5,244	127,883
	22	381,449	5,244	386,715
At 31 December 2020				
Assets for which fair values are disclosed:				
Investment securities measured at amortised cost:				
Government securities	23	211,671	–	211,694
Debentures & corporate bonds	2,793	56,579	–	59,372
Deposits (more than 90 days)	–	128,826	5,300	134,126
	2,816	397,076	5,300	405,192