

GUYANA CO-OPERATIVE INSURANCE SERVICE



st

**ANNUAL REPORT
AND ACCOUNTS
FOR THE PERIOD ENDED
31st DECEMBER, 1976**



CONTENTS

Page

Directors and General Management	3
Chairman's Statement	5
Income/Expenditure Charts	6
Report of the Directors	7
Revenue Account	8
Balance Sheet	9
Notes to the Accounts	10
Report of the Auditors	13
Statement of Source and application of Funds	15
Accounting Policies	16

1st
Annual Report
and Accounts
of the
**GUYANA
CO-OPERATIVE
INSURANCE
SERVICE**
for the
Period
ended
31st December
1976

GCIS



THE BOARD OF DIRECTORS AND EXECUTIVE STAFF WITH THE COMMISSIONER OF INSURANCE

GCIS

DIRECTORS AND GENERAL MANAGEMENT

Chairman	HAROLD E. WILKINSON
Deputy Chairman	CLAUDE BONE – M.S.
Directors	YESU PERSAUD – F.C.C.A., F.R.S.A. RONALD STEWART – B.Sc. SHAMIR ALLY – A.S.C.A., A.M.B.I.M., M.I.S.M. BASIL BLAIR WILFRED CARR – A.B.S.
General Manager	RUDYARD FIELD-RIDLEY – B.Sc. (Econ), A.I.B.
Manager Non-Life	PATRY REJENDRA – B.Sc.
Accountant	ASLIM RAHAMAN – A.C.I.S., A.M.B.I.M.
Company Secretary	DONALD D. COLE – B. Soc. Sc. Dip. (Stats).
Agencies Controller	BRIAN PATOIR
Auditors	AUDITOR GENERAL – Government of Guyana
Solicitors	CLARKE & MARTIN
Bankers	GUYANA NATIONAL CO-OPERATIVE BANK
Branch Office	8 Strand, New Amsterdam, Berbice, Guyana.





A GROUP OF HEAD OFFICE STAFF

GCIS

CHAIRMAN'S STATEMENT

The Guyana Co-operative Insurance Service was established by an Order made by the Minister of Finance under Section 15 of the Co-operative Financial Institutions Act, 1976. The Service is a registered Insurance Company authorised to transact both life and non-life insurance business. It has an authorised share capital of G\$10 million and a paid-up share capital of G\$1.5 million, the latter being contributed wholly by the Government of Guyana.

The establishment of the Service represented a significant milestone in the history of insurance in the Co-operative Republic of Guyana, in that for the first time a Co-operative Insurance Company was formed which permitted not only the participation of co-operative societies and trade unions, but also provided for the eventual ownership and control of the institution by these bodies.

The Service commenced its non-life operations on 1st July, 1976 and it will be seen from the Report of the Directors which follows that it has had a successful period of operations.

During the period under review, the Service was concerned mainly with the building up of its motor and fire insurance portfolios. Together, these two classes of business accounted for some 99.95% of the total premium income earned during the period. Despite this, the Service was able to provide a comprehensive service in non-life insurance primarily because it managed to secure the principal Agencies of the Liverpool, London & Globe Insurance Company and the Guardian Royal Exchange Group. Through these Agencies, the Service from its inception was able to write all classes of business except life. The experience gained in transacting such business should prove invaluable in coming years when the Service expands its direct underwriting activities to cover a wider range of general insurance business.

It is envisaged that with the assistance of the Commonwealth Fund for Technical Assistance, the Service should be in a position to commence its life operations early in 1977. By the end of that year, it is expected that the Service would be able to offer a complete insurance service to the people of Guyana.

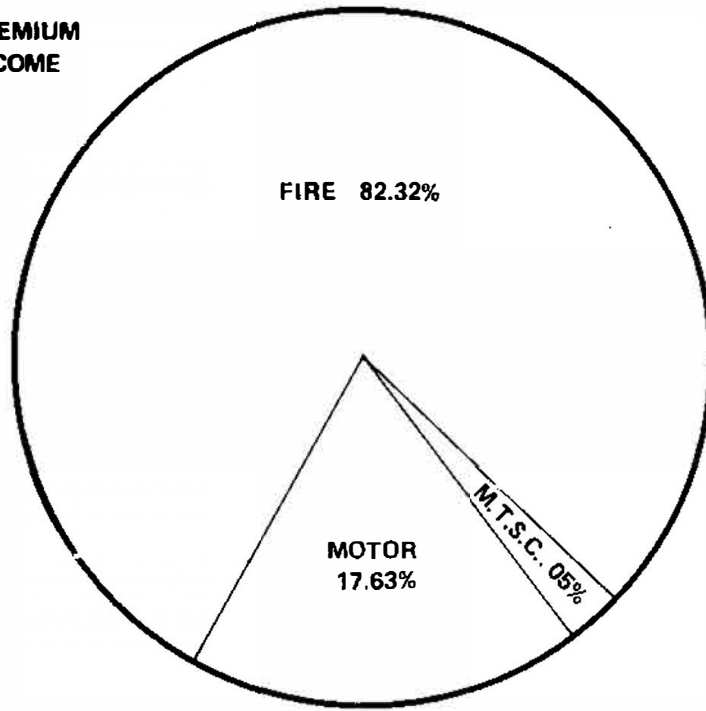
On behalf of the Board, I would like to thank all members of staff for their contribution to the Service's progress. The mutual confidence between management and staff has proved to be of great value during the period under review.



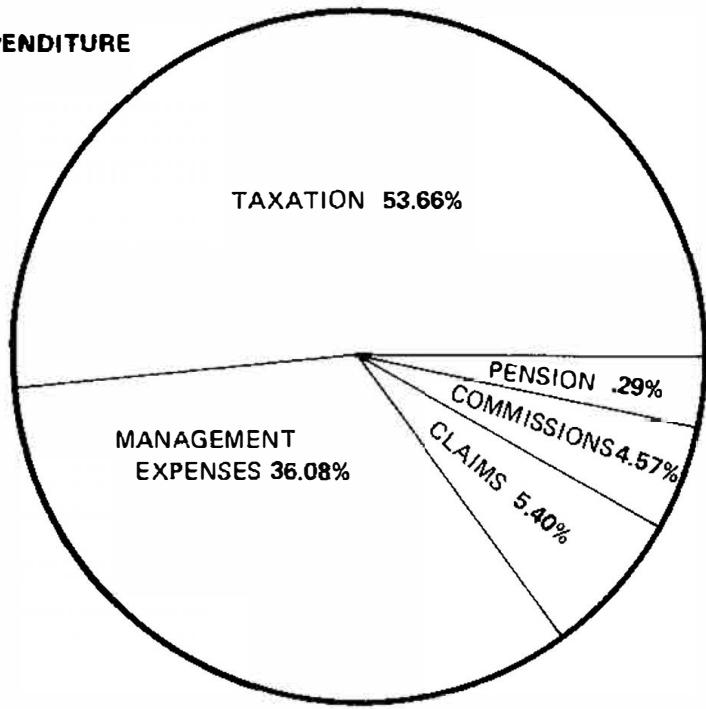
GUYANA CO-OPERATIVE INSURANCE SERVICE

INCOME AND EXPENDITURE CHARTS

PREMIUM
INCOME



EXPENDITURE



DIRECTORS' REPORT

The Directors have pleasure in submitting their first Annual Report together with the Accounts for the period ended 31st December, 1976.

INSURANCES IN FORCE

During the period under review, 951 motor policies and 238 fire policies were issued together insuring a total of \$681 Million and yielding annual premiums of \$672,801 and \$3,141,659 respectively.

CLAIMS

Total claims paid and provided for amounted to \$47,334. No sums were recoverable from Reinsurers as individual claims were well within the Service's retention limits.

EARNINGS

Net income before taxation was \$796,575 and after deducting taxes of \$470,356 the Net Profit after tax was \$326,219.

INVESTMENTS

A high degree of liquidity was maintained in the Service's investment portfolios. At 31st December, 1976, bank deposits and investments in short term Government securities totalled \$1,570,698.

STAFF

The average number of persons employed during the period was 55.

DIRECTORS

The names of persons who served as Directors during the period appear on page 3 of this Report.

AUDITORS

In accordance with the provisions of Section 48 (2) of the Co-operative Financial Institutions Act, the Auditor General was appointed Auditor of the Service by the Co-operative Financial Administration.

By Order of the Board

DONALD D. COLE,
Secretary

GCIS

REVENUE AND EXPENDITURE ACCOUNT
for the Period Ended 31st December, 1976

	Notes	
REVENUE		
Premiums (net)	1	G\$ 654,883
Income from Investments	2	25,091
Other Income	3	522,745
		<u>G\$ 1,202,719</u>
<i>Deduct</i>		
EXPENDITURE		
Claims (net)	4	G\$ 47,334
Commissions		40,041
Management Expenses	5	316,247
Pension Fund Contributions		2,522
Total Expenditure		<u>G\$ 406,144</u>
Net Profit Before Taxation		796,575
Less: Taxation		<u>470,356</u>
Net Profit after Taxation		<u>G\$ 326,219</u>

GCIS

BALANCE SHEET
as at 31st December, 1976

	Notes	
FIXED ASSETS	7	G\$ 227,690
DEPOSITS	8	301,230
NET CURRENT ASSETS	9	<u>2,269,835</u>
		<u>G\$2,798,755</u>
<i>Financed By</i>		
AUTHORISED SHARE CAPITAL		
100,000 Shares at \$100 each		<u>G\$10,000,000</u>
ISSUED SHARE CAPITAL		
15,000 shares at \$100		1,500,000
Reserves	10	<u>1,298,755</u>
		<u>G\$2,798,755</u>

H.E. WILKINSON
R.D. FIELD RIDLEY

Chairman
General Manager/Director

GCIS

GUYANA CO-OPERATIVE INSURANCE SERVICE

NOTES TO THE ACCOUNTS

1. PREMIUMS

Fire, Motor and Miscellaneous Insurance Written	G\$ 2,240,288
<i>Less</i>	
Net Cost of Reinsurance	<u>1,585,405</u>
	<u>G\$ 654,883</u>

2. INVESTMENT INCOME

Guyana National Co-operative Bank (Fixed Deposit)	G\$ 15,466
Bank of Guyana (Treasury Bills)	9,498
Other	<u>127</u>
	<u>G\$ 25,091</u>

3. OTHER INCOME

Agency's Commissions	G\$ 185,994
Brokerage Fees	116,509
Miscellaneous	<u>220,242</u>
	<u>G\$ 522,745</u>

4. CLAIMS

Paid and provided for (Fire, Motor, Miscellaneous)	<u>G\$ 47,335</u>
---	-------------------

5. EXPENSES OF MANAGEMENT

Administration Expenses	G\$310,147
Directors' Fees	3,100
Audit Fees	<u>3,000</u>
	<u>G\$316,247</u>



NOTES TO THE ACCOUNTS

6. TAXATION

Income Tax 20%	G\$162,996
Corporation Tax 35%	285,244
Property Tax	22,116
	<u>G\$470,356</u>

7. FIXED ASSETS
(At cost less amounts written off)

	<u>Cost</u>	<u>Dep.</u>	<u>Net</u>	
Furniture/fixtures				
Equipment	G\$181,400	G\$5,485	G\$175,915	
Motor Vehicles	<u>56,369</u>	<u>4,594</u>	<u>51,775</u>	
	<u>G\$237,769</u>	<u>G\$10,079</u>	<u>G\$227,690</u>	G\$227,690

8. SECURITIES

	<u>Face Value</u>	<u>Market Valuation</u>	<u>Ledger Value</u>
GOVERNMENT OF GUYANA			
Deposited with Insurance Authorities	G\$300,000	G\$300,000	G\$300,000
Other	1,230	1,230	1,230
	<u>G\$301,230</u>	<u>G\$301,230</u>	<u>G\$301,230</u>



NOTES TO THE ACCOUNTS

9. CURRENT ASSETS

Interest Accrued	G\$ 14,310
Accounts Receivable	3,728,433
Fixed Deposits	1,275,000
Guyana Government Treasury Bills	295,698
Preliminary Expenses	90,302
Cash on Hand and at Bank	453,756
	<u>G\$ 5,857,499</u>

Deduct

CURRENT LIABILITIES

Provision for Claims	G\$ 34,000
Provision for Taxation	406,996
Accounts Payable —	
Re-Insurers	1,536,316
Others	1,610,352
	<u>G\$ 3,587,664</u>

10. RESERVES

Unexpired Risks	G\$ 972,536
General Reserve	326,219
	<u>G\$ 1,298,755</u>



**REPORT OF THE AUDITOR GENERAL ON THE ACCOUNTS OF THE
GUYANA CO-OPERATIVE INSURANCE SERVICE FOR THE PERIOD ENDED
31ST DECEMBER, 1976.**

I have examined the Accounts set out on the attached pages 8 to 12 which are in agreement with the books of the Service and have obtained all the information and explanations which I have required.

2. In my opinion these accounts which have been prepared on the historical cost basis of accounting give on this basis, a true and correct view of the state of affairs of the Service at 31st December, 1976 and of the results of its operations for the period then ended in accordance with generally accepted accounting principles.

**R.P. FARNUM,
Auditor General,
Guyana.**

Office of the Auditor General
121 Parade Street,
Kingston, Georgetown,
Guyana.

Dated 13th October, 1977.

GCS



MOTOR UNDERWRITING SECTION



REGISTRY AND TYPING POOL

GCIS

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the Period Ended 31st December, 1976

SOURCE OF FUNDS

Profit and Loss Account Balance		G\$ 326,219
Depreciation		10,079
Increase in Insurance Fund		972,536
Generated from operations		<u>G\$ 1,308,834</u>

FUNDS FROM OTHER SOURCES

Shares issued		<u>1,500,000</u>
		<u>G\$ 2,808,834</u>

APPLICATION OF FUNDS

Deposits	G\$ 301,230	
Fixed Assets	227,690	
Increase in Net Current Assets	<u>2,279,914</u>	<u>G\$2,808,834</u>

GCIS

ACCOUNTING POLICIES

INVESTMENT INCOME

Income on fixed returns security is recognised as it is earned. There were no investment on variable return securities.

DEPRECIATION

Depreciation of fixed assets is on the reducing balance basis calculated to write down the cost of the assets to the residual values over their expected useful lives. The rates used are 10% for office furniture and 25% for motor vehicles.

PRELIMINARY EXPENSES

Preliminary expenses incurred in the formation of the Service would be written off over a period of three years.

ACCOUNTING FOR INFLATION

These accounts have been prepared on a historical cost basis, no attempt has been made to adopt replacement cost accounting or current cost accounting procedures which would overcome the distorting effects of inflation.



A SECTION OF THE ACCOUNTS DEPARTMENT

GCIS