THE NEW INDIA ASSURANCE COMPANY (TRINIDAD & TOBAGO) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

Ernst & Young Services Limited

Building a better working world

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

C O N T E N T S **Page**

Statement of Management Responsibilities

Management is responsible for the following:

Preparing and fairly presenting the accompanying financial statements of The New India Assurance Company (Trinidad And Tobago) Limited (the Company) which comprise the statement of financial position as at 31 December 2020, the statements of income and other comprehensive income, changes in equity and cash flows, and notes, comprising 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 the Company's 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 Insurance and Companies Acts; and

Using reasonable and prudent judgement in the determination of estimates.

In preparing these financial statements, management utilised the International Financial Reporting Standard 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 financial statements have been authorised for issue, if later. Management affirms that it has carried out its responsibilities as outlined above.

Managing Director	General Manager
10 May 2021	10 May 2021

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The New India Assurance Company (Trinidad and Tobago) Limited ("the Company"), which comprise the statement of financial position as at 31 December 2020, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' ("IESBA") International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Report on the Audit of the Financial Statements
(Continued)

Responsibilities of Management and the Audit Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

The Audit Committee is 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

Report on the Audit of the Financial Statements
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements
(Continued)

- 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee 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.

EY

Port of Spain,
TRINIDAD:
10 May 2021

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(Expressed in thousands of Trinidad and Tobago dollars)

ASSETS	**Notes**	**2020** **$**	**2019** **$**
Property, plant and equipment	4	42,826	45,597
Deferred tax asset	5(i)	721	2,261
Taxation recoverable		10,284	7,200
Reinsurance assets	11	48,275	52,229
Trade and other receivables	6	35,135	31,073
Investments	7	175,850	148,251
Term deposits		23,541	31,584
Cash and cash equivalents	8	38,184	46,654
Total assets		**374,816**	**364,849**
Equity and liabilities			
Equity			
Stated capital	9	17,618	17,618
Capital reserve		21,113	23,687
Catastrophe reserve fund		1,600	1,600
Statutory surplus reserve		32,637	30,128
Retained earnings		124,696	126,768
		197,664	**199,801**
Liabilities			
Insurance contracts	11	150,267	145,804
Deferred tax liability	5(iii)	3,692	3,775
Taxation Payable		574	506
Trade and other payables	12	22,619	14,963
		177,152	**165,048**
Total equity and liabilities		**374,816**	**364,849**

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

These financial statements were approved by the Board of Directors and authorised for issue on 10 May 2021 and signed on its behalf by:

________________ **Director** ________________ **Director**

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2020 $	2019 $
Insurance contracts premium revenue	11(b)	116,206	114,463
Reinsurers' share of insurance contracts premium revenue	11(b)	(47,040)	(44,149)
Net insurance contracts premium revenue		**69,166**	**70,314**
Gross change in unearned premium provision and unexpired risks		(2,255)	(110)
Reinsurers' share of change in unearned premium provision and unexpired risks		1,058	3,591
Net change in unearned premium provision and unexpired risks		**(1,197)**	**3,481**
Net insurance revenue		**67,969**	**73,795**
Reinsurance commissions		9,762	8,920
Investment and other income	13	7,291	4,256
Total revenue		**85,022**	**86,971**
Gross claims incurred	11(a)	(42,462)	(9,852)
Reinsurers' share of gross claims incurred	11(a)	7,953	(21,767)
Net insurance claims incurred		**(34,509)**	**(31,619)**
Agents and brokers commissions		(18,555)	(18,811)
Other operating and administrative expenses	14	(25,236)	(25,257)
Total claims incurred and other expenses		**(78,300)**	**(75,687)**
Profit before taxation		6,722	11,284
Taxation expense	5(v)	(1,803)	(1,246)
Net profit after taxation		**4,919**	**10,038**

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

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2020 $	2019 $
Net profit after taxation		**4,919**	**10,038**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Foreign currency translation differences for foreign operations		355	(407)
Net change in fair value of available-for-sale investments		(2,574)	14,023
Total comprehensive income for the year		**2,700**	**23,654**

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

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in thousands of Trinidad and Tobago dollars)

	Stated capital $	Capital reserves $	Catastrophe reserve $	Statutory surplus reserve $	Retained earnings $	Total $
Balance at 1 January 2020	**17,618**	**23,687**	**1,600**	**30,128**	**126,768**	**199,801**
Net profit after taxation	–	–	–	–	4,919	4,919
Other comprehensive income						
Foreign currency translation differences	–	–	–	–	355	355
Net unrealised loss on revaluation of available-for-sale investments	–	(2,574)	–	–	–	(2,574)
Total comprehensive income for the year	**–**	**(2,574)**	**–**	**–**	**5,274**	**2,700**
Other transactions recorded directly in equity						
Transfer to statutory surplus reserve				2,509	(2,509)	–
Prior year income and expenses (Note 21)	–	–	–	–	(3,966)	(3,966)
Dividends declared (Note 10)	–	–	–	–	(871)	(871)
Total other transactions	**–**	**–**	**–**	**2,509**	**(7,346)**	**(4,837)**
Balance at 31 December 2020	**17,618**	**21,113**	**1,600**	**32,637**	**124,696**	**197,664**
Balance at 1 January 2019	**17,618**	**8,079**	**1,600**	**25,250**	**119,230**	**171,777**
Net profit after taxation	–	–	–	–	10,038	10,038
Other comprehensive income						
Foreign currency translation differences	–	–	–	–	(407)	(407)
Net unrealised gain on revaluation of available-for-sale investments	–	14,023	–	–	–	14,023
Total comprehensive income for the year	**–**	**14,023**	**–**	**–**	**9,631**	**23,654**
Other transactions recorded directly in equity						
Transfer to capital reserves	–	1,585	–	–	(1,585)	–
Transfer to statutory surplus reserve	–	–	–	4,878	(4,878)	–
Deferred tax reversal on net unrealised gain on revaluation of available-for-sale investments	–	–	–	–	5,238	5,238
Adjustment for IFRS-16	–	–	–	–	3	3
Dividends paid (Note 10)	–	–	–	–	(871)	(871)
Total other transactions	**–**	**1,585**	**–**	**4,878**	**(2,093)**	**4,370**
Balance at 31 December 2019	**17,618**	**23,687**	**1,600**	**30,128**	**126,768**	**199,801**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020
(Expressed in thousands of Trinidad and Tobago dollars)

	Notes	2020 $	2019 $
Cash flows from operating activities			
Premium received from policyholders/agents/brokers		115,985	119,334
Payments to the re-insurers, net of commissions and claims		(22,101)	(12,937)
Payment of direct claims	11(a)	(40,255)	(54,616)
Payments of commission and brokerage		(18,930)	(18,811)
Payments of other operating expenses		(15,981)	(18,657)
Corporation taxes paid (net)		(2,944)	(4,755)
Other payments		(135)	(165)
Net cash from operating activities		**15,639**	**9,393**
Cash flows used in investing activities			
Purchase of property, plant and equipment	4	(109)	(131)
Purchase of investments		(79,560)	(50,493)
Sales of investments		49,194	57,194
Rents/interests/dividends received		6,978	5,874
Net cash flow from investing activities		**(23,497)**	**12,444**
Cash flows used in financing activities			
Interest and dividends paid		–	(1,591)
Payments for lease liability		(612)	(501)
Net cash flow used in financing activities		**(612)**	**(2,092)**
Net (decrease)/increase in cash and cash equivalents		(8,470)	19,745
Cash and cash equivalents at the beginning of the year	8	46,654	26,909
Cash and cash equivalents at the end of the year		**38,184**	**46,654**

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

1. Incorporation and principal activity

The New India Assurance Company (Trinidad and Tobago) Limited (the Company) is incorporated in the Republic of Trinidad and Tobago and is a subsidiary of The New India Assurance Company Limited, Mumbai, India. The Company carries on general insurance business in Trinidad and Tobago, Dominica, St. Lucia, St. Maarten, Anguilla and Guyana. The Company also maintains a run-off portfolio in the island of Barbados. The registered office and principal place of business is located at 6A Victoria Avenue, Port of Spain.

2. Significant accounting policies

(a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB). These financial statements have been prepared on the historical cost basis except for the measurement at fair value of available-for-sale investments. No account is taken of the effects of inflation.

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Each territory determines its own functional currency which is translated into Trinidad and Tobago dollars at year end.

These financial statements are presented in Trinidad and Tobago dollars which is the Company's presentation currency. All financial information presented in Trinidad and Tobago dollars has been rounded to the nearest thousand. Some financial information in the prior year have been updated to conform with current year's presentation.

2. Significant accounting policies (continued)

(b) Changes in accounting policies and disclosures

i. New and amended standards and interpretations

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The Company has assessed them and has adopted those which are relevant to its financial statements:

- Amendments to IFRS 3 – Definition of Business (effective 1 January 2020)

  The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. They also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs'.

  The amendment had no impact on the Company's financial statements.

- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (effective 1 January 2020)

  The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

  For the prospective assessment of hedge effectiveness, it is assumed that the benchmark on which the hedged cash flows are based (whether or not it is contractually specified) and/or the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.

  For the retrospective assessment of hedge effectiveness, to allow the hedge to pass the assessment even if the actual results of the hedge are temporarily outside the 80%-125% range, during the period of uncertainty arising from IBOR reform.

2. Significant accounting policies (continued)

(b) Changes in accounting policies and disclosures (continued)

i. New and amended standards and interpretations (continued)

- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform (continued)

  For a hedge of a benchmark portion (rather than a risk component under IFRS 9) of interest rate risk that is affected by IBOR reform, the requirement that the portion is separately identifiable need be met only at the inception of the hedge.

  The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

  The amendment had no impact on the Company's financial statements.

- Amendments to IAS 1 and IAS 8 – Definition of Material (effective 1 January 2020)

  The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

  The amendment had no impact on the Company's financial statements.

- Amendments to IFRS 16 – COVID-19 Related Concessions (effective 1 June 2020)

  As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

2. Significant accounting policies (continued)

(b) Changes in accounting policies and disclosures (continued)

i. New and amended standards and interpretations (continued)

- Amendments to IFRS 16 – COVID-19 Related Concessions (continued)

  The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following 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 (for example, a rent concession would meet this condition if it results in reduced lease payments before 30 June 2021 and increased lease payments that extend beyond 30 June 2021).
  - There is no substantive change to other terms and conditions of the lease.

  The amendment had no impact on the Company's financial statements.

- Conceptual framework for financial reporting (effective 1 January 2020)

  The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

  The amendment had no impact on the Company's financial statements.

2. Significant accounting policies (continued)

(b) Changes in accounting policies and disclosures (continued)

i. New and amended standards and interpretations (continued)

- Amendments to IFRS 4 - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (including Amendments to IFRS 4 - Extension of the Temporary Exemption from Applying IFRS 9 issued in June 2020) (effective 1 January 2023)

  Amendments to IFRS 4 Insurance Contracts; provide two optional solutions to reduce the impact of the differing effective dates of IFRS 9, Financial Instruments; and IFRS 4, Insurance Contracts as follows:

  a. Temporary exemption from IFRS 9

     Rather than implementing IFRS 9 in 2018, the Company continued to apply IAS 39 Financial Instruments: Recognition and Measurement. The Company can do so because its activities are predominantly connected with insurance. The Company will disclose fair value information separately for financial assets that meet the exemption criteria and for all other financial assets.

  b. Overlay approach:

     For designated financial assets, the Company is permitted to reclassify between profit or loss and other comprehensive income (OCI), the difference between the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39.

     The Company is eligible for temporary exemption from IFRS 9 and has applied the first method to its 2020 and 2019 financial statements.

2. Significant accounting policies (continued)

(b) Changes in accounting policies and disclosures (continued)

ii. New, revised and amended standards and interpretations not yet effective.

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the Company has not early adopted. The Company has assessed the relevance of all such new standards, amendments and interpretations apart from IFRS 17 with respect to the Company's operations and has determined that the following are likely to have an immaterial effect on the financial statements. The impact of IFRS 17 will be determined in the next financial year.

- Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rates Benchmark Reform – Phase II, (effective 1 January 2021)
- Amendments to IFRS 3 - Reference to the Conceptual Framework (effective 1 January 2022)
- Amendment to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (effective 1 January 2022)
- Amendment to IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (effective 1 January 2022)
- Amendment to IAS 1 - Classification of Liabilities as Current or Non-current (effective 1 January 2023)
- IFRS 17 - Insurance contracts, (effective 1 January 2023)

2. Significant accounting policies (continued)

(c) Property, plant and equipment

All property, plant and equipment, except land are stated at historical cost less accumulated depreciation and impairment losses. Land is stated at historical cost less impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefit associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is provided at rates sufficient to write-off the cost of the assets over their estimated useful lives.

The rate and methods used are as follows:

Buildings	2% on cost
Leasehold improvements	10% on cost
Motor vehicles	12.5% on cost
Office equipment	10% – 33% on cost

The asset's residual value, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each balance sheet date.

(d) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. Significant accounting policies (continued)

(d) Leases (continued)

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Property, plant and equipment	3-10 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policy *(h)* for impairments.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. Significant accounting policies (continued)

(e) Reinsurance assets

The Company assumes and cedes reinsurance in the normal course of business. Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance liabilities. Premiums on reinsurance assumed are recognized as revenue in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Amounts due to reinsurers are estimated in a manner consistent with the associated reinsured policies and in accordance with the reinsurance contract. Premiums ceded and claims reimbursed are presented on a gross basis.

An impairment review is performed on all reinsurance assets when an indication of impairment occurs. Reinsurance assets are impaired only if there is objective evidence that the company may not receive all amounts due to it under the terms of the contract and that this can be measured reliably.

(f) Insurance receivables

Insurance receivables are recognized when due and measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the statement of income.

(g) Financial instruments

(i) Classification

The Company classifies its investments as either held-to-maturity financial assets or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated.

Held-to-maturity financial assets comprise fixed or determinable income securities that the company has the positive intention and ability to hold until maturity.

Available-for-sale financial assets are financial assets that are not financial assets at fair value through profit and loss, originated by the Company, or held-to-maturity.

2. Significant accounting policies (continued)

(g) Financial instruments (continued)

(ii) Recognition

All regular way purchases and sales of financial assets are recognized on the settlement date. From this date, any gains and losses arising from changes in fair value of assets are recognised.

(iii) Measurement

Financial instruments are initially measured at cost, being the fair value plus the transaction costs that are directly attributable to the acquisition of the instrument. A financial asset is derecognized when the contractual right to receive cash flows expire or when the asset is transferred. Subsequent to initial recognition all available-for-sale assets are measured at fair value, based on readily available market prices at the close of business on the balance sheet date for listed instruments or by reference to current market values of another instrument which is substantially the same.

Any available-for-sale asset that does not have a quoted market price in an active market and where fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

If prices are not readily available, the fair value is based on either valuation models or management's estimate of amounts that could be realised under current market conditions. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions.

Gains and losses arising from the change in the fair value of available-for-sale investments subsequent to initial recognition are accounted for as changes in the capital reserve until the investment is derecognized or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in equity is transferred to the statement of comprehensive income.

2. Significant accounting policies (continued)

(g) Financial instruments (continued)

(iii) Measurement (continued)

All non-trading financial liabilities and held-to-maturity assets are measured at amortised costs less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument. The amortisation of premiums and discounts is taken to the statement of comprehensive income.

(h) Impairment

The carrying amounts of the Company's assets, other than deferred tax assets {see accounting policy (*x*)} are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated {see accounting policy *(h)*(i)} and an impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. In order to determine whether negative revaluations on investment securities correctly represent impairment, all investment securities for which the market value has been significantly below cost price for a considerable period of time, are individually reviewed. A distinction is made between negative revaluations due to general market fluctuations and due to issuer specific developments.

The impairment review focuses on issuer specific developments regarding financial condition and future prospects taking into account the intent and ability to hold the securities under the Company's long-term investment strategy. Impairment losses are recognised in the statement of comprehensive income.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in the statement of comprehensive income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income.

2. Significant accounting policies (continued)

(h) Impairment (continued)

(i) Calculation of recoverable amount

The recoverable amount of the Company's held-to-maturity financial assets carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the statement of comprehensive income. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of comprehensive income, the impairment loss shall be reversed, with the amount of the reversal recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2. Significant accounting policies (continued)

(i) Financial liabilities excluding insurance contract and claims liabilities

Initial recognition and measurement:

Financial liabilities excluding insurance contract and claims liabilities are recognised at their fair value.

Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognising of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(j) Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risks of change in value. These are shown at cost.

(k) Foreign currency

(i) Transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Trinidad and Tobago dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income. There are no non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Trinidad and Tobago dollars at exchange rates at the reporting date. Income and expenses are translated using the average rates for the year.

2. Significant accounting policies (continued)

(l) Capital reserve

All unrealized gains and losses arising from the revaluation of available-for-sale investments are recognized as part of shareholders equity in the capital reserve.

(m) Catastrophe reserve

On an annual basis, the Directors determine an amount that is transferred to a catastrophe reserve. This is treated as an appropriation of retained earnings and is included as a separate component of equity.

(n) Statutory surplus reserve

As required by Section 171 of the Insurance Act, 1980 of Trinidad and Tobago at least 25% of the Company's profit from general insurance business, for the preceding year is to be appropriated towards a Statutory Surplus Reserve until such surplus equals or exceeds the reserves in respect of its outstanding unexpired policies. This reserve is not distributable.

(o) Product classification

Insurance contracts

Insurance contracts are defined as those containing significant insurance risk at the inception of the contract. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

Investment contracts

Any contracts not considered insurance contracts under IFRS are classified as investment contracts.

All contracts held by the Company as at December 31, 2020 have been classified as insurance contracts.

2. Significant accounting policies (continued)

(p) Claims

Reported outstanding general insurance claims comprise the estimated costs of all claims incurred but not settled at the statement of financial position date, less any reinsurance recoveries. In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from adjusters and information on the cost of settling claims with similar characteristics in previous periods. Provision is made for claims incurred but not reported until after the statement of financial position date. Differences between the provisions for outstanding claims and subsequent revisions and settlement are included in the statement of comprehensive income in the year the claims are settled.

The estimation of claims incurred but not reported ("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 more information about the claim event is generally available. Claims IBNR may often not be apparent to the insurer until many years after the event giving rise to the claims has happened.

<u>Liability adequacy test</u>

In accordance with IFRS 4, reserving for liabilities existing as at the reporting date from property and casualty lines of business has been tested for adequacy by independent actuarial consultants using the Bornhuetter-Fergusson model.

The Bornhuetter-Fergusson model can be summarised as follows:

- This valuation method makes an independent estimate of the gross ultimate claims to a corresponding premium for each underwriting year based on expectations of claims arising from the gross premiums written in that year;
- It estimates a claim run-off pattern of how claims emerge year by year until all is known about the total ultimate claim;
- From the independent estimate of gross ultimate claims, the portion that relates to past periods is removed and the resultant balance is the gross claims yet to emerge.

The independent actuaries concluded in their report dated March 4, 2021 that the carrying amounts of the insurance liabilities of the general insurance as at 31 December 2020, in respect of IBNR claims and claims from unexpired contracts were adequate.

2. Significant accounting policies (continued)

(q) Insurance contract liabilities

General insurance contract liabilities

General insurance contract liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not. Significant delays can be experienced in the notification and settlement of certain type of general insurance claims, therefore the ultimate cost of which cannot be known with certainty at the statement of financial position date.

Provision for unearned premiums

The proportion of written premiums attributable to subsequent periods is deferred as unearned premium. The change in the provision for unearned premium is taken to the income statement in the order that revenue is recognized over the period of risk.

Provision for unexpired risks

Provision for unexpired risks represents the amount set aside at the end of the year in respect of subsequent risks to be borne by the company under contracts of insurance in force at the end of the year and are computed as a percentage of the provision for unearned premiums at the end of the year.

(r) Provision for other insurance financial liabilities

A provision is recognised when the Company has a present legal or constructive obligation, as a result of past events, which it is probable, will result in an outflow of resources and when a reliable estimate of the amount of the obligation can be made.

(s) 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). Both, salvage and subrogation reimbursements are recognised on a cash basis and credited to claims.

2. **Significant accounting policies** (continued)

(t) Employee benefits

The directors have agreed to pay a gratuity to managerial employees on retirement after ten years or more of service. For non-managerial employees, a discretionary gratuity on retirement after ten years or more of service will be paid. The liability arising is adequately provided for in these financial statements.

(u) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services.

<u>Premium income</u>

Premiums written are recognized on policy inception and earned on a pro rata basis over the term of the related policy coverage.

<u>Reinsurance commission</u>

Reinsurance commission is recognised as revenue in the period in which it is received unless these relate to service to be provided in future periods. If the fees are for services to be provided in future periods, these are deferred and recognized in the income statement as the service is provided over the term of the contract. Initiation and other front-end fees are also deferred and recognized over the term of the contract.

<u>The effective interest rate method</u>

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

2. Significant accounting policies (continued)

(u) Revenue from contracts with Customers (continued)

Investment income

Interest income is recognized in the income statement as it accrues, taking into account the effective yield of the asset or an applicable floating rate. Interest income includes the amortization of any discount or premium. Investment income also includes dividends, which are recognized as received.

Realised gains and losses recorded in the income statement

Realised gains and losses on the sale of property and equipment and of available-for-sale financial assets are calculated as the difference between net sales proceeds and the original cost. Realised gains and losses are recognized in the statement of comprehensive income when the sale transaction occurs.

(v) Expenses of management

Expenses of management are apportioned to the various business segments on the basis of gross premium income written for each class of business with the exception of Barbados, which are directly allocated.

(w) Other income and expenditure

Other income and expenditure items are accounted for on the accrual basis.

(x) Taxation

Tax on income comprises current tax from business inside and outside of Trinidad and Tobago and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rate enacted by the statement of financial position date, business levy and green fund levy, charged on worldwide income, and any adjustment of tax payable for the previous years.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable income/(loss).

2. Significant accounting policies (continued)

(x) Taxation (continued)

Deferred tax is calculated on the basis of the tax rate that is expected to apply to the period when the asset is realised or the liability is settled. The effect on the deferred tax of any changes in the tax rate is charged to the statement of comprehensive income, except to the extent that it relates to items previously charged or credited directly to equity.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Premium taxes in overseas territories are accounted as expense and premium income recognised as gross income.

3. Use of estimates, assumptions and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

3. Use of estimates, assumptions and judgements (continued)

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below:

- *Held-to-maturity investments*

  The company follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires judgement. In making this judgement, the company evaluates its intention and ability to hold such investments to maturity. If the company fails to keep these investments to maturity other than for the specific circumstances for example, selling other than an insignificant amount close to maturity it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value, not amortised cost. If the entire class of held-to-maturity investments is compromised, the fair value would be recorded in investments with a corresponding entry in the capital reserve in shareholders' equity.

- *Determining fair values*

  Fair value reflects the present value of future cash flows associated with a financial asset or liability where an active market exists. Observable market prices or rates are used to determine fair value. For financial instruments with no active market or a lack of price transparency, fair values are estimated using calculation techniques based on factors such as discount rates, credit risk and liquidity. The assumptions and judgements applied here affect the derived fair value of the instruments.

- *Impairment of assets*

  The identification of impairment and the determination of recoverable amounts is an uncertain process involving various assumptions and factors, including the financial condition of the counter party, expected future cash flows, observable market prices and expected net selling prices.

- *Litigation*

  There are certain legal proceedings outstanding against the Company. Appropriate provision has been made in these financial statements to reflect the loss that in management's opinion is likely to occur.

3. Use of estimates, assumptions and judgements (continued)

- *Leases*

  Determining the lease term of contracts with renewal and termination options – Company as lessee

  The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

  The Company included the renewal period as part of the lease term for leases of properties with shorter non-cancellable period (i.e., 3 to 6 years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

  <u>Estimating the incremental borrowing rate</u>

  If the Company cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company ‘would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

  The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

- *Employee benefits*

  The Company estimates the liability towards the gratuity payable to employees depending on their salary and years of service in the Company.

3. Use of estimates, assumptions and judgements (continued)

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on global economies and equity, debt and commodity markets. The Company has considered the impact of COVID-19 and other market volatility in preparing its financial statements.

While the specific areas of judgement as noted on the previous pages did not change, the impact of COVID-19 resulted in the application of further judgement within those identified areas. Given the dynamic and evolving nature of COVID-19, limited recent experience of the economic and financial impacts of such a pandemic, and the short duration between the declaration of the pandemic and the preparation of these financial statements, changes to the estimates and outcomes that have been applied in the measurement of the Company's assets and liabilities may arise in the future. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

Insurance contract liabilities

The Company ensures that the assumptions used in the calculation of the actuarial reserve considered the impact of COVID-19. These include the inputs used in the relevant assumptions reflect the market condition in light of the pandemic.

There were no substantial changes to the methodology or approach in light of the pandemic.

4. Property, plant and equipment

	Land & building $	Leasehold improve- ments $	Office equipment & motor vehicles $	Right-of-use asset (property rental) $	Total $
Cost/valuation					
At 1 January 2020	46,236	396	5,895	2,472	54,999
Additions during 2020	–	–	109	–	109
Reclasses	(1,208)	(1)	1,209	–	–
Prior year adjustment	–	–	–	(71)	(71)
Write off during 2020	–	–	(179)	–	(179)
At 31 December 2020	**45,028**	**395**	**7,034**	**2,401**	**54,858**
Depreciation					
At 1 January 2020	4,653	351	3,973	425	9,402
Charge during 2020	711	4	1,601	511	2,827
Reclasses	(239)	–	239	–	–
Prior year adjustment	–	(130)	(11)	95	(46)
Write off during 2020	–	–	(151)	–	(151)
At 31 December 2020	**5,125**	**225**	**5,651**	**1,031**	**12,032**
Net written down value at 31 December 2020	**39,903**	**170**	**1,383**	**1,370**	**42,826**
Cost/valuation					
At 1 January 2019	46,236	1,051	8,734	2,351	58,372
Additions during 2019	–	–	131	121	252
Write off during 2020	–	(655)	(2,970)	–	(3,625)
At 31 December 2019	**46,236**	**396**	**5,895**	**2,472**	**54,999**
Depreciation					
At 1 January 2019	3,974	919	6,406	–	11,299
Charge during 2019	679	87	374	425	1,565
Write off during 2020	–	(655)	(2,807)	–	(3,462)
At 31 December 2019	**4,653**	**351**	**3,973**	**425**	**9,402**
Net written down value at 31 December 2019	**41,583**	**45**	**1,922**	**2,047**	**45,597**

5. Taxation	**31 December 2020 $**	**31 December 2019 $**
(i) Deferred tax asset		
The deferred tax asset is attributable to:		
Bad debts provision	–	1,609
Gratuity provision	438	–
Statutory losses – St. Lucia and Trinidad	283	652
	721	**2,261**
(ii) The movement in the deferred tax asset is as follows:		
Balance at beginning of year	2,261	3,380
Claims	–	(1,909)
Statutory losses	(369)	(819)
Gratuity provision	438	–
Bad debts provision	(1,609)	1,609
	721	**2,261**
(iii) Deferred tax liability		
The deferred tax liability is attributable to:		
Property, plant and equipment	(3,692)	(3,775)
	(3,692)	**(3,775)**
(iv) The movement in the deferred tax liability is as follows:		
Balance at the beginning of the year	(3,775)	(7,745)
Unrealised gains on revaluation of available-for-sale investments	–	5,238
Foreign currency translation	–	(838)
Property, plant and equipment	83	(430)
	(3,692)	**(3,775)**

5. **Taxation** (continued)	**31 December 2020 $**	**31 December 2019 $**
(v) Taxation expense		
Current year – Provision of taxation	1,386	2,231
Deferred tax expense relating to the origination/reversal of temporary differences	(148)	3,036
Prior year adjustment to deferred tax	1,609	(654)
Prior year over estimation of tax	–	(3,367)
Prior year adjustment to corporation tax	(1,044)	–
	1,803	**1,246**

The following is a reconciliation between taxation expense and net profit before taxation computed by applying the statutory tax rates.

Net profit before taxation	6,722	11,284
Tax at applicable rates	1,876	3,333
Net tax effect of items disallowed for tax purposes	(638)	1,934
Prior year adjustment to deferred tax	1,609	(654)
Prior year over provision of tax	–	(3,367)
Prior year adjustment to corporation tax	(1,044)	–
	1,803	**1,246**

6. Trade and other receivables

Insurance receivables	17,736	21,789
Amounts due from reinsurers		
- New India, Mumbai	308	20
- Other reinsurers	6,172	6,886
Other receivables	2,617	2,378
Investments in transit	8,302	–
	35,135	**31,073**

	31 December 2020 $	31 December 2019 $
7. Investments		
Available-for-sale		
Bonds and other securities	83,952	66,913
Quoted shares	40,169	43,687
Unquoted shares	320	325
Mutual funds	21,373	18,706
Repurchase agreements	10,827	11,258
	156,641	140,889
Held-to-maturity		
Bonds	19,209	7,362
	175,850	**148,251**

Bonds and securities pledged with the Inspector of Financial Institutions amounted to $75,662 at 31 December 2020 (31 December 2019: $54,204).

In addition, $16,621 (2019: $20,379) of the total balance of term deposits and repurchase agreements of $34,368 (2019: $36,996) at 31 December 2020 are pledged with the Inspector of Financial Institutions.

	31 December 2020 $	31 December 2019 $
8. Cash and cash equivalents		
Cash on hand	5	12
Cash at bank	34,825	39,027
Cash with investment broker	3,354	7,615
	38,184	**46,654**

9. Stated capital

Authorised
22,000,000 shares of no-par value

Issued and fully paid		
17,418,946 shares of no-par value	17,618	17,618

	31 December 2020	31 December 2019
10. Dividends paid and proposed	**$**	**$**
Declared and/or paid during the year		
Equity dividends on ordinary shares:		
Final dividend for 2019: $0.05 (2018: $0.05)	871	871

Proposed:
No dividend proposed for 2020 (2019: $0.05)

11. Insurance contracts liabilities

		31 December 2020			31 December 2019		
	Notes	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
		$	$	$	$	$	$
Provision for claims reported bypolicyholders		67,640	(25,074)	42,566	69,025	(30,645)	38,380
Provisions for claims incurred but not reported		17,349	(4,079)	13,270	13,757	(3,520)	10,237
Total claims reported and IBNR	11 (a)	84,989	(29,153)	55,836	82,782	(34,165)	48,617
Provision for unearned premiums	11 (b)	59,344	(17,384)	41,960	57,293	(16,422)	40,871
Provision for unexpired risks	11 (c)	5,934	(1,738)	4,196	5,729	(1,642)	4,087
Total insurance contracts liabilities		150,267	(48,275)	101,992	145,804	(52,229)	93,575

(a) The provision for claims reported by policy holders may be analysed as follows:

	31 December 2020			31 December 2019		
	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net	Insurance Contracts Liabilities	Reinsurers' Share of Liabilities	Net
	$	$	$	$	$	$
At 1 January	82,782	(34,165)	48,617	127,546	(76,977)	50,569
Claims incurred	42,462	(7,953)	34,509	9,852	21,767	31,619
Claims paid during the year	(40,255)	12,965	(27,290)	(54,616)	21,045	(33,571)
At 31 December	84,989	(29,153)	55,836	82,782	(34,165)	48,617

11. Insurance contracts liabilities (continued)

(b) The provision for unearned premiums may be analysed as follows:

	31 December 2020			31 December 2019		
	Insurance Contracts Liabilities	**Reinsurers' Share of Liabilities**	**Net**	**Insurance Contracts Liabilities**	**Reinsurers' Share of Liabilities**	**Net**
	$	**$**	**$**	**$**	**$**	**$**
At 1 January	57,293	(16,422)	40,871	57,193	(13,157)	44,036
Premium written in the year	116,206	(47,040)	69,166	114,463	(44,149)	70,314
Premium earned during the year	(114,155)	46,078	(68,077)	(114,363)	40,884	(73,479)
At 31 December	59,344	(17,384)	41,960	57,293	(16,422)	40,871

(c) The provision for unexpired risk may be analysed as follows:

	31 December 2020			31 December 2019		
	Insurance Contracts Liabilities	**Reinsurers' Share of Liabilities**	**Net**	**Insurance Contracts Liabilities**	**Reinsurers' Share of Liabilities**	**Net**
	$	**$**	**$**	**$**	**$**	**$**
At 1 January	5,729	(1,642)	4,087	5,719	(1,316)	4,403
Incurred and utilised during the year	205	(96)	109	10	(326)	(316)
At 31 December	5,934	(1,738)	4,196	5,729	(1,642)	4,087

11. Insurance contracts liabilities (continued)

(d) Claims development table (Gross claims excluding IBNR)

Business class: Fire

Loss year		**Development year $**						
		1	**2**	**3**	**4**	**5**	**6**	**7+**
2014	Paid	512	1,147	25	244	(20)	–	30
	O/s	1,404	791	424	123	123	23	19
2015	Paid	2,638	497	1,584	2,604	642	7,607	
	O/s	14,998	14,902	13,309	10,720	9,137	3	
2016	Paid	13,816	16,541	834	285	1		
	O/s	18,750	1,524	449	69	–		
2017	Paid	25,570	114,693	14,789	1,194			
	O/s	104,065	20,253	2,695	244			
2018	Paid	1,915	4,175	71				
	O/s	7,283	641	266				
2019	Paid	1,409	1,041					
	O/s	1,615	1,197					
2020	Paid	1,031						
	O/s	3,927						

Business class: Motor

Loss year		**Development year $**						
		1	**2**	**3**	**4**	**5**	**6**	**7+**
2014	Paid	14,347	6,091	1,437	342	978	911	1,839
	O/s	7,255	3,898	3,827	3,608	2,606	1,112	14,091
2015	Paid	20,439	7,684	2,727	1,245	508	254	
	O/s	7,247	3,482	3,994	3,304	4,071	3,640	
2016	Paid	26,095	6,797	1,439	1,330	1,117		
	O/s	11,418	4,093	4,920	5,595	6,331		
2017	Paid	24,353	14,822	2,282	2,919			
	O/s	20,599	8,580	10,063	8,559			
2018	Paid	18,678	6,395	1,369				
	O/s	7,068	5,402	8,461				
2019	Paid	16,301	5,677					
	O/s	8,212	10,189					
2020	Paid	13,400						
	O/s	7,181						

11. Insurance contracts liabilities (continued)

(d) Claims development table (Gross claims excluding IBNR) (continued)

Business class: Miscellaneous

Loss year		Development year $						
		1	2	3	4	5	6	7+
2014	Paid	295	624	69	22	95	273	1,887
	O/s	131	294	231	394	1,294	971	1,376
2015	Paid	176	272	37	23	349	177	
	O/s	504	477	715	763	472	127	
2016	Paid	210	364	93	511	51		
	O/s	112	253	851	157	769		
2017	Paid	181	240	636	44			
	O/s	549	977	568	237			
2018	Paid	592	480	29				
	O/s	709	487	85				
2019	Paid	220	198					
	O/s	558	402					
2020	Paid	319						
	O/s	536						

(e) Claims development table (Net claims excluding IBNR)

Business class: Fire

Loss year		Development year$						
		1	2	3	4	5	6	7+
2014	Paid	76	443	8	25	(3)	–	325
	O/s	640	146	46	15	16	11	9
2015	Paid	1,077	140	308	156	120	452	
	O/s	1,297	1,211	920	766	544	1	
2016	Paid	2,856	2,045	122	105	–		
	O/s	2,676	252	116	5	–		
2017	Paid	3,781	1,087	2,441	401			
	O/s	5,201	876	599	14			
2018	Paid	1,093	890	13				
	O/s	1,690	156	100				
2019	Paid	539	386					
	O/s	548	464					
2020	Paid	357						
	O/s	701						

11. Insurance contracts liabilities (continued)

(e) Claims development table (Net claims excluding IBNR) (continued)

Business class: Motor

Loss year		**Development year $**						
		1	**2**	**3**	**4**	**5**	**6**	**7+**
2014	Paid	14,347	6,091	1,437	342	770	409	497
	O/s	7,171	3,663	3,307	2,666	1,838	571	3,758
2015	Paid	20,439	7,685	2,153	1,215	523	254	
	O/s	7,132	3,253	3,086	2,540	2,705	1,859	
2016	Paid	26,096	6,797	1,439	1,123	920		
	O/s	11,418	3,868	3,947	4,373	3,996		
2017	Paid	24,353	14,822	2,193	1,768			
	O/s	20,599	7,328	6,647	5,229			
2018	Paid	18,677	6,390	1,369				
	O/s	7,013	5,192	7,628				
2019	Paid	16,301	5,440					
	O/s	7,867	8,692					
2020	Paid	13,400						
	O/s	7,179						

Business class: Miscellaneous

Loss year		**Development year $**						
		1	**2**	**3**	**4**	**5**	**6**	**7+**
2014	Paid	217	596	69	22	95	273	1,236
	O/s	115	289	231	394	819	521	884
2015	Paid	94	140	37	23	349	177	
	O/s	419	399	633	682	450	127	
2016	Paid	111	226	91	172	48		
	O/s	88	115	262	151	769		
2017	Paid	69	97	629	44			
	O/s	328	908	358	202			
2018	Paid	176	99	4				
	O/s	300	362	82				
2019	Paid	42	73					
	O/s	297	383					
2020	Paid	126						
	O/s	489						

12. **Trade and other payables**	**31 December 2020 $**	**31 December 2019 $**
Sundry creditors and accruals	15,118	12,934
Lease liabilities (see below)	1,488	1,971
Amounts due to reinsurers	6,013	58
	22,619	**14,963**

The Company has lease contracts for various items of property used in its operations. Leases of property generally have lease terms between 3 and 10 years.

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Office premises $	**Residential accommodation $**	**Total $**
Lease liabilities as at 1 January 2020	1,706	265	1,971
Additions	–	–	–
Accretion of interest	166	12	178
Adjustments	(37)	21	(16)
Payments	(417)	(228)	(645)
Lease liabilities as at 31 December 2020	1,418	70	1,488

	Office premises $	**Residential accommodation $**	**Total $**
Lease liabilities as at 1 January 2019	2,054	297	2,351
Additions	–	121	121
Accretion of interest	15	5	20
Payments	(363)	(158)	(521)
Lease liabilities as at 31 December 2019	1,706	265	1,971

12. Trade and other payables (continued)

	31 December 2020 $	31 December 2019 $
Maturity analysis:		
Current	303	575
Non-current	1,185	1,396
Short term lease expense	319	544

Refer to Note 4 for the carrying amounts of right-of-use assets recognised and the movements during the year.

13. Investments and other income	**31 December 2020 $**	**31 December 2019 $**
Interest income	5,300	3,824
Dividend income	1,344	1,262
Other income/(loss)	647	(830)
	7,291	**4,256**

14. Other operating and administrative expenses

Depreciation	2,827	1,565
Staff cost	8,661	7,414
Directors' fees	144	144
Provision for doubtful debts	4,860	5,378
Legal and professional	2,206	2,317
Advertising	853	917
Foreign exchange (gain)/loss	(186)	854
Telephone and electricity	953	843
Travelling and motor vehicle	356	740
Miscellaneous	4,562	5,085
	25,236	**25,257**

15. Insurance contracts liabilities and reinsurance assets – terms, assumptions and sensitivities

Terms and conditions

The major classes of general insurance written by the Company include motor, property, and other miscellaneous types of general insurance. Risks under these policies usually cover a 12-month duration.

For these insurance contracts, claims provisions (comprising provisions for claims reported by policyholders and claims incurred but not yet reported) are established to cover the ultimate cost of settling the liabilities in respect of claims that have occurred and are estimated based on known facts at the balance sheet date.

The provisions are refined as part of a regular ongoing process and as claims experience develops, certain claims are settled, and further claims are reported. Outstanding claims provisions are not discounted for the time value of money.

Assumptions

The principal assumption underlying the estimates is the Company's past claims development experience. This includes assumptions in respect of average claim costs and claim numbers for each accident year. Claims provisions are separately analysed by geographical area and class of business. In addition, larger claims are usually separately assessed by loss adjusters. Judgement is used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Sensitivities

The general insurance claims provision is sensitive to the above key assumptions. The sensitivity of certain assumptions like legislative change, uncertainty in the estimation process, etc., is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the balance sheet date.

Consequently, the ultimate liabilities will vary as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognized in subsequent financial statements.

16. Fair value

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.

With the exception of insurance contracts which are specifically excluded under IAS 32, the estimated fair values of certain financial instruments have been determined using available market information or other appropriate valuation methodologies that require judgement in interpreting market data and developing estimates. Consequently, estimates made do not necessarily reflect the amounts that the Company would realize in a current market exchange. The use of different assumptions and/or different methodologies may have a material effect on the fair values estimated.

The fair value information is based on information available to management as at the dates presented. Although management is not aware of any factors that would significantly affect the fair value amounts, such amounts have not been comprehensively revalued for the purposes of these financial statements since those dates and, therefore the current estimates of the fair value may be significantly different from the amounts presented herein.

(i) Short-term financial assets and liabilities

The carrying amount of short-term financial assets and liabilities comprising cash and short-term funds, trade and other receivables and trade and other payables are a reasonable estimate of their fair values because of the short maturity of these instruments.

(ii) Investments

The fair value of trading investments is based on market quotations when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimated using quoted market prices of similar investments. In the absence of a market value, discounted cash flows will approximate fair value.

16. Fair value (continued)

(iii) Financial instruments not measured at fair value

The table below shows the financial assets and liabilities not measured at fair value and analyses them by the level in the fair value hierarchy into which the fair value measurement is categorized. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the assets and liability either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. These are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

	Level 1 $	**Level 2 $**	**Level 3 $**	**Fair value $**	**Total carrying amount $**
As at 31 December 2020					
Assets					
Held-to-maturity investments	–	–	19,209	19,021	19,209
As at 31 December 2019					
Assets					
Held-to-maturity investments	–	–	7,362	6,855	7,362

Where available, the fair value of investment securities is based on observable market transactions.

16. **Fair value** (continued)

(iv) Financial instruments measured at fair value

	Level 1 $	Level 2 $	Level 3 $	Fair value $	Total carrying amount $
As at 31 December 2020					
Assets					
Equities	40,169	–	320	40,489	40,489
Debt securities	29,410	54,542	–	83,952	83,952
	69,579	**54,542**	**320**	**124,441**	**124,441**
As at 31 December 2019					
Assets					
Equities	43,687	–	325	44,012	44,012
Debt securities	29,457	37,456	–	66,913	66,913
	73,144	**37,456**	**325**	**110,925**	**110,925**

Where available, the fair value of investment securities is based on observable market transactions.

17. Risk management

a. ***Introduction and overview***

The Company has exposure to the following risks from its use of financial instruments:

- Insurance risk
- Credit risk
- Liquidity risk
- Interest rate risk
- Currency risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks and the Company's management of capital. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

17. Risk management (continued)

b. Insurance risk

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Company faces under such contracts is that the actual claims and benefit payments exceed the premiums written or the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid being greater than originally estimated and subsequent development of long-term claims.

Management of insurance risk

The variability of risks is improved by careful selection and implementation of underwriting strategy and guidelines as well as the use of reinsurance arrangements. The majority of reinsurance business ceded is placed on a quota share basis with retention limits varying by product line.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

c. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises on reinsurance assets, investment securities and insurance receivables.

Management of credit risk

Reinsurance

Reinsurance is placed with high rated counterparties and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year and are subject to regular reviews. At each year-end, management performs assessment of creditworthiness of reinsurers to update reinsurance purchase strategy and ascertains suitable allowance for impairment of reinsurance assets.

17. Risk management (continued)

c. Credit risk (continued)

Investment securities

The Company limits its exposure by setting maximum limits of portfolio securities with a single issuer or group of issuers. The Company also only makes use of institutions with high creditworthiness.

Insurance receivables

The credit risk in respect of customer balances, incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document on the expiry of which the policy is either repaid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

An estimate of the fair value of collateral and other security enhancements held against financial assets is nil.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Carrying amount	**2020 $**	**2019 $**
Available-for-sale investments	116,152	96,877
Held-to-maturity investments	19,209	7,362
Trade and other receivables	35,135	31,073
Reinsurance assets	48,275	52,229
Term deposits	23,541	31,584
Cash and cash equivalents	38,184	46,654
	280,496	**265,779**

17. Risk management (continued)

c. Credit risk (continued)

Exposure to credit risk (continued)

The maturity analysis of investments at the reporting date:

	31 December 2020 $	31 December 2019 $
Short term – maturity within year	34,393	20,377
Long term – maturity after one year	141,457	127,874
Total investments	**175,850**	**148,251**

The aging of insurance receivables at the reporting date was:

	Gross 2020	Impairment 2020	Gross 2019	Impairment 2019
	$	$	$	$
0 – 45 days	10,898	–	9,961	–
46 – 90 days	5,891	1,566	5,225	–
91 – 180 days	5,762	3,249	3,743	–
Over 180 days	19,008	19,008	26,595	23,735
	41,559	**23,823**	**45,524**	**23,735**

The movement in the allowance for impairment in respect of receivables during the year was as follows:

	2020 $	2019 $
Balance at beginning of year	23,735	18,448
Impairment loss recognized	88	5,287
Balance at end of year	**23,823**	**23,735**

17. **Risk management** (continued)

d. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Management of liquidity risk

The major liquidity risk confronting the Company is the daily calls on its available cash resources in respect of claims arising from insurance contracts and the maturity of investment securities. The Company sets limits on the minimum portion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover claims at unexpected levels of demand.

Aging analysis of financial liabilities is as under.

	31 December 2020 $	**31 December 2019 $**
Liabilities due within one year	175,393	163,146
Liabilities due after one year	1,185	1,396
Total liabilities	**176,578**	**164,542**

17. Risk management (continued)

e. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk arises on interest-bearing financial instruments recognized in the balance sheet.

Management of interest rate risk

The investment committee comprises of three non-executive members and is responsible for reviewing the investment portfolio of the company and setting the general direction as to the types of investments that would comprise the company's portfolio. The aim is to balance the risk and returns with an objective of maximizing investment income.

At the reporting date the interest rate profile of the interest-bearing financial instruments was:

	Carrying amount	
	2020	**2019**
	$	**$**
Fixed rate instruments		
Term deposits	23,541	31,584
Investments	135,361	104,239
	158,902	135,823

Sensitivity analysis

A strengthening (weakening) of interest rates by 1% would have had no significant impact on profit or loss. This analysis is based on interest rate variances that the Company considered to be reasonable at the reporting date. The analysis assumes that all other variables, such as foreign currency, remain constant and ignores any impact on forecasted sales and purchases. The analysis is performed consistently from year to year.

17. Risk management (continued)

f. Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises on financial instruments that are denominated in a foreign currency, that is, in a currency other than the functional currency in which they are measured. The company carries on general insurance business in Trinidad and Tobago (TT$), Dominica (EC$), St. Lucia (EC$), Barbados (BB$), Guyana (GY$), St. Maarten (FLS$) and Anguilla (EC$). The functional and presentation currency is Trinidad and Tobago dollars. Foreign currency risk arises in the other islands of operations.

The table below summarises the exposure to foreign currency exchange rate risk

	31 December 2020					
Details	**TT$**	**EC$**	**FLS$**	**BB$**	**GY$**	**Total**
Assets						
Cash and cash equivalents	20,801	12,574	2,820	22	1,967	38,184
Term deposits	16,617	776	4,578	–	1,570	23,541
Investments	147,858	27,367	–	625	–	175,850
Trade and other receivables	47,430	(8,709)	(1,763)	1,487	(3,310)	35,135
Reinsurance assets	25,361	12,773	330	6,182	3,629	48,275
Total assets	**256,067**	**44,781**	**5,965**	**8,316**	**3,856**	**320,985**
Liabilities						
Insurance contracts	101,322	32,496	3,890	8,211	4,348	150,267
Trade and other payables	13,532	7,188	1,858	–	41	22,619
Total liabilities	**114,854**	**39,684**	**5,748**	**8,211**	**4,389**	**172,886**
Net exposure	**141,213**	**5,097**	**217**	**105**	**(533)**	**148,099**

17. Risk management (continued)

f. ***Foreign currency risk*** (continued)

	31 December 2019					
Details	**TT$**	**EC$**	**FLS$**	**BB$**	**GY$**	**Total**
Assets						
Cash and cash equivalents	14,379	29,163	1,806	27	1,279	46,654
Term deposits	11,663	15,062	3,065	–	1,794	31,584
Investments	140,889	6,677	–	685	–	148,251
Trade and other receivables	55,686	(23,565)	557	1,533	(3,138)	31,073
Reinsurance assets	32,005	12,167	480	6,770	807	52,229
Total assets	**254,622**	**39,504**	**5,908**	**9,015**	**742**	**309,791**
Liabilities						
Insurance contracts	100,248	30,242	4,953	8,992	1,369	145,804
Trade and other payables	12,005	1,071	1,867	–	20	14,963
Total liabilities	**112,253**	**31,313**	**6,820**	**8,992**	**1,389**	**160,767**
Net exposure	**142,369**	**8,191**	**(912)**	**23**	**(647)**	**149,024**

Sensitivity analysis

A 5% strengthening (weakening) of the Trinidad and Tobago dollar against its significant foreign currency at year would impact the profit or loss as follows:

	31 December 2020		31 December 2019	
	Increase	**Decrease**	**Increase**	**Decrease**
FLS dollar	14	(14)	35	(35)
G dollar	26	(26)	32	(32)
EC dollar	349	(349)	442	(442)

g. ***Equity price risk***

Equity price risk is the risk that investments held in the portfolio will fluctuate due to changes in market price. The Company invests in financial instruments that are traded on registered exchanges. These securities are susceptible to market price risk arising from uncertainties about future prices of the instruments.

17. Risk management (continued)

f. ***Equity price risk*** (continued)

The table below summarises the Board's exposure to price risk by geographical concentrations:

	2020	**2019**
Trinidad and Tobago	40,037	43,554
Barbados	109	109
Jamaica	23	24
Total geographic concentration	**40,169**	**43,687**

18. Related party transactions

(a) Identity of related party

The Company has a related party relationship with its parent and with its directors and executive officers.

(b) Related party transactions

A number of transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and condition.

Expenses	**2020 $**	**2019 $**
Management fees	500	500
Reinsurance premiums	1,126	2,998
Directors' fees	144	144

Amounts due from related parties are disclosed in note 6.

(c) Transactions with key management personnel

In addition to their salaries, the Company also provides non-cash benefits to executive officers. The key management personnel compensation is as follows:

	2020 $	**2019 $**
Short-term employee benefits		
Accommodation	228	267

19. Capital commitment

No capital commitments by the company as at 31 December 2020 and as at 31 December 2019.

20. Capital management

When managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, the objectives of the Company are:

- To comply with the capital requirements set by regulators;
- To safeguard the Company's ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

In each country in which the Company operates, the local insurance regulator indicates the required minimum amount and type of capital that must be held in addition to their insurance liabilities. The Company is subject to the insurance solvency regulations in all the territories in which it issues insurance contracts. The minimum required capital must be maintained at all times throughout the year. In 2020 and 2019 the Company complied with the externally imposed capital requirements and no changes were made to its capital base, objectives, policies and processes from the previous year.

21. Other transactions recorded directly to equity

In 2020, an adjustment was made to correct the due to reinsurers balance. This resulted in an increase in trade and other payables as at 31 December 2020 of $4,062, decrease in trade receivables of $35, a decrease in expenses of $86 and a decrease in retained earnings of $4,183. A substantial portion of this adjustment related to 2017 and prior, as such the adjustment has been reversed through equity. An adjustment was also made through retained earnings for $217 related to prior year income and expenses.

In 2019, an adjustment was made to reverse the deferred tax liability as at 31 December 2018 on net unrealised gains on the revaluation of available-for-sale investments as the Company does not trade in investments. This resulted in a decrease in deferred tax liability as at 31 December 2018 of $5,238 and an increase in retained earnings of $5,238. A substantial portion of this adjustment related to years prior to 2016, and as such has been reversed through equity.

22. Subsequent events

There were no other events occurring after the reporting date and before the date of approval of the financial statements by the Audit Committee which require adjustments or disclosure in these financial statements.