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ANNUAL REPORT 2000

M. L. Rajan



2000 2000/01

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Notice of Meeting

Notice is hereby given that the Sixty-First Annual General Meeting of the Members of the New Building Society Limited will be held at 5.00 p.m. on Monday 23rd April, 2001 at the Le Meridien Pegasus, Seawall Road, Kingston, Georgetown.

AGENDA

1. To consider the Accounts, Balance Sheet and the Reports of the Directors and Auditors for the year 2000.
2. To appoint Directors for the period 2001-2003.
3. To fix the remuneration of the Directors for the year 2001.
4. To appoint Auditors for the year 2001.
5. To fix the remuneration of the Auditors for the year 2001.
6. To approve the sum of \$6,000,000.00 to be donated to Charity and for Educational Purposes for the year 2001.
7. Any other Business of which due notice shall have been given.

BY ORDER OF THE BOARD

M.B. J.H.

Monica E. La Bennett,
Director/Secretary
2nd April 2001

Please Note:

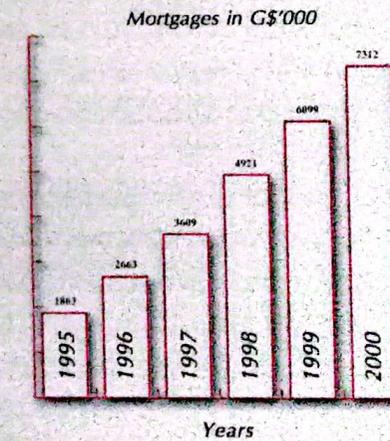
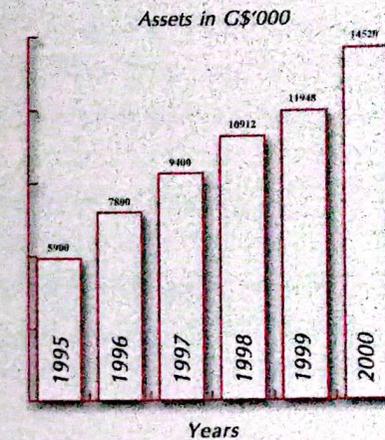
Only Members holding the following Accounts or their duly appointed proxies are entitled to vote:

Save & Prosper Accounts
Five Dollar Share Accounts
Mortgage Accounts

Please bring your Passbook to gain entry to the Meeting.

Growth in Assets & Mortgages

FOR THE PERIOD 1995 - 2000



Corporate Information

BOARD OF DIRECTORS

R. Bhookmohan Esq.	Chairman
L.D. Rockliffe Esq.	Vice Chairman
S. Bovell Esq.	
Dr. N.K. Gopaul	
M. McDoom S.C.	
Y.Yhann (Mrs.)	
M.E. La Bennet (Ms.)	

MANAGEMENT

Ms. M.E. La Bennett, F.C.C.A., MBA
Director/Secretary

Mr. M.L. Arjoon Esq.
Assistant Secretary/Accountant

Mr. N. Mohamed Esq.
Manager Georgetown Operations

Mr. M. Majeed Esq.
IT Systems Administrator

Mr. K. Vincent Esq.
Branch Manager, Essequibo

SOLICITORS

Messrs. Cameron & Shepherd
7 Avenue of the Republic,
Georgetown,
Guyana.

Messrs. McDoom & Co.
215 King Street,
Stabroek, Georgetown,
Guyana.

BANKERS

Guyana Bank for Trade and Industry Limited
47-48 Water Street,
Georgetown,
Guyana.

National Bank of Industry and Commerce Limited
Water Street,
Georgetown,

Guyana National Co-operative Bank
Lombard & Cornhill Streets,
Georgetown,
Guyana.

Bank of Baroda
Avenue of the Republic
Georgetown,
Guyana.

AUDITORS

Jack A. Alli, Sons & Company
Associates of PricewaterhouseCoopers
145 Crown Street, Queenstown,
Georgetown,
Guyana.

CHAIRMAN'S REPORT

Fellow Directors and Members of the Society, it gives me great pleasure to welcome you here this afternoon to the 61st Annual General Meeting of the Society and to present to you the Director's report, the accounts, and balance sheet together with the Auditor's report for the year ended December 31, 2000.

Firstly, I would like to mention that the year under review although challenging in many respects for the entire financial sector, has also remained disturbing in many respects given the continued unstable political climate which continues to negatively affect all facets of our economy. While initial estimates suggest a lower than anticipated inflation rate of approximately 4%, the country's GDP growth slowed in year 2000, and money supply grew by under 2%. With the existing prevailing unrest in our midst, and the considerable impact of the global economic crisis on the various production sectors, no immediate signs of a dramatic national economic turnaround in the short term can be discerned. We are nevertheless hopeful that the existing self-destructive activities will cease.

Despite this negative operating climate, The New Building Society is pleased to announce another successful year. In pursuance of the course set out at the last inaugural meeting of the present Board, the Society has been able in the relatively short period to achieve a growth rate of 21% in relation to its assets which moved from \$12B at the end of 1999 to \$14.5B at

he end of 2000. The surplus for the year was \$205M. Total reserves at the end of the year were \$1.9B which is 12.8% of total assets at the end of the reporting period. During the year 770 mortgage loans were executed totalling \$1.8B. At 31st December 2000, there were 3,608 mortgages in force totaling \$7.3B, representing 50.14% of total assets. Your Society will continue to do all within it's capabilities to increase the proportion of it's assets in mortgage loans.

During the period served by the existing Board of Directors- i.e.1999-2001; a number of initiatives were undertaken to improve and expand our services, which include primarily the installation of a new and fully computerized system which provides for networking with all our branches. Although our expectations have not been fulfilled, a major project is ongoing to scan all the signatures of the Society's 130,000 customers into the system so that the signature will appear on the cashier's computer screen when making a transaction. New passbooks to complement the new system have arrived and will be issued shortly. For the benefit and convenience of communities country-wide, five new branches were established, at Corriverton, Rose hall, Rosignol, Bartica, and most recently, on the Essequibo Coast at Henrietta. We are also considering our presence in Lethem. Pertinent staff training and improved benefits have also been implemented.

Within the past year we have kept pace with the upsurge in allocation of land in Government Housing Schemes by

affording mortgage loans to the allottees upon the strength of a Ministerial "Assurance of Title" covering the period until the passing of title. We succeeded in earning the Government's, approval for the raising of the limit of our individual mortgage loans from \$5M to \$8M, and still at our current low rate of 11% per annum. We also continue to provide for loans of up to \$1.5m at 9% per annum for lower income persons who earn under \$50,000 per month. Further, in response to suggestions from our members we now provide for an increased repayment period, from the traditional 15 years term, to 30 years for borrowers under the age of 35.

We have maintained and expanded our monetary contributions to various charitable organisations, as well as to substantial projects of a public nature totaling \$60M to coincide with the Society's 60th Anniversary. We took the opportunity at the end of the year to honour our long-serving employees at the head of which list was Mr. Maurice L. Arjoon, Asst. Secretary/Accountant. I specifically congratulate them and encourage our new employees to emulate their fine example.

Ladies and gentlemen, despite our continued success which is attributed primarily to skillful management and the assiduous support of our increased level of staff, as well as you the members, we are nevertheless concerned that the announcement of the holding of this meeting has once again

given rise to a host of derisory comments and emotive remarks regarding the use of proxies in the voting process.

Proxy voting, in use for decades in the conduct of the Society's business, achieves significance only every two years at those meetings where the issue of appointment of directors is concerned. For decades, since the establishment of the Society in 1940, this device has been used by actual or aspiring board members to retain or to gain a seat on the Society's Board of Directors either direct or indirect solicitation of proxies, and is in accordance with the rules of the Society.

Because of some perceived unfairness in the minds of some critics regarding the use of the proxy process for the accession to or retention of the position of a director, this issue which remains a contentious one merits some attention.

However, before an objective examination of the issue and on account of a specious charge leveled against the Board as at present constituted, I would like to assure our members that no director has obtained or solicited the issue of proxies to be used in his or her cause.

At last year's annual general meeting a respected member, once a director of the Society, proposed a resolution that would limit a person to the use of only two proxies at any vote. The opposing argument from the floor was that this would be an unfair restriction upon the possible representation of more than

80,000 members in the remote areas. It was noted that actual attendance never exceeded 250 persons. That motion was defeated not only by proxy voting but also by the votes of those present at the meeting, which was all within the rules of the Society. However, the dissatisfaction, though limited remains a concern to a few. It ought to be made clear that amendment to the Society's Rules, including that of proxies lies in the hands of a general meeting such as this, with subsequent Ministerial approval and not in the hands of the Directors.

Surely, there must be adequate provision for representation of members who reside far away and cannot attend these meetings. It should be noted that proxy voting is also implemented by other organizations for similar purposes. However, this may be an opportunity for proposing the adoption of some system and I wish to remind you that there is much time on hand before the next elective meeting of the Society, in which period imaginative recommendations from our members on the issue would be most welcome.

Another issue of importance has been raised in the recent public press, namely, that of the Bank of Guyana regulatory or supervisory authority over the Society. Having regard to the nature of the business carried on by N.B.S., this is a very legitimate concern but one which regrettably, has generated much ill-advised and un-informed comments by some individuals. I must therefore state that this matter was discussed with the Bank of Guyana and even with the intervention of the

president , His excellency Mr. Bharat Jagdeo. Currently some issues of concern which have been raised are with the Minister of Finance. We are looking forward to a satisfactory outcome on this matter.

Your Society is in a very strong financial position. It is a truly national institution where Guyanese regardless of their ethnicity or background can access its services free from discrimination or victimization. We , the Directors have had a successful term (1999-2001). We have demonstrated a capacity for sound leadership and during this term the Society has experienced unprecedented growth, development, expansion and has provided an efficient service to all its members.

In closing, I would like to thank the Management and staff of the Society for their sterling performance in 2000 and trust that reliance can be placed on the continuation of their good work. I would also like to thank my fellow directors for the support given to me throughout the year.

I now move the adoption of the report of the Directors, the balance sheet, and the auditor's report and after it has been seconded I will try to answer any questions arising therefrom.

Report of the Directors

FOR THE YEAR ENDED 31 DECEMBER 2000

The Directors are pleased to present the 61st Annual Report and Financial Statement of the Society for the year ended 31st December 2000.

Shares and Deposit Accounts

During the year 9,850 new accounts were opened (1999-6,333) Investors Funds moved from \$ 10,236,087,124: to \$ 12,593,168,100:, an increase of \$ 2,357,080,976: (1999 \$767,161,827:) Investors Funds represent 86.73% of Total Assets at year end (1999-85.67%).

Mortgages

The total amount advanced during the Financial year as loans on the security of Freehold and Leasehold Properties was \$1,845,246,004: and the total number of Mortgages executed was 770 (1999-\$1,657,464,470: was advanced and 706 mortgages were executed).

At 31st December, 2000, there were 3,608 mortgages in force totalling \$ 7,311,901,622: which is 50.14% of Total Assets (1999-\$6,098,786,916: - 51.04%)

Fifteen (15) mortgages accounts were more than twelve (12) months in arrears at the end of the year. The total amount outstanding was \$5,409,218:

Assets

Total Assets increased by \$ 2,583,549,283: during the year to \$ 14,582,392,774 representing a growth of 21.53% (1999-9.49%).

Liquidity and Reserves

At 31st December, 2000, Liquid Assets (i.e. Cash and Short Term Investments) stood at \$ 3,619,335,062: representing 24.82% of the Total Assets (1999-\$3,504,871,147: representing 29.33%).

At the end of the year Total Reserves amounted to \$1,866,979,652: which is 12.80% of Total Assets (1999-13.49%)

Annual Valuation

The annual valuation of the assets and liabilities of the society as required by the board revealed no likely loss.

There were nine (9) properties in possession at the end of the year, which will be sold during the year 2001.

Directorate

Under the provisions of the Society's Rule 47 (1), the Directors whose names are listed below retire after the Sixty-first Annual General Meeting. Under Rule 47 (2) they are eligible and offer themselves for re-election.

R. Bhookmohan - Esq.
L.O. Rockcliffe - Esq.
Dr. N.K. Gopaul
M.M. McDoom, S.C.
S.G. Bovell - Esq.
Y.Yhann (Mrs.)

Auditors

The Auditors, Messrs. Jack A. All, Sons and Company, Accountants retire and are eligible for re-election.

BY ORDER OF THE BOARD,

Monica E. La Bennett

Director/Secretary

2nd April, 2001

Report of the Auditors

TO THE MEMBERS OF
THE NEW BUILDING SOCIETY LIMITED

We have audited the financial statements of The New Building Society Limited as set out on pages 7 to 19. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Approved Auditing Standards. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We have inspected the mortgage deeds, transports and other securities and title deeds and found them to be in order.

In our opinion, the financial statements, which have been prepared under the historical cost convention, modified by the valuation of freehold land and buildings, give a true and fair view of the state of affairs of the Society at December 31, 2000, of the results of its operations and its cash flow for the year ended December 31, 2000 in accordance with Approved International Accounting Standards.


JACK A. ALLI, SONS & CO.
Associates of PricewaterhouseCoopers
March 30th, 2001

Balance Sheet

DECEMBER 31, 2000

	NOTES	2000	1999 (Restated) \$
ASSETS			
Investments and cash	3	6,928,711,465	5,615,264,110
Loan and advances	4	7,292,840,947	6,088,844,175
Fixed assets	5 <i>hand 20-3</i>	331,543,153	265,545,052
Debtors and prepayments	5 <i>Paid for m 1-9</i>	29,302,209	29,195,154
		<u>14,582,397,774</u>	<u>11,998,848,491</u>
INVESTORS' BALANCES, LIABILITIES AND RESERVES			
Shares	6	12,239,194,565	9,918,442,076
Deposits	7 <i>both shares - 43.0</i>	353,973,535	317,645,048
Creditors and accruals	7 <i>note fee 1.6</i>	122,250,022	100,775,515
Reserves	8 <i>Tax 11.0</i> <i>hand etc</i>	1,866,979,652	1,661,985,852
		<u>14,582,397,774</u>	<u>11,998,848,491</u>

Approved by the Board of Directors

R. BHOOKMOHAN

CHAIRMAN

L.O. ROCKLIFE

VICE-CHAIRMAN

M.E. LA BENNETT

DIRECTOR / SECRETARY

The notes on pages 10 to 19 form an integral part of these financial statements.

Income & Expenditure Account

FOR THE YEAR ENDED DECEMBER 31, 2000

	NOTES	2000 \$	1999 (Restated) \$
Interest Receivable and Similar Income			
On mortgage loans		783,938,425	645,342,332
On temporary loans		500,028	188,970
On bank balances		35,370,057	13,633,989
On investments		706,609,062	658,073,019
		<u>1,526,417,572</u>	<u>1,317,238,310</u>
Interest Payable and Similar Charges			
On five dollar shares		(503,739,188)	(440,546,303)
On save and prosper shares		(524,091,920)	(381,030,885)
On deposits		(25,364,756)	(21,752,801)
Net Interest Receivable		<u>473,221,708</u>	<u>473,908,321</u>
Fees, commissions, rule books, etc		6,881,650	6,211,716
Gain on exchange		31,738,992	2,022,059
Other operating income	9	975,005	884,055
Total Income		<u>512,817,355</u>	<u>483,026,151</u>
Management expenses	10	(237,404,376)	(192,307,784)
Provision for loan losses	11	(30,000,000)	(20,000,000)
Charitable and educational donations		(6,000,000)	(31,000,000)
Depreciation		(24,419,179)	(13,087,495)
Anniversary celebrations		(10,000,000)	—
Unappropriated Income for the Year	8	<u>204,993,800</u>	<u>226,630,872</u>

The notes on pages 10 to 19 form an integral part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2000

	2000 \$	1999 (Restated) \$
Operating Activities		
Unappropriated income for the year	204,993,800	226,630,872
Adjustments for:		
Depreciation	24,419,179	13,087,495
Provision for losses on loan assets	30,000,000	20,000,000
Utilization of provisions for losses on loan assets	(1,174,185)	—
Gain on disposal of fixed assets	—	(300,000)
Net unrealised (gain) / loss on exchange	(12,469,154)	10,774,623
Operating income before changes in operating assets and liabilities	<u>245,769,640</u>	<u>270,192,990</u>
(Increase) / decrease in operating assets:		
Funds advanced to customers net of repayments	(1,232,822,587)	(1,186,348,246)
Debtors and prepayments	(107,055)	(3,826,671)
Increase in operating liabilities:		
Receipts from shareholders and depositors net of withdrawals	2,357,080,976	767,161,827
Creditors and accruals	21,474,507	31,413,457
Net Cash Inflow / (Outflow) - Operating Activities	<u>1,391,395,481</u>	<u>(121,406,643)</u>
Investing Activities		
Proceeds from sale of fixed assets	—	1,459,136
Purchase of fixed assets	(90,417,280)	(137,672,389)
Purchase of investments net of redemptions	(1,367,643,436)	287,261,133
Net Cash Inflow / (Outflow) - Investing Activities	<u>(1,458,060,716)</u>	<u>151,047,880</u>
Net Movement in Cash and Cash Equivalents	<u>(66,665,235)</u>	<u>29,641,237</u>
Cash and Cash Equivalents as at Beginning of Year	<u>174,871,147</u>	<u>145,229,910</u>
Cash and Cash Equivalents as at End of Year	<u>108,205,912</u>	<u>174,871,147</u>

The notes on pages 10 to 19 form an integral part of these financial statements.

Notes to the Financial Statements

DECEMBER 31, 2000

1. GENERAL

(a) *Society's Identification and Principal Activity*

The Organisation is a Building Society established under the New Building Society Act. Its main activity is the provision of a range of mortgage and savings products. It is not currently registered under the Financial Institutions Act, 1995. Its income is exempt from taxation as stipulated in the Corporation Tax Act, 1970, Section 7(d).

(b) *Comparatives*

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, the comparatives have been adjusted to take into account the adjustments arising from the revision of the Society's accounting policy on foreign exchange gains as set out in note 16.

2. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Society's accounts except for foreign currencies as described in note 16.

(a) *Basis of Accounting*

The financial statements have been prepared in accordance with International Accounting Standards adopted by the Institute of Chartered Accountants of Guyana under the historical cost convention as modified by the valuation of freehold land and buildings.

(b) *Depreciation*

Freehold buildings are written off over a period of fifty years. Motor vehicles, furniture and equipment, machinery and equipment are written off by equal instalments over the estimated useful lives ranging from 4 to 10 years.

(c) *Investments*

Investments are stated at cost to the Society.

(d) *Leasing*

Rentals under operating leases are charged to the income and expenditure account in the year in which the expenditure is incurred.

Notes to the Financial Statements

DECEMBER 31, 2000

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(e) *Provisions for Loan Losses*

A general provision for loan losses has been set up to cover expected defaults on mortgages outstanding.

(f) *Foreign Currencies*

Transactions involving foreign currencies are converted at a standard rate of exchange.

At the balance sheet date all amounts denominated in foreign currencies are converted to Guyana dollars at the exchange rates ruling at that date, with the resultant gain or loss being recognised in the income and expenditure account.

(g) *Cash and Cash Equivalents*

For the purpose of the cash flow statement, cash and cash equivalents consist of cash on hand, cash at bank on demand and short-term highly liquid investments.

Notes to the Financial Statements

DECEMBER 31, 2000

	2000 \$	1999 (Restated) \$
3. INVESTMENTS AND CASH		
Government of Guyana Treasury Bills		
Maturity date in:		
Not more than 6 months	3,511,129,150	3,330,000,000
Not more than 5 years	1,715,924,000	1,375,220,000
UK Government Treasury Loans		
Maturity date in:		
Not more than 5 years	244,513,640	100,859,980
5 - 10 years	108,390,240	167,505,260
10 - 20 years	44,694,000	41,503,000
Cash at Bank and in Hand		
Redeemable on demand	108,205,912	174,871,147
Redeemable after 3 months	798,000,000	—
Gross Interest Accrued	397,854,523	425,304,723
	6,928,711,465	5,615,264,110
Market Value of Investments	6,937,312,873	5,635,675,130
Maturity Value of Investments	7,156,683,792	5,894,719,387

Discount rates range on Government of Guyana Treasury Bills is 9.64 - 11.42% per annum.

Interest rates range:

On UK Government Treasury Loans	5 - 9% per annum
On Cash at Bank Redeemable after 3 months	11.35 - 11.87% per annum

Notes to the Financial Statements

DECEMBER 31, 2000

	2000 \$	1999 \$
4. (A) LOAN ASSETS		
Mortgage accounts (note 4B/C)	7,311,901,622	6,098,786,916
Temporary loans	38,889	1,698,423
Properties in possession	39,726,251	18,358,836
Provision for losses on loan assets (note 11)	(58,825,815)	(30,000,000)
	7,292,840,947	6,086,844,175

(B) MORTGAGE ACCOUNTS	2000		1999	
	No. of Securities	Amount \$	No. of Securities	Amount \$
Balances not exceeding \$500	1	255	6	749
Balances exceeding \$500 but not \$1,000	—	—	6	5,161
Balances exceeding \$1,000 but not \$2,000	3	4,466	4	5,845
Balances exceeding \$2,000 but not \$3,000	5	13,025	5	13,204
Balances exceeding \$3,000 but not \$4,000	2	6,928	3	9,238
Balances exceeding \$4,000 but not \$5,000	3	13,784	2	9,186
Balances exceeding \$5,000 but not \$10,000	13	91,092	13	87,284
Balances exceeding \$10,000 but not \$15,000	9	113,566	17	208,618
Balances exceeding \$15,000 but not \$20,000	11	194,241	7	124,614
Balances exceeding \$20,000 but not \$25,000	7	156,880	12	268,831
Balances exceeding \$25,000 but not \$30,000	6	164,070	14	382,417
Balances exceeding \$30,000 but not \$50,000	22	893,989	28	1,091,624
Balances exceeding \$50,000 but not \$100,000	37	2,706,455	49	3,670,449
Balances carried forward	119	4,358,751	166	5,876,620

Notes to the Financial Statements

DECEMBER 31, 2000

(B) MORTGAGE ACCOUNTS (continued)	2000		1999	
	No. of Securities	Amount \$	No. of Securities	Amount \$
Balances brought forward	119	4,358,751	166	5,876,620
Balances exceeding \$100,000 but not \$200,000	95	14,232,352	82	12,240,241
Balances exceeding \$200,000 but not \$250,000	32	7,193,232	51	11,769,296
Balances exceeding \$250,000 but not \$500,000	259	97,278,755	237	89,774,714
Balances exceeding \$500,000 but not \$750,000	252	156,880,765	249	153,306,967
Balances exceeding \$750,000 but not \$1,000,000	302	269,783,663	273	242,685,815
Balances exceeding \$1,000,000 but not \$1,500,000	553	697,386,201	454	568,906,726
Balances exceeding \$1,500,000 but not \$2,000,000	480	840,421,510	401	705,459,062
Balances exceeding \$2,000,000 but not \$2,500,000	364	816,125,162	272	611,363,429
Balances exceeding \$2,500,000 but not \$3,000,000	280	772,693,404	225	621,823,245
Balances exceeding \$3,000,000 but not \$4,000,000	389	1,360,045,663	329	1,148,995,753
Balances exceeding \$4,000,000 but not \$5,000,000	385	1,764,605,271	323	1,473,448,008
Balances exceeding \$5,000,000	98	510,896,893	87	452,937,040
	3,608	7,311,901,622	3,151	6,098,786,916

(C) MORTGAGE ACCOUNTS BY MATURITY

Not more than 5 years	2,177,827,448
More than 5 years	5,134,074,174
	<u>7,311,901,622</u>

Mortgage rates range between 5.5 - 18% per annum.

Prior period comparatives are excluded as permitted by International Accounting Standard 32.

Notes to the Financial Statements

DECEMBER 31, 2000

5. FIXED ASSETS

Cost	FREEHOLD LAND AND BUILDINGS \$	MACHINERY FURNITURE AND EQUIPMENT \$	MOTOR VEHICLES \$	WORK IN PROGRESS \$	2000 TOTAL \$
As at beginning of year	136,422,899	30,524,720	59,039,456	37,429,746	313,416,821
Additions	31,798,051	112,232,395	—	81,580,560	225,611,026
Transfers	—	—	—	(135,193,746)	(135,193,746)
As at end of year	<u>168,220,950</u>	<u>142,757,115</u>	<u>59,039,456</u>	<u>33,816,560</u>	<u>403,834,101</u>
Depreciation					
As at beginning of year	10,497,363	20,944,114	16,430,292	—	47,871,769
Charges for the year	2,567,562	11,449,240	10,402,377	—	24,419,179
As at end of year	<u>13,064,925</u>	<u>32,393,354</u>	<u>26,832,669</u>	<u>—</u>	<u>72,290,948</u>
Net Book Value					
As at end of year	<u>155,156,025</u>	<u>110,363,761</u>	<u>32,206,787</u>	<u>33,816,560</u>	<u>331,543,153</u>
As at beginning of year	<u>125,925,536</u>	<u>9,580,606</u>	<u>42,609,164</u>	<u>87,429,746</u>	<u>265,545,052</u>

The Company's freehold land and buildings were revalued by Rodrigues and Cox at December 31, 1993, on the basis of open market value.

Notes to the Financial Statements

December 31, 2007

	2007 \$	2006 \$
1. FIXED ASSETS (CONT'D)		
(b) Analysis of Cost or Valuation		
At Valuation:		
Freehold land - year of valuation 2007	20,288,000	20,288,000
Freehold buildings - year of valuation 2007	80,927,000	80,927,000
At Cost:		
Freehold buildings	67,005,950	35,207,899
Machinery, furniture and equipment	142,757,115	50,524,720
Motor vehicles	59,039,456	59,039,456
Work-in-progress	13,818,580	87,429,746
Cost of Valuation as at end of year	403,834,101	313,416,821
(c) Capital Commitment		
The following capital commitments are not provided for in these financial statements:		
Authorized and contracted for	-	12,001,516
Authorized but not contracted for	2,915,900	9,164,500

Notes to the Financial Statements

December 31, 2008

	2008 \$	2007 \$
6. SHARES		
Five dollar shares	6,252,261,063	6,246,136,400
Save and prosper shares	3,886,111,300	3,171,917,636
	10,138,372,363	9,418,054,036
All shares are repayable on demand. Applicable interest is 10.5% per annum.		
Five dollar shares	9% per annum	
Save and prosper shares	10.5% per annum	
7. DEPOSITS		
Deposits are repayable on demand and earn interest of 7.0% per annum.		
B. RESERVES	2008 \$	2007 \$
Non-Distributable		
Balance as at beginning and end of year	95,586,629	95,586,629
Distributable		
Balance as at beginning of year	1,515,687,115	1,376,401,620
Prior year adjustment (note 1(a))	30,512,108	61,206,751
Balance as at beginning of year (restated)	1,546,199,223	1,437,608,371
Unappropriated income for the year	204,943,800	220,640,822
Balance as at end of year	1,771,393,023	1,566,199,223
Total Reserves	1,866,979,652	1,661,805,852

Notes to the Financial Statements

DECEMBER 31, 2000

	2000 \$	1999 \$
9. OTHER OPERATING INCOME		
Inspection fees	975,005	584,055
Gain on disposal of fixed assets	—	300,000
	<u>975,005</u>	<u>884,055</u>
10. MANAGEMENT EXPENSES		
Staff costs (note 12)	150,353,038	124,459,323
Directors' costs (note 13)	6,949,999	6,124,999
Audit fees	1,600,000	1,515,000
Lease payments	1,261,000	—
Other expenses	77,240,339	60,208,462
	<u>237,404,376</u>	<u>192,307,784</u>
11. PROVISION FOR LOSSES ON LOAN ASSETS		
As at beginning of year	30,000,000	10,000,000
Charged in year	30,000,000	20,000,000
Utilised in year	(1,174,185)	—
As at end of year	<u>58,825,815</u>	<u>30,000,000</u>
12. STAFF COSTS AND STAFF NUMBERS		
Wages and salaries	124,913,275	96,730,103
Social security costs	5,056,330	3,395,485
Other pension costs	12,300,491	14,950,056
Other staff costs	8,082,942	9,383,679
	<u>150,353,038</u>	<u>124,459,323</u>
Number of persons employed by the Society at the end of the year:		
Full Time	101	87
Part Time	9	8
	<u>110</u>	<u>95</u>
13. DIRECTORS' COSTS		
Directors' fees	2,700,000	2,340,000
Directors' travel	2,700,000	2,340,000
Directors' pension	1,549,999	1,444,999
	<u>6,949,999</u>	<u>6,124,999</u>

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Notes to the Financial Statements

DECEMBER 31, 2000

14. LEASE COMMITMENTS

At December 31, 2000 the annual commitments under non-cancellable operating leases relating to land and building were as set out below:

	2000 \$	1999 \$
Within one year	995,000	330,000
In more than one year but not more than five years	1,112,500	675,000
	<u>2,107,500</u>	<u>1,005,000</u>

15. FINANCIAL INSTRUMENTS

(a) Credit Risk

Cash at bank and short-term deposits are held with substantial financial institutions. Investments, both foreign and local, are held in government securities.

There are no significant concentrations of risk attaching to mortgage assets given the lending limit stated in the Society's rules.

(b) Interest Rate Risk

The interest rates and maturity dates for investments, cash, loans, shares and deposits are shown in notes 3, 4, 6 and 7 respectively.

(c) Fair Values

The fair value of investments, which approximates to market value, is stated in note 3. The fair value of shares, deposits, debtors and creditors approximates to their carrying value. The fair value of mortgage assets, which would be based upon projected cash flows discounted at an estimated current market rate of interest, is not readily determinable.

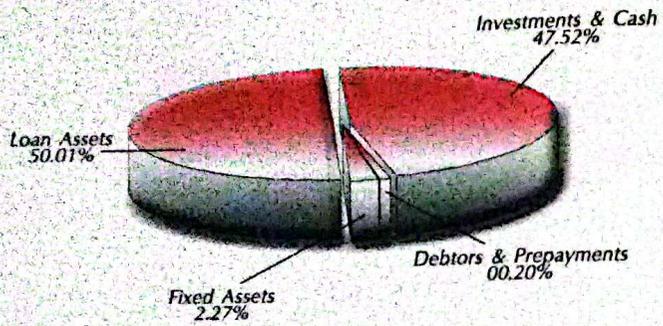
16. PRIOR PERIOD ADJUSTMENT

Effective this year, the Society has changed its accounting policy with respect to recognition of foreign currency gains or losses to comply with International Accounting Standard 21. The effect of the change is to decrease income by \$10,774,623 in 1999 and increase it by \$12,469,154 in 2000, with \$61,286,731 being released to retained profits at January 1, 1999.

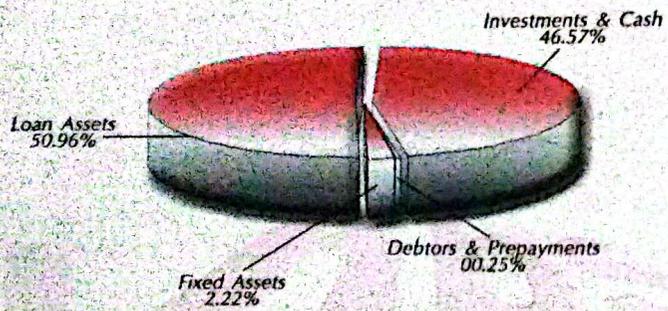
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Assets Composition

2000



1999



PROXIES

R. D. KUNA 53

R. VERBEE 51

K. Takechandra 65

C. Veerasingh 42

M. Sanku Cha 28

R. Harrison 20

S. Hayes 14

369

38

Share Report

302

700

398

100