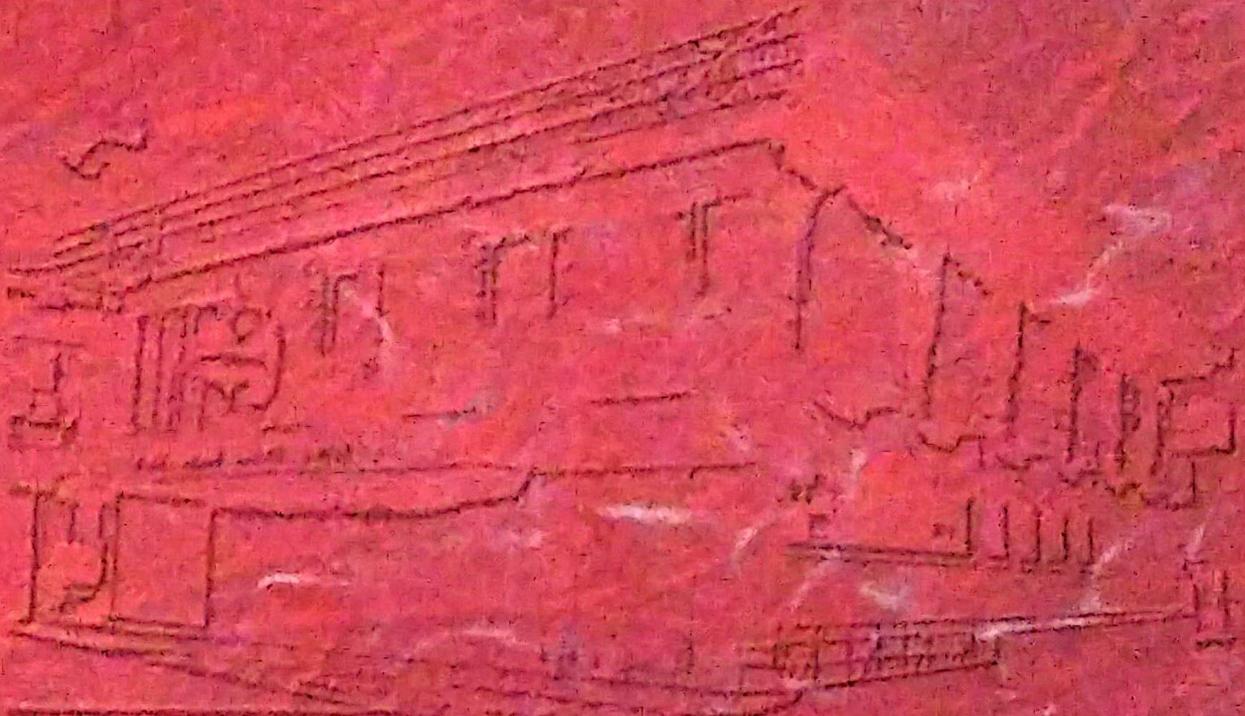




The New Building Society Limited



Annual Report
2001

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Mission Statement

To provide the very best Mortgage and Savings products through a large network of branches, modern technology and a disciplined, affable and well trained staff and to uphold our social responsibilities through worthwhile involvement in community projects.

Business Objectives

To provide a broad range of Mortgage and Saving products through a wide network of branches.

To provide independent financial advice on products offered.

To practise prudent management for the continuation of financial stability.

To provide excellent customer service using modern technology and a highly efficient and disciplined staff.

To provide employees with very favorable working conditions thereby enhancing their personal growth and development.

To be a respected and appreciated corporate citizen.

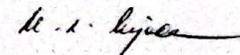
Notice of Meeting

Notice is hereby given that the Sixty-Second Annual General Meeting of the Members of the New Building Society Limited will be held at 5.00 p.m. on Monday, 22nd April, 2002 at the Convention Centre of the Ocean View International Hotel, Public Road, Liliendaal, Greater Georgetown, Guyana.

AGENDA

1. To consider the Accounts, Balance Sheet and the Reports of the Directors and Auditors for the year 2001.
2. To fix the remuneration of the Directors for the year 2002.
3. To appoint Auditors for the year 2002.
4. To fix the remuneration of the Auditors for the year 2002.
5. To approve the sum of \$6,000,000; to be donated to Charity and for Educational Purposes for the year 2002.
6. Any Other Business of which due notice shall have been given.

By Order of the Board,



Maurice L. Arjoon,
Director/Secretary,
21st March, 2002

Please Note:

Only Members holding the following Accounts or their duly appointed proxies are entitled to attend the Meeting –

*Save & Prosper Accounts
Five Dollar Share Accounts
Mortgage Accounts*

Please bring your Passbook to gain entry to the Meeting.

Financial Highlights

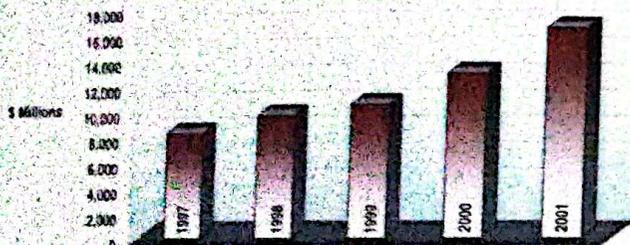
ASSETS COMPOSITION - 2001



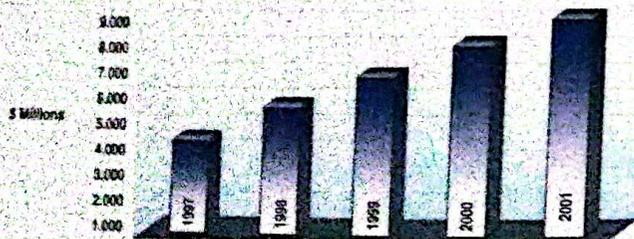
ASSETS GROWTH 1997 - 2001



SAVINGS GROWTH 1997 - 2001



MORTGAGE GROWTH 1997 - 2001



Corporate Information

BOARD OF DIRECTORS

R. Bhookmohan Esq.	Chairman
L.O. Rockcliffe Esq.	Vice Chairman
S. Bovell Esq.	
Dr. N.K. Gopaul	
M. McDoom S.C.	
Y.Yhann (Mrs.)	
M.L. Arjoon Esq.	

MANAGEMENT

M. L. Arjoon Esq.
Director/Secretary

N. Mohamed Esq.
Assistant Secretary/Operations Manager

M. Majeed Esq.
IT Systems Administrator

K. Vincent Esq.
Branch Manager, Essequibo

S. Balram (Mrs.)
Sub Branch Manager, N/A

SOLICITORS

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

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

BANKERS

**Guyana Bank for Trade
and Industry Limited**
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.

Bank of Nova Scotia
Carmichael Street,
Georgetown.

AUDITORS

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

Board of Directors



R. BHOOKMOHAN



M. L. ARJOON



I. O. ROCKCLIFF



S. BOVELL



N. K. GOPAUL



M. McDOOM



V. YIHANN

Management Team



M. L. Arjoon
Director/Secretary



N. Mohamed
*Assistant Secretary/
Operations Manager*



M. Majeed
IT Systems Administrator



K. Vincent
Manager, Essequibo



D. Balram
*Sub-Branch Manager
New Amsterdam*



A. Beharry
*Sub-Branch Manager
Roxburgh*



J. Persaud
*Sub-Branch Manager
Rose Hall*



M. Simon
*Sub-Branch Manager
Linden*



C. Alleyne
*Sub-Branch Manager
Carriverton*

The Directors are pleased to present the 62nd Annual Report together with the Annual Accounts and Business Statement of the Society for the year ended 31st December, 2001.

PRINCIPAL BUSINESS ACTIVITIES:

The Society provides a broad range of Mortgage and Savings products from seven (7) locations across the country.

FINANCIAL HIGHLIGHTS:

In the year 2001 the Society:

	2001 GSM	2000 GSM
RECORDED PROFITS OF _____	204	205
INCREASED GENERAL RESERVES TO _____	2,071	1,867
INCREASED ASSETS UNDER MANAGEMENT TO _____	18,268	14,582
INCREASED SAVINGS BALANCES BY GSM3,481 TO _____	16,074	12,593
PROVIDED NEW ADVANCES TO MEMBERS TOTTALLING _____	1,571	1,845

LENDING:

Total loans and advances to members including those assets under management have increased by \$1,039 million to \$8,351 million.

The number of loans and advances to members on which payments were 12 months or more in arrears at 31st December, 2001 was 16 (2000 – 15). The total outstanding balance gross of provisions on these loans was \$42 million (2000 - \$23 million).

At 31st December, 2001 the total amount of arrears was \$78 million (2000 - \$74 million) representing 0.9% (2000 – 1.0%) of the total loans and advances to members.

LIQUID ASSETS:

At 31st December, 2001 liquid assets (i.e. cash and short-term investments) were \$9,109 million and represent 56.6% of total savings.

CHARITABLE DONATIONS:

During the year, donations to charity and for educational purposes as well as support to initiatives in the Community totalled \$3.6 million.

CORPORATE GOVERNANCE:

The Directors apply principles of good governance by adopting the following policies and procedures for the better management of the Society:

The Board meets at least once a month and has adopted a structure of mandates granted to Committees whilst retaining specific matters for its decision.

The roles of the Chairman and the Director/Secretary are distinct and the offices are held by different persons. The Chairman (non-executive) is responsible for the running of the Board and the Director/Secretary is responsible for managing the Society's business.

All of the Board Members with the exception of the Director/Secretary are non-executive and are considered independent and bring wide knowledge, experience and professionalism to the deliberations of the Board.

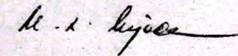
The valuations of properties lodged as collateral for mortgages are carried out by the Directors in collaboration with Senior Management.

All Directors have access to the advice and services of the Director/Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed in accordance with the New Building Society Act Chapter 36:21 of the Laws of Guyana.

AUDITORS:

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

By Order of the Board,



Maurice L. Arjoon,
Director/Secretary,
21st March, 2002

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 11 to 24. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. These 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.

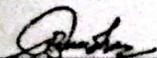
In our opinion, the financial statements, which have been prepared under the historical cost convention, modified by the valuation of freehold land and buildings, give a true and fair view of the state of affairs of the Society at December 31, 2001, and of the results of its operations and its cash flow for the year ended December 31, 2001 in accordance with International Accounting Standards adopted by the Institute of Chartered Accountants of Guyana and with the New Building Society Act.


JACK A. ALLIS SONS & CO.
Associates of PricewaterhouseCoopers
March 21, 2002

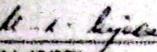
Balance Sheet
DECEMBER 31, 2001

	Notes	2001 \$'000	2000 \$'000
ASSETS			
Cash resources	4	1,668,071	900,206
Loan assets	5	6,381,017	7,313,160
Investments	6	7,890,797	5,996,658
Property, plant and equipment	7	325,813	301,643
Other assets	8	62,789	34,923
		<u>18,268,427</u>	<u>14,582,398</u>
INVESTORS' BALANCES, LIABILITIES AND RESERVES			
Investors' balances	9	16,073,677	12,593,160
Other liabilities	10	123,587	122,250
Reserves	11	2,071,163	1,866,980
		<u>18,268,427</u>	<u>14,582,398</u>

Approved by the Board of Directors


R. BHOOKMOHAN
CHAIRMAN


L.O. ROCKCLIFFE
V.P. CHAIRMAN


M. L. ARJOON
DIRECTOR / SECRETARY

The notes on pages 14 to 24 form an integral part of these financial statements



new building society

Income Statement

FOR THE YEAR ENDED DECEMBER 31, 2001

	Notes	2001 \$'000	2000 \$'000
Interest Income			
Loan assets		907,008	784,438
Investments		695,016	706,609
Cash resources		162,680	35,370
		<u>1,764,704</u>	<u>1,526,417</u>
Interest Expense			
Five dollar shares		(531,275)	(503,739)
Save and prosper shares		(719,237)	(524,092)
Deposits		(27,053)	(25,365)
		<u>487,139</u>	<u>473,221</u>
Net Interest Income			
Fee and commission income		6,513	6,882
Gain on exchange		4,706	31,739
Other operating income		3,244	975
		<u>501,602</u>	<u>512,817</u>
Total Net Income			
Provision for losses on loan assets	12	(5,627)	(30,000)
Other expenses	13	(291,792)	(277,823)
		<u>204,183</u>	<u>204,994</u>

The Society has no recognised gains and losses other than the gains above and therefore no separate statement of total gains and losses has been presented.

The notes on pages 14 to 24 form an integral part of these financial statements.



new building society

Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2001

	2001 \$'000	2000 \$'000
Operating Activities		
Net profit for the year	204,183	204,994
Adjustments for:		
Depreciation	30,714	24,419
Provision for losses on loan assets	5,627	30,000
Utilization of provisions for losses on loan assets	(13,259)	(1,174)
Gain on disposal of property, plant and equipment	(580)	0
Net unrealised (gain) / loss on exchange	0	(12,469)
	<u>226,685</u>	<u>245,770</u>
Operating income before changes in operating assets and liabilities	226,685	245,770
Advances net of repayments	(1,060,217)	(1,232,823)
Increase in other assets	(27,866)	(20,551)
Receipts from investors net of withdrawals	3,480,509	2,357,082
Increase in other liabilities	1,337	21,475
	<u>2,620,448</u>	<u>1,370,953</u>
Net Cash Inflow - Operating Activities		
Investing Activities		
Proceeds from sale of property, plant and equipment	600	0
Purchase of property, plant and equipment	(25,004)	(90,417)
Purchase of investments net of redemptions	(1,834,179)	(549,201)
Investment in fixed deposit accounts	(552,000)	(798,000)
	<u>(2,410,583)</u>	<u>(1,437,618)</u>
Net Cash Outflow - Investing Activities		
Net Movement in Cash and Cash Equivalents	209,865	(66,665)
Cash and Cash Equivalents as at Beginning of Year	108,206	174,871
Cash and Cash Equivalents as at End of Year	<u>318,071</u>	<u>108,206</u>

The notes on pages 14 to 24 form an integral part of these financial statements.

1. ENTERPRISE IDENTIFICATION

The New Building Society Limited was established in Guyana under the New Building Society Act. Its registered office is located at Lot 1, Avenue of the Republic, Georgetown.

The Society is not registered under the Financial Institutions Act, 1995 and is not subject to taxation as stipulated in the Corporation Tax Act, 1970.

2. PRINCIPAL ACTIVITY

The principal activity is the provision of a range of mortgage and savings products.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold land and building, and in accordance with International Accounting Standards currently adopted in Guyana. The financial statements are stated in Guyana Dollars.

3.2 Foreign Currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Such balances are translated at the prevailing year end exchange rate.

3.3 Loan Assets

Loan assets are stated net of unearned interest, where applicable, and provisions for losses. Specific provisions for losses are made through out the year and at year end on a case by case basis. Consideration is given to the value of collateral held as determined by Directors. The specific provision for properties in possession is based on the agreed sales price or Directors' valuation.

In the prior year there was a general provision for losses on loan assets, which proved adequate when re-evaluated on the basis of specific provisioning adopted in the current year.

3.4 Investments

Investments are classified as held-to-maturity assets as management has both the intent and the ability to hold to maturity. Investments are recorded at amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Property, Plant and Equipment

Freehold land and buildings are stated at the revalued amount less accumulated depreciation thereon. All other fixed assets are stated at cost less accumulated depreciation.

Freehold land is not depreciated. Depreciation on all other assets is calculated on a straight line basis at rates estimated to write off the depreciable amount over their expected useful economic lives. The following rates are used:-

Buildings	2 %
Office furniture	12.5 - 20 %
Machinery and equipment	10 - 20 %
Motor vehicles	20 %

3.6 Interest Recognition

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis.

3.7 Retirement Benefit Plan

The Society operates the New Building Society Limited Pension Scheme which is a defined benefit scheme. The assets of the scheme are held independently from those of the Society.

Scheme valuations are carried out by independent professionally qualified actuaries. The most recently published formal valuation of the scheme was as at December 31, 1997, when the market value of assets covered 168% of accrued liabilities. The surplus amounted to \$45,794,000.

The Society accounts for pension costs as they become due. Compliance with International Accounting Standard No. 19 will be implemented in the coming year when it becomes effective in Guyana.

3.8 Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, cash at bank excluding fixed deposits, and investments with original maturity of less than three months.

3.9 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

See page 14

	Notes	2001 \$'000	2000 \$'000
4. CASH RESOURCES			
Redeemable on demand:			
Cash in hand		6,800	6,500
Other cash at bank		311,271	101,706
		318,071	108,206
Redeemable after 3 months:			
Fixed deposits		1,350,000	798,000
		<u>1,668,071</u>	<u>906,206</u>
5. (a) LOAN ASSETS			
Mortgages		8,351,247	7,311,902
Properties in possession		60,637	39,726
Other loans and advances		20,327	20,366
		8,432,211	7,371,994
Provision for losses on loan assets	12	(51,194)	(58,826)
		<u>8,381,017</u>	<u>7,313,168</u>

** New Defining Loan*
(b) MORTGAGES

	2001		2000	
	No. of Securities	Amount \$'000	No. of Securities	Amount \$'000
Balances not exceeding \$500	0	0	1	0
Balances exceeding \$500 but not \$1,000	0	0	0	0
Balances exceeding \$1,000 but not \$2,000	1	2	3	5
Balances exceeding \$2,000 but not \$3,000	2	4	5	13
Balances exceeding \$3,000 but not \$4,000	0	0	2	7
Balances exceeding \$4,000 but not \$5,000	3	12	3	14
Balances exceeding \$5,000 but not \$10,000	7	50	13	91
Balances exceeding \$10,000 but not \$15,000	5	67	9	114
Balances exceeding \$15,000 but not \$20,000	3	52	11	194
Balances exceeding \$20,000 but not \$25,000	4	93	7	157
Balances exceeding \$25,000 but not \$30,000	3	83	6	164
Balance carried forward	28	363	60	759

(b) MORTGAGES (Cont'd)

	2001		2000	
	No. of Securities	Amount \$'000	No. of Securities	Amount \$'000
Balance brought forward	28	363	60	759
Balances exceeding \$30,000 but not \$50,000	16	651	22	894
Balances exceeding \$50,000 but not \$100,000	40	2,533	37	2,706
Balances exceeding \$100,000 but not \$200,000	76	11,796	95	14,232
Balances exceeding \$200,000 but not \$250,000	45	10,155	32	7,193
Balances exceeding \$250,000 but not \$500,000	239	91,289	259	97,279
Balances exceeding \$500,000 but not \$750,000	250	155,329	252	156,881
Balances exceeding \$750,000 but not \$1,000,000	359	319,757	302	269,784
Balances exceeding \$1,000,000 but not \$1,500,000	642	806,305	553	697,386
Balances exceeding \$1,500,000 but not \$2,000,000	579	1,008,929	480	840,422
Balances exceeding \$2,000,000 but not \$2,500,000	411	918,488	364	816,125
Balances exceeding \$2,500,000 but not \$3,000,000	327	903,761	280	772,693
Balances exceeding \$3,000,000 but not \$4,000,000	420	1,464,367	389	1,360,046
Balances exceeding \$4,000,000 but not \$5,000,000	441	2,009,709	385	1,764,605
Balances exceeding \$5,000,000 but not \$6,000,000	82	427,979	98	510,897
Balances exceeding \$6,000,000 but not \$7,000,000	16	102,918	0	0
Balances exceeding \$7,000,000 but not \$8,000,000	12	92,498	0	0
Balances exceeding \$8,000,000	3	24,020	0	0
Total	3,988	8,351,247	3,608	7,311,902
Aggregate amount for mortgages on which repayments or payments are in arrears for more than twelve months.		<u>41,542</u>		<u>22,737</u>

	2001 \$'000	2000 \$'000
6. INVESTMENTS		
Government of Guyana Treasury Bills	7,987,708	5,598,960
United Kingdom Government Treasury Loans	443,029	397,598
	<u>7,930,737</u>	<u>5,996,558</u>

7. PROPERTY, PLANT AND EQUIPMENT

Cost / Valuation	Freehold Land and Buildings \$'000	Machinery Furniture and Equipment \$'000	Motor Vehicles \$'000	Work in Progress \$'000	2001 Total \$'000
As at beginning of year	168,221	142,757	59,039	33,817	403,834
Additions	552	10,441	4,425	9,586	25,004
Transfers	34,923	3,895	0	(38,818)	0
Disposals	0	(279)	(1,712)	0	(1,991)
As at end of year	<u>203,696</u>	<u>156,814</u>	<u>61,752</u>	<u>4,585</u>	<u>426,847</u>
Depreciation					
As at beginning of year	(13,065)	(32,393)	(26,833)	0	(72,291)
Charges for the year	(3,352)	(16,517)	(10,845)	0	(30,714)
Disposals	0	259	1,712	0	1,971
As at end of year	<u>(16,417)</u>	<u>(48,651)</u>	<u>(35,966)</u>	<u>0</u>	<u>(101,034)</u>
Net Book Value					
As at end of year	<u>187,279</u>	<u>108,163</u>	<u>25,786</u>	<u>4,585</u>	<u>325,813</u>
As at beginning of year	<u>155,156</u>	<u>110,364</u>	<u>32,206</u>	<u>33,817</u>	<u>331,543</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.

	2001 \$'000	2000 \$'000
8. OTHER ASSETS		
Accrued interest	57,311	25,948
Sundry debtors and prepayments	5,478	8,975
	<u>62,789</u>	<u>34,923</u>

	2001 \$'000	2000 \$'000
9. INVESTORS' BALANCES		
Five dollars shares	7,188,015	6,252,561
Save and prosper shares	8,482,755	5,986,633
Deposits	402,907	353,974
	<u>16,073,677</u>	<u>12,593,168</u>

10. OTHER LIABILITIES

	2001 \$'000	2000 \$'000
Withholding taxes	63,644	59,385
Anniversary celebrations	40,568	42,910
Sundry creditors and accruals	19,275	19,955
	<u>123,587</u>	<u>122,250</u>

The amount shown as Anniversary Celebrations represents the balance on the sum approved at the sixtieth annual general meeting for developmental projects. The sum has been provided to meet the constructive obligation to build a family counselling centre in Port Mourant, Berbice.

	Notes	2001 \$'000	2000 \$'000
11. RESERVES			
Revaluation Reserve			
As at beginning and end of year		95,587	95,587
Revenue Reserve			
As at beginning of year		1,771,393	1,515,887
Prior year adjustment	20	0	50,512
As at beginning of year (restated)		1,771,393	1,566,399
Net profit for the year		204,183	204,994
As at end of year		<u>1,975,576</u>	<u>1,771,393</u>
Total Reserves		<u>2,071,163</u>	<u>1,866,980</u>

12. PROVISION FOR LOSSES ON LOAN ASSETS

	2001 \$'000	2000 \$'000
As at beginning of year	58,926	30,000
Charged in year	5,627	30,000
Utilised in year	(13,259)	(1,174)
As at end of year	<u>51,194</u>	<u>58,826</u>

	Notes	2001 \$'000	2000 \$'000
13. OTHER EXPENSES			
Depreciation		30,714	24,419
Staff costs	14	154,800	150,353
Directors' costs	15	6,950	6,950
Charitable and educational donations		3,624	6,000
Anniversary celebrations		0	10,000
Auditors' remuneration		2,000	1,600
Operating lease payments		820	1,261
Other		92,894	77,240
		<u>291,792</u>	<u>277,823</u>
14. STAFF COSTS			
Wages and salaries		124,753	124,913
Social security costs		5,293	5,056
Pension costs		14,334	12,301
Other staff costs		10,420	8,083
		<u>154,800</u>	<u>150,353</u>
Number of persons employed at the end of year			
Full time		101	101
Part time		8	9
		<u>109</u>	<u>110</u>
15. DIRECTORS' COSTS			
Directors' fees		2,700	2,700
Directors' travel		2,700	2,700
Directors' pension		1,550	1,550
		<u>6,950</u>	<u>6,950</u>

16. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

A number of transactions are entered into with related parties in the normal course of business. The related parties include Directors and Senior Officers of the Society and close family members of such individuals. Mortgages are extended to Senior Officers of the Society at the applicable employee rate which is 50% of the prevailing rate. All other transactions are carried out on commercial terms and at prevailing rates. The outstanding balances and related income and expenses are as follows:

	2001 \$'000	2000 \$'000
16. RELATED PARTY TRANSACTIONS (Cont'd)		
(i) Mortgages		
Balance as at end of year	24,210	26,011
Interest income	2,715	2,628
No provisions have been recognised in respect of mortgages given to related parties (2000: Nil).		
(ii) Investors' Balances		
Balance as at end of year	20,581	14,904
Interest expense	1,742	1,415
17. CAPITAL COMMITMENT		
The following capital commitments are not provided for in these financial statements.		
Authorised but not contracted for	0	2,916
18. FINANCIAL INSTRUMENTS		
(i) Foreign Exchange Risk		
Foreign exchange exposure arises from the Society's holding of foreign-denominated financial assets. Management limits the exposure to unfavourable exchange rate movements by investing in stable currencies.		
Aggregate assets denominated in foreign currencies amounted to:-		
British Pound Sterling	450,447	418,684
(ii) Interest Rate Risk		

The Society assumes interest rate risk from dealing with customers and other third parties through fixed term lending or investment activity. The risk arises from movement in interest rates where the Society's financial assets or liabilities have varying repricing dates. The Society manages this risk through the retention of the right to change applicable rates on mortgages and the holding of short-term investments.

The table below summarises the Society's exposure to interest rate risk by categorising the carrying amounts of assets and liabilities by the earlier of contractual repricing or maturity dates.

18. FINANCIAL INSTRUMENTS (Cont'd)

(ii) Interest Rate Risk (Cont'd)

	Up to one year \$'000	Over one year \$'000	Non- interest bearing \$'000	Total 2001 \$'000
Cash resources	1,571,690	0	96,381	1,668,071
Loan assets	8,339,461	0	41,556	8,381,017
Investments	7,387,708	443,029	0	7,830,737
Other assets	0	0	388,602	388,602
TOTAL ASSETS	17,298,859	443,029	526,539	18,268,427
Investors' balances	16,073,677	0	0	16,073,677
Other liabilities	0	0	123,587	123,587
TOTAL INVESTORS' BALANCES AND LIABILITIES	16,073,677	0	123,587	16,197,264
INTEREST SENSITIVITY GAP	1,225,182	443,029		

	Up to one year \$'000	Over one year \$'000	Non- interest bearing \$'000	Total 2000 \$'000
Cash resources	853,115	0	53,091	906,206
Loan assets	7,291,115	0	22,053	7,313,168
Investments	5,598,960	397,598	0	5,996,558
Other assets	0	0	366,466	366,466
TOTAL ASSETS	13,743,190	397,598	441,610	14,582,398
Investors' balances	12,593,168	0	0	12,593,168
Other liabilities	0	0	122,250	122,250
TOTAL INVESTORS' BALANCES AND LIABILITIES	12,593,168	0	122,250	12,715,418
INTEREST SENSITIVITY GAP	1,150,022	397,598		

18. FINANCIAL INSTRUMENTS (Cont'd)

(iii) Liquidity Risk

The Society is exposed to daily calls on its cash resources from investors' accounts and mortgage draw downs. The Society maintains sufficient cash resources and short term investments to meet expected needs.

The table below analyses assets and liabilities of the Society into relevant maturity groupings.

	Up to one year \$'000	One to five years \$'000	Over five years \$'000	Total 2001 \$'000
Cash resources	1,668,071	0	0	1,668,071
Loan assets	447,533	2,029,353	5,904,131	8,381,017
Investments	7,387,708	265,101	177,928	7,830,737
Other assets	62,789	0	325,813	388,602
TOTAL ASSETS	9,566,101	2,294,454	6,407,872	18,268,427
Investors' balances	16,073,677	0	0	16,073,677
Other liabilities	123,587	0	0	123,587
TOTAL INVESTORS' BALANCES AND LIABILITIES	16,197,264	0	0	16,197,264
NET LIQUIDITY GAP	(6,631,163)	2,294,454	6,407,872	

	Up to one year \$'000	One to five years \$'000	Over five years \$'000	Total 2000 \$'000
Cash resources	906,206	0	0	906,206
Loan assets	374,168	1,773,873	5,165,127	7,313,168
Investments	5,598,960	309,695	87,903	5,996,558
Other assets	34,923	0	331,543	366,466
TOTAL ASSETS	6,914,257	2,083,568	5,584,573	14,582,398
Investors' balances	12,593,168	0	0	12,593,168
Other liabilities	122,250	0	0	122,250
TOTAL INVESTORS' BALANCES AND LIABILITIES	12,715,418	0	0	12,715,418
NET LIQUIDITY GAP	(5,801,161)	2,083,568	5,584,573	

18. FINANCIAL INSTRUMENTS (Cont'd)

(iv) Credit Risk

The Society takes on exposure to credit risks which is the risk that a counterparty will be unable to pay amounts in full when due.

To reduce this exposure, cash resources are held with substantial financial institutions while investments are held in government securities.

Management limits the Society's exposure to credit risks in relation to its mortgage portfolio by strict adherence of the maximum lending limit of \$8,000,000. Additionally, mortgages are limited to seventy five percent of the valuation of the property to be lodged as collateral. Valuations are carried out by Directors.

The geographic concentration of total mortgages outstanding is shown in the table below:-

	2001 \$'000	2000 \$'000
Demerara, except Linden	6,936,941	6,276,133
Berbice	940,237	687,279
Essequibo	197,168	171,163
Linden	276,901	177,327
	<u>8,351,247</u>	<u>7,311,902</u>

(v) Fair Values

Fair value represents an estimate of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act.

Cash Resources:

The carrying values of cash resources approximate to fair value given their short-term nature.

Loan Assets:

Loan assets are stated net of specific provisions for losses. The fair value of these assets which would be based upon projected cash flows discounted at the current market rate of interest, is not readily determinable.

Investments:

Investments are purchased with the intention of being held to maturity and are carried at amortised cost which reflects fair value.

Investors' Balances:

The fair value of investors' balances approximates to the amount repayable on demand as the balances carry no stated maturity.

19. CONTINGENT LIABILITY

The Society is currently defending a claim with a potential liability of \$21,000,000.

20. PRIOR PERIOD ADJUSTMENT

In the prior year, the Society changed its accounting policy with respect to the recognition of foreign currency gains or losses to comply with International Accounting Standard No. 21.

The effect of the change was to increase reserves by \$50,512,108 at January 1, 2000, and by \$12,469,154 in 2000.