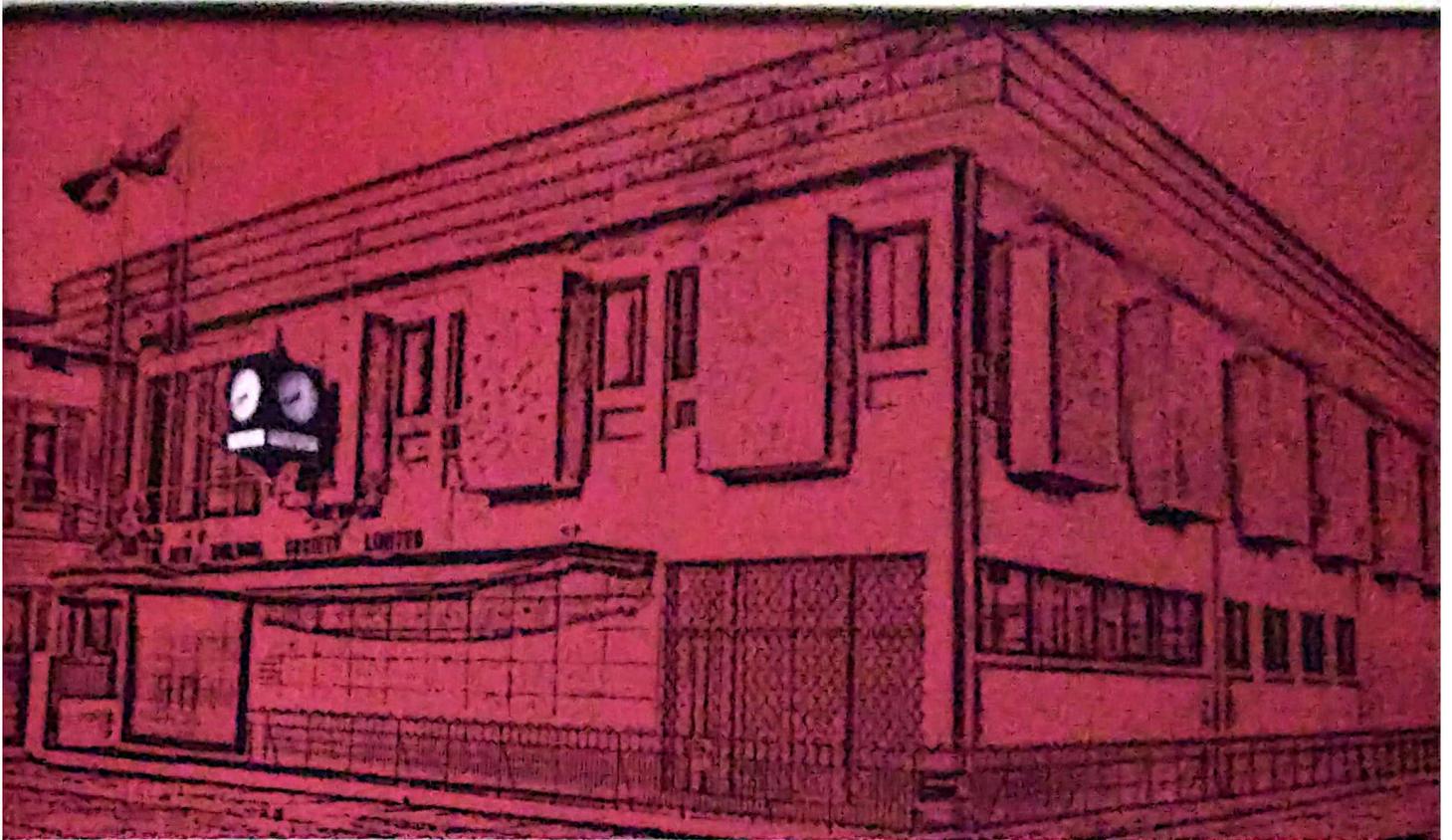




The New Building Society Limited



*65th Anniversary*

*Annual Report  
2004*

## 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 involvement in worthwhile community projects.

# nbs

the new building society limited

## Business Objectives

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

To provide independent financial advice on products offered.

To practice 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 favourable working conditions thereby enhancing their personal growth and development.

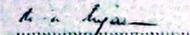
To be a respected and appreciated corporate citizen

Notice is hereby given that the Sixty-Fifth Annual General Meeting of the Members of the New Building Society Limited will be held at 5.00 p.m. on Monday, 18<sup>th</sup> April 2005 at the Hotel Tower Limited, 74-75 Main Street, Georgetown.

AGENDA

1. To consider the Financial Statements and the Reports of the Directors and Auditors for the year 2004.
2. To confirm the appointment by the Board of Directors of Messrs. David A. Yuann and Seepaul Narine, as Directors.
3. To elect Directors for the period 2005 - 2007.
4. To fix the remuneration of the Directors for the year 2005.
5. To appoint Auditors for the year 2005.
6. To fix the remuneration of the Auditors for the year 2005.
7. To approve the sum of \$8 million for donation to Charity and for Educational purposes for the year 2005.
8. To approve the expenditure of \$33 million for various projects/activities to commemorate the Society's 65<sup>th</sup> Anniversary.
9. Any other business of which due notice shall have been given.

By Order of the Board,

  
Maurice L. Arjoon,  
Director/Secretary  
15<sup>th</sup> March 2005

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.

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**BOARD OF DIRECTORS**

- L. O. Rockcliffe**  
Chairman
- M. M. McDoom S.C.**  
Vice-Chairman
- S. G. Bovell**
- Dr. N. K. Gopaul**
- D. A. Yhann**
- S. Narine**
- M. L. Arjoon**

**MANAGEMENT**

- M. L. Arjoon**  
Director/Secretary
- N. Mohamed**  
Assistant Secretary/Operations Manager
- M. Majeed**  
IT Systems Administrator
- K. Vincent**  
Branch Manager, Essequibo
- A. Beharry**  
Sub-Branch Manager, New Amsterdam
- M. Simon (Miss)**  
Sub-Branch Manager, Mackenzie
- A. Kishun**  
Sub-Branch Manager, Rosignol
- K. Macklingum**  
Sub-Branch Manager, Corriverton
- J. Samad**  
Sub-Branch Manager, Rose Hall
- T. Hall**  
Sub-Branch Manager

**ATTORNEYS-AT-LAW**

- Messrs. Cameron & Shepherd**  
2 Avenue of the Republic, Georgetown, Guyana.
- Messrs. McDoom & Co.**  
215 King Street, Stabroek, Georgetown, Guyana.

**BANKERS**

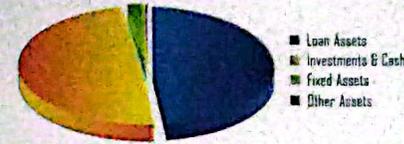
- Bank of Nova Scotia**  
104 Carmichael Street, North Cummingsburg, Georgetown, Guyana.
- National Bank of Industry & Commerce Ltd.**  
38-40 Water Street, Georgetown, Guyana.

- Bank of Baroda**  
10 Avenue of the Republic, Georgetown, Guyana.
- Guyana Bank for Trade & Industry Limited**  
47-48 Water Street, Robbstown, Georgetown, Guyana.
- Demerara Bank Limited**  
230 Camp & South Streets, Georgetown, Guyana.

**AUDITORS**

- Jack A. Alli, Sons & Company**  
145 Crown Street, Queenstown, Georgetown, Guyana.

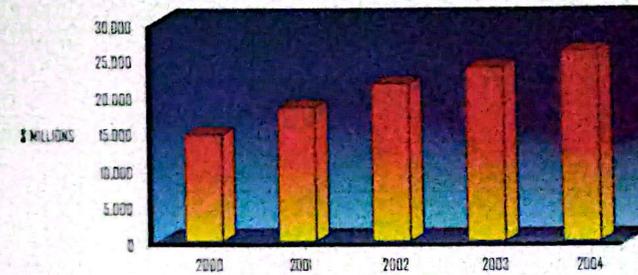
**Assets Composition - 2004**



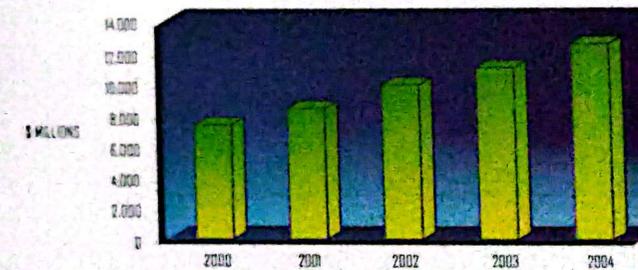
**Income Distribution - 2004**



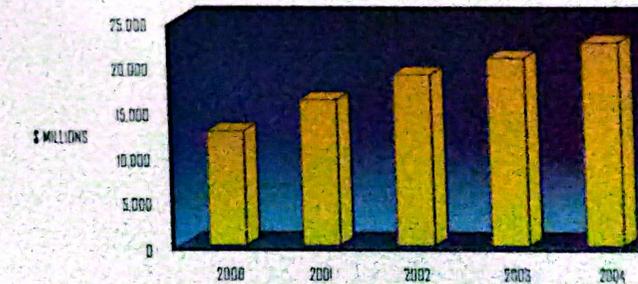
**Assets Growth 2000 - 2004**



**Mortgage Growth 2000 - 2004**



**Savings Growth 2000 - 2004**



nbs

# BOARD OF DIRECTORS

FROM TOP:

L. O. Rockcliff

M. M. McDoom S.C.

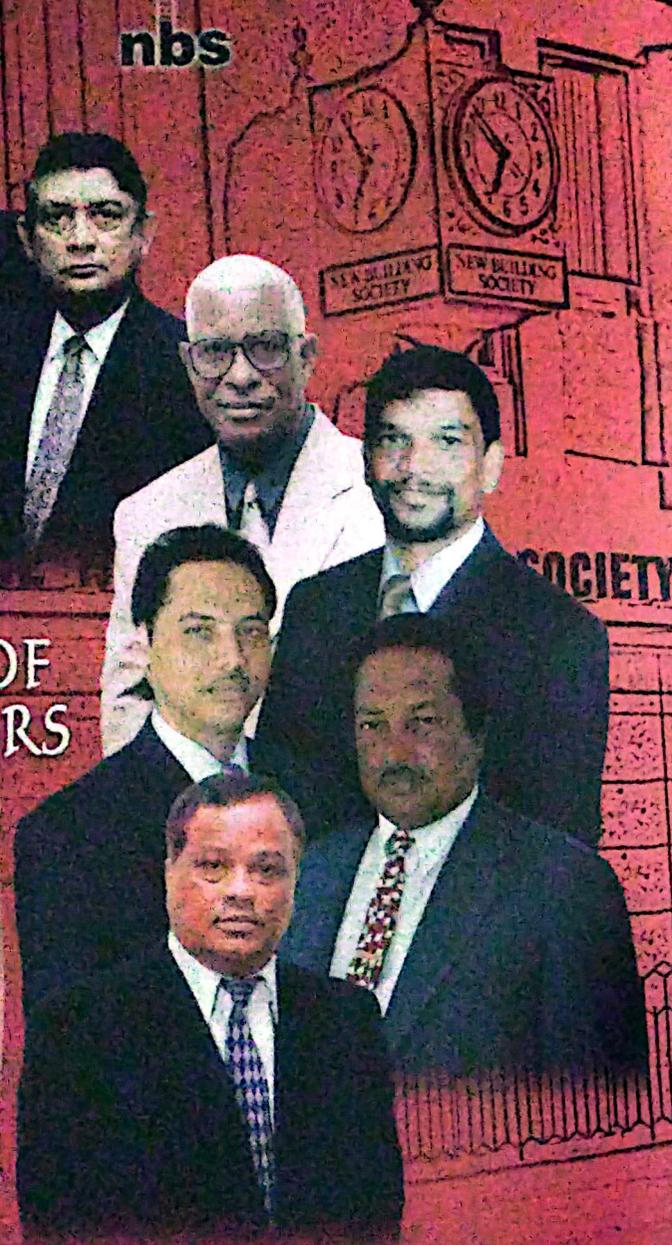
S. G. Beyell

Dr. N. K. Gopaul

D. A. Ybane

S. Narine

M. L. Arjoon



nbs

## Chairman's Report

Before presenting my report on the affairs of the Society, it is my solemn duty to place on record the death of our erstwhile Chairman Mr. Rasmial Bhookmohan on 14<sup>th</sup> November 2004. His signal contribution to the fortunes of the Society was marked by the opening of new branches across the country and a remarkable increase in the attraction of new savings and in the Society's mortgage portfolio. The imagination and vibrancy he always displayed have set out a progressive path which we his successors shall endeavour to pursue.

I am now pleased to present the Chairman's Report and Financial Statements of the New Building Society Limited (NBS) for the year ended 31<sup>st</sup> December 2004.

### *Economic Review:*

At the national level, the year 2004 though not robust in terms of growth was nevertheless better than the previous year and grew by 1.6% compared to last year's negative growth of 0.6%. This performance was due largely to increased production in sugar, livestock and the services sector. This was however, diminished by reduced production in rice, mining and the quarrying sector.

The rate of exchange vis-a-vis the US Dollar depreciated by 2.9% while the rate of inflation was pegged at 5.5% for 2004. During 2004, the 91 day Treasury Bill rate increased to 3.79% from 3.40% the previous year while the average savings rate declined slightly from 3.46% in 2003 to 3.42% in 2004.

The housing sector continues to grow at a rapid pace, as more areas were regularised and greater facilities installed in the new housing schemes. The NBS mortgage growth during 2004 is attestation to the fact that the stock of houses continues to increase.

Despite prudent fiscal and monetary policies, liquidity in the Financial Sector continued to be high and was further aggravated by a decline in private sector credit on account of cautious lending by the commercial banks. Nevertheless, NBS, in the light of these developments was still able to produce excellent results through consistently astute management of its resources.

### *Financial Performance*

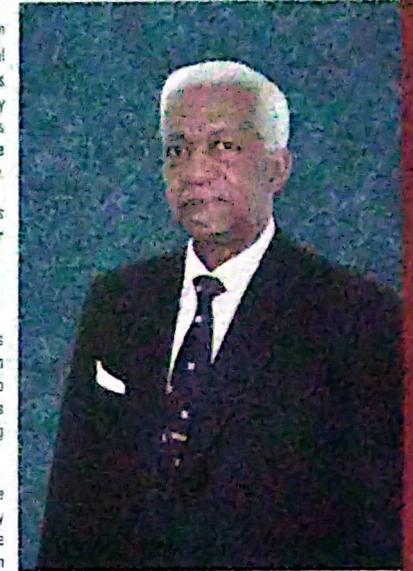
I am happy to report that the year 2004 was another successful year for NBS.

Your Society recorded a profit of \$397M, reflecting a 56% increase over the previous year's results. This achievement was realised despite maintaining the lowest spread in the Financial Sector, simultaneously paying the highest rates of interest on Savings and Deposit Accounts and charging the lowest rates of interest on Mortgage Loans.

Resulting from the Society's aggressive marketing strategy, efficient customer service and attractive interest rates, our share of the Deposit Business and the Mortgage Market continues to improve. Deposit Business has grown in 2004 by 8% to \$22.507 billion. Our Mortgage Portfolio increased by 14% to \$12.462 billion. Asset quality continues to be high as only a modest sum of \$51 million or 0.41% of the loan portfolio had to be provided for loan losses.

The value of Total Assets has grown in 2004 by 9% to \$25.872 billion, thus maintaining our position as the third largest financial institution in Guyana.

These results indicate that NBS is in excellent shape with a sound financial position. We continue to demonstrate our strong commitment to mutuality by offering highly competitive products to our members, whilst at the same time generating a level of profit sufficient to maintain strong capital ratios, and thus ensuring our continued development.



ANNUAL REPORT 2004

**Branches:**

Construction of the new Chief Office on our land at North Street and Avenue of the Republic is scheduled to commence during the fourth quarter of 2005. We have also acquired a property at Rose Hall, Berbice with a view to constructing our own building to house our Branch Office which currently operates on rented premises. The completion of these projects will ensure that we are better placed to serve our members more efficiently.

NBS maintains a wide network of Branches to ensure that its products can be delivered in an efficient and timely manner to its members. We shall continue to look for innovative ways to reward our members in keeping with our concept of mutuality.

**Staff:**

Our results for the year 2004 would not have been possible without the commitment and dedication of staff members. We have put in place the systems, the values and the people to continue taking NBS forward. I should like to take the opportunity to thank Management and Staff for a job well done and encourage them to continue the good work, so that both they and our members would derive maximal benefits from their efforts.

**Donations:**

We have continued to support various charitable and educational institutions in the community. Over 150 organisations benefited from just under \$6M in cash donations made during 2004, as we attempt to contribute to the improvement in the quality of life in Guyana. On the 23<sup>rd</sup> day of October 2004 there was the formal handing-over of the building at Port Mourant, Berbice, a product of our 60<sup>th</sup> anniversary celebrations, to the University of Guyana for use at its Berbice campus. The smaller building, a part of the same complex was delivered to Guyane Women in Development, a charitable organization dedicated to counselling and communal services in that area.

**The Future:**

It is impossible as a Building Society, to address the immediate and medium-term future without regard to the devastating floods on a scale never before experienced which afflicted mainly the lower East Coast of Demerara in January/February of the year 2005. The first reaction of your Society was a Board decision to treat with becoming compassion and on an individual basis requests for moratorium on repayments by mortgagors.

The Society advocates that the remedial measures for preventing a recurrence of these floods be adopted with greatest urgency.

**Low Cost Housing:**

A most formidable challenge to any governmental administration is the satisfaction of the aspirations of thousands of citizens seeking, with minimal financial resources, to own a home. The proliferation and regulation of squatter settlements and operation of State-owned housing schemes constitute a tremendous burden on national resources. We therefore view with some comfort, the recent national budgetary allocation of \$2.4 billion toward improvement of this sector. Our Society, as the principal financier of low cost mortgages in Guyana, must, however, make the following observations:

- Government Housing Schemes have been for over 18 years exempted from satisfying the requirement under the Public Health Ordinance, for the establishment and provision of infrastructural access and drainage works as a prelude to the issue of titles to purchasers. The end result is often diminished quality of amenity to the home-owner and a corresponding unattractiveness to a mortgage investor. The floods of early 2005 are a poignant reminder of this.
- In this regard and with a view to the future we strongly urge in the design of new housing areas the sacrifice of a few house lots for wider roads and reserves.
- There is a crying and urgent need for a National Building Code for domestic houses generally, but more particularly for the protection of the low-income home-owner who remains at the mercy of the shoddy builder and who is burdened with repairs a few months after the builder has received full payment.

**Low Cost Housing *cont'd***

- The extreme suffering of home-owners caused by the recent flood or even a less intense rainfall surely point to a re-consideration of the level and design of the low-income house. Should there be a resort to stilts and possibly building in wood in the affected areas as an alternative to the harder flat concrete structure?
- The naming or numbering of streets in Housing Schemes is greatly to be desired, not only for the residents, but also for the location and identification of lots by a prospective or actual mortgage-financier as well as the postal authorities and providers of utility services.
- Our concentration on the recent devastation through an overflow of water should not overcome our urgent need and desire for improved fire-fighting services countrywide.

**Housing Generally**

The welcome announcement of plans by Guyana Power and Light in respect of under-served and unserved areas as a complement to the Government Housing Programme is likely to generate a greater activity in establishment of new homes in the schemes identified. This naturally presents a prospect of increased interest and activity in the area of mortgage financing.

- In addition to the recommendation made above in respect of Low Income housing areas, it is opportune to insist on adherence by house-owners generally to the statutory requirement for lot numbers to be prominently displayed on their premises. Our Directors and Management, and I am sure, similar institutions, suffer many wasted hours in the location and identification of lots to be mortgaged.
- Finally, although on account of its relative recency, the affording of low income mortgages has not established itself as a sure financial investment, NBS, by virtue of its character and perceived national responsibility, remains committed to examine every means by which to sustain mortgage financing to that vast sector within our community who seek the security, comfort and dignity of a home of their own.

**Conclusion:**

The Board of Directors, Management and Staff together recognise the importance of a strong and stable financial system for the future success of our country. We are therefore committed to play our part in the maintenance of such a system and the preservation of its integrity.

May I thank so many of our members countrywide for their support during the year as we look forward to their continued support in the future. Similar thanks to my fellow Directors for their co-operation and diligent service during the year under review.

Leon D. Rockcliffe,  
Chairman

# MANAGEMENT TEAM



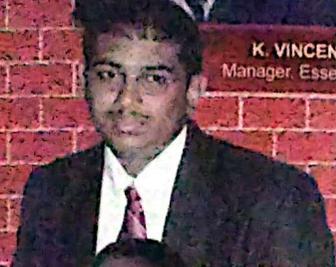
**N. MOHAMED**  
Assistant Secretary/  
Operations Manager



**K. VINCENT**  
Manager, Essequibo



**M. MAJEED**  
IT Systems  
Administrator



**A. KISHUN**  
Sub-Branch Manager,  
Rosignol



**T. HALL**  
Sub-Branch Manager



**M. SIMON**  
Sub-Branch Manager,  
Mackenzie



**K. MACKLINGAM**  
Sub-Branch Manager,  
Crownpoint



**A. BEHARRY**  
Sub-Branch Manager,  
New Amsterdam



**I. SAMAD**  
Sub-Branch Manager,  
Rose Hill



## Director/Secretary's Report

### Overview:

I am pleased to comment once again on the very successful operations of the New Building Society Limited (NBS) for the year ended 31<sup>st</sup> December 2004.

Despite the many challenges faced in Guyana through adverse domestic and international conditions, NBS continues to reflect a financially strong position. We have once again demonstrated that we can deliver very valuable benefits to our members by providing the highest deposit/lowest mortgages rates and lowest charges in the Financial Sector whilst simultaneously ensuring the safety of their funds.

The establishment of new housing schemes across the country by the Government of Guyana has resulted in a significant expansion in the mortgage market with a resultant increase in NBS' share as is reflected in the record loans disbursed for the year under review.

The level of excess liquidity continues to be very high as is evident by the large volume of Treasury Bills held with the Bank of Guyana by Financial Institutions including NBS. It must be emphasised once again that NBS can only invest its excess funds not utilised for housing loans in Government Securities and Bank Accounts. Despite the low yield on these instruments, we were able to manage our resources efficiently while ensuring our members continue to benefit from competitive rates of interest.

### Financial Highlights:

NBS recorded a profit of \$387 million for the year under review, the highest in the history of the Society and reflected an increase of 56% over the previous year's results. NBS needs to make a reasonable level of profit each year for investment in the infrastructure of its business and to maintain and strengthen its gross capital base. NBS operates a policy of profit sufficiency. This ratio was 1.6% (2003 - 1.1%) and compares favourably to that achieved by other financial institutions locally.

Our Savings Accounts Balance was 87% of Total Liabilities increasing by 8% to \$22,507 billion.



A total of 4,788 savings accounts were opened during the year as more Guyanese continue to access our services from our seven localities across the country.

Gross mortgage lending for the year was \$2.7 billion, another record achievement and reflected an increase of 27% on what was achieved in the year 2003. The mortgage portfolio at the end of the year was \$12,462 billion comprising of 5,711 mortgage accounts. Our loan losses provision was only \$50.6 million and our arrears were at an extremely low level of \$46 million as a result of our policy of lending to customers of good credit quality together with our effective loan recovery management.

The value of Total Assets grew by 29% from \$23,699 billion to \$25,872 billion. Liquid Assets held by NBS which are in the form of Cash or Assets which are readily convertible into cash totalled \$11,628 billion and represent 52% of total Savings. Liquid Assets are utilised to meet requests by members for withdrawals from their savings accounts, to make new mortgage loans to borrowers and to fund the general business activities of NBS.

Our gross reserves which represent general and revaluation reserves totalled \$3,176 billion, an increase of 16% over 2003. The purpose of gross reserves is to provide a buffer against any losses arising from NBS' activities, thereby protecting members' savings. The reserves are also intended to cover the risks in our business such as the risk of a sustained recession in the housing market. Our gross reserves expressed as a percentage of members' savings was a high 14% (2003 - 13%). The higher the ratio, the greater the protection for members' savings.

Despite significant growth in our business, we have also been successful at keeping down our management expenses which were approximately \$10 million less than the expenses incurred in the year 2003. As a consequence, we were able to increase our efficiency ratio to 1.3% from 1.5% the previous year. In other words, it is costing NBS \$1.30 to manage every \$100 of Assets.

**Technology / Customer Services:**

We are committed to embrace technology wherever it can improve our business and/or enhance our customer service while at the same time containing overheads costs. We have recently embarked on the development of a Website which will give full details of the products and services we offer. During the year, we have improved the delivery of our site to our members which is reflected in our efficiency rate.

**Staff:**

We are aware that the achievements of NBS are also based on the commitment and support of our staff who have worked tirelessly to offer first class service. Our ongoing objective is to ensure that our staff possess the knowledge and skills to provide the highest quality customer service. Employees will therefore continue to be placed on relevant training to ensure that employees' skills are updated including the area of proper credit assessment. Our employees are committed to our members receiving good value and first class service and I am extremely proud to be able to lead such an outstanding team.

**Community Involvement:**

We firmly believe that businesses have a responsibility to the communities in which they operate and we meet this responsibility by investing in local charities and community groups.

**Future Outlook & Past Balance Sheet Event:**

In the early part of 2003, there was massive flooding in the country, especially on the East Coast of Denmark which has adversely affected the lives and properties of the residents including mortgagors of NBS. In keeping with our mutual values and responsibilities, we have contributed significantly to the National Relief efforts and have adopted certain measures to assist our mortgagors in getting their lives back to normalcy.

The year 2005 will no doubt present other challenges. However, NBS is in an ideal position to meet the challenges including those of increasing customer expectations and competition in the future.

**Conclusion:**

The year 2004 was a highly successful year for NBS. We have increased our market share in Mortgage and Savings, have improved our efficiency, have recorded a reasonable profit in our members' interests and have maintained very strong capital ratios.

I must acknowledge that I have always received excellent support and guidance from the Board of Directors. On behalf of myself and staff, I wish to state our appreciation of their continued commitment to NBS' growth and development.



Maurice L. Arjoon  
Director/Secretary

The Directors are pleased to present the 5th Annual Report together with the Financial Statements of the New Building Society Limited (NBS) for the year ended 31 December 2004.

**Principal Business Activities:**

The mission of NBS is to provide a broad range of quality Mortgage and Savings products that are widely available from across localities across the country and delivered with speed, efficiency, courtesy and reliability. This work is backed by the key values of fairness, honesty, integrity and customer importance and corporate responsibility.

**Business Highlights:**

NBS continued to attract new business while retaining high levels of existing business.

Residential Mortgage Balances increased by \$1,547 billion to \$7,487 billion - (14%).

Savings Balances increased by \$1,777 billion to \$22,507 billion - (8%).

**Financial Highlights:**

In the year 2004 NBS -

	2004 \$ million	2003 \$ million	% Change
Recorded a profit of	187	256	-26%
Increased General Reserves to	3,176	2,701	+18%
Increased Assets under Management to	75,822	73,888	+3%
Provided New Advances to Borrowing Members totalling	2,704	2,133	+27%

**Mortgages:**

At 31<sup>st</sup> December 2004, there were 5,711 Mortgages in force totalling \$12,462 billion representing 48% of Total Assets (2003 - \$10,920 billion - 46%).

The number of loans and advances to members on which payments were twelve months or more in arrears was 5 (2003 - 0). The total outstanding balance gross of provisions on these loans was \$14 million (2003 - \$12 million).

At 31<sup>st</sup> December 2004, the total amount of arrears was \$46 million (2003 - \$40 million) representing 0.4% of the total loans and advances to members (2003 - 0.4%).

**Savings:**

The value of Net Receipts in the year was \$1,074 billion (2003 - \$1,135 billion) and Savings Balances as at 31<sup>st</sup> December 2004 totalled \$22,507 billion (2003 - \$20,780 billion).

**Assets:**

The value of Total Assets as at 31<sup>st</sup> December 2004 was \$25.872 billion (2003 - \$23.699 billion) an increase of 9%.

All changes in tangible fixed assets during the year are detailed in the Accounts. Freehold Land and Buildings were re-valued as at 31<sup>st</sup> December 2004 and have been included in the Accounts at these Valuations. Liquid Assets in the form of Cash and Short Term Securities were \$4.628 billion and represent 52% of total savings, as at 31<sup>st</sup> December 2004.

**Charitable Donations:**

During the year, donations to charity and for educational purposes as well as support to initiatives in several Communities and Organisations totalled \$6.0 million.

**Employees:**

NBS is cognisant of the critical role played by its employees in its continued growth and development and therefore tries to ensure that they are continually trained, suitably compensated and highly motivated to guarantee a higher level of performance to its members.

During the year, NBS has maintained and developed systems for disseminating information to employees, who are informed of the NBS' objectives and performance, through meetings, team briefings, circulars, etc.

**Going Concern:**

The Directors are satisfied that NBS has adequate resources to continue in business for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the Financial Statements.

**Directorate:**

Mrs. Yasmin N. Yhann resigned on 11<sup>th</sup> June 2004. Mr. Ramdul Bhookmohan died on 14<sup>th</sup> November 2004. Messrs. L.O. Rockcliffe and Moen M. Mc Doon were appointed Chairman and Vice-Chairman respectively on 23<sup>rd</sup> November 2004.

Messrs. David A. Yhann and Seepaul Narine were appointed Directors with effect from 1<sup>st</sup> January 2005. These appointments were made under the provisions of NBS' Rule # 43.

Under the provisions of NBS' Rule # 47, the Directors whose names are listed below retire after the 65<sup>th</sup> Annual General Meeting. They are eligible and offer themselves for re-election.

L.O. Rockcliffe  
M.M. Mc Doon, S.C.  
S.G. Bovell

Dr. N.K. Gopaul  
D. A. Yhann  
S. Narine

**Auditors:**

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

By Order of the Board,

  
Maurice L. Arjoon  
Director/Secretary

The Directors apply principles of good governance by adopting the following policies and procedures.

- 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 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 (executive) is responsible for managing the Society's business and ensuring that Board policies and applicable rules and regulations are observed in accordance with the New Building Society Act, Chapter 36:21 of the Laws of Guyana.
- The statutory valuations of properties offered as collateral for mortgages are carried out by the Directors in collaboration with Senior Management.
- The Board meets at least once per month and has adopted a structure of mandates granted to committees, whilst retaining specific matters for its decision.
- The most important committees of the Board are:-
  - **The Audit Committee** - chaired by Mr. S.G. Bovell and comprises one other non-executive Director, Mr. M.M. Mc Doon. The Audit Committee meets to monitor the internal financial control and risk management systems and the integrity of the financial statements of NBS. In particular, the Committee reviews the quarterly and yearly results prior to their submission to the Board and considers any matter raised by the internal and external Auditors.
  - **The Human Resource Committee** - chaired by Dr. N.K. Gopaul and comprising two other non-executive Directors, Messrs. L.O. Rockcliffe and S.G. Bovell, meets to discuss and make proposals to the Board on:
    - (1) Organisational Structure
    - (2) Employees' compensation and in particular, the remuneration of Senior Executives.
  - **The Finance Committee** - now chaired by Mr. L.O. Rockcliffe since the death of the late Chairman, Mr. R. Bhookmohan on 14<sup>th</sup> November 2004, comprises one other non-executive Director, Dr. N.K. Gopaul and meets to formulate investment and treasury policy and to monitor risks associated with lending and treasury operations.
  - The Director/Secretary and the Assistant Secretary/Operations Manager are included in committee meetings as deemed appropriate.
- NBS communicates with its members in a number of ways which include the Annual Report and Accounts, the Annual General Meeting, the Television, the Press, Suggestion Boxes and consultations which give Members the opportunity to discuss matters relevant to NBS' operations.
- Members are notified of Meetings through the press and are invited to collect copies of Reports and Accounts from the Chief Office and Branch Offices of the Society.



Leon D. Rockcliffe,  
Chairman

# Jack A. Alli, Sons & Co.



145 Crown Street  
Queenstown  
Georgetown 6  
P.O. Box 10351  
Guyana  
Telephone: (592) 226-2904  
Fax: (592) 225-3849  
Website: www.jasco.com

## REPORT OF THE AUDITORS

### TO THE MEMBERS OF

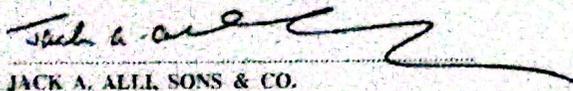
### THE NEW BUILDING SOCIETY LIMITED

We have audited the financial statements of **The New Building Society Limited** as set out on pages 17 to 32. 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. 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 the affairs of the Society at 31 December 2004, and of the results of its operations and its cash flow for the year ended 31 December 2004 in accordance with International Financial Reporting Standards and the New Building Society Act.

  
JACK A. ALLI, SONS & CO.

16 March 2005

# nbs

## Balance Sheet

31 December 2004

	Note	2004 G\$'000	2003 G\$'000
<b>ASSETS</b>			
Cash resources	4	1,741,107	1,709,896
Loan assets	5	12,522,598	10,981,722
Investments	6	10,940,359	10,478,502
Property, plant and equipment	7	620,532	468,978
Other assets	8	47,356	59,769
		<b>25,871,952</b>	<b>23,698,867</b>

### INVESTORS' BALANCES, OTHER LIABILITIES AND RESERVES

Investors' balances	9	22,506,952	20,779,517
Retirement benefit plan deficit	10	108,009	103,651
Other liabilities	11	80,843	84,447
Reserves	12	3,176,148	2,731,252
		<b>25,871,952</b>	<b>23,698,867</b>

The notes on pages 20 to 32 form an integral part of the financial statements. The Board of Directors approved these financial statements for issue on 15 March 2005.

  
L.O. ROCKCLIFFE  
CHAIRMAN

  
M.M. McDOOM S.C.  
VICE CHAIRMAN

  
M.L. ARJOON  
DIRECTOR / SECRETARY

Statement of Income and Expenditure

For the year ended 31 December 2004

	Note	2004 G\$'000	2003 G\$'000
<b>Interest Income</b>			
Loan assets		1,069,808	1,070,009
Investments		453,485	435,404
Cash resources		86,682	112,435
		<u>1,589,975</u>	<u>1,617,848</u>
<b>Interest Expense</b>			
Five dollars shares		(368,797)	(397,229)
Save and prosper shares		(565,086)	(625,436)
Deposits		(13,344)	(17,571)
		<u>642,748</u>	<u>577,612</u>
<b>Net Interest Income</b>			
Fee and commission income		7,657	6,424
Gain on exchange		66,453	3,450
Other operating income		4,420	3,288
		<u>721,278</u>	<u>590,774</u>
<b>Total Net Income</b>			
Provision for losses on loan assets	13	(1,469)	(12,214)
General administrative expenses		(258,998)	(259,475)
Depreciation		(28,300)	(31,920)
Other expenses		(35,785)	(31,871)
		<u>396,726</u>	<u>255,294</u>
<b>Net Profit For The Year</b>			

Statement of Total Recognised Gains

For the year ended 31 December 2004

	Note	2004 G\$'000	2003 G\$'000
Net profit for the year	12	396,726	255,294
Revaluation of land and buildings	12	48,170	86,564
		<u>444,896</u>	<u>341,858</u>
<b>Total Recognised Gains For The Year</b>			

The notes on pages 20 to 32 form an integral part of these financial statements.

Cash Flow Statement

For the year ended 31 December 2004

	2004 G\$'000	2003 G\$'000
<b>Operating Activities</b>		
Net profit for the year	396,726	255,294
Adjustments for:		
Depreciation	28,300	31,920
Provision for losses on loan assets	1,469	12,214
Utilization of provision for losses on loan assets	(2,516)	(16,681)
Retirement benefit plan net expense	4,358	5,140
Loss on disposal of property, plant and equipment	770	0
	<u>429,107</u>	<u>287,887</u>
Operating income before changes in operating assets and liabilities	429,107	287,887
Loan advances net of repayments	(1,529,829)	(1,089,521)
Decrease in other assets	12,413	32,108
Receipts from investors net of withdrawals	1,727,435	1,864,812
(Decrease) / increase in other liabilities	(3,604)	3,356
	<u>635,522</u>	<u>1,098,642</u>
<b>Net Cash Inflow - Operating Activities</b>		
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(142,454)	(4,766)
Purchase of investments net of redemptions	(461,857)	(1,888,449)
Net redemption of fixed deposit accounts	5,156	764,000
	<u>(599,155)</u>	<u>(1,129,215)</u>
<b>Net Cash Outflow - Investing Activities</b>		
<b>Net Movement in Cash and Cash Equivalents</b>		
	36,367	(30,573)
Cash and Cash Equivalents as at beginning of year	120,896	151,469
	<u>157,263</u>	<u>120,896</u>
<b>Cash and Cash Equivalents as at end of year</b>		

The notes on pages 20 to 32 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 1940, as amended. 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 within the tax regime of Guyana.

**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 buildings, and in accordance with the New Building Society Act and International Financial Reporting Standards. 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 statement of income and expenditure. Such balances are translated at the prevailing year end exchange rates.

**3.3 Loan Assets**

Loan assets are stated net of unearned interest and, where applicable, provisions for losses. Specific provisions for losses are made throughout 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 an agreed sales price or Directors' valuation.

**3.4 Investments**

The Society classified its investments as originated loans and held-to-maturity securities. Investments are carried at amortised cost with premiums and discounts being amortised to the statement of income and expenditure over the period to maturity.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****3.5 Property, Plant and Equipment**

Freehold land and buildings are stated at the revalued amounts 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 assets over their expected useful economic lives. The following rates are used:

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

**3.6 Interest Recognition**

Interest income and expense are recognised in the statement of income and expenditure 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.

The liability in respect of the scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for actuarial gains/losses. The obligation has been calculated by independent actuaries using the projected unit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the average remaining lives of employees.

On completion of the actuarial assessment of the obligations as at 1 January 2003, the resulting deficit was recognised as an adjustment to retained profits as at that date, in accordance with International Accounting Standard 19 - Employee Benefits.

**3.8 Cash and Cash Equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and cash at bank excluding fixed deposits, which are redeemable after three months.

**3.9 Comparatives**

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

Notes to the Financial Statements

31 December 2004

	2004 G\$'000	2003 G\$'000
<b>4. CASH RESOURCES</b>		
Redeemable on demand:		
Cash in hand	6,800	6,800
Other cash at bank	150,463	114,096
	<u>157,263</u>	<u>120,896</u>
Redeemable after 3 months:		
Fixed deposits	1,583,844	1,589,000
	<u>1,741,107</u>	<u>1,709,896</u>

	2004	2003
<b>5. (a) LOAN ASSETS</b>		
Mortgages	12,461,880	10,920,436
Properties in possession	90,994	102,609
Other loans and advances	20,327	20,327
	<u>12,573,201</u>	<u>11,043,372</u>
	(50,603)	(51,650)
	<u>12,522,598</u>	<u>10,991,722</u>

(b) MORTGAGES	2004		2003	
	No. of Securities	Value G\$'000	No. of Securities	Value G\$'000
Balances exceeding \$1,000 but not \$2,000	0	0	1	2
Balances exceeding \$2,000 but not \$5,000	1	2	2	8
Balances exceeding \$5,000 but not \$10,000	3	19	2	14
Balances exceeding \$10,000 but not \$15,000	1	14	2	25
Balances exceeding \$15,000 but not \$20,000	5	87	3	52
Balances exceeding \$20,000 but not \$25,000	6	130	1	24
Balances exceeding \$25,000 but not \$30,000	2	51	3	81
	<u>18</u>	<u>303</u>	<u>14</u>	<u>206</u>

Notes to the Financial Statements

31 December 2004

(b) MORTGAGES (cont'd)	2004		2003	
	No. of Securities	Value G\$'000	No. of Securities	Value G\$'000
Balance brought forward	18	303	14	206
Balances exceeding \$30,000 but not \$50,000	8	355	15	564
Balances exceeding \$50,000 but not \$100,000	35	2,565	36	2,707
Balances exceeding \$100,000 but not \$200,000	74	11,375	64	10,013
Balances exceeding \$200,000 but not \$250,000	52	11,853	36	8,007
Balances exceeding \$250,000 but not \$500,000	276	105,280	257	97,218
Balances exceeding \$500,000 but not \$750,000	342	212,858	289	181,594
Balances exceeding \$750,000 but not \$1,000,000	464	408,141	431	380,521
Balances exceeding \$1,000,000 but not \$1,500,000	1,182	1,543,522	959	1,241,694
Balances exceeding \$1,500,000 but not \$2,000,000	860	1,510,270	752	1,316,859
Balances exceeding \$2,000,000 but not \$2,500,000	618	1,382,654	544	1,215,731
Balances exceeding \$2,500,000 but not \$3,000,000	503	1,380,579	432	1,193,567
Balances exceeding \$3,000,000 but not \$4,000,000	576	2,012,380	482	1,688,734
Balances exceeding \$4,000,000 but not \$5,000,000	364	1,629,492	408	1,832,076
Balances exceeding \$5,000,000 but not \$6,000,000	114	628,001	100	545,633
Balances exceeding \$6,000,000 but not \$7,000,000	84	548,700	53	345,448
Balances exceeding \$7,000,000 but not \$8,000,000	123	926,668	99	754,449
Balances exceeding \$8,000,000	18	146,884	13	105,387
<b>Total</b>	<u>5,711</u>	<u>12,461,880</u>	<u>4,984</u>	<u>10,920,436</u>
Aggregate amount of mortgages in arrears for more than twelve months		<u>14,253</u>		<u>12,085</u>

## Notes to the Financial Statements

31 December 2004

	2004 G\$'000	2003 G\$'000
<b>6. INVESTMENTS</b>		
Government of Guyana Treasury Bills	10,102,271	9,755,050
United Kingdom Government Treasury Loans	624,800	520,104
Government of Barbados Guaranteed Bonds	213,288	203,348
	<b>10,940,359</b>	<b>10,478,502</b>

**7. PROPERTY, PLANT AND EQUIPMENT**

	Freehold Land and Buildings G\$'000	Machinery, Furniture and Equipment G\$'000	Motor Vehicles G\$'000	2004 Total G\$'000
<b>Cost / Valuation</b>				
As at beginning of year	372,183	162,415	61,752	596,350
Additions	141,076	1,378	0	142,454
Disposals	0	(4,261)	0	(4,261)
Revaluation	42,772	0	0	42,772
As at end of year	<b>556,031</b>	<b>159,532</b>	<b>61,752</b>	<b>777,315</b>
<b>Depreciation</b>				
As at beginning of year	(52)	(81,939)	(55,381)	(137,372)
Charges for the year	(5,449)	(17,880)	(4,971)	(28,300)
Written back on disposals	0	3,491	0	3,491
Revaluation	5,398	0	0	5,398
As at end of year	<b>(103)</b>	<b>(96,328)</b>	<b>(60,352)</b>	<b>(156,783)</b>
<b>Net Book Value</b>				
As at end of year	<b>555,928</b>	<b>63,204</b>	<b>1,400</b>	<b>620,532</b>
As at beginning of year	<b>372,131</b>	<b>80,476</b>	<b>6,371</b>	<b>458,978</b>

Freehold land and buildings are recorded at the valuations of the Directors, based on independent professional advice as a result of revaluations carried out by Rodrigues Architects Limited as at December 2004 on the basis of open market value.

## Notes to the Financial Statements

31 December 2004

	2004 G\$'000	2003 G\$'000
<b>7. PROPERTY, PLANT AND EQUIPMENT (cont'd)</b>		
If freehold land and buildings were stated at historical cost, the carrying values would be:		
Cost	225,324	84,248
Accumulated depreciation	(8,654)	(6,968)
Net book value	<b>216,670</b>	<b>77,280</b>

**8. OTHER ASSETS**

Accrued interest	42,618	55,926
Sundry debtors and prepayments	4,738	3,843
	<b>47,356</b>	<b>59,769</b>

**9. INVESTORS' BALANCES**

Five dollars shares	10,091,928	9,272,452
Save and prosper shares	11,867,570	10,985,367
Deposits	547,454	521,696
	<b>22,506,952</b>	<b>20,779,517</b>

**10. RETIREMENT BENEFIT PLAN DEFICIT**

The amount recognised in the balance sheet is as follows:

Present value of obligation	232,931	247,961
Fair value of plan assets	(199,350)	(167,417)

Net underfunding	33,581	80,544
Unrecognised actuarial gain	74,428	23,107

Liability recognised in the balance sheet	<b>108,009</b>	<b>103,651</b>
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Movement in the liability recognised in the balance sheet:

Liability as at beginning of year	103,651	96,511
Net expense	16,656	16,826
Contributions paid	(12,298)	(11,686)

Liability as at end of year	<b>108,009</b>	<b>103,651</b>
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	2004 G\$'000	2003 G\$'000
<b>10. RETIREMENT BENEFIT PLAN DEFICIT</b> (cont'd)		
The amounts recognised in the profit and loss account are as follows:		
Current service cost	13,808	13,512
Interest cost	13,183	13,274
Expected return on plan assets	(10,335)	(9,960)
<b>Total included in staff costs</b>	<b>16,656</b>	<b>16,826</b>
Actual return on the plan assets	22,136	6,567
The principal assumptions used were:		
Discount rate	6.5%	5%
Future salary increases	6.5%	5%
Return on assets	6.5%	6%
On completion of the actuarial assessment of the obligation as at 1 January 2003, the resulting deficit of \$98,511,000 was recognised as an adjustment to retained profit as at that date.		
<b>11. OTHER LIABILITIES</b>		
Withholding taxes	63,633	70,082
Anniversary celebrations	0	897
Sundry creditors and accruals	17,210	13,468
<b>Total</b>	<b>80,843</b>	<b>84,447</b>
<b>12. RESERVES</b>		
<b>Revaluation Reserve</b>		
As at beginning of year	282,930	196,366
Revaluation during the year	48,170	86,564
<b>As at end of year</b>	<b>331,100</b>	<b>282,930</b>
<b>Retained Profits</b>		
As at beginning of year	2,448,322	2,291,539
Effect of IAS 19 (Nota 10)	0	(98,511)
Net profit for the year	396,726	255,294
<b>As at end of year</b>	<b>2,845,048</b>	<b>2,448,322</b>
<b>Total Reserves</b>	<b>3,176,148</b>	<b>2,731,252</b>

	2004 G\$'000	2003 G\$'000
<b>13. PROVISION FOR LOSSES ON LOAN ASSETS</b>		
As at beginning of year	51,650	56,117
Charged in year	1,469	12,214
Utilised in year	(2,516)	(16,681)
<b>As at end of year</b>	<b>50,603</b>	<b>51,650</b>
<b>14. NET PROFIT FOR THE YEAR</b>		
Net profit for the year is shown after charging the following:		
Staff costs (Note 15)	179,002	168,775
Directors' costs (Note 16)	6,697	6,783
Charitable and educational donations	5,977	5,897
Auditors' remuneration	2,000	2,000
Operating lease payments	884	729
<b>Total</b>	<b>194,558</b>	<b>184,184</b>
<b>15. STAFF COSTS</b>		
Wages and salaries	137,949	128,269
Social security costs	6,358	5,620
Pension costs	16,656	16,826
Other staff costs	18,039	18,060
<b>Total</b>	<b>179,002</b>	<b>168,775</b>
Number of persons employed at the end of year:		
Full-time	97	98
Part-time	8	11
<b>Total</b>	<b>105</b>	<b>109</b>
<b>16. DIRECTORS' COSTS</b>		
Directors' fees	2,665	2,700
Directors' travel	2,665	2,700
Directors' pension	1,367	1,383
<b>Total</b>	<b>6,697</b>	<b>6,783</b>
<b>17. RELATED PARTY TRANSACTIONS</b>		
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.		

**17. RELATED PARTY TRANSACTIONS (cont'd)**

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:

	2004 G\$'000	2003 G\$'000
<b>(i) Mortgages</b>		
Balance as at end of year	18,257	33,011
Interest income	1,332	3,063

No provisions have been recognised in respect of mortgages given to related parties (2003 - Nil).

**(ii) Investors' Balances**

	2004 G\$'000	2003 G\$'000
Balance as at end of year	19,621	26,918
Interest expense	899	1,245

**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:

	2004 G\$'000	2003 G\$'000
British Pound Sterling	632,652	525,707
United States Dollars	213,288	203,348

**(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.

**18. FINANCIAL INSTRUMENTS (CONT'D)****(ii) Interest Rate Risk (cont'd)**

The tables below summarise 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.

	Up to one year G\$'000	Over one year G\$'000	Non- interest bearing G\$'000	Total 2004 G\$'000
Cash resources	1,674,836	0	66,271	1,741,107
Loan assets	12,450,025	0	72,573	12,522,598
Investments	10,102,271	838,088	0	10,940,359
Other assets	0	0	667,888	667,888
<b>TOTAL ASSETS</b>	<b>24,227,132</b>	<b>838,088</b>	<b>806,732</b>	<b>25,871,952</b>

Investors' balances	22,506,952	0	0	22,506,952
Other liabilities	0	0	188,852	188,852
<b>TOTAL INVESTORS' BALANCES AND OTHER LIABILITIES</b>	<b>22,506,952</b>	<b>0</b>	<b>188,852</b>	<b>22,695,804</b>

<b>INTEREST SENSITIVITY GAP</b>	<b>1,720,180</b>	<b>838,088</b>		
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	Up to one year G\$'000	Over one year G\$'000	Non- interest bearing G\$'000	Total 2003 G\$'000
Cash resources	1,624,332	0	85,564	1,709,896
Loan assets	10,916,334	0	75,388	10,991,722
Investments	9,755,050	723,452	0	10,478,502
Other assets	0	0	518,747	518,747
<b>TOTAL ASSETS</b>	<b>22,295,716</b>	<b>723,452</b>	<b>679,699</b>	<b>23,698,867</b>

Investors' balances	20,779,517	0	0	20,779,517
Other liabilities	0	0	188,098	188,098
<b>TOTAL INVESTORS' BALANCES AND OTHER LIABILITIES</b>	<b>20,779,517</b>	<b>0</b>	<b>188,098</b>	<b>20,967,615</b>

<b>INTEREST SENSITIVITY GAP</b>	<b>1,516,199</b>	<b>723,452</b>		
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18. FINANCIAL INSTRUMENTS (Cont'd)

(iii) Interest Rate Risk (Cont'd)

The effective interest rates / yields on significant financial instruments were as follows:

	2004 %	2003 %
Fixed deposits	4.4	4.6
Mortgages	8.9	9.7
Investments	3.9	4.3
Investors' balances	4.5	5.4

(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 tables below analyse assets and liabilities of the Society into relevant maturity groupings.

	Up to one year G\$'000	One to five years G\$'000	Over five years G\$'000	Total 2004 G\$'000
Cash resources	1,741,107	0	0	1,741,107
Loan assets	823,058	3,021,654	8,677,886	12,522,598
Investments	10,102,271	510,015	328,073	10,940,359
Other assets	47,356	0	620,532	667,888
<b>TOTAL ASSETS</b>	<b>12,713,792</b>	<b>3,531,669</b>	<b>9,626,491</b>	<b>25,871,952</b>
Investors' balances	22,506,952	0	0	22,506,952
Other liabilities	80,843	0	108,009	188,852
<b>TOTAL INVESTORS' BALANCES AND OTHER LIABILITIES</b>	<b>22,587,795</b>	<b>0</b>	<b>108,009</b>	<b>22,695,804</b>
<b>NET LIQUIDITY GAP</b>	<b>(9,874,003)</b>	<b>3,531,669</b>	<b>9,518,482</b>	

18. FINANCIAL INSTRUMENTS (Cont'd)

(iii) Liquidity Risk (Cont'd)

	Up to one year G\$'000	One to five years G\$'000	Over five years G\$'000	Total 2003 G\$'000
Cash resources	1,709,896	0	0	1,709,896
Loan assets	741,791	2,673,799	7,576,132	10,991,722
Investments	9,755,050	416,474	306,978	10,478,502
Other assets	59,769	0	458,978	518,747
<b>TOTAL ASSETS</b>	<b>12,266,506</b>	<b>3,090,273</b>	<b>8,342,088</b>	<b>23,698,867</b>
Investors' balances	20,779,517	0	0	20,779,517
Other liabilities	84,447	0	103,651	188,098
<b>TOTAL INVESTORS' BALANCES AND OTHER LIABILITIES</b>	<b>20,863,964</b>	<b>0</b>	<b>103,651</b>	<b>20,967,615</b>
<b>NET LIQUIDITY GAP</b>	<b>(8,597,458)</b>	<b>3,090,273</b>	<b>8,238,437</b>	

(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 risk in relation to its mortgage portfolio by strict adherence to 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:

	2004 G\$'000	2003 G\$'000
Demerara, except Linden	10,183,450	9,080,628
Berbice	1,501,552	1,160,785
Essequibo	378,096	309,213
Linden	398,782	369,810
	<b>12,461,880</b>	<b>10,920,436</b>

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Notes to the Financial Statements  
31 December 2004

**18. FINANCIAL INSTRUMENTS** (cont'd)

(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:

The fair value of these assets which would be based upon projected cash flows discounted at the current market rates of interest on similar instruments, approximate to carrying values as the Society's rates effectively set market rates for low and medium sized mortgages. Impaired loan assets are stated net of specific provisions for losses.

Investments:

The fair values of investments are based on current market values, or discounted cash flows, where market values are not available. The fair values of the investments at the year end were:

	2004 G\$'000	2003 G\$'000
Government of Guyana Treasury Bills	10,143,870	9,809,001
United Kingdom Government Treasury Loans	637,427	554,341
Government of Barbados Guaranteed Bonds	216,454	206,478
	<u>10,997,751</u>	<u>10,569,820</u>

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.