NATIONAL INSURANCE SERVICES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NATIONAL INSURANCE SERVICES

Table of Contents	**Pages**

NATIONAL INSURANCE SERVICES

REGISTERED OFFICE

Bay Street, Kingstown
St. Vincent

DIRECTORS

Mr. Lennox Bowman - Chairman
Mr. Elroy John - Deputy Chairman
Mr. Gideon Browne
Mr. Garvin Jackson
Ms. Joy Matthews
Mr. Lloyd Small
Mr. Liley Cato
Ms. Ann Jones

EXECUTIVE DIRECTOR

Mr. Reginald Thomas

SECRETARY

Mr. Reginald Thomas

BANKS AND NON-FINANCIAL INSTITUTIONS

Bank of St. Vincent and the Grenadines Limited
Bank of Nova Scotia
RBTT Bank Caribbean Limited
Scotia Private Client Group
First Citizens Investment Services Ltd
St. Vincent Co-operative Bank Limited
St. Vincent Union of Teachers Co-operative Credit Union
RBC (Royal Bank) Trinidad and Tobago Ltd
National Bank of the British Virgin Islands

SOLICITORS

Regal Chambers
Phillips and Williams
Saunders and Huggins
Baptiste and Company Law Firm Inc.
Duane Daniel Chambers
Marks and Marks

AUDITORS

KPMG Eastern Caribbean
Chartered Accountants

KPMG Eastern Caribbean
The Financial Services Centre
Kingstown Park
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INDEPENDENT AUDITORS' REPORT

To the Honourable Minister of Finance
National Insurance Services
Bay Street
Kingstown

We have audited the accompanying financial statements of National Insurance Services (the NIS), which comprise the statement of financial position as at December 31, 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Honourable Minister of Finance
National Insurance Services
Bay Street
Kingstown

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the NIS as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

KPMG Eastern Caribbean
Kingstown, St. Vincent and the Grenadines
June 29, 2016

NATIONAL INSURANCE SERVICES
Statement of Financial Position
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

	Note	2015 $	2014 $
ASSETS			
Cash and cash equivalents		37,018,993	22,614,626
Loans and advances	7	106,985,082	96,366,531
Interest receivable on investment securities	8	4,476,585	5,227,265
Interest receivable on loans	8	2,931,640	1,147,923
Investment securities and deposits	9	233,292,334	250,985,673
Interest in associate	10	20,779,776	19,893,411
Investment properties	11	14,377,131	14,353,021
Inventories	12	8,851,740	8,304,072
Property and equipment	13	30,591,066	31,305,063
Contributions receivable	14	8,231,391	12,604,911
Other assets	15	3,278,708	3,267,800
TOTAL ASSETS		470,814,446	466,070,296
LIABILITIES AND RESERVES			
Liabilities			
Benefits payable		2,116,317	1,598,786
Accounts payable and accrued liabilities		3,392,415	2,995,558
Total liabilities		5,508,732	4,594,344
Reserves			
Short-term benefit	16(a)	22,559,815	20,704,093
Pension	16(a)	355,938,750	353,923,900
Employment injury benefit	16(a)	54,576,519	50,035,387
National provident fund	16(b)	42,819,855	44,455,003
Fair value reserve	16(c)	(10,589,225)	(7,642,431)
Total reserves		465,305,714	461,475,952
TOTAL LIABILITIES AND RESERVES		470,814,446	466,070,296

The notes on pages 8 to 51 are an integral part of these financial statements.

APPROVED FOR ISSUE BY THE BOARD AND SIGNED ON ITS BEHALF BY:

Lennox Bowman - Chairman

Elroy John - Director

Reginald Thomas - Secretary

NATIONAL INSURANCE SERVICES
Statement of Comprehensive Income
For the year ended December 31, 2015
(Expressed in Eastern Caribbean Dollars)

	Note	2015 $	2014 $
INCOME			
Contributions			
Employers' contributions		30,583,750	28,862,571
Employees' contributions		25,447,379	23,763,491
Self-employed persons' contributions		789,087	759,528
Voluntary contributions		313,306	305,744
		57,133,522	53,691,334
Benefits paid		(51,642,048)	(46,475,407)
SURPLUS OF CONTRIBUTIONS OVER BENEFITS		5,491,474	7,215,927
Net finance income	17	13,510,892	17,822,134
Other income	18	1,518,742	2,929,298
Income before National Provident Fund(NPF) benefits, bad debts and general and administrative expenses		20,521,108	27,967,359
NPF benefits paid		(2,164,236)	(2,020,704)
Bad debts expense		(2,026,385)	159,484
General and administrative expenses	20	(10,740,296)	(10,327,540)
		(14,930,917)	(12,188,760)
Share of profit of associate	10	1,186,365	590,268
NET INCOME FOR THE YEAR		6,776,556	16,368,867
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Net change in fair value, being other comprehensive income for the year		(2,946,794)	(1,000,314)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,829,762	15,368,553

The notes on pages 8 to 51 are an integral part of these financial statements.

NATIONAL INSURANCE SERVICES
Statement of Changes in Reserves
For the year ended December 31, 2015
(Expressed in Eastern Caribbean Dollars)

	Note	Short-term benefit $	Pension $	Employment injury benefit $	National provident fund $	Fair value reserve $	Total $
Balance as of January 01, 2014		18,009,299	343,633,221	45,145,416	45,895,452	(6,642,117)	446,041,271
Net income for the year		2,689,338	10,234,173	4,885,805	(1,440,449)	-	16,368,867
Other comprehensive loss	17	-	-	-	-	(1,000,314)	(1,000,314)
Adjustment	10	5,456	56,506	4,166	-	-	66,128
Total comprehensive income		2,694,794	10,290,679	4,889,971	(1,440,449)	(1,000,314)	15,434,681
Balance as of December 31, 2014		20,704,093	353,923,900	50,035,387	44,455,003	(7,642,431)	461,475,952
Net income for the year		1,855,722	2,014,850	4,541,132	(1,635,148)	-	6,776,556
Other comprehensive loss	17	-	-	-	-	(2,946,794)	(2,946,794)
Total comprehensive income		1,855,722	2,014,850	4,541,132	(1,635,148)	(2,946,794)	3,829,762
Balance as of December 31, 2015		22,559,815	355,938,750	54,576,519	42,819,855	(10,589,225)	465,305,714

The notes on pages 8 to 51 are an integral part of these financial statements.

NATIONAL INSURANCE SERVICES
Statement of Cash Flows
For the year ended December 31, 2015
(Expressed in Eastern Caribbean Dollars)

	Note	2015 $	2014 $
Cash flows from operating activities			
Net income for the year		6,776,556	16,368,867
Adjustments for:			
Depreciation expense	13,20	1,320,102	1,564,072
Gain on disposal of property, plant and equipment		3,111	(1,292)
Bad debts		2,026,385	(159,484)
Share of profits of associate	10	(1,186,365)	(590,268)
Finance income	17	(13,510,892)	(17,822,134)
		(4,571,103)	(640,239)
Change in other assets		(10,908)	(846,796)
Change in contributions receivable		2,347,135	6,929,920
Change in benefits payable		517,531	320,670
Change in accounts payable and accrued liabilites		396,857	686,284
Change in inventories		(547,668)	(8,304,072)
Net cash used in operating activities		(1,868,156)	(1,854,233)
Cash flows from investing activities			
Change in interest in associate		300,000	(19,237,015)
Change in investment properties	11	(24,110)	(5,894,286)
Change in investment securities and deposits		10,835,931	(2,493,837)
Change in loans and advances		(10,618,551)	1,265,729
Acquisition of property and equipment	13	(609,216)	(719,951)
Proceeds from disposal of property and equipment		-	1,712
Interest received		14,627,162	18,830,045
Dividend received		1,761,307	2,392,012
Net cash from/(used in)investing activities		16,272,523	(5,855,591)
Net change in cash and cash equivalents		14,404,367	(7,709,824)
Cash and cash equivalents at January 1		22,614,626	30,324,450
Cash and cash equivalents at December 31		37,018,993	22,614,626

The notes on pages 8 to 51 are an integral part of these financial statements.

1. Reporting entity

The National Insurance Scheme (“the NIS” or “the Service”) was established in 1986, and the name was changed to the National Insurance Services (“the NIS” or “the Service”) in March 2004. It was established by the National Insurance Act and assumed the assets and obligations of the former National Provident Fund. The principal activity of the National Insurance Services is the provision of social security services in the state of St. Vincent and the Grenadines. The registered office is at Bay Street, Kingstown, St. Vincent.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements were approved by the Board of Directors on June 24, 2016.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except that available-for-sale financial assets and investment properties which are measured at fair value. The methods used to measure fair value are described in note 6.

(c) Functional and presentation currency

The financial statements are presented in Eastern Caribbean dollars, which is the Service’s functional currency. All financial information presented in Eastern Caribbean dollars has been rounded to the nearest dollar.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates, based on assumptions and judgments. Management also makes judgments, other than those involving estimations, in the process of applying the accounting policies. The estimates and judgments affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

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

Judgments that have a significant effect on the amounts recognised in the financial statements, and estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year include the following:

2. Basis of preparation

(d) Use of estimates and judgements

(i) Critical accounting judgments in applying the NIS accounting policies

For the purpose of these financial statements, prepared in accordance with IFRS, judgment refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS.

The Services accounting policies provide scope for financial assets and liabilities to be designated on inception into different accounting categories in certain circumstances, and the Services exercises judgment in carrying out such designation; this judgment relates to whether the instruments meet the criteria for the particular classification. For example, the determination of whether a security may be classified as 'loans and receivables' or 'held to maturity'; or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy requires judgment as to whether or not a market is active.

The amounts where such judgments have a significant effect are Loans and Advances (note 7) and Investment Securities (note 9).

(ii) Key areas of estimation uncertainly

(a) Determination of impairment allowance

Note 3(f) describes management approach to estimating the impairment allowances on financial and non-financial assets. Management exercises its judgment in concluding whether or not a particular indicator or group of indicators constitutes objective evidence of impairment. Further, if management judges that an asset or group of amounts may be impaired, it calculates the recoverable amount. The calculation of this estimate requires management to make assumptions about the amount and timing by future cash flows from the asset(s) and appropriate discount rate. These judgments and assumptions give rise to uncertainty.

(b) Measurement of fair values

A number of the NIS' accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The NIS has established a control framework with respect to the measurement of fair values. This includes an Investment Manager who has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Executive Director.

The Investment Manager regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Investment Manager assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

2. Basis of preparation (cont'd)

(d) Use of estimates and judgements

(ii) Key areas of estimation uncertainly

(b) Measurement of fair values (cont'd)

Significant valuation issues are reported to the NIS' audit committee.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6(a) - Investment properties
- Note 24 - Financial instruments

(c) Residual values and useful lives of property, plant and equipment

As noted in note 3(e) the residual values and useful life of each asset are reviewed at least at each reporting date and is expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The assumptions regarding residual values give rise to estimation uncertaintly.

3. Significant accounting policies

The NIS has consistently applied the following accounting policies to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated into Eastern Caribbean dollars at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising on the translation of the available-for-sale equity instruments are recognised in OCI.

3. Significant accounting policies (cont'd)

(b) Investment in associate

Associates are those entities in which the Service has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initally recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Service's share of the profit or loss and OCI of the associate, until the date on which significant influence ceases.

(c) Financial instruments

The NIS classifies non-derivative financial assets into the following categories: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The NIS classified non-derivative financial liabilities into the other financial liabilities category.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and advances are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity investments
If the Service has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets
The Service's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(f)) and foreign exchange gains and losses on available-for-sale monetary items (see note 3(a)), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Other
Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

3. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The NIS initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date, that is, the date on which the NIS becomes a party to the contractual provisions of the instrument.

The NIS derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the NIS is recognised as a separate asset or liability.

The NIS derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the NIS has a legal right to offset the amounts and intends to either settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Held-to-maturity financial assets
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables
These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Available-for-sale financial assets
These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(iii) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

3. Significant accounting policies (cont'd)

(d) Investment properties

Investment properties are initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(e) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified accordingly. Any gain arising on this re-measurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss.

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if is probable that the future economic benefits embodied within the part will flow to the Service and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. Significant accounting policies (cont'd)

(e) Property and equipment (cont'd)

(iv) Depreciation

Depreciation is recognised in profit or loss on the straight-line basis over the estimated useful lives of each part of an item of property and equipment. Land is not depreciated.

The annual rates for the current and comparative periods are as follows:

Freehold buildings	4%
Furniture and fixtures	15%
Office equipment	15-20%
Building related equipment	10%
Computer equipment	20-33%
Computer software	15-20%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(f) Impairment

(i) Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including interest in associate, are assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the NIS on terms that the NIS would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

3. Significant accounting policies (cont'd)

(f) Impairment (cont'd)

(ii) Financial assets measured at amortised cost

The NIS considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the NIS uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the NIS considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(iii) Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

(iv) Investment in associates

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3. Significant accounting policies (cont'd)

(f) Impairment (cont'd)

(v) Non-financial assets

At each reporting date, the NIS reviews the carrying amounts of its non-financial assets (other than investment property and inventories), to determine whether there is any indication of impairment. If any such indication exists for any asset, then that asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Contributions receivable

Contributions receivable on active accounts are estimated based on the most recent remittance by contributors. No estimate is made for dormant or ceased accounts as it is not probable that any economic benefits will flow to the Service.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale.

(i) Revenue

Revenue from contributions is recognised in profit or loss on the accrual basis.

(j) Finance income and expense

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets and foreign currency gains or invesments. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Service's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprises foreign currency losses on investments.

4. New, revised and amended standards and interpretations that became effective during the year:

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

Improvements to IFRS *2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations, the main amendments applicable to the NIS are as follows:

- IFRS 13, *Fair Value Measurement,* has been amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

- IAS 16, *Property, Plant and Equipment,* and IAS 38, *Intangible Assets.* The standards have been amended to clarify that, at the date of revaluation:
  (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses or;

  (ii) the accumulated depreciation (amortisation) is eliminated against the gross carrying amount of the asset.

- IAS 24, *Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

- IAS 40, *Investment Property* has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

The adoption of these amendments did not result in any change to the presentation and disclosures in the financial statements.

5. New, revised and amended standards and interpretations not yet effective:

Certain new, revised and amended standards and interpretations have been issued which are not yet effective for the current year and which the NIS has not early-adopted. The NIS has assessed them and has determined that the following are likely to have an effect on the financial statements.

5. New, revised and amended standards and interpretations not yet effective (cont'd):

(a) IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:

- specific single disclosures that are not material do not have to be presented even if they are minimum requirements of a standard;
- the order of notes to the financial statements is not prescribed;
- line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Line items can be aggregated if they are not material;
- specific criteria are now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI; and
- the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows the IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

The NIS is assessing the impact that this amendment will have on its 2016 financial statements.

(b) Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*, which are effective for accounting periods beginning on or after January 1, 2016.

The amendment to IAS 16, *Property, Plant and Equipment*, which explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.

The NIS is assessing the impact that this amendment will have on its 2016 financial statements.

(c) Amendments to IAS 27, *Equity Method in Separate Financial Statements*, effective for accounting periods beginning on or after January 1, 2016 allow the use of the equity method in separate financial statements, and apply to the accounting for subsidiaries, associates, and joint ventures.

The NIS is assessing the impact that this amendment will have on its 2016 financial statements.

5. New, revised and amended standards and interpretations not yet effective (cont'd):

(d) Amendments to IFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*, effective for accounting periods beginning on or after January 1, 2016, require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value but previously held interests will not be remeasured.

The NIS is assessing the impact that this amendment will have on its 2016 financial statements.

(e) *Improvements to* IFRS *2012-2014* cycle, contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2016. The main amendments applicable to the NIS are as follows:

(i) IFRS 15, *Revenue From Contracts With Customers*, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services.* It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The NIS will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer; or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The NIS is assessing the impact that this amendment will have on its 2018 financial statements.

(ii) IFRS 9, Financial Instruments, which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

The NIS is assessing the impact that this amendment will have on its 2018 financial statements.

5. New, revised and amended standards and interpretations not yet effective (cont'd):

(iii) IFRS 16, Leases, which is effective for annual reporting periods beginning on or after January 1, 2019, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Companies will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases. Finance lease accounting will be based on IAS 17 lease accounting, with recognition of net investment in lease comprising lease receivable and residual asset. Operating lease accounting will be based on IAS 17 operating lease accounting.

Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers*, is also adopted.

The NIS is assessing the impact that this amendment will have on its 2019 financial statements.

6. Determination of fair values

(a) Investment properties

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Service's investment property. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. However, recent market information about comparable properties is not always readily available. Accordingly, estimates of fair value make use of significant unobservable inputs.

(b) Investments in equity and debt securities

The fair value of held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. Unquoted equity securities whose fair value cannot be measured reliably are carried at cost.

NATIONAL INSURANCE SERVICES
Notes to the Financial Statements
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

7. Loans and advances

	2015 $	2014 $
Loans guaranteed by the Government of St. Vincent and the Grenadines	42,506,101	36,792,054
Loans secured by mortgage	64,551,537	59,662,074
Unsecured staff loans	88,004	80,006
	107,145,642	96,534,134
Provision for impairment	(160,560)	(167,603)
	106,985,082	96,366,531
Non-Current	102,758,261	94,625,311
Current	4,226,821	1,741,220
	106,985,082	96,366,531

The movement in the allowance for impairment in respect of loans and advances during the year was as follows:

	2015 $	2014 $
Balance at January 1	167,603	167,603
Write offs	(7,043)	-
Balance at December 31	160,560	167,603

8. Interest receivable on loans and investment securities

	2015 $	2014 $
Interest receivable – investment securities	6,728,763	7,571,209
Provision for impairment	(2,252,178)	(2,343,944)
	4,476,585	5,227,265
Non-Current	1,540,526	1,382,569
Current	2,936,059	3,844,696
	4,476,585	5,227,265
Interest receivable - loans	3,464,203	1,680,486
Provision for impairment	(532,563)	(532,563)
	2,931,640	1,147,923
Totals:		
Interest receivable	10,192,966	9,251,695
Provision for impairment	(2,784,741)	(2,876,507)
Net	7,408,225	6,375,188

8. Interest receivable on loans and investment securities

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

	2015 $	2014 $
Balance at January 1	2,876,507	4,823,165
Charge for the year	106,274	-
Write offs	(198,040)	(1,946,658)
Balance at December 31	2,784,741	2,876,507

9. Investment securities and deposits

	2015 $	2014 $
Held-to-maturity investment securities and deposits		
Government bonds	89,873,497	92,630,958
Corporate bonds	4,774,141	9,584,849
	94,647,638	102,215,807
Provision for impairment of corporate bonds	(486,065)	(1,609,795)
	94,161,573	100,606,012
Treasury bills	2,911,233	-
Fixed deposits	80,678,884	77,603,645
Provision for impairment of fixed deposits	(17,397,374)	(17,397,374)
	66,192,743	60,206,271
	160,354,316	160,812,283
Available-for-sale investment securities		
Government bonds	2,662,788	2,734,590
Corporate bonds	3,572,954	5,224,563
Equity securities with readily determinable fair values	62,130,216	77,642,177
Unquoted equity securities at cost	4,572,060	4,572,060
	72,938,018	90,173,390
	233,292,334	250,985,673
Non-Current	187,649,837	210,107,000
Current	45,642,497	40,878,132
	233,292,334	250,985,673

In January 2009, the Central Bank of Trinidad and Tobago affirmed the financial problems, and announced that it had intervened into the operations, of CL Financial Limited, Colonial Life (Trinidad) Ltd., CLICO Investment Bank, British American Insurance Company (Trinidad) Limited and Caribbean Money Market Brokers, all members of the CL Financial Group (the Group).

9. Investment securities and deposits (cont'd)

Later during 2009, British American Insurance Company Limited, a Bahamian registered subsidiary of CL Financial Limited, which owned and operated branches in the Organisation of Eastern Caribbean States (OECS) was deemed to be insolvent. Consequently, the Company and its branches throughout the OECS were placed under Judicial Management.

In April, 2013 the Supreme Court of Barbados placed CLICO International Life Insurance Limited, also a CL Financial Limited subsidiary, under Judicial Management. Effective with the appointment, the Judicial Manager assumed immediate control of the affairs of the Company, and is responsible for assessing its financial position and reporting to the Court.

The Government and Central Bank of Trinidad and Tobago, where CL Financial Limited is incorporated, the Government of Barbados, where CLICO International Life Insurance Limited is incorporated, and the OECS Governments, including the Government of St. Vincent and the Grenadines, have undertaken by way of various actions and initiatives, to protect the interests of the Group's respective policyholders, depositors, and other creditors. The outcome of these undertakings cannot be guaranteed.

As at December 31, 2015, the NIS had investments and deposits with the various CL Financial Group entities amounting to $18,460,246 (2014: $18,460,246), on which impairment provisions amounting to $17,397,374 (2014: $17,397,374) have been made.

The movement in the allowance for impairment in respect of investment securities and deposits during the year was as follows:

	2015 **$**	**2014** **$**
Balance at January 1	19,007,169	21,732,535
Charge for the year	486,065	295,613
Write offs	(1,609,795)	(3,020,979)
Balance at December 31	17,883,439	19,007,169

10. Interest in associate

	2015 $	2014 $
Interest in associate	20,779,776	19,893,411

The NIS has twenty percent (20%) ownership of the Bank of St. Vincent and the Grenadines. The Bank's principal place of business is located at Reigate Building, Granby Street, Kingstown, St. Vincent. The principal activities of the Bank are the provision of retail, corporate banking and investment services. The NIS is represented by two (2) persons on the Board of Directors.

The following table summarises the financial information of Bank of St. Vincent and the Grenadines as indicated in its own financial statements:

	2015 $	2014 $
Percentage ownership interest	20%	20%
Non-current assets	481,353,689	577,532,328
Current assets	417,834,959	331,570,329
Non-current liabilities	(231,500,415)	(248,904,411)
Current liabilities	(563,789,354)	(560,731,190)
Net assets (100%)	103,898,879	99,467,056
NIS share of net assets, being carrying amount of interest in associate	20,779,776	19,893,411
Revenue	58,750,349	61,772,727
Profit from continuing operations (100%)	5,858,954	3,094,549
Other comprehensive income/(loss) (100%)	72,869	(143,207)
Total comprehensive income (100%)	5,931,823	2,951,342
NIS share of total comprehensive income (20%)	1,186,365	590,268

The NIS obtained 20% of the shares in Bank of St. Vincent and recognised it as an investment in Associate in 2014, at this point $66,128 was recorded in retained earnings for market value movements, which was adjusted in the statement of changes in equity.

11. Investment properties

	2015 $	2014 $
Balance at January 1	14,353,021	8,458,735
Additions	24,110	14,198,358
Transfer to inventories	-	(8,304,072)
Net movement for the year	24,110	5,894,286
Balance at December 31	14,377,131	14,353,021

Investment property comprises parcels of land and buildings located at Pembroke and Union Island. The property in Pembroke was revalued on February 4, 2014 by an independent valuer, Alexander & Alexander, Licensed Land Surveyor/SCI Diploma Estate Appraiser.

Rental income from investment properties of $813,913 (2014: $271,304) has been recognised in other income.

11. Investment properties (cont'd)

Measurement of fair values

(i) Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the NIS investment property portfolio every three years.

The fair value measurement for all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2(d)).

(ii) Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Valuation tecnique	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Replacement cost. This model takes into account: <u>Building:</u> An estimate of the full replacement cost at the reporting date. <u>Land:</u> (i) An estimate of the site improvements made, if any; and (ii) An estimate of the market value of the land with the site improvements, if any.	Estimates of material, labour, professional fees and other costs of planning, design and construction, expressed as cost per square foot. Judgments about the physical condition of the building. Judgments about the environment in which the property is located.	The estimated fair value would increase (decrease) if: • The cost per square foot were higher (lower); • Judgment about the condition of the building had determined the condition to be better or worse.

12. Inventories

See accounting policy 3(h)

	2015 $	2014 $
Balance at January 1	8,304,072	-
Acquisitions/Additions	547,668	8,304,072
Balance at December 31	8,851,740	8,304,072

Inventories comprise residential real estate development. The NIS has begun this development on the Peter's Hope property with the intention of sale in the ordinary course of business .

NATIONAL INSURANCE SERVICES
Notes to the Financial Statements
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

13. Property and equipment

	Freehold buildings	Furniture and fixtures	Office equipment	Building related equipment	Computer equipment	Computer software	Motor vehicles	Total
	$	$	$	$	$	$	$	$
Cost								
Balance at January 1, 2014	34,530,344	2,265,440	575,361	1,346,813	1,326,775	2,152,942	302,222	42,499,897
Additions		4,791	4,785	45,930	270,431	326,289	67,725	719,951
Disposals	-	(5,527)	-	-	(42,909)	-	-	(48,436)
Balance at December 31, 2014	34,530,344	2,264,704	580,146	1,392,743	1,554,297	2,479,231	369,947	43,171,412
Balance at January 1, 2015	34,530,344	2,264,704	580,146	1,392,743	1,554,297	2,479,231	369,947	43,171,412
Additions	-	10,616	8,164	6,011	130,789	453,636	-	609,216
Disposals	-	(174,174)	(55,716)	-	(99,777)	-	(53,564)	(383,231)
Balance at December 31, 2015	34,530,344	2,101,146	532,594	1,398,754	1,585,309	2,932,867	316,383	43,397,397
Accumulated depreciation								
Balance at January 1, 2014	4,566,794	1,767,682	545,661	472,901	1,089,342	1,726,536	181,377	10,350,293
Depreciation for the year	834,370	328,770	13,807	110,466	137,001	87,378	52,280	1,564,072
Disposals	-	(5,107)	-	-	(42,909)	-	-	(48,016)
Balance at December 31, 2014	5,401,164	2,091,345	559,468	583,367	1,183,434	1,813,914	233,657	11,866,349
Balance at January 1, 2015	5,401,164	2,091,345	559,468	583,367	1,183,434	1,813,914	233,657	11,866,349
Depreciation for the year	834,370	161,211	6,966	102,583	125,299	26,391	63,282	1,320,102
Disposals	-	(174,175)	(55,716)	-	(96,665)	-	(53,564)	(380,120)
Balance at December 31, 2015	6,235,534	2,078,381	510,718	685,950	1,212,068	1,840,305	243,375	12,806,331
Carrying amounts								
At January 1, 2014	29,963,550	497,758	29,700	873,912	237,433	426,406	120,845	32,149,604
At January 1, 2015	29,129,180	173,359	20,678	809,376	370,863	665,317	136,290	31,305,063
At December 31, 2015	28,294,810	22,765	21,876	712,804	373,241	1,092,562	73,008	30,591,066

NATIONAL INSURANCE SERVICES
Notes to the Financial Statements
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

14. Contributions receivable

	2015 $	2014 $
Contributions receivable	12,743,253	15,090,388
Provision for impairment losses	(4,511,862)	(2,485,477)
	8,231,391	12,604,911

The movement in the provision for impairment losses in respect of contributions receivable during the year was as follows:

	2015 $	2014 $
Balance at January 1	2,485,477	2,644,961
Change in provision	2,026,385	(159,484)
Balance at December 31	4,511,862	2,485,477

15. Other assets

	2015 $	2014 $
Prepayments	198,304	259,877
Staff receivables	89,577	214,023
Rent and other receivables	3,890,972	3,687,001
	4,187,853	4,160,901
Provision for impairment losses	(900,145)	(893,101)
	3,278,708	3,267,800

	2015 $	2014 $
Balance at January 1	893,101	-
Change in provision	7,044	893,101
Balance at December 31	900,145	893,101

16. Reserves

(a) Benefit reserves

Section 20 of the National Insurance Services (Financial and Accounting) Regulations, 1996 stipulates that at the end of each year, the excess of income over expenses for each branch be transferred to a separate reserve fund to finance the approved benefits.

Apportionment of contribution income

Section 18 of the National Insurance Services (Financial and Accounting) Regulations, 1996 stipulates that contribution income be apportioned to the benefit branches in accordance with the approved recommendations of the actuary.

16. Reserves (cont'd)

(a) Benefit reserves (cont'd)

Contribution income is allocated as follows:

	2015 %	2014 %
Pension	85.45	85.45
Short-term benefit	8.25	8.25
Employment injury benefit	6.30	6.30
	100.00	100.00

(b) National Provident Fund

The National Provident Fund (NPF) includes legacy contributors under the National Insurance Scheme.

(c) Fair value reserve

The fair value reserve comprises the commulative net charge in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

17. Net finance income

	2015 $	2014 $
Recognised in profit or loss		
Interest on loans	6,896,691	6,845,033
Interest income on unimpaired held-to-maturity investments	8,763,508	9,259,249
Dividend income on available-for-sale financial assets	1,761,307	2,392,012
Finance income	17,421,506	18,496,294
Net foreign exchange loss on investments	(941,087)	(442,904)
Impairment loss on corporate bond	(592,340)	(295,613)
(Loss)/gain on disposal of investments	(2,377,187)	64,357
Net finance expense	(3,910,614)	(674,160)
Net finance income recognised in profit or loss	13,510,892	17,822,134

18. Other income

	2015 $	2014 $
(Loss)/Gain on disposal of property, plant and equipment	(3,111)	1,292
Rental income	1,318,273	791,308
Surcharges and other fees	203,580	214,924
Surcharges and other income	1,518,742	1,007,524
Other income from associate	-	1,921,774
	1,518,742	2,929,298

NATIONAL INSURANCE SERVICES
Notes to the Financial Statements
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

19. Classification of benefits

Benefits are classified to benefit branches in accordance with Section 3 of the National Insurance Services (Financial and Accounting) Regulations, 1996.

	Short-term Benefits		Long-term Benefits		Employment Injury		National Provident Fund		Total	Total
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$	$	$	$	$
Sickness benefit	1,421,886	1,102,070	-	-	-	-	-	-	1,421,886	1,102,070
Maternity benefit	991,939	668,819	-	-	-	-	-	-	991,939	668,819
Maternity grant	390,576	360,000	-	-	-	-	-	-	390,576	360,000
Funeral grant	-	-	1,943,893	2,043,571	-	-	-	-	1,943,893	2,043,571
Invalidity benefit	-	-	533,597	524,268	-	-	22,543	26,447	556,140	550,715
Survivor's benefit	-	-	3,813,250	3,310,059	-	-	75,286	73,702	3,888,536	3,383,761
Age benefit	-	-	39,188,237	34,919,570	-	-	2,066,407	1,920,555	41,254,644	36,840,125
Age grant	-	-	1,413,196	1,419,439	-	-	-	-	1,413,196	1,419,439
Invalidity grant	-	-	-	-	-	-	-	-	-	-
NIS employment injury medical	-	-	-	-	3,750	8,224	-	-	3,750	8,224
NIS employment injury	-	-	-	-	136,086	145,528	-	-	136,086	145,528
NIS employment disablement	-	-	-	-	77,018	72,424	-	-	77,018	72,424
NIS employment death	-	-	-	-	33,618	39,001	-	-	33,618	39,001
Non contributory assistance age pension	-	-	1,237,770	1,382,070	-	-	-	-	1,237,770	1,382,070
Elderly assistance benefit	-	-	457,232	480,364	-	-	-	-	457,232	480,364
Total expenditure	2,804,401	2,130,889	48,587,175	44,079,341	250,472	265,177	2,164,236	2,020,704	53,806,284	48,496,111

NATIONAL INSURANCE SERVICES
Notes to the Financial Statements
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

20. General and adminstrative expenses

	2015 $	2014 $
Accommodation and travel expenses	353,872	304,785
Advertising and promotion	171,931	206,254
Annual awards dinner and anniversary celebrations	45,429	50,259
Audit fees	78,000	73,296
Bank charges	24,212	33,065
Cleaning expense	99,000	98,250
Depreciation expense	1,320,102	1,564,072
Directors' fees and expenses	211,757	144,036
Donations, community and education projects	1,001,701	498,593
Healthcare initiatives	-	533,110
Insurance	214,077	203,511
Management fees	276,952	123,739
Miscellaneous expenses	13,536	14,159
Office expenses	37,926	42,308
Postage and stationery	163,556	117,346
Post office charges	48,000	48,000
Professional fees	171,120	80,666
Repairs and maintenance	289,122	350,332
Seminar expenses	22,553	51,314
Staff costs	5,127,206	4,759,954
Subscriptions	233,342	166,171
Security	204,744	194,950
Utilities	632,158	669,370
	10,740,296	10,327,540

21. Staff costs

	2015 $	2014 $
Salaries and wages	4,447,639	4,156,478
National Insurance contributions	173,361	161,846
Retirement benefit contributions	208,744	210,262
Staff training	148,274	95,194
Uniforms and medical insurance	149,188	136,174
	5,127,206	4,759,954
Number of employees at reporting date	88	83

22. Income tax

The National Insurance Services is exempt from the payment of income tax under the Income Tax Act, 1979.

23. Pension plan

The National Insurance Services provides retirement benefits under a defined-contribution plan administered by Colonial Life Insurance Company (Trinidad) Limited (CLICO) for all of its employees. Under the provisions of the plan, the National Insurance Services and its employees are required to contribute 6% and 3%, respectively, of the employees' basic monthly salary towards the plan. During the year, National Insurance Services' contribution to the pension plan amounted to $208,744 (2014 - $210,262). This amount was charged to profit or loss.

NATIONAL INSURANCE SERVICES
Notes to the Financial Statements
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

24. Classification of financial assets and financial liabilities

The table below provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

December 31, 2015	Available for sale	Held to maturity	Loans and receivables	Other financial assets/liabilities	Total
Assets					
Cash and cash equivalents	-	27,696,862	9,322,131	-	37,018,993
Loans and advances	-	-	106,985,082	-	106,985,082
Interest receivable on investment securities	773,893	3,702,692	-	-	4,476,585
Interest receivable on loans	-	-	2,931,640	-	2,931,640
Investment securities and deposits	72,938,018	160,354,316	-	-	233,292,334
Contributions receivable	-	-	8,231,391	-	8,231,391
Other assets	-	-	-	3,278,708	3,278,708
Total financial assets	73,711,911	191,753,870	127,470,244	3,278,708	396,214,733
Liabilities					
Benefits payable	-	-	-	2,116,317	2,116,317
Accounts payable and accrued liabilities	-	-	-	3,392,415	3,392,415
Total financial liabilities	-	-	-	5,508,732	5,508,732

NATIONAL INSURANCE SERVICES
Notes to the Financial Statements
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

24. Classification of financial assets and financial liabilities (cont'd)

December 31, 2014	Available for sale	Held to maturity	Loans and receivables	Other financial assets/liabilities	Total
Assets					
Cash and cash equivalents	-	14,614,455	8,000,171	-	22,614,626
Loans and advances	-	-	96,366,531	-	96,366,531
Interest receivable on investment securities	188,660	5,038,605	-	-	5,227,265
Interest receivable on loans	-	-	1,147,923	-	1,147,923
Investment securities and deposits	90,173,390	160,812,283	-	-	250,985,673
Contributions receivable	-	-	12,604,911	-	12,604,911
Other assets	-	-	-	3,267,800	3,267,800
Total financial assets	90,362,050	180,465,343	118,119,536	3,267,800	392,214,729
Liabilities					
Benefits payable	-	-	-	1,598,786	1,598,786
Accounts payable and accrued liabilities	-	-	-	2,995,558	2,995,558
Total financial liabilities	-	-	-	4,594,344	4,594,344

25. Financial instruments

(a) Introduction and overview

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

- credit risk
- liquidity risk
- market risk
- regulatory reserves

This note presents information about the Service's exposure to each of the above risks, the Service's objectives, policies and processes for measuring and managing risk, and the Service's management of reserves.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Service's risk management framework.

The Service's risk management policies are established to identify and analyse the risks faced by the Service, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and services offered. The Service, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Service's audit committee is responsible for monitoring compliance with the Service's risk management policies and procedures and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Service. The audit committee is assisted in these functions by internal audit. Internal audit performs both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

25. Financial instruments(cont'd)

(b) Credit risk

Credit risk is the risk of financial loss to the Service if a contributor or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from contributions receivable, loans to related parties and investments.

Exposure to credit risk

The carrying amount of the financial assets represents the maximum credit exposure.

Management of credit risk

The Board of Directors has responsibility for the management of credit risk and this includes:

- *Formulating credit policies* covering collateral requirements, credit assessment, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- *Establishing the authorisation structure* for the approval of investments and loans.
- *Reviewing and assessing credit risk* including assessing all credit exposures in excess of designated limits, prior to funds being committed to new investments. Loans are subject to the same review process.

Impaired loans and securities are loans and securities for which the Service determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / security agreement(s).

25. Financial instruments (cont'd)

(c) Credit risk (cont'd)

	Interest receivable		Loans and advances		Investment securities		Lending commitments	
Credit quality analysis	**2015 $**	**2014 $**	**2015 $**	**2014 $**	**2015 $**	**2014 $**	**2015 $**	**2014 $**
Off balance sheet								
Lending commitments		-		-		-	2,000,000	2,560,452
Loans with renegotiated terms								
Gross carrying amount	-	-	44,439,150	44,439,150	-	-		-
Impaired amount	-	-	-	-	-	-		-
Allowance for impairment	-	-	-	-	-	-		-
Net carrying amount	-	-	44,439,150	44,439,150	-	-	2,000,000	2,560,452
Neither past due nor impaired								
Gross carrying amount	5,030,848	6,375,188	106,985,082	96,366,531	230,285,199	246,933,739		
Past due but not impaired								
30-60 days	-	-	-	-	-	-		-
60-90 days	-	-	-	-	-	-		-
90-180 days	-	-	-	-	-	-		-
over 180 days	2,377,378	-	-	-	-	-		-
Individually impaired								
Gross carrying amount	2,784,740	2,876,507	160,560	167,603	20,890,574	23,059,103	-	-
	10,192,966	9,251,695	107,145,642	96,534,134	251,175,773	269,992,842	-	-
Allowance for impairment								
Individual	(2,784,741)	(2,876,507)	(160,560)	(167,603)	(17,883,439)	(19,007,169)	-	-
	7,408,225	6,375,188	106,985,082	96,366,531	233,292,334	250,985,673	-	-

25. Financial instruments (cont'd)

(c) Credit risk (cont'd)

	Contributions receivable	
Credit quality analysis	**2015 $**	**2014 $**
Neither past due nor impaired		
Gross carrying amount	-	-
Past due but not impaired		
Less than 30 days	65,168	66,826
30-60 days	102,324	259,738
60-90 days	106,759	346,481
90-1080 days	896,171	5,320,323
Over 1080 days	1,955,262	249,227
	3,125,684	6,242,595
Individually impaired		
Gross carrying amount	9,617,569	8,847,793
	12,743,253	15,090,388
Allowance for impairment		
Individual	(3,673,617)	(1,542,249)
Collective	(838,245)	(943,228)
	8,231,391	12,604,911

Impaired interest receivable, loans and advances and investment securities and deposits

Individually impaired financial assets are assets (other than those carried at fair value through profit or loss) for which the Service determines that there is objective evidence of impairment and it does not expect to collect all principal and interest due according to the contractual terms of the loan/investment security agreement(s).

The table below sets out the credit quality of debt securities. The analysis has been based on rating agency ratings where applicable.

NATIONAL INSURANCE SERVICES
Notes to the Financial Statements
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

25. Financial instruments (cont'd)

(c) Credit risk (cont'd)

	2015 $	2014 $
Government bonds		
Rated AAA	3,801,177	-
Rated AA- to AA+	5,529,604	835,646
Rated A- to A+	7,493,277	
Rated BBB+ and below	21,236,926	2,734,590
	38,060,984	3,570,236
Corporate bonds		
Rated AAA	-	-
Rated AA- to AA+	-	1,132,107
Rated A- to A+	-	-
Rated BBB+ and below	4,192,558	3,256,810
	4,192,558	4,388,917

NATIONAL INSURANCE SERVICES
Notes to the Financial Statements
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

25. Financial instruments (cont'd)

(c) Credit risk (cont'd)

The Service holds collateral against certain of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure:

	Percentage of exposure that is subject to collateral requirements		
	2015 %	**2014 %**	**Principal type of collateral held**
Loans and advances			
Loans to the Government of St. Vincent and the Grenadines	100	100	Property and Government guarantees
Loans to other statutory bodies	100	100	Property and Government guarantees
Staff Loans	99	99	Property and bills of sale
Other	100	100	Property and Government guarantees
Investment debt securities			
Government bonds	-	-	None
Corporate bonds	-	-	None
Contributions receivable	-	-	None

NATIONAL INSURANCE SERVICES
Notes to the Financial Statements
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

25. Financial instruments (cont'd)

(c) Credit risk (cont'd)

Concentration of credit risk

The maximum exposure to credit risk by geographic region was:

	Contributions Receivable		Interest receivable		Loans and advances		Investment securities and deposits		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$	$	$	$	$
Domestic	8,231,391	12,604,911	4,840,915	3,773,622	106,985,082	96,366,531	104,996,687	103,825,788	225,054,075	216,570,852
OECS	-	-	101,946	80,481	-	-	12,753,509	13,351,658	12,855,455	13,432,139
Other Caribbean	-	-	2,236,639	2,265,007	-	-	101,685,492	117,805,320	102,879,817	120,070,327
Other	-	-	228,725	256,078	-	-	13,856,646	16,002,907	14,085,371	16,258,985
Carrying amount	8,231,391	12,604,911	7,408,225	6,375,188	106,985,082	96,366,531	233,292,334	250,985,673	354,874,718	366,332,303

The maximum exposure to credit risk by sector was:

	Interest receivable		Loans and advances		Investment securities and deposits		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$	$	$
Local government and other related entities	3,544,319	1,892,769	80,359,533	68,332,060	43,349,182	42,287,712	127,253,034	112,519,542
Other governments	2,371,151	2,231,138	-	-	52,098,337	53,077,836	54,469,488	55,308,973
Corporate	1,492,755	2,251,281	20,591,554	21,665,050	137,844,815	155,620,125	159,929,124	179,536,456
Employees	-	-	6,033,995	6,369,421	-	-	6,033,995	6,369,421
Carrying amount	7,408,225	6,375,188	106,985,082	96,366,531	233,292,334	250,985,673	347,685,641	353,734,342

NATIONAL INSURANCE SERVICES
Notes to the Financial Statements
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

25. Financial instruments(cont'd)

(c) Credit risk (cont'd)

Gross contribution receivable exposure to credit risk by sector

	2015 $	2014 $
Government	-	4,956,154
Agriculture	35,681	284,243
Construction	4,123,022	3,009,783
Accommodation	2,475,413	1,937,796
Wholesale	897,379	706,243
Manufacturing	976,753	828,629
Transport	313,066	343,407
Other	3,921,939	3,024,133
Total (note 14)	12,743,253	15,090,388

NATIONAL INSURANCE SERVICES
Notes to the Financial Statements
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

25. Financial instruments (cont'd)

(d) Liquidity risk

Liquidity risk is the risk that the Service will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Service's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Service's reputation.

The following were the contractual maturities of financial liabilities at the reporting date:

December 31, 2015

	Carrying amount $	Contractual cash flows $	Under 1 year $	Within 1 year $	1-5 years $	6-10 years $	Over 10 years $
Non-derivative financial liabilities							
Benefits payable	2,116,317	(2,116,317)	(2,116,317)	-	-	-	-
Accounts payable and accrued liabilities	3,392,415	(3,392,415)	(3,392,415)	-	-	-	-
	5,508,732	(5,508,732)	(5,508,732)	-	-	-	-

December 31, 2014

	Carrying amount $	Contractual cash flows $	Under 1 year $	Within 1 year $	1-5 years $	6-10 years $	Over 10 years $
Non-derivative financial liabilities							
Benefits payable	1,598,786	(1,598,786)	(1,598,786)	-	-	-	-
Accounts payable and accrued liabilities	2,995,558	(2,995,558)	(2,995,558)	-	-	-	-
	4,594,344	(4,594,344)	(4,594,344)	-	-	-	-

Exposure to liquidity risk

The key measure used by the Service for managing liquidity risk is the ratio of budget contributions income to benefits payable to contributors.

25. Financial instruments (cont'd)

(e) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Service's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The table below sets out the allocation of assets and liabilities subject to market risk between trading and non-trading portfolios.

December 31, 2015		**Market risk measure**	
	Carrying amount $	**Trading portfolios $**	**Non-trading portfolios $**
Assets subject to market risk			
Cash and cash equivalents	37,018,993	-	37,018,993
Loans and advances	106,985,082	-	106,985,082
Investment securities and deposits	233,292,334	-	233,292,334
Total	377,296,409	-	377,296,409

December 31, 2014		**Market risk measure**	
	Carrying amount $	**Trading portfolios $**	**Non-trading portfolios $**
Assets subject to market risk			
Cash and cash equivalents	22,614,626	-	22,614,626
Loans and advances	96,366,531	-	96,366,531
Investment securities and deposits	250,985,673	-	250,985,673
Total	369,966,830	-	369,966,830

25. Financial instruments (cont'd)

(e) Market risk (cont'd)

Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The NIS incurs foreign currency risk on transactions that are denominated in a currency other than the functional currency, the EC Dollar. There is no exposure to foreign currency risk in respect of the United States Dollar because the EC Dollar is pegged at EC$2.70 for US$1. However, there is exposure to foreign currency risk affecting the Service's statement of profit or loss resulting from the fluctuations of other currencies like the Australian Dollar (AUD), Canadian Dollar (CAD), and the Republic of Trinidad and Tobago Dollar (TTD). Moreover, the NIS does not have any foreign currency exposure affecting its equity as there are no currency swaps or forward foreign exchange contracts used as cash flow hedges.

The Service's exposure to currency risk was as follows, based on notional amounts:

	December 31,2015			
	CAD	**AUD**	**TTD**	**Other**
Interest receivable	4,732	51,036	81,804	87,256
Investment securities and deposits	1,768,762	3,107,059	6,592,823	7,475,318
Total exposure	1,773,494	3,158,095	6,674,627	7,562,574

	December 31,2014			
	CAD	**AUD**	**TTD**	**Other**
Interest receivable	5,653	73,753	85,604	87,156
Investment securities and deposits	2,117,453	4,668,193	21,022,661	7,375,959
Total exposure	2,123,106	4,741,946	21,108,265	7,463,115

The following significant exchange rates have been applied during the year:

	2015 EC$	**2014 EC$**
1 TTD:	0.3974	0.4077
1 CAD:	1.9413	2.3192
1 AUD:	1.9608	2.1993

25. Financial instruments (cont'd)

(e) Market risk (cont'd)

Currency risk (cont'd)

A reasonably possible strengthening (weakening) of the Eastern Caribbean dollar against all other relevant currencies at December 31 would have affected the measurement of financial instruments denominated in a foreign currency and affected reserves and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2015 EC$		2014 EC$	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
TTD (10% movement)	667,463	(667,463)	2,294,960	(2,294,960)
CAD (10% movement)	197,334	(197,334)	212,311	(212,311)
AUD (10% movement)	320,783	(320,783)	529,843	(529,843)

Interest rate risk

The Service adopts a policy of ensuring that 55% of its exposure to changes in interest rates is on a fixed-rate basis, taking into account assets with exposure to changes in interest rates. The Service does not enter into any interest rate swaps as hedges of the variability in cash flows attributable to interest rate risks.

At the reporting date the interest rate profile of the Service's interest bearing financial instruments was:

	Carrying amount	
	2015	**2014**
Fixed rate instruments	**$**	**$**
Interest-earning financial assets	165,803,887	168,771,436

Fair value sensitivity analysis for fixed rate instruments

The Service does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

26. Fair value of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the NIS determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

When measuring the fair value of an asset or a liability, the NIS uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The NIS recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The NIS measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

26. Fair value of financial instruments (cont'd)

(a) Financial assets measured at fair value

December 31, 2015

	Level 1	Level 2	Level 3	Total
Investment securities				
Government bonds	-	2,662,788	-	2,662,788
Corporate bonds	-	3,572,954	-	3,572,954
Equities	55,530,216	6,600,000	-	62,130,216
	55,530,216	12,835,742	-	68,365,958

December 31, 2014

	Level 1	Level 2	Level 3	Total
Investment securities				
Government bonds	-	2,734,590	-	2,734,590
Corporate bonds	-	5,224,563	-	5,224,563
Equities	70,562,177	7,080,000	-	77,642,177
	70,562,177	15,039,153	-	85,601,330

(b) Financial assets not measured at fair value

All other financial instruments which include cash and cash equivalents, loans and advances, held to maturity investment securities, interest receivable on loans and investment securities, contributions receivable and benefits payable, the carrying amount is a reasonable approximation of the fair value and they are all classified as level 2.

27. Regulatory reserves

The National Insurance (Financial and Accounting) Regulations 1996 sets the capital requirements for the Service as a whole.

In implementing current reserve requirements the regulation requires that the Service transfer the excess of income over expenses for each branch to a separate reserve at the end of the year.

The Service's regulatory reserves are analysed into three categories:
- short-term benefit reserve;
- pension reserve; and
- employment injury benefit reserve.

The Service's policy is to maintain a strong reserve base so as to sustain future development of the Service and finance approved benefits. The Service recognises the need to maintain a balance between the higher benefit payments that might be possible and the advantages and security afforded by a sound reserve position.

The Service has complied with all externally imposed reserve requirements throughout the period.

There was no material change in the Service's management of reserves during the period.

28. Related parties

(a) Identification of related party
A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

(i) A person or a close member of that person's family is related to a reporting entity if that person:

- has control or joint control of the reporting entity;
- has significant influence over the reporting entity; or
- is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(ii) An entity is related to a reporting entity if any of the following conditions applies:

- The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both entities are joint ventures of the same third party.
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

28. Related parties (cont'd)

(ii) An entity is related to a reporting entity if any of the following conditions applies (cont'd):

- The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

- The entity is controlled or jointly controlled by a person identified in (a).

- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- that person's children and spouse or domestic partner;

- children of that person's spouse or domestic partner; and

- dependents of that person or that person's spouse or domestic partner.

(b) Related Party transactions and balances
A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(c) Transactions with key management personnel

- short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees;
- post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;
- other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation;
- termination benefits.

The Service is controlled by the Government of St. Vincent and the Grenadines.

Government refers to government, government agencies and similar bodies whether local, national or international.

A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government.

NATIONAL INSURANCE SERVICES
Notes to the Financial Statements
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

28. Related parties (cont'd)

Significant transactions with related parties during the year were as follows:

	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
	2015 $	**2014 $**	**2015 $**	**2014 $**
Loans and Advances				
National Lotteries Authority	6,063,407	(134,324)	6,500,000	436,593
Bank of St. Vincent and the Grenadines	(1,073,495)	(1,007,944)	20,591,555	21,665,050
Government of St. Vincent and the Grenadines	8,395,976	2,615,527	10,883,433	8,022,438
National Student Loan Company	3,096,070	2,900,000	18,536,949	15,440,879
Investments				
Government of St. Vincent and the Grenadines	7,849,763	28,313,704	19,655,759	23,287,712
Interest				
National Lotteries Authority	-	-	87,347	2,911
Bank of St. Vincent and the Grenadines	-	-	41,686	47,795
Government of St. Vincent and the Grenadines	-	-	378,789	1,095,751
Interest in Associate				
Bank of St. Vincent and the Grenadines	886,365	19,893,411	20,779,776	19,893,411
Contributions				
Government of St. Vincent and the Grenadines	25,624,119	26,741,617	-	4,956,421

Key management personnel compensation

Key management personnel compensation comprised the following:

	2015 $	**2014 $**
Key management	546,215	532,079
Directors	166,791	120,367
	713,006	652,446

29. Commitments

(a) Capital commitments

As of the reporting date, the Board of Directors approved capital expenditure amounting to $5 million (2014: Nil).

(b) Credit commitments

In the normal course of business, various credit commitments are outstanding which are not reflected in the statement of financial position.

These financial instruments are subject to normal credit standards, financial controls and monitoring procedures.

	2015 $	2014 $
Commitment to extend credit	2,000,000	2,560,452
Total off-balance sheet credit commitments	2,000,000	2,560,452

NATIONAL INSURANCE SERVICES

ADDITIONAL INFORMATION

TO THE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

KPMG Eastern Caribbean
Chartered Accountants

ADDITIONAL INFORMATION

TABLE OF CONTENTS

KPMG

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ADDITIONAL COMMENTS OF INDEPENDENT AUDITORS

To: The Honourable Minister of Finance
Administrative Building
Kingstown

The accompanying schedule I is presented as supplementary information only. In this respect, it does not form part of the financial statements of the National Insurance Services for the year ended December 31, 2015 and hence is excluded from the opinion expressed in our report dated June 29, 2016 to the Honourable Minister of Finance on such financial statements.

KPMG Eastern Caribbean

Kingstown, St. Vincent and the Grenadines

June 29, 2016

SCHEDULE I

NATIONAL INSURANCE SERVICES
Schedule of Branch Operations
December 31, 2015
(Expressed in Eastern Caribbean Dollars)

	Short-term Benefits		Long-term Benefits		Employment Injury		National Provident Fund		Total	Total
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Income										
Contributions	4,713,516	4,429,535	48,820,594	45,879,245	3,599,412	3,382,554	-	-	57,133,522	53,691,334
Net financing income	658,712	789,021	11,260,277	15,055,209	1,591,903	1,977,904	-	-	13,510,892	17,822,134
Interest on National Provident Fund	(25,794)	(25,448)	(440,953)	(489,645)	(62,341)	(65,162)	529,088	580,255	-	-
Other	223,171	290,364	2,311,514	3,007,469	170,422	221,733	-	-	2,705,107	3,519,566
Total income	5,569,605	5,483,472	61,951,432	63,452,278	5,299,396	5,517,029	529,088	580,255	73,349,521	75,033,034
Expenditure										
Benefits	2,804,401	2,130,889	48,587,175	44,079,341	250,472	265,177	2,164,236	2,020,704	53,806,284	48,496,111
Bad debts expense	167,177	(13,157)	1,731,546	(136,280)	127,662	(10,047)	-	-	2,026,385	(159,484)
Administrative expenses	742,305	676,402	9,617,861	9,275,044	380,130	376,094	-	-	10,740,296	10,327,540
Total expenditure	3,713,883	2,794,134	59,936,582	53,218,105	758,264	631,224	2,164,236	2,020,704	66,572,965	58,664,167
Net income for the year	1,855,722	2,689,338	2,014,850	10,234,173	4,541,132	4,885,805	(1,635,148)	(1,440,449)	6,776,556	16,368,867