Honourable Allen Michael Chastanet

Prime Minister
Minister for Finance, Economic Growth, Job Creation, External Affairs and the Public Service

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MISSION STATEMENT

To ensure that every St. Lucian enjoys social and financial protection and to assist in the development of our nation through the efficient collection of contributions, payment of relevant benefits, prudent management of assets, use of cutting edge technology and a cadre of highly skilled staff.

VISION STATEMENT

An effective, transparent and financially sound institution which is customer-focused, provides social protection to the St. Lucian population and plays a leading role in national development.

CORPORATE INFORMATION

HEAD OFFICE

National Insurance Corporation
Francis Compton Building
Waterfront
Castries
St. Lucia
Tel: 452-2808
Fax: 451-9882

SUB OFFICES

National Insurance Corporation
Antoine L. Theodore Building
Cnr. of Theodore and Hospital Streets
Vieux Fort
St. Lucia
Tel: 454-6758
Fax: 454-5001

National Insurance Corporation
Sir Darnley Alexander Building
Bay Street
Soufriere
St. Lucia
Tel: 459-7241
Fax: 459-5434

National Insurance Corporation
Providence Commercial Centre
Rodney Bay
Gros Islet
St. Lucia
Tel: 457-4074/75
Fax: 452-0576

BANKERS

Bank of Saint Lucia Ltd.
Bridge Street
Castries
St. Lucia

AUDITORS

Grant Thornton
Pointe Seraphine
Castries
St. Lucia

ATTORNEYS

Mrs. Venessa Zephirin LLB(Hons), CLE, MA

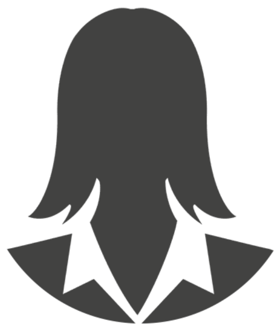
Ms. Kit-Juelle Frank-Amoroso LLB, LEC, MCI Arb
First Floor
Francis Compton Building
Waterfront
Castries
St. Lucia

BOARD MEMBERS

Everistus Jn. Marie
(Chairman)

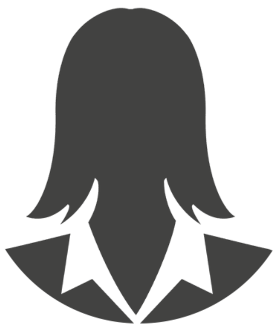
Trevor Louisy
(Member)

Marcus Joseph
(Deputy Chairman)



Margaret Monplaisir
(Member)

Matthew Mathurin
(Member)



Michelle Phillips
(Member)

Julian Monrose
(Member)

BOARD COMMITTEES

GROUP AUDIT COMMITTEE

Marcus Joseph — Chairperson
Ketha Auguste
Julian Monrose
Everistus Jn. Marie
Joseph Alexander
Daniel Girard
Ryan Devaux

HUMAN RESOURCE COMMITTEE

Margaret Monplaisir — Chairperson
Trevor Louisy
Michelle Phillips
Matthew L. Mathurin

APPEALS COMMITTEE

Everistus Jn. Marie — Chairperson
Trevor Louisy
Margaret Monplaisir
Michelle Phillips

INVESTMENT COMMITTEE

Dr. Reginald Darius — Chairperson (Until March 2016)
Arletta Huntley-Wells
Sanovnik Destang
Matthew L. Mathurin

MANAGEMENT TEAM & SENIOR STAFF

MANAGEMENT TEAM

Mr. Matthew Mathurin	Director
Mr. Desmond Dujon-Henry	Assistant Director (Operations)
Mr. Derek George	Group Financial Controller
Mrs. Venessa Zephirin	Senior Legal Counsel/Corporate Secretary
Mrs. Paula Bleasdille	Chief Accountant
Mr. Irwin Jean	Investment Manager
Mr. Aloysius Burke	Systems Manager
Mr. Augustin Louis	Marketing and Corporate Communications Manager
Ms. Allison Delmede	Human Resource Manager
Mrs. Sue-Ann Charlery-Payne	Head of Group Internal Audit
Ms. Callixta Emmanuel	Manager, Compliance and Records Department
Mr. Bernard Jankie	Manager, Branch Offices
Mrs. Gisele St Marthe	Manager, Customer Service Department

SENIOR OFFICERS

Mr. Paul Kallicharan	Statistician
Ms. Lisa Leon	Customer Service Supervisor
Mrs. Claudia Elias-Charles	Benefits Supervisor
Mrs. Semanthia Wells-Joseph	Executive Assistant
Mrs. Elmona Leonce	Records Supervisor
Mr. Timothy John	Chief Security Officer

NATIONAL INSURANCE CORPORATION
For the benefit of us all!

CHAIRMAN'S REPORT
July 2015 - June 2016

Everistus Jn.Marie
Chairman

OVERVIEW

I am pleased to present my report for the financial year 2015-16. As with the past years, the National Insurance Corporation (NIC) continued its efforts at enhancing the lives of its contributors. We have been able to achieve this objective despite trying economic circumstances.

The NIC's performance during the year reflected the prudent management of the organization's resources. The skill and competence of our management and staff allowed us to produce results that are consistent with the provision of quality social protection to our contributors.

In furtherance of our objective to provide long-term social protection, the NIC procured the services of the International Labour Organization (ILO) for the conduct of the (11th) actuarial review of the Fund as at June 2015, and its recommendations on expanding coverage of self-employed persons.

During the reporting period, the NIC recorded various significant indicators of continuing improvement and progress, while carrying out its specific core–business mandate of collection of contributions and payment of benefits. I am pleased to report that the Corporation continued to exhibit growth in its income, assets and reserves during the year just ended.

FINANCIAL HIGHLIGHTS

BENEFITS

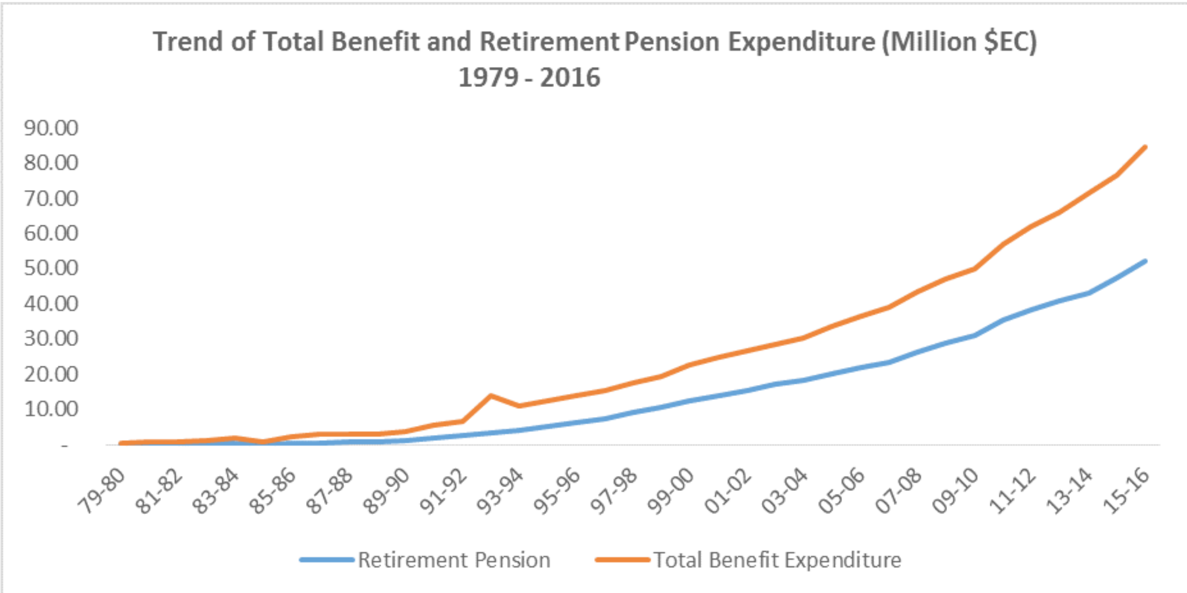
Total benefit expenditure in 2015/2016 was $84.81 million, an increase of 9.40% over the previous year ($77.52 million). Of this amount, long-term benefit payments accounted for 80.65% or $68.40 million, while short-term benefit payments, including Medical Health Programme accounted for the remaining 19.35% or $16.41 million. It should be noted that long-term benefit expenditure during the review period increased by 10.01%. This moderate growth was in part due to a 3% increase in all pension payments at as 1st July, 2015. In 2015/2016 the cost of Medical Health Programme remained constant at $5 million.

Retirement Pensions continue to be the principal component of pension expenditure and accounted for 65.28% of total benefits paid. Retirement Pensions also accounted for 80.94% of long-term benefit expenditure. The International Labour Organisation (ILO) Pension Model predicts that this trend will continue into the future, consistent with the projected steady increase in retirement of active contributors. As the

Social Security Program matures, NIC benefit expenditure pattern will mirror that of a pension program, due to the overwhelming percentage of payments for pensions, as illustrated in Figure 1 below.

When expressed as a percentage of contribution income, total benefits expenditure was 75.43% compared to 69.66% in the previous financial year.

Figure 1



Regarding benefits governed by reciprocal agreement, 16 transactions were processed under the Agreement between Saint Lucia and Canada and 72 under the CARICOM Agreement in 2016. Since the implementation of the Agreement, 165 pensions have been awarded at a cost of $3,143,527.

INCOME

Following a 19.40% contraction in the previous financial year, total income rebounded in the review period with a 52.20% increase from $151.62 million in the previous year to $230.76 million. Considering that there was only a 1.03% increase in contribution income, it was the very strong positive performance of investment returns which impacted total income. Net Investment Income increased from $36.39 million in 2015 to $116.04 million in 2016. This reflected an increase of $79.65 million or 218.88%. Fair value gain on investments of $35.71 million was the main cause of the increase.

EXPENSES

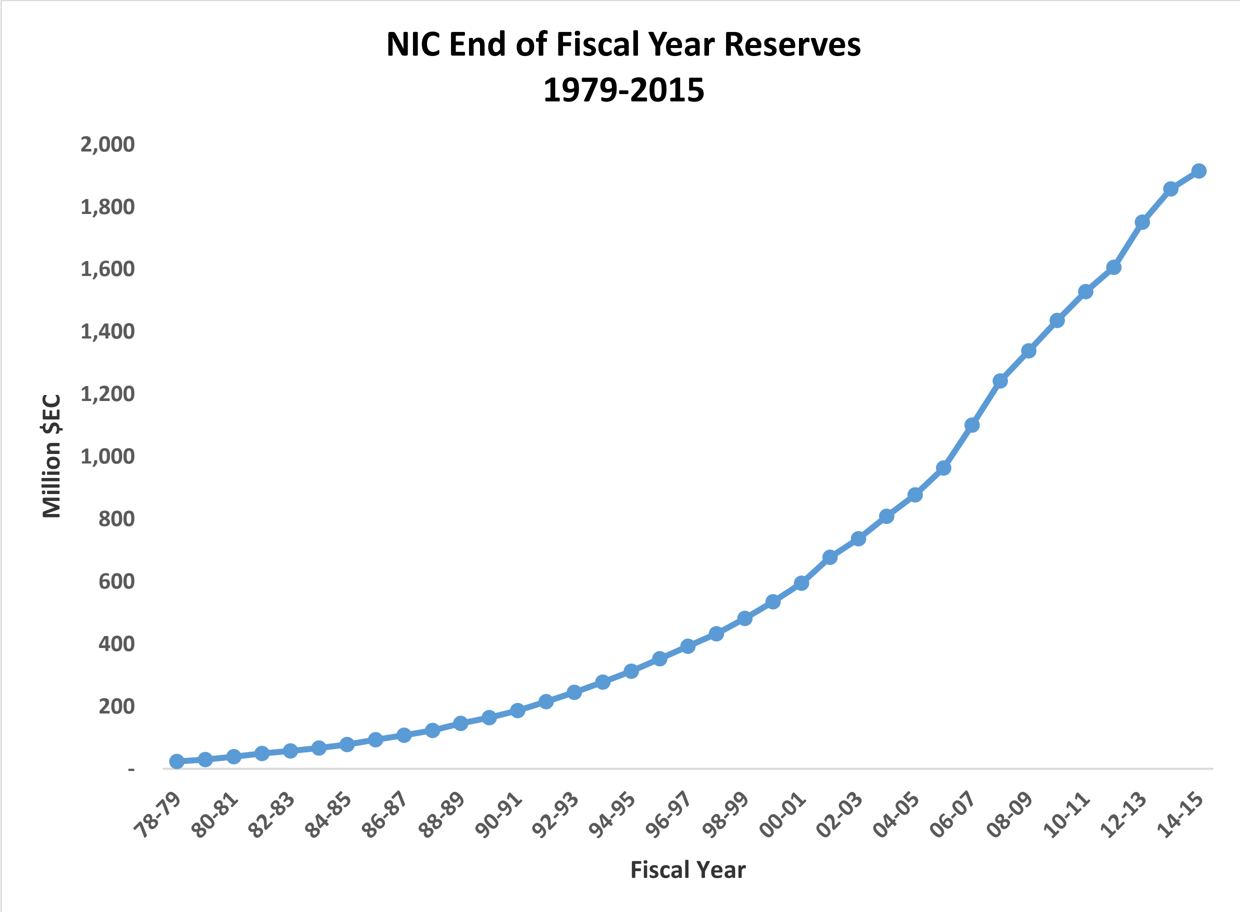
After recording a decline of 5.32% in 2014/15, General and Administrative Expenses increased by 1.99% to $16.78 million. General and Administrative Expenses as a percentage of contribution income was 14.93%, compared to 14.79% in the previous year.

ASSETS

Total Assets at June 2016 was $2.05 billion reflecting a 6.92% increase over the previous financial year, 2014/15. This moderate growth was influenced by a very strong positive performance in investment income of 218.88% and a modest increase of 1.03% in contribution income.

At the end of the financial year in review, the Reserves of the NIC also expanded by 6.77% or $129.15 million to $2.04 billion. The trend of Reserves is illustrated in Figure 2 below.

Figure 2

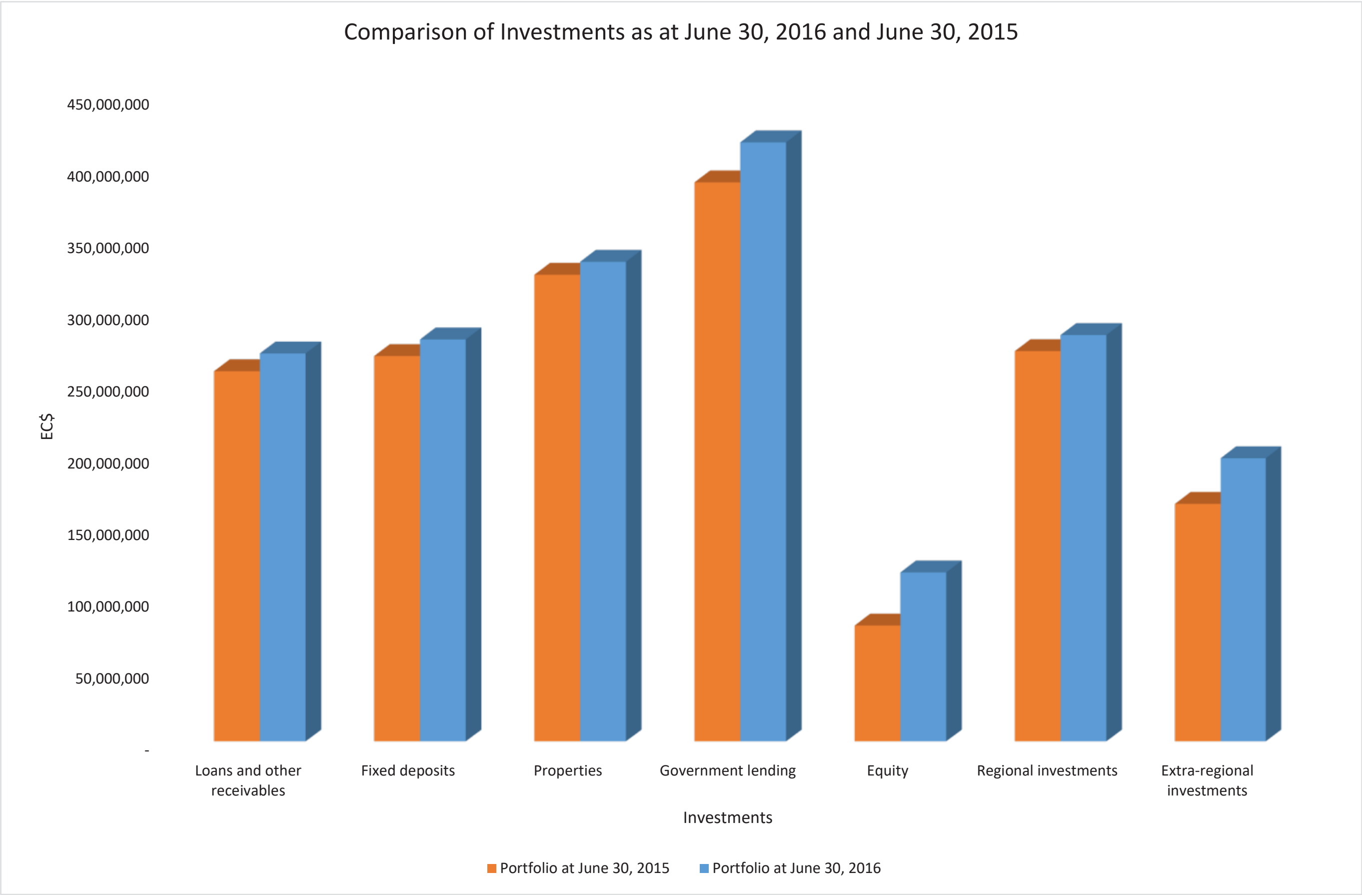


INVESTMENT PORTFOLIO

Cognizant of the erosive effect of inflation on the purchasing power of pensions and the expected decline over time in the ratio of active contributors per pensioner, the National Insurance Corporation continues to invest its surplus funds prudently in keeping with the provisions contained in its investment Policy and Guidelines. The key objectives are, in order of priority, Preservation of Capital, Liquidity and Yield.

The following provides a summary of the investment portfolio at June 2016, with comparative figures as at June 2015.

Investments	Portfolio at June 30, 2016 $	Portfolio at June 30, 2015 $
Loans & Other Receivables	270,713,459	258,401,237
Fixed Deposits	280,447,136	268,939,930
Properties	334,315,141	325,342,821
Government Lending	417,215,116	389,455,263
Equity	118,780,800	81,920,240
Regional Investments	283,497,972	272,331,992
Extra-Regional Investments	197,993,699	166,348,128
Total	1,902,963,323	1,762,739,611



INFORMATION AND COMMUNICATIONS TECHNOLOGY SYSTEMS

The National Insurance Corporation is committed to the use of appropriate cutting edge technology in satisfying its mandate to provide social services to the people of St. Lucia, having recognized technology as an indispensable tool to maximize efficiency, accuracy, productivity, and organizational effectiveness. To that end, several initiatives were undertaken to enhance the NIC's Information Technology Systems and Infrastructure including inter alia:

Web Services

- *Our Beta testers continue to provide beneficial feedback using our C3 Online contribution system. However, we are not yet able to go live due to continued testing of control measures for internal and external auditing purposes. As soon as the approval process is completed we expect to launch our system to employers.*

- *We have integrated a live chat application into our company website: www.stlucianic.org. This allows our Communications Department to chat to our customers in real time via the internet.*

Network and Telephony Implementation

We are currently evaluating proposals from three companies for a state of the art VOIP telephone system. It is intended that by our next financial year, the system will be fully operational across the main office and satellite offices. The implementation is intended to reduce company-wide telephony costs while enhancing telephone services.

Social Security Server Upgrade

The migration of our Social Security System to a newer server is now complete. We have finished end user, unit and system tests to ensure that all user and system requirements are performing efficiently. However, testing of control measures for internal and external auditing purposes must be completed before we go online.

Security

Due to increasing online services on our website we have engaged an extra-regional security firm to assess possible network weakness against cyber-attacks. This assessment involves both penetration and intrusion detection tests to develop a mitigation response for the future.

HUMAN RESOURCE MANAGEMENT (HRM)

Human Resource Management plays a critical role in the effective administration of the Corporation. Management undertook the following HR related activities during the reporting period:

Training and Development

- *Training and development continued to be a priority for the NIC, and to that end, several workshops were undertaken on subjects such as: Supervisory Management, Occupational Safety & Health, Team Mate User Forum-Audit Software, Labour Market Information Systems (LMIS) Design, Board Governance, Online Branding for higher business ROI, NIC Products and Services, Customer Service, Internal Controls and Fraud, CARICOM Social Security Reciprocal Agreement, Personal Productivity, Franklin Covey productivity training, Conflict Management, Executive Leadership Programme, Occupational Safety & Health Certification, ISSA Academy Workshop on Service Quality and SHRM Annual Conference.*

- *A Customer Satisfaction Survey was conducted to assess the level of customer satisfaction with the services provided by the NIC. The purpose of the survey was to assist the NIC in identifying the strengths, weaknesses, opportunities and threats. The survey results will be used to inform the training needs of the Customer Service Department.*

- *One employee completed a Master of Science Degree in Corporate Communications and Public Affairs at the Robert Gordon University in Scotland.*

Occupational Health and Safety

The Occupational Health and Safety Committee continued its focus on employees' health and wellness by engaging them in a number of activities such as healthy eating, monthly walks, biannual health screening, and lectures on health and wellness.

Corporate Social Responsibility

Twelve students were granted summer employment/work experience under the Corporation's summer employment program. This program provided the students with the opportunity to develop positive work ethics, and financial support to continue their academic studies.

The Corporation provided four scholarships to children of employees who excelled at the Common Entrance Examination and the Caribbean Examination Council (CXC) to pursue studies at secondary schools and the Sir Arthur Lewis Community College.

Retirement

The Corporation said farewell to a long-serving employee, Ms Joan Leon, who devoted forty two years of sterling service to the NIC. She had been instrumental in the transition from the National Provident Fund (NPF) to NIC.

Staff Complement

The staff complement at the end of June 2016 was one hundred and twenty-two (122).

CORPORATE COMMUNICATIONS

The Communications Department continues to be the public relations organ of the Corporation. This year the department sought to position the NIC as an organisation that was not only concerned with the provision of benefits to Saint Lucians, but with the overall well-being of the society and its people.

In preceding years, the Corporation recorded increases in payments of short-term claims, particularly sickness benefits. Consequently, while still continuing the various outreach programmes with government ministries, schools, pensioners, self-employed individuals and other commercial houses to ensure compliance with the National Insurance Corporation Act, the Communications Department emphasized to Saint Lucians the need to be more physically active. The Department launched "Sneaker Day" which targeted Saint Lucians who spend half their waking hours at work. This campaign provides an excellent platform to promote physical activities in the workplace. The Department also commenced preparation for the installation of fitness parks at selected locations around the island.

We are confident that the efforts of the Communications Department will yield the anticipated rewards of creating a healthier St Lucian society.

SUBSIDIARIES

The following table provides information on the NIC and its subsidiaries as at June 2016.

Company	% Holding by NIC	Business	Date Incorporated	Total Assets $	Net Assets / (Liabilities) $
NIC	-	Provision of Social Security services.	April 1979	2,012,312,962	1,998,468,602
NIPRO	100	Provides property development, management, and maintenance services.	April 1999	25,822,049	9,833,917
SMFC	75	Providing loans for the purchase, construction, extension or completion of dwelling houses and the purchase of developed plots.	January 1968	46,195,423	10,334,695
BCL	100	Rental of space for office and commercial use. Proprietor of Blue Coral Mall Building.	April 2003	17,938,284	(21,300,731)
CCFL	100	Provision of car parking facilities and rental of space for office and commercial use.	January 1998	28,306,996	19,059,350

SAINT LUCIA MORTGAGE FINANCE COMPANY LIMITED (SMFC)

The Company continued to provide residential mortgages in accordance with the terms of its Operating Agreement with the Government of Saint Lucia.

Despite the poor performance with supply within the housing sector, the company continued to provide valuable service to its customers. Over the twelve month period, SMFC disbursed the sum of $7,372,478 (2015- $7,158,884) bringing cumulative disbursements from inception to $189,579,887. Mortgage Assets (net of loss provisions) increased by 4.61% compared to last year. There was a marginal increase in mortgage assets mainly due to an increase in loan advances made. An increase in interest income led to net profits of $469,649 which was $46,099 or 10.88% more than the previous year.

SMFC withdrew $1,500,000 in new loans from the NIC, bringing the total indebtedness at June 2016 to $34,807,178 (2015 - $31,785,000); no dividend was declared for the period ended June 2016.

NATIONAL INSURANCE PROPERTY DEVELOPMENT AND MANAGEMENT COMPANY LIMITED (NIPRO)

Financial Review

For the period under review, there was a 2% decline in total revenue from $4,048,918 in 2015 to $3,957,147 in 2016 while total operating costs decreased by approximately 7% from $4,133,184 in 2015 to $3,861,578 in 2016.

NIPRO achieved comprehensive income for the year ended June 2016 of $468,345 compared to $334,267 at June 2015.

Total assets at June 30, 2016 were $25.82 Million, a slight decrease from $25.98 Million at June 30, 2015.

The cash and cash equivalents held by the company at the end of the financial year declined significantly from the amount held at June 30, 2015. This was mainly due to an increase in the drawdowns on projects in progress, namely the construction of the Babonneau Fire Station, which increased by $3.66 Million in 2015/2016.

During the financial year, NIPRO continued with the construction of the Babonneau Fire Station under a BOLT arrangement with the Government of Saint Lucia. This fire station is expected to be completed during the next financial year (2016/2017). The construction costs of the project grew from $1,092,170 at June 30, 2015 to $4,749,869 at June 30, 2016.

BLUE CORAL LIMITED (BCL)

Introduction

Blue Coral Limited (BCL) manages the Blue Coral Shopping Mall which is located in Castries. This is a four storey building which occupies an entire block within the city and has public access points via the William Peter Boulevard as well as Bridge, Micoud and Bourbon Streets. BCL offers rental spaces primarily for the sale of a wide range of products and services.

Statement of Financial Position

Blue Coral Limited has faced the challenges of high operating costs and fierce competition in the market. Its working capital deficiency grew by $536,778 and the accumulated deficit by $1,801,215 when compared to 2015; and at year end 2016, the total assets of the company had shrunk by 4% to $17,938,284.

Statement of Comprehensive Income

With new entrants into the rental market, income dropped by 8% from 2015. Remedial electrical and air conditioning works to the building (46% increase from 2015) negated the savings made on utilities (8% decrease from 2015).

The overall increase in general and administrative expenses was 13%. These factors contributed to the fair value loss on the property of $925,257 in 2016 (fair value gain was $156,656 in 2015).

Blue Coral Limited is indebted to its parent company, the National Insurance Corporation. Finance cost incurred for the financial year 2016 amounted to $970,258 ($1,005,339 in 2015). The fair value loss and finance cost account for the year's net loss of $1,801,215.

It is noteworthy that Blue Coral Limited had surplus income of $57,894 ($526,688 in 2015) before finance cost.

Castries Carpark Facility Ltd.

CASTRIES CAR PARK FACILITY LIMITED (CCFL)

Strategic Focus

The focus continues to be on reversing the decline in car parking revenue and ensuring that tenants of the office space are retained by continuing to keep the facilities well-maintained. Additionally, attention continues to be paid to preserving the integrity of the revenue collection and accounting processes at the Car Park.

Financial performance for the year ended June 30, 2016

Total revenue for the period ending June 2016 was $3,220,346, which represented a slight improvement when compared to $3,217,240, recorded for the year ending June 2015.

Revenue from rental income increased marginally from $2,751,180 in 2015 to $2,759,513 in 2016. However, revenue from parking fees declined from $466,060 to $460,833 over the same period.

Total general and administrative expenses decreased from $1,158,792 to $1,036,150 (11%) while interest expenses incurred for the period were reduced marginally to $806,289 in 2016, from $864,160.

Comprehensive Income for the period under review increased from $1,191,900 in the previous year to $1,389,969 in 2016.

There was a slight improvement in the financial position at June 30, 2016 with total assets of $28.31 million compared to $27.85 million at June 2015.

The Company's liquidity improved over the June 30, 2015 position, with current assets increasing to $1,500,693 as compared to $1,049,206, with cash and cash equivalents amounting to 80% of current assets.

AFFILIATE

National Community Foundation

NATIONAL COMMUNITY FOUNDATION

The National Community Foundation (NCF) is a philanthropic, non-profit, community-based, nongovernmental organization that functions primarily as a grant-making institution. The NCF was established in August 2002 and supports initiatives that engender self-development and social upliftment.

Areas of Focus

The National Community Foundation focuses its attention in five main areas. The amounts spent on each focus area were:

1. *Youth at Risk:- $12,972 – IT Programme, Aspiring Minds Gavel Club, Chess.*
2. *Older Persons:- $8,000 – Food Hampers Programme, Helping to eradicate Poverty and Hunger.*
3. *Disadvantaged Children:- $255,683 – Scholarship Program,Transportation Programme, Repairing of wheelchairs .*
4. *Health Care:- $224,968.*
5. *Homeless:- $9,306 - Help for fire victims.*

Over 1,400 people benefited from NCF's activities and projects this year.

Telethon

The NCF raised $129,591 during the 2016 Telethon. These funds, in addition to other donations are used to finance philanthropic activities.

APPRECIATION

The National Insurance Corporation continues to play its supporting role in strengthening the social fabric of our nation and we are proud of our achievements over the past year.

I wish to place on record our appreciation to the Government of St. Lucia and the Prime Minister as Minister responsible for Social Security for their continued support of the work of the National Insurance Corporation.

To the Board and Board Committees, I say thank you for your input and the spirit of collaboration that has facilitated the process of decision-making in the discharge of our responsibilities as trustees of the funds of the Corporation.

I would also like to commend those employers whose ongoing fulfilment of their responsibilities under the National Insurance Corporation Act contributes to the preservation of our Social Security System.

To the Management and Staff of the Corporation, thank you for all of your efforts in ensuring that the mandate of the Corporation is fulfilled in our day-to-day operations in an effective and efficient manner.

Everistus Jn.Marie
Chairman

Grant Thornton

NATIONAL INSURANCE CORPORATION
Consolidated Financial Statements
June 30, 2016
(expressed in Eastern Caribbean dollars)

Grant Thornton

March 15, 2017

Grant Thornton
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West Indies

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F + 1 758 452 1061
www.grantthornton.lc

Independent Auditor's Report

To the Board of Directors of
National Insurance Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of National Insurance Corporation (the Corporation) which comprise the consolidated statement of financial position as of June 30, 2016 and the consolidated statements of comprehensive income and expenditure, changes in reserves and cash flows for the year then ended and 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.

Auditor's 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 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 the auditor's 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, the auditor considers 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 audit opinion.

Grant Thornton

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Independent Auditors' Report

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of National Insurance Corporation as of June 30, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Grant Thornton

Chartered Accountants

Audit • Tax • Advisory
Member of Grant Thornton International Ltd

National Insurance Corporation

Consolidated Statement of Financial Position

As at June 30, 2016

(expressed in Eastern Caribbean Dollars)

	2016 $	2015 $
ASSETS		
Cash and cash equivalents (Note 5)	**140,660,664**	151,539,903
Financial assets (Note 6)	**1,568,648,182**	1,437,396,790
Investment properties (Note 9)	**334,315,141**	325,342,821
Property, plant and equipment (Note 10)	**4,267,761**	4,372,078
Projects in progress	**4,749,869**	1,092,170
Inventory	**29,218**	23,642
Income tax recoverable	**114,489**	84,548
Deferred tax asset	**5,982**	–
TOTAL ASSETS	**2,052,791,306**	1,919,851,952
LIABILITIES		
Trade and other accounts payable (Note 11)	**17,216,048**	13,417,282
Deferred tax liability	–	11,639
	17,216,048	13,428,921
RESERVES		
Short-term benefits (Note 14)	**74,211,626**	69,454,190
Long-term benefits (Note 14)	**1,887,251,710**	1,765,480,707
Reserves (Note 13)	**1,620,559**	1,550,112
Retained earnings	**69,875,619**	67,463,174
	2,032,959,514	1,903,948,183
Minority interest in reserves	**2,615,744**	2,474,848
	2,035,575,258	1,906,423,031
TOTAL LIABILITIES AND RESERVES	**2,052,791,306**	1,919,851,952

Approved by the Board of Directors on February 15, 2017

_______________ Chairman _______________ Director

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

National Insurance Corporation

Consolidated Statement of Changes in Reserves

For the year ended June 30, 2016

(expressed in Eastern Caribbean Dollars)

	Short-term Benefits $	Long-term Benefits $	Reserves $	Retained Earnings $	Minority Interest $	Total $
Balance at June 30, 2014	66,856,630	1,714,615,013	1,486,580	63,511,065	2,347,783	1,848,817,071
Excess of comprehensive income over expenditure for the year	2,597,560	50,865,694	–	4,015,641	127,065	57,605,960
Transfer to statutory reserve	–	–	63,532	(63,532)	–	–
Balance at June 30, 2015	69,454,190	1,765,480,707	1,550,112	67,463,174	2,474,848	1,906,423,031
Excess of comprehensive income over expenditure for the year	4,757,436	121,771,003	–	2,482,892	140,896	129,152,227
Transfer to statutory reserve	–	–	70,447	(70,447)	–	–
Balance at June 30, 2016	74,211,626	1,887,251,710	1,620,559	69,875,619	2,615,744	2,035,575,258

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

National Insurance Corporation

Consolidated Statement of Comprehensive Income

For the year ended June 30, 2016

(expressed in Eastern Caribbean Dollars)

	2016 $	2015 $
Contribution income (Note 15)	**112,431,487**	111,280,951
Benefits expenses		
Short-term benefits (Note 16)	**(11,412,176)**	(10,348,323)
Long-term benefits (Note 16)	**(68,397,916)**	(62,173,010)
Medical health programme (Note 15)	**(5,000,000)**	(5,000,000)
	(84,810,092)	(77,521,333)
Surplus of contribution over benefits	**27,621,395**	33,759,618
General and administrative expenses (Note 17)	**(16,783,254)**	(16,455,744)
	10,838,141	17,303,874
Other income		
Investment income – net (Note 19)	**116,040,013**	36,388,895
Increase in fair value of investment properties (Note 9)	**453,762**	3,013,632
Other	**1,837,131**	938,095
	118,330,906	40,340,622
Excess of income over expenditure before finance costs and taxation	**129,169,047**	57,644,496
Finance costs	**(34,441)**	(35,002)
Excess of income over expenditure before taxation	**129,134,606**	57,609,494
Taxation (Note 21)	**17,621**	(3,534)
EXCESS OF COMPREHENSIVE INCOME OVER EXPENDITURE FOR THE YEAR	**129,152,227**	57,605,960
Attributable to:		
Reserves	**129,011,331**	57,478,895
Minority interest	**140,896**	127,065
EXCESS OF COMPREHENSIVE INCOME OVER EXPENDITURE FOR THE YEAR	**129,152,227**	57,605,960

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

National Insurance Corporation

Consolidated Statement of Cash Flows

For the year ended June 30, 2016

(expressed in Eastern Caribbean Dollars)

	2016 $	2015 $
Cash flows from operating activities		
Excess of comprehensive income over expenditure before taxation	**129,134,606**	57,609,494
Adjustments for:		
Interest income	**(70,974,287)**	(73,519,995)
(Increase)/decrease in fair value of financial assets at fair value through income	**(35,706,557)**	44,716,186
(Increase) in fair value of investment properties	**(453,762)**	(3,013,632)
Provision for loan impairment	**1,886,733**	1,243,600
Dividend income	**(6,149,411)**	(4,485,363)
Depreciation	**595,132**	683,216
Finance costs	**34,441**	35,002
Loss on disposal of property, plant and equipment	**819**	193
Operating income before working capital changes	**18,367,714**	23,268,701
(Increase)/decrease in loans and receivables	**(10,345,880)**	11,197,701
Purchase of held-to-maturity financial assets	**(37,577,023)**	(4,251,174)
Increase in loans and receivables investment securities	**(12,827,613)**	(4,989,212)
Increase in financial assets at fair value through income	**(32,799,574)**	(29,697,106)
Increase in projects in progress	**(3,657,699)**	(902,121)
Increase in inventory	**(5,576)**	(774)
Increase/(decrease) in trade and other payables	**3,798,767**	(987,377)
Cash used in operations	**(75,046,884)**	(6,361,362)
Interest received	**67,092,808**	70,134,178
Dividends received	**6,149,411**	4,485,363
Finance costs paid	**(34,441)**	(35,002)
Taxation paid	**(29,941)**	(59,295)
Net cash (used in)/generated from operating activities	**(1,869,047)**	68,163,882
Cash flows from investing activities		
Improvements to investment properties	**(8,744,542)**	(4,401,786)
Purchase of property, plant and equipment	**(540,054)**	(553,584)
Proceeds from disposal of investment properties	**225,984**	–
Proceeds from disposal of property, plant and equipment	**48,420**	–
Net cash used in investing activities	**(9,010,192)**	(4,955,370)
Cash flows from financing activities		
Repayment of borrowings	**–**	–
Dividends paid to minority interest	**–**	–
Net cash used in financing activities	**–**	–
(Decrease)/increase in cash and cash equivalents	**(10,879,239)**	63,208,512
Cash and cash equivalents at beginning of year	**151,539,903**	88,331,391
Cash and cash equivalents at end of year (Note 5)	**140,660,664**	151,539,903

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

(Expressed in Eastern Caribbean Dollars)

1 Introduction

The National Insurance Corporation (the Corporation) is governed by the National Insurance Corporation Act CAP. 16.01 of the Revised Laws of Saint Lucia 2013. The principal activity of the Corporation is to provide social security services in the country of Saint Lucia.

The consolidated financial statements include the statements of National Insurance Corporation and its subsidiaries (together "the Group") whose activities are as follows:

a) St. Lucia Mortgage Finance Company Limited
The principal activity of the company is to operate a mortgage finance company.

b) National Insurance Property Development and Management Company Ltd.
The company is currently engaged in the development and management of the Government of Saint Lucia Build-Own-Lease-Transfer (BOLT) and refurbishment projects; the provision of property development, management and maintenance services to NIC and its subsidiaries.

c) Castries Car Park Facility Limited
The company provides car parking facilities, all other matters incidental thereto and rental of office block and commercial space.

d) Blue Coral Limited
The company provides rental of office and commercial space.

The registered office and principal place of business of the Corporation is Francis Compton Building, John Compton Highway, Castries, Saint Lucia.

2 Summary of significant accounting policies

The principal accounting policies adopted are stated in order to assist in a general understanding of the financial statements. These policies have been consistently applied to the years presented, unless otherwise stated.

Basis of preparation
The consolidated financial statements of National Insurance Corporation have been prepared in accordance with the International Financial Reporting Standards (IFRS), and under the historical cost convention as modified by the revaluation of financial assets classified at fair value through income and investment properties.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(Expressed in Eastern Caribbean Dollars)

2 Summary of significant accounting policies*....continued*

Basis of Preparation *....continued*

a) New standards, amendments and interpretations adopted by the Group for the financial year beginning July 1, 2015

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after July 1, 2015 that would be expected to have a material impact on the Group.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group for the financial period beginning July 1, 2015

At the date of the authorisation of these financial statements, certain new standards and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Group. Information on those expected to be relevant to the Group's consolidated financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Group's consolidated financial statements.

- ***IFRS 9, 'Financial Instruments'***. The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The Group has yet to assess the impact of IFRS 9 on the Group's consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

- ***IFRS 15, 'Revenue from Contracts with Customers'***. IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options and other common complexities. The Group has yet to assess the impact of IFRS 9 on the Group's consolidated financial statements. IFRS 15 is effective for reporting periods beginning on or after January 1, 2018.

(Expressed in Eastern Caribbean Dollars)

2 Summary of significant accounting policies....*continued*

Consolidation

Subsidiaries

Subsidiaries are all entities over which the Corporation has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Corporation. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Corporation. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Corporation's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Statement of Comprehensive Income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Corporation.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in reserves. Gains or losses on disposals to non-controlling interests are also recorded in reserves.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the Consolidated Statement of Comprehensive Income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the Consolidated Statement of Comprehensive Income. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the Consolidated Statement of Comprehensive Income where appropriate.

(Expressed in Eastern Caribbean Dollars)

2 Summary of significant accounting policies*....continued*

Foreign currencies
The financial statements are presented in Eastern Caribbean dollars which is the currency of the primary economic environment in which the Group operates (its functional currency).

Assets and liabilities expressed in foreign currencies are translated into the functional currency at the rates of exchange ruling at the date of the financial statements. Transactions arising during the year involving foreign currencies are translated into the functional currency and recorded at the rates of exchange prevailing on the dates of the transactions. Differences arising from fluctuations in exchange rates as well as including differences between buying and selling rates, are included in the Consolidated Statement of Comprehensive Income.

Cash and cash equivalents
Cash and cash equivalents represent cash on hand and deposits held on call with financial institutions. For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash on hand and in financial institutions. Bank overdrafts are shown within borrowings on the Consolidated Statement of Financial Position.

Financial assets
The Group classifies its financial assets into these categories:

1. Fair value through income
2. Loans and receivables
3. Held-to-maturity financial assets
4. Available-for-sale financial assets

Financial assets at fair value through income
A financial asset is classified into the 'financial assets at fair value through income' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit-taking, or if so designated by management.

Financial assets designated as fair value through income at inception are those that are:

- Held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through income eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and

- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. The Group's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through income (see Note 7 for additional details on the Group's portfolio structure).

(Expressed in Eastern Caribbean Dollars)

2 Summary of significant accounting policies*....continued*

Financial assets *....continued*

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through income or available-for-sale. Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to their original terms.

Held-to-maturity financial assets
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of loans and receivables that the Group's management has the positive intention and ability to hold to maturity. These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of held-to-maturity debt securities is established when there is objective evidence that the Group will not be able to collect all amounts due according to their original terms.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Regular-way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through income, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through income are initially recognised at fair value, and transaction costs are expensed in the Consolidated Statement of Comprehensive Income.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through income are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through income' category are included in the Consolidated Statement of Comprehensive Income in the period in which they arise.

Unrealised changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in the Statement of Comprehensive Income; translation differences on non-monetary securities are recognised in equity. Unrealised changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

(Expressed in Eastern Caribbean Dollars)

2 Summary of significant accounting policies*....continued*

Financial assets *....continued*

Available-for-sale financial assets *....continued*
When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Consolidated Statement of Comprehensive Income as net realised gains on financial assets.

Interest on debt securities calculated using the effective interest method is recognised in the Consolidated Statement of Comprehensive Income. Dividends on equity instruments are recognised in the Consolidated Statement of Comprehensive Income when the Group's right to receive payments is established. Both are included in the investment income line.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of assets

Financial assets carried at amortised cost
The Group assesses at each date of the financial statements whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence that impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following loss events:

i. Significant financial difficulty of the issuer or debtor;
ii. A breach of contract, such as a default or delinquency in payments;
iii. It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
iv. The disappearance of an active market for that financial asset because of financial difficulties; or
v. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
   - Adverse changes in the payment status of borrowers in the group; or
   - National or local economic conditions that correlate with defaults on the assets in the group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

(Expressed in Eastern Caribbean Dollars)

2 Summary of significant accounting policies*....continued*

Impairment of assets *....continued*
If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Consolidated Statement of Comprehensive Income. If the debt securities have a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit characteristics (i.e., on the basis of the Group's grading process that considers asset type, industry, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the asset being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Consolidated Statement of Comprehensive Income.

<u>Financial assets carried at fair value</u>
The Group assesses at each date of the financial statements whether there is objective evidence that an available-for-sale financial asset is impaired, including in the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in the Consolidated Statement of Comprehensive Income – is removed from equity and recognised in the Consolidated Statement of Comprehensive Income. Impairment losses recognised in the Consolidated Statement of Comprehensive Income on equity instruments are not subsequently reversed. The impairment loss is reversed through the Consolidated Statement of Comprehensive Income, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the Consolidated Statement of Comprehensive Income.

<u>Impairment of other non-financial assets</u>
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(Expressed in Eastern Caribbean Dollars)

2 Summary of significant accounting policies*....continued*

Investment Property
Property held for long-term rental yields is classified as investment property.

Investment property comprises freehold land and office buildings. It is measured initially at cost and all subsequent assessments are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed by an independent valuation expert. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Changes in fair values are recorded in the Consolidated Statement of Comprehensive Income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the Consolidated Statement of Comprehensive Income. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the Consolidated Statement of Comprehensive Income.

Property, plant and equipment
Items of property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis, so as to write down the cost of property, plant and equipment over their estimated useful lives as follows:

Assets	**Estimated Useful Lives**
Buildings	50 years
Leasehold improvements	2 – 10 years
Motor vehicles	3 - 5 years
Furniture and equipment	4 – 10 years
Computer hardware	5 years
Computer software	5 years
Generators	5 years
Maintenance equipment	10 years

Gains or losses arising on the disposal or retirement of an item of property, plant and equipment are determined as the difference between the sales proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Comprehensive Income.

Projects-in-progress

Build-Own-Lease-Transfer (BOLT) Projects
These include all costs associated with the construction and furnishing of the buildings. Direct costs of construction are recognised when an interim valuation is done. On completion, they are accounted for as finance leases.

(Expressed in Eastern Caribbean Dollars)

2 Summary of significant accounting policies*....continued*

Inventory
Inventory is valued at the lower of cost and net realisable value. Net realisable value is the price at which the inventory can be realised in the normal course of business after allowing for the cost of realisation. Provision is made for slow moving and obsolete stocks.

Borrowings and borrowings costs
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the financial statements. Interest costs on borrowings to finance the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

Financial liabilities
Financial liabilities comprise of trade and other accounts payable and borrowings and are measured at amortised cost.

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate of the amount can be made.

Recognition of income and expenses

(a) Contribution Income and Benefits
Contribution income is accounted for on an accrual basis to take account of all collections subsequent to the year-end that relate to the current year, and to recognise all known significant receivables.

Benefits expense is accounted for on an accrual basis to take account of all benefits paid subsequent to the year-end that relate to the current year, and to recognise all known significant benefits payable.

(b) Dividend income
Dividend income for investment in equity securities is recognised when the right to receive payment is established – this is the ex-dividend date for equity securities.

(c) Interest income and expense
Interest income and expense for all interest-bearing financial instruments, including financial instruments measured at fair value through income, are recognised within investment income in the Consolidated Statement of Comprehensive Income using the effective interest rate method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(Expressed in Eastern Caribbean Dollars)

2 Summary of significant accounting policies*....continued*

Recognition of income and expenses *....continued*

(d) Leases
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the period of the lease.

(e) Other income and expenses
All other income and expenses are accounted for on the accruals basis.

Basis of allocation of income and expenses

(a) Contributions
Contribution income, as recommended by the seventh actuarial review, is allocated as follows:

	2016 %	**2015** %
Short-term benefits fund	**17**	17
Long-term benefits fund	**83**	83
	100	100

(b) Investment income and expenses
Investment income and expenses are allocated to the benefit fund in the ratio of the beginning of year reserve of each fund to the total beginning of year reserves.

Investment expenses comprise all costs relating to the management of investment properties and financial assets and provision for impairment of financial assets.

(c) Changes in fair value of investment properties
Changes in fair value of investment properties are allocated to the benefit fund in the ratio of the beginning of year reserve of each fund to the total beginning of year reserves.

(d) Expenses
General and administrative expenses and amortisation and impairment of intangible assets are allocated in proportion to the sum of contributions and benefits.

(e) Other income
Other income is allocated in the same proportion as contribution income.

(Expressed in Eastern Caribbean Dollars)

2 Summary of significant accounting policies*....continued*

Basis of allocation of income and expenses *....continued*

Income tax
National Insurance Corporation is exempt from the payment of income tax under the Income Tax Act.

As per Cabinet conclusions, the following exemptions have been granted to the subsidiary companies:

- St. Lucia Mortgage Finance Company Limited is exempt from income tax on any income accruing to the company by way of interest on loans up to $500,000.

- National Insurance Property Development and Management Company Ltd. is exempt from income tax on the profits earned by the company, which are specific to refurbishment and BOLT projects. All other income is subject to income taxes at a rate of 30% per annum.

- Castries Car Park Facility Limited has been granted a tax holiday for the first ten years of operation, which expired October 2008. A further ten years' tax holding was granted to the Company as per Cabinet Conclusion No.1031 with effect from November 2009.

- Blue Coral Limited is subject to income taxes at a rate of 30% per annum.

Current income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the financial statements. Management periodically evaluates positions taken in tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax
The Group follows the liability method of accounting for deferred tax whereby all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes are provided for at the Group tax rates which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised when it is probable that taxable profits will be available against which the assets may be utilised.

Comparatives
Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

(Expressed in Eastern Caribbean Dollars)

3 Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. In particular, the key financial risk is that the proceeds from its financial assets will not be sufficient to fund its obligations arising from claims. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Income earned from investments, together with the excess of contributions after benefits are paid are used to earn interest rate margins through investment in high quality, high yielding assets with acceptable level of risks.

The Board of Directors has overall responsibility for the establishment of a risk management framework. The following are the systems and structures put in place to ensure that the Group's exposure to risk is minimised:

- Investment Department, which conducts regular due diligence exercises based on published financial reports and other available data. Detailed monthly and quarterly reports are submitted to Executive Director and to the Investment Committee.

- The Investment Committee, whose role is to review the results of the due diligence exercises conducted by the Investment Manager. Decisions/ recommendations are submitted to the Board of Directors for ratification.

Investment decisions are made in the context of Section 21 of the National Insurance Act CAP. 16.01 of the Revised Laws of St. Lucia 2013 and the Group's Investment Policy and Guidelines.

The investment policy and guidelines establish asset categories with targeted asset allocations.

Credit risk
The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation. Significant changes in the economy, or in the health of a particular industry segment that represents a concentration in the Group's portfolio, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk. Credit risk exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's asset portfolio. There is also credit risk in off-balance sheet financial instruments such as loan commitments. The credit risk management and control are centralised and report to the Board of Directors.

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management …*continued*

Credit risk measurement

Credit risk measurement

(a) Loans and Advances
If customers are independently rated, their ratings are used. Otherwise, if there is no independent rating, the Investment Committee assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The Group uses the historical information about counterparty default rates to classify the customers in different groups. Clients of the Group are segmented into two rating classes, customers with no history of default and customers with history of default. The Group regularly validates the performance of the rating and their predictive power with regard to default events.

(b) Debt Securities and Other Bills
For debt securities and other bills, external ratings such as Moody's Investment Service, Standard & Poor's rating, Caricris or their equivalents are used by the Board for managing of the credit risk exposures.

Risk limit control and mitigation policies
The Group manages, limits and controls concentrations of credit risk wherever they are identified − in particular, to individual counterparties and groups, and to industries.

The Group limits its credit risk exposure with respect to its debt securities portfolio by investing only in financial instruments with a minimum rating of BAA (Moody's Investment Service) or BBB (Standard & Poor Corporation) and Regional Governments or institutions with high credit worthiness. The Board through the Investment Department and the Investment Committee consistently monitors the performance of these instruments.

The Group constantly monitors its Loans and advances portfolio and outstanding contributions. The necessary contact with debtors and employers is maintained to ensure that payments are received in a timely manner, where necessary re-scheduling of repayments is done, which considers the borrowers new financial position. In the event where recovery may seem doubtful, provisions are set aside to cover any potential losses.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to the industry segments as established by the investment policy. Such risks are monitored regularly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items. Actual exposures against limits are monitored daily.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management …*continued*

Credit risk …*continued*

Collateral

The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Government guarantee; and
- Charges over business assets such as premises, inventory and accounts receivable.

Longer-term finance and lending to corporate entities are generally secured. In addition, in order to minimise the credit loss the Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

Impairment and Provisioning Policies

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria set out by the Group:-

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower;
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Deterioration in the value of collateral.

The Group's policy requires the review of individual financial assets that are above materiality thresholds at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account.

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management ...*continued*

Credit risk *...continued*

Maximum exposure to credit risk before collateral held or other credit enhancements
Credit risk exposures relating to on-balance sheet assets are as follows:

	2016 $	2015 $
Cash at bank	**139,456,243**	150,636,766
Short term deposits – cash equivalents	**1,204,421**	903,137
Fair value through income:		
- Debt securities	**78,035,378**	59,338,877
Loans and receivables:		
- Loans to Government of Saint Lucia and statutory bodies	**44,102,847**	39,831,509
- Other loans	**161,160,431**	158,053,175
- Other advances and receivables from Government of Saint Lucia	**54,222,813**	51,106,706
- Contributions receivable	**7,516,628**	7,650,488
- Other receivables	**3,468,131**	1,662,666
Projects in progress	**4,749,869**	1,092,170
Debt security investments:		
- Held-to-maturity	**449,173,090**	411,436,846
– Loans and receivables	**531,987,134**	519,290,339
Credit risk exposures relating to off-balance sheet items are as follows:		
Financial Guarantees:		
- Loan commitments and other credit related liabilities	**57,613,149**	19,781,568
At June 30	**1,532,690,134**	1,420,784,247

The above table represents a worst case scenario of credit risk exposure to the Group at June 30, 2016 and 2015, without taking account of any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the Consolidated Statement of Financial Position.

As shown above, 52% of the total maximum exposure is derived from loans and receivables (2015 - 55%), 69% represents investments in debt securities other than loans and receivables (2015 - 70%).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Group resulting from both its loan and advances portfolio based on the following:

- Loans to Government of Saint Lucia which represents the largest percentage of the portfolio, followed by loans to subsidiaries, are backed by collateral;

- 67% of the loans and advances portfolio are considered to be neither past due nor impaired (2015 - 69%); and

The Group continues to grant loans and advances in accordance with its lending policies and guidelines.

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management ...*continued*

Credit risk ...*continued*

Loans and receivables
Loans and receivables are summarized as follows:

	2016 $	2015 $
Neither past due nor impaired	**206,747,104**	202,232,104
Past due but not impaired	**45,786,072**	37,756,427
Impaired	**54,064,082**	52,459,343
Gross	**306,597,258**	292,447,874
Less: Allowance for impairment (Note 7)	**(35,883,799)**	(34,046,637)
Net	**270,713,459**	258,401,237

The total impairment provision for loans and receivables recognised in the Consolidated Statement of Comprehensive Income is $1,886,733 (2015 - $1,243,600). Further information of the impairment allowance for loans and receivables is provided in Note 7.

(a) Neither past due nor impaired
The credit quality of the portfolio of loans and receivables that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Group.

	Loans		**Other advances and receivables**		
	Statutory bodies $	**Other $**	**Government of St. Lucia $**	**Other $**	**Total $**
June 30, 2016					
Customers with no history of default	29,021,339	152,083,849	16,924,209	8,717,707	206,747,104
June 30, 2015					
Customers with no history of default	24,750,000	150,005,852	18,610,693	8,865,559	202,232,104

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management …*continued*

Credit risk …*continued*

Loans and receivables …*continued*

(b) Past due but not impaired
Gross amount of loans and receivables by class to customers net of unearned interest that were past due but not impaired were as follows:

	Loans	Other advances and receivables		
	Other $	Government of St. Lucia $	Other $	Total $
June 30, 2016				
With amounts past due up to 30 days	–	722,334	1,939,307	2,661,641
With amounts past due 31 to 60 days	–	119,511	114,187	233,698
With amounts past due 61 to 90 days	783,260	72,230	112,049	967,539
With amounts past due over 90 days	5,154,662	36,427,044	341,488	41,923,194
	5,937,922	37,341,119	2,507,031	45,786,072
Fair value of collateral	18,258,425	–	–	18,258,425
June 30, 2015				
With amounts past due up to 30 days	–	260,355	210,088	470,443
With amounts past due 31 to 60 days	–	119,282	64,060	183,342
With amounts past due 61 to 90 days	249,172	56,838	55,399	361,409
With amounts past due over 90 days	4,466,954	32,059,538	214,741	36,741,233
	4,716,126	32,496,013	544,288	37,756,427
Fair value of collateral	12,940,171	–	–	12,940,171

Upon initial recognition of loans and receivables, the fair value of collateral is based on valuation techniques commonly used for the corresponding assets. In subsequent periods, the fair value is updated by reference to market price or indexes of similar assets.

(c) Impaired
Other advances and receivables are unsecured.
The table below shows the gross amount of individually impaired loans and receivables before taking into consideration the cash flows from collateral held.

	Loans		Other advances and receivables		
	Statutory body $	Other $	Government of St. Lucia $	Other $	Total $
June 30, 2016					
Impaired	49,054,067	4,423,901	–	586,114	54,064,082
June 30, 2015					
Impaired	47,693,700	4,427,902	–	337,741	52,459,343

The impaired loan to a statutory body is secured by a Government guarantee with respect to a principal balance of $32,742,676 together with accrued interest. Other advances and receivables are unsecured.

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management *...continued*

Credit risk *...continued*

Debt securities, treasury bills and other eligible bills

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at June 30, 2016, based on Standard & Poor's ratings, CariCRIS or their equivalent:

	Treasury bills $	Debt securities $	Total $
A- to A+	–	116,616,229	116,616,229
Lower than A-	18,910,842	457,532,422	476,443,264
Unrated	–	466,136,109	466,136,109
	18,910,842	**1,040,284,760**	**1,059,195,602**

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at June 30, 2015, based on Standard & Poor's ratings, CariCRIS or their equivalent:

	Treasury bills $	Debt securities $	Total $
A- to A+	–	116,257,559	116,257,559
Lower than A-	32,334,445	404,530,522	436,864,967
Unrated	–	436,943,536	436,943,536
	32,334,445	957,731,617	990,066,062

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management …*continued*

Credit risk ….*continued*

Concentration of risks of financial assets with credit risk exposure

a) Geographical sectors
The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by the geographical sectors of our counterparties.

	Local $	Regional $	Extra Regional $	Total $
As at June 2016				
Cash and cash equivalents	140,660,664	–	–	140,660,664
Financial assets:				
- Fair value through income	–	–	78,035,378	78,035,378
- Loans and receivable	270,470,850	–	–	270,470,850
Investment securities:				
- Held–to-maturity	417,215,116	31,957,974	–	449,173,090
- Loans and receivable	282,874,132	249,113,002	–	531,987,134
On balance sheet financial position	1,111,220,762	281,070,976	78,035,378	1,470,327,116
Credit commitments	57,613,149	–	–	57,613,149
	1,168,833,911	281,070,976	78,035,378	1,527,940,265
As at June 2015				
Cash and cash equivalents	151,539,903	–	–	151,539,903
Financial assets:				
- Fair value through income	–	–	59,338,877	59,338,877
- Loans and receivable	258,304,544	–	–	258,304,544
Investment securities:				
- Held-to-maturity	389,455,263	21,981,583	–	411,436,846
- Loans and receivable	271,296,425	247,993,914	–	519,290,339
On balance sheet financial position	1,070,596,135	269,975,497	59,338,877	1,399,910,509
Credit commitments	19,781,568	–	–	19,781,568
	1,090,377,703	269,975,497	59,338,877	1,419,692,077

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management *...continued*

Credit risk *...continued*

Concentration of risks of financial assets with credit risk exposure *...continued*

b) Industry sectors
The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by the industry sectors of our counterparties.

Industry sectors

	Financial institutions	Utilities	Government (local)	Government (regional)	Oil & energy	Consumer Cyclical/ Non Cyclical	Industrial	Government (extra regional)	Communica-tions /Technology	Index Funds	Rental	Other	Total
As at June 2016													
Cash and cash equivalents	140,660,664	–	–	–	–	–	–	–	–	–	–	–	140,660,664
Financial assets:													
- Fair value through income	15,460,985	–	–	–	3,701,226	9,362,975	4,833,297	11,104,635	5,406,028	28,166,232	–	–	78,035,378
- Loans and receivables	35,463,453	83,860,226	98,325,660	–	–	–	–	–	–	–	43,131,008	9,690,503	270,470,850
Investment securities:													
- Held-to-maturity	31,625,403	–	417,215,116	332,571	–	–	–	–	–	–	–	–	449,173,090
- Loans and receivables	410,291,102	10,504,066	–	98,487,656	12,704,310	–	–	–	–	–	–	–	531,987,134
	633,501,607	94,364,292	515,540,776	98,820,227	16,405,536	9,362,975	4,833,297	11,104,635	5,406,028	28,166,232	43,131,008	9,690,503	1,470,327,116
Credit Commitments	57,613,149	–	–	–	–	–	–	–	–	–	–	–	57,613,149
As at June 2015													
Cash and cash equivalents	151,539,903	–	–	–	–	–	–	–	–	–	–	–	151,539,903
Financial assets:													
- Fair value through income	24,166,115	–	–	–	2,146,799	6,168,750	2,376,281	5,381,094	4,994,444	9,254,728	–	4,850,666	59,338,877
- Loans and receivables	29,155,428	88,931,515	90,938,215	–	–	–	–	–	–	–	40,001,706	9,277,680	258,304,544
Investment securities:													
- Held-to-maturity	21,608,122	–	389,455,263	373,461	–	–	–	–	–	–	–	–	411,436,846
- Loans and receivables	394,924,628	11,643,381	–	98,323,968	14,398,362	–	–	–	–	–	–	–	519,290,339
	621,394,196	100,574,896	480,393,478	98,697,429	16,545,161	6,168,750	2,376,281	5,381,094	4,994,444	9,254,728	40,001,706	14,128,346	1,399,910,509
Credit Commitments	19,781,568	–	–	–	–	–	–	–	–	–	–	–	19,781,568

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management *...continued*

Market risk

(a) Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from recognised assets. The exchange rate of the Eastern Caribbean dollar (EC$) to the United States dollar (US$) has been formally pegged at EC$2.70 = US$1.00 since July 1976.

The Group takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group's strategy of managing this risk is to limit foreign exchange exposure to Eastern Caribbean dollars and United States dollars, avoid speculation with an aim to keep a balanced portfolio and match foreign currency denominated assets with foreign currency denominated liabilities. The table below summarises the Group's exposure to foreign currency exchange rate risk at June 30, 2016 and June 30, 2015.

Included in the table are the Group's financial assets and liabilities at carrying amounts, categorised by currency.

Concentration of currency risk – on- and off-balance sheet financial instruments

	EC $	US $	Total $
As at June 2016			
Assets			
Cash and cash equivalents	140,660,664	–	140,660,664
Financial assets:			
- Fair value through income	118,028,920	197,993,699	316,022,619
- Loans and receivable	270,713,459	–	270,713,459
Investment securities:			
- Held-to-maturity	416,136,963	33,036,127	449,173,090
- Loans and receivable	410,291,101	121,696,033	531,987,134
- Available-for-sale	751,880	–	751,880
-			
Total Financial Assets	1,356,582,987	352,725,859	1,709,308,846
Liability			
Trade and other payables	17,216,048	–	17,216,048
Total Financial Liabilities	17,216,048	–	17,216,048
Net on balance sheet financial position	1,339,366,939	352,725,859	1,692,092,798
Credit commitments	57,613,149	–	57,613,149

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management *...continued*

Market risk *...continued*

(a) Currency risk …continued

	EC $	US $	Total $
As at June 2015			
Assets			
Cash and cash equivalents	151,539,903	–	151,539,903
Financial assets:			
- Fair value through income	81,168,360	166,348,128	247,516,488
- Loans and receivable	258,401,237	–	258,401,237
Investment securities:			
- Held-to-maturity	373,088,245	38,348,601	411,436,846
- Loans and receivable	394,924,627	124,365,712	519,290,339
- Available-for-sale	751,880	–	751,880
-			
Total Financial Assets	1,259,874,252	329,062,441	1,588,936,693
Liability			
Trade and other payables	13,417,282	–	13,417,282
Total Financial Liabilities	13,417,282	–	13,417,282
Net on balance sheet financial position	1,246,456,970	329,062,441	1,575,519,411
Credit commitments	19,781,568	–	19,781,568

(b) Price Risk
The Group is exposed to equity securities price risk because of investments held by the Group and classified as available-for-sale or at fair value through income. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board of Directors.

The majority of the Group's publicly traded equity securities are included on the Eastern Caribbean Stock Exchange (ECSE). At June 30, 2016 if equity securities prices had been 200 basis points higher/lower with all variables held constant reserves for the year would have been $4,759,745 (2015 - $3,763,552) higher/lower as a result of the increase/ decrease in fair value of available for sale and fair value through income equity securities.

(c) Cash Flow and Fair Value Risk
Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. As the Group does not hold financial instruments with variable rates, it is not exposed to cash flow interest rate risk.

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management *...continued*

Market risk *...continued*

(c) Cash flow and fair value risk …continued

	Up to 1 month $	1-3 months $	3-12 months $	1-5 years $	Over 5 years $	Non-interest Bearing $	Total $
As at June 30, 2016							
Assets							
Cash and cash equivalents	140,660,664	–	–	–	–	–	140,660,664
Financial assets:							
- Fair value through income	–	–	78,035,378	–	–	237,987,241	316,022,619
- Loans and receivable	5,483,228	6,146,958	19,230,756	114,455,202	95,255,572	37,784,522	278,356,238
Investment securities:							
- Held-to-maturity	–	18,612,203	57,272,622	274,736,238	243,609,811	–	594,230,874
- Loans and receivable	32,717,650	78,449,288	157,545,164	48,038,518	126,703,425	426,996	443,881,041
- Available-for-sale	–	–	–	–	–	751,880	751,880
Total Financial Assets	178,861,542	103,208,449	312,083,920	437,229,958	465,568,808	276,950,639	1,773,903,316
Liability							
Trade and other payables	–	–	–	–	–	17,216,048	17,216,048
Total Financial Liabilities							
Total interest repricing gap	178,861,542	103,208,449	312,083,920	437,229,958	465,568,808		
As at June 30, 2015							
Total financial assets	183,106,131	97,217,090	302,363,423	430,371,119	420,839,785	231,013,305	1,664,910,853
Total financial liabilities	–	–	–	–	–	13,417,282	13,417,282
Total interest repricing gap	183,106,131	97,217,090	302,363,423	430,371,119	420,839,785		

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management *...continued*

Market risk *...continued*
The Group's fair value interest rate risk arises from debt securities classified as fair value through income. At June 30, 2016 if market interest rates had been 100 basis points higher/lower with all variables held constant, reserves for the year would have been $780,354 (2015 - $593,389) lower/higher as a result of the decrease/increase in fair value of fair value through income debt securities.

Liquidity risk
The Group is exposed to daily calls on its available cash resources mainly from payments of short-term benefits. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Management ensures that a minimum level of cash and short-term resources are available to meet its current obligations.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the date of the financial statements to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	1 year $	1-5 years $	Over 5 years $	Total $
As at June 30, 2016				
Trade and other payables	16,363,968	–	852,080	17,216,048
As at June 30, 2015				
Trade and other payables	12,491,860	–	925,422	13,417,282

The liquidity position for both operational and the payment of benefits is monitored daily by the Investment Manager, who ensures that the bank accounts are adequately serviced. Transfers are done between bank accounts and the excess of contribution income over benefit payments are taken up by the Investment Manager who will seek to earn above average interest rate margins through investing in high quality, high yielding assets with acceptable risk.

Fair value estimation of financial instruments
Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists.

The carrying amounts and fair values of financial instruments other than financial assets through income and available-for-sale are as follows:

	Carrying Amount		Fair Value	
	2016 $	2015 $	2016 $	2015 $
Cash and cash equivalents	**140,660,664**	151,539,903	**140,660,664**	151,539,903
- Loans and receivable	**270,713,459**	258,401,237	**250,512,775**	232,312,199
Investment securities:				
- Held-to-maturity	**449,173,090**	411,436,846	**427,284,781**	400,354,788
- Loans and receivable	**531,987,134**	519,290,339	**542,629,086**	514,910,950
Trade and other payables	**17,216,048**	13,417,282	**17,216,048**	13,417,282

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management *...continued*

Market risk *...continued*

Fair value estimation of financial instruments…*continued*
The carrying value of cash and cash equivalents, other advances and receivables, and trade and other payables approximate their fair values due to the short-term maturity of these items.

The fair value of held-to-maturity and other loans and receivables financial assets for disclosure purposes are estimated by discounting the future contractual cash flows at the current market rate of 8.25% (2015 - 7.69%) that is available to the Group in respect of similar financial instruments.

The Group is not able to reliably estimate the fair value of available-for-sale financial assets since the shares are not traded in an active market and the future cash flows relating to the investment cannot be reliably estimated.

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

	Level 1 $	Level 2 $	Level 3 $	Total $
June 30, 2016				
Financial assets at fair value through income:				
- Investment securities – debt	78,035,378	–	–	78,035,378
- Investment securities – equity	92,872,926	140,764,315	4,350,000	237,987,241
Financial assets at available for sale:				
- Investment securities – equity	–	–	751,880	751,880
Total assets	170,908,304	140,764,315	5,101,880	316,774,499
June 30, 2015				
Financial assets at fair value through income:				
- Investment securities – debt	59,338,877	–	–	59,338,877
- Investment securities – equity	88,566,288	95,217,611	4,393,712	188,177,611
Financial assets at available for sale:				
- Investment securities – equity	–	–	751,880	751,880
Total assets	147,905,165	95,217,611	5,145,592	248,268,368

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management *...continued*

Market risk *...continued*

Fair value estimation of financial instruments…*continued*
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily NYSE, NASDAQ, and OTC Bulletin Board equity investments classified as trading securities or available for sale.

The fair value of financial instruments that are not traded in an active market (for example, over–the-counter fixed income securities) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This category includes financial instruments such as mutual funds, preference shares and other equity instruments whose market value could not be readily obtained, and as such, the carrying value has been used to approximate fair value.

Assets measured at fair value
The following table presents the changes in level 3 instruments for the year ended June 30, 2016 and 2015.

	Financial assets at fair value through income
	Equity securities
	$
June 30, 2016	
At beginning of year	4,393,712
Transfer into level 1	(43,712)
At end of year	4,350,000
Total loss for the period included in profit or loss for assets held at the end of the reporting period, under "Investment income"	–
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	–
June 30, 2015	
At beginning of year	4,408,108
Other changes	(14,396)
At end of year	4,393,712
Total loss for the period included in profit or loss for assets held at the end of the reporting period, under "Investment income"	–
Change in unrealised gains or losses for the period included in profit or loss for assets held at the end of the reporting period	–

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. The transfer noted in 2016 are due to the availability of observable data for those financial instruments held which were unavailable in the prior period.

(Expressed in Eastern Caribbean Dollars)

3 Financial risk management *...continued*

Non-financial assets measured at fair value

The investment property measured at fair value on a recurring basis as at June 30, 2016 is $334,315,141 and June 30, 2015 $325,342,821 can all be considered as level 3 within the hierarchy of non-financial assets.

The fair value of the Corporation's main property assets (buildings) is estimated using the income approach which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions. When actual rent differs materially form the estimated rents, adjustments has been made to the estimated rental value. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, the terms of in place leases and expectations for rentals from future leases over the next five (5) years. The buildings are revalued annually on June 30.

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions about vacancy levels, and the discount rate. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if discount rate (market yields) decline. The overall valuations are sensitive to all three assumptions. Management considers the range of reasonable possible alternative assumptions is greatest for rental and vacancy levels and that there is also an interrelationship between these inputs. The inputs used in the valuations at June 30, 2016 were:

Buildings included in Investment Properties	
Average Rental value	$16.75 per square foot
Vacancy level	3%
Discount rate (market yield)	6 – 9%

The fair value of the Corporation's land is estimated base on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the board and audit committee at each reporting date.

The reconciliation of the carrying amounts of non-financial assets classified within level 3 is included in Note 9.

<u>Capital risk management</u>

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern and to meet its statutory obligation to pensioners and contributors.

As further discussed in Note 23, actuarial reviews are conducted periodically in order to ensure that the Group's management has all the information required to adjust the rate of contribution to ensure that the statutory requirements to pensioners and contributors are met.

(Expressed in Eastern Caribbean Dollars)

4 Critical accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of loans and advances
The Group reviews its loan portfolio to assess impairment annually. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Held-to-maturity investments
The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these investments to maturity other than for the specific circumstances – for example, selling an insignificant amount close to maturity – it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost. If the entire held-to-maturity investments are tainted, the carrying value would decrease by $21,888,309 (2015 - $11,082,058) with a corresponding entry in the fair value reserve in reserves.

Basis of allocation of income and expenditure
The Group allocates income and expenditure to short-term and long-term benefits in accordance with the approved recommendations of the actuarial review. This allocation involves the use of estimates concerning factors such as demographic, economic and financial assumptions. Assumptions to project benefits and expenses are based on the Group's experience and are updated in each actuarial review.

Fair value of investment properties
The fair value of buildings included in investment properties as at June 30, 2016 is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Fair value of buildings is estimated by discounting expected rentals at market yields. If net cash flows had been 5% higher/lower with all variables held constant, the fair value of investment properties determined using the valuation model would have been $7,782,117 higher/lower (2015 - $7,851,686). If the discount rate was 50 basis points higher or lower the fair value of investment properties would decrease by $18,541,119 (2015-$15,173,717) or increase by $24,936,913 (2015- $18,913,868) respectively.

(Expressed in Eastern Caribbean Dollars)

5 Cash and cash equivalents

	2016 $	2015 $
Cash at bank and in hand	**139,456,243**	150,636,766
Short-term deposits	**1,204,421**	903,137
	140,660,664	151,539,903

The effective interest rate on short-term bank deposits ranges from 0%- 1.5% (2015: 0% - 1.5%).

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise of the following:

	2016 $	2015 $
Cash and cash equivalents	**140,660,664**	151,539,903

6 Financial assets

The Group's financial assets are summarised by measurement category in the table below:

	2016 $	2015 $
Fair value through income	**316,022,619**	247,516,488
Loans and receivables	**270,713,459**	258,401,237
Investment securities:		
- Held –to-maturity	**449,173,090**	411,436,846
- Loans and receivables	**531,987,134**	519,290,339
- Available-for-sale	**751,880**	751,880
Total financial assets	**1,568,648,182**	1,437,396,790

The assets comprised in each of the categories above are detailed in the tables below:

	2016 $	2015 $
Financial assets at fair value through income		
Equity securities:		
- Listed	**237,987,241**	188,177,611
Debt securities:		
- Listed	**78,035,378**	59,338,877
	316,022,619	247,516,488

Equity securities classified at fair value through income are designated in this category upon initial recognition. There are no non-derivative financial assets held for trading.

Debt securities bear interest rates ranging from 1.5%- 9.75% (2015 – 1.5% - 9.75%).

(Expressed in Eastern Caribbean Dollars)

6 Financial assets… *continued*

The assets comprised in each of the categories above are detailed in the table below:

	2016 $	2015 $
Investment securities		
Debt securities at fixed interest rates:		
- Held–to-maturity - listed	**449,173,090**	411,436,846
- Loans and receivables - unlisted	**531,987,134**	519,290,339
	981,160,224	930,727,185
Equity securities		
- Available-for-sale - unlisted	**751,880**	751,880

The breakdown of debt securities at fixed interest rates into current and non-current portion are shown below:

	2016 $	2015 $
Current portion	**478,410,575**	491,625,066
Non-current portion	**502,749,649**	439,102,119
	981,160,224	930,727,185

Debt securities bear interest rates ranging from 1.5% - 9.75% (2015 – 1.5% - 9.75%). There were no debt securities and available-for-sale financial assets that were considered past due or impaired at the reporting date.

(Expressed in Eastern Caribbean Dollars)

6 Financial assets...*continued*

	Investment Securities Held-to-Maturity $	Investment Securities Loans and Receivables $	Available -for-Sale $	Fair Value Through Income $	Loans and Receivable $	Total $
At the beginning of 2015	406,998,685	514,824,325	751,880	262,535,568	267,120,510	1,452,230,968
Net additions	13,317,275	15,635,322	–	29,697,106	13,155,205	71,804,908
Disposals (redemption)	(8,879,114)	(11,169,308)	–	–	(20,630,878)	(40,679,300)
Net increase in provisions for impairment	–	–	–	–	(1,243,600)	(1,243,600)
Fair value losses on equity/debt securities	–	–	–	(44,716,186)	–	(44,716,186)
At the end of 2015	411,436,846	519,290,339	751,880	247,516,488	258,401,237	1,437,396,790
At the beginning of 2016	411,436,846	519,290,339	751,880	247,516,488	258,401,237	1,437,396,790
Net additions	51,200,737	15,694,707	–	32,799,574	29,194,434	128,889,452
Disposals (redemption)	(13,464,493)	(2,997,912)	–	–	(14,995,478)	(31,457,883)
Net increase in provisions for impairment	–	–	–	–	(1,886,734)	(1,886,734)
Fair value losses on equity/debt securities	–	–	–	35,706,557	–	35,706,557
At the end of 2016	449,173,090	531,987,134	751,880	316,022,619	270,713,459	1,568,648,182

(Expressed in Eastern Caribbean Dollars)

7 Loans and receivables

	2016 $	2015 $
Loans and receivables		
Loans to Government of Saint Lucia and statutory bodies	**78,075,406**	72,443,700
Provision for impairment on loans	**(33,972,559)**	(32,612,191)
	44,102,847	39,831,509
Other loans	**162,445,672**	159,149,880
Provision for impairment	**(1,285,241)**	(1,096,705)
	161,160,431	158,053,175
	205,263,278	197,884,684
Other advances and receivables		
Due from Government of Saint Lucia		
Other receivables	**36,111,473**	31,697,865
Finance lease receivables	**15,994,222**	17,941,907
Contributions receivable	**2,159,633**	1,466,934
Provision for impairment	**(42,515)**	–
	54,222,813	51,106,706
Other receivables		
Contributions receivable	**7,516,628**	7,650,488
Other receivables	**4,294,224**	2,097,100
Provision for impairment	**(583,484)**	(337,741)
	11,227,368	9,409,847
Total loans and receivables	**270,713,459**	258,401,237

(Expressed in Eastern Caribbean Dollars)

7 Loans and receivables *……continued*

	2016 $	2015 $
Current portion	**45,161,126**	47,709,181
Non-current portion	**225,552,333**	210,692,056
	270,713,459	258,401,237

The estimated fair values of loans and receivables are the discounted amount of the estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Interest rates range from 2% - 8.75% (2015 – 2% - 8.75%).

Allowance for impairment
Reconciliation of allowance account for losses on loans and receivables by class is as follows:

	Loans		Other advances	
	Statutory bodies $	Other $	Statutory Bodies and other $	Total $
Balance at July 1, 2015	32,612,191	1,096,705	337,741	34,046,637
Provision for loan impairment	1,360,368	238,107	297,402	1,895,877
Loans write-off	–	(49,571)	–	(49,571)
Loans recoveries	–	–	(9,144)	(9,144)
At June 30, 2016	33,972,559	1,285,241	625,999	35,883,799
Balance at July 1, 2014	31,251,823	845,763	705,451	32,803,037
Provision for loan impairment	1,360,368	250,942	3,102	1,614,412
Loans recoveries	–	–	(370,812)	(370,812)
At June 30, 2015	32,612,191	1,096,705	337,741	34,046,637

The Group has recognised a loss of $1,734,692 (2015 - $1,243,600) for the impairment of its loans and receivables during the year ended June 30, 2016. The losses have been included under expenses attributable to investment income in the Consolidated Statement of Comprehensive Income.

(Expressed in Eastern Caribbean Dollars)

8 Finance lease receivable

	2016 $	2015 $
Due from Government of Saint Lucia		
Finance leases	**14,764,575**	17,143,759
Unpaid charges	**1,229,647**	798,148
	15,994,222	17,941,907
Finance leases – gross receivables	**22,083,249**	25,776,708
Unearned finance income	**(6,089,027)**	(7,834,801)
	15,994,222	17,941,907
Current receivables	**3,897,540**	3,185,677
Non-current receivables	**12,096,682**	14,756,230
	15,994,222	17,941,907
Gross receivables from finance leases		
No later than 1 year	**5,318,605**	4,923,106
Later than 1 year and not later than 5 years	**11,291,331**	13,511,331
Later than 5 years	**5,473,313**	7,342,271
	22,083,249	25,776,708
Unearned future finance income on finance leases	**(6,089,027)**	(7,834,801)
Net investment in finance leases	**15,994,222**	17,941,907
The net investment in finance leases may be analysed as follows:		
No later than 1 year	**3,897,541**	3,185,677
Later than 1 year and not later than 5 years	**7,801,303**	9,087,062
Later than 5 years	**4,295,378**	5,669,168
	15,994,222	17,941,907

(Expressed in Eastern Caribbean Dollars)

9 Investment properties

	2016 $	2015 $
Beginning of year	**325,342,821**	317,927,403
Additions	**8,744,542**	4,401,786
Disposals	**(225,984)**	–
Increase/(decrease) in fair value	**453,762**	3,013,632
End of year	**334,315,141**	325,342,821

The Group's investment properties are carried at fair value. Fair values of land included in investment properties are based on valuations performed by independent, professionally qualified valuers as at June 30, 2016 and 2015. Fair values of investment properties are estimated by discounting expected rentals at market yields.

The following amounts have been recognised in the Consolidated Statement of Comprehensive Income:

	2016 $	2015 $
Rental income	**12,002,110**	12,013,122
Direct operating expenses arising from investment properties that generate rental income	**4,429,894**	4,532,475

(Expressed in Eastern Caribbean Dollars)

10 Property, plant and equipment

	Land and Buildings $	Leasehold Improvements $	Motor Vehicles $	Furniture and Equipment $	Computer Hardware $	Computer Software $	Generators $	Maintenance Equipment $	Total $
At June 30, 2014									
Cost	2,780,521	257,836	876,088	5,425,018	1,660,780	768,764	498,511	167,906	12,435,424
Accumulated depreciation	(340,363)	(257,836)	(664,332)	(3,993,542)	(1,556,725)	(677,787)	(360,046)	(82,890)	(7,933,521)
Net book value	2,440,158	–	211,756	1,431,476	104,055	90,977	138,465	85,016	4,501,903
Year ended June 30, 2015									
Opening net book value	2,440,158	–	211,756	1,431,476	104,055	90,977	138,465	85,016	4,501,903
Additions	–	119,039	–	78,844	338,780	5,366	–	11,555	553,584
Disposals	–	–	–	(1,050)	–	–	–	–	(1,050)
Write back on disposal	–	–	–	857	–	–	–	–	857
Depreciation charge	(33,701)	–	(112,266)	(331,940)	(100,779)	(52,416)	(34,616)	(17,498)	(683,216)
Closing net book value	2,406,457	119,039	99,490	1,178,187	342,056	43,927	103,849	79,073	4,372,078
At June 30, 2015									
Cost	2,780,521	376,875	876,088	5,502,812	1,999,560	774,130	498,511	179,461	12,987,958
Accumulated depreciation	(374,064)	(257,836)	(776,598)	(4,324,625)	(1,657,504)	(730,203)	(394,662)	(100,388)	(8,615,880)
Net book value	2,406,457	119,039	99,490	1,178,187	342,056	43,927	103,849	79,073	4,372,078
Year ended June 30, 2016									
Opening net book value	2,406,457	119,039	99,490	1,178,187	342,056	43,927	103,849	79,073	4,372,078
Additions	35,271	26,672	21,649	198,551	182,539	75,372	–	–	540,054
Disposals	–	–	(123,649)	(850)	(73,187)	–	–	–	(197,686)
Write back on disposal	–	–	74,800	460	73,187	–	–	–	148,447
Depreciation charge	(34,230)	(14,571)	(51,470)	(300,681)	(115,093)	(27,186)	(34,616)	(17,285)	(595,132)
Closing net book value	2,407,498	131,140	20,820	1,075,667	409,502	92,113	69,233	61,788	4,267,761
At June 30, 2016									
Cost	2,815,792	403,547	774,088	5,700,513	2,108,912	849,502	498,511	179,461	13,330,326
Accumulated depreciation	(408,294)	(272,407)	(753,268)	(4,624,846)	(1,699,410)	(757,389)	(429,278)	(117,673)	(9,062,565)
Net book value	2,407,498	131,140	20,820	1,075,667	409,502	92,113	69,233	61,788	4,267,761

(Expressed in Eastern Caribbean Dollars)

10 Property, plant and equipment...*continued*

Gain on Disposal

	Cost $	Accumulated Depreciation $	Net Book Value $	Proceeds $	(Gain)/ loss $
June 30, 2016					
Motor vehicles	123,649	(74,800)	48,849	48,420	429
Computer hardware	73,187	(73,187)	–	–	–
Furniture and equipment	850	(460)	390	–	390
	197,686	(148,447)	49,239	48,420	819
June 30, 2015					
Furniture and equipment	1,050	(857)	193	–	193

11 Trade and other accounts payable

	2016 $	2015 $
Trade payables	**7,412,683**	3,312,946
Benefits payable	**1,785,934**	1,525,033
Other payables	**8,017,431**	8,579,303
	17,216,048	13,417,282

	2016 $	2015 $
Current	**16,363,968**	12,491,860
Non-current	**852,080**	925,422
	17,216,048	13,417,282

12 Principal subsidiary undertakings

	2016 %	2015 %
St. Lucia Mortgage Finance Company Limited	**75**	75
Castries Car Park Facility Limited	**100**	100
National Insurance Property Development and Management Company Ltd. (NIPRO)	**100**	100
Blue Coral Limited	**100**	100

All holdings are in the ordinary share capital of the undertaking concerned. The companies noted above are all incorporated and domiciled in Saint Lucia.

(Expressed in Eastern Caribbean Dollars)

13 Reserves

	Statutory Reserve $	Portfolio Risk Reserve $	Total $
Balances as at June 30, 2014	1,439,121	47,459	1,486,580
Transfer to statutory reserve	63,532	–	63,532
Balances as at June 30, 2015	1,502,653	47,459	1,550,112
Transfer to statutory reserve	70,447	–	70,447
Balances as at June 30, 2016	1,573,100	47,459	1,620,559

Statutory reserve
This reserve is maintained in accordance with Section 14(1) of the Banking Act, 1991 which requires that every licensed financial institution maintain a reserve fund and shall, out of its net profit of each year transfer to that fund a sum equal to not less than 20% of such profits whenever the amount of the fund is less than one hundred percent of the paid-up capital of the financial institution.

Excess loan fees
It is the policy of St. Lucia Mortgage Finance Company Limited to provide finance not exceeding 80% of the value of the asset. If finance is in excess of 80%, an additional charge of 2.5% of the loan amount is requested and kept as a reserve. In prior years, these fees were recognised as income when the loans were repaid. In the current year the deferred excess loan fees were transferred to the loan balances and it will be accounted for as an adjustment to the effective interest rate of the corresponding loan.

Portfolio risk reserve
This reserve represents amounts set aside for impairment losses on loans and advances to comply with the Prudential Credit Guidelines issued by the Eastern Caribbean Central Bank (ECCB) in addition to those losses that have been recognised under IAS 39. The Prudential Credit Guidelines require a provision to be made in respect of the portion of the portfolio where loans are three payments or more in arrears.

By letter dated 23rd July 2009, the ECCB clarified that only when the regulatory requirement for loan loss provisions exceeds provisions determined for accounting purposes that licensees are required to establish a special reserve for the amount by which the regulatory requirement exceeds that computed under the applicable accounting standard.

No further regulatory provision was required as at June 30, 2016.

14 Short-term and long-term benefits fund

Short-term benefits fund is held to cover sickness benefit, maternity allowance and grant, funeral grant, employment injury benefit, hospitalization and medical benefits in respect of qualifying persons.

Long-term benefits fund is held to cover retirement pensions, retirement grants, death and disablement, invalidity and survivors' benefits in respect of qualifying persons.

National Insurance Corporation

Notes to the Consolidated Financial Statements

For the year ended June 30, 2016

(Expressed in Eastern Caribbean Dollars)

15 Detailed statement of income and expenditure

	Short-term		Long-term		Retained Earnings		Total	
	2016 $	2015 $	2016 $	2016 $	2016 $	2015 $	2016 $	2015 $
Contribution income	19,113,354	18,917,763	93,318,133	92,363,188	–	–	112,431,487	111,280,951
Benefits expenses								
Short-term benefits	(11,412,176)	(10,348,323)	–	–	–	–	(11,412,176)	(10,348,323)
Long-term benefits	–	–	(68,397,916)	(62,173,010)	–	–	(68,397,916)	(62,173,010)
Medical health programme	(5,000,000)	(5,000,000)	–	–	–	–	(5,000,000)	(5,000,000)
	(16,412,176)	(15,348,323)	(68,397,916)	(62,173,010)	–	–	(84,810,092)	(77,521,333)
Surplus of contributions over benefits	2,701,178	3,569,440	24,920,217	30,190,178	–	–	27,621,395	33,759,618
General and administrative expenses	(2,346,773)	(2,245,135)	(10,682,766)	(10,125,315)	(3,753,715)	(4,085,294)	(16,783,254)	(16,455,744)
Income from Operations	354,405	1,324,305	14,237,451	20,064,863	(3,753,715)	(4,085,294)	10,838,141	17,303,874
Other income								
Investment income – net	4,050,850	1,024,804	103,320,397	26,372,496	8,668,766	8,991,595	116,040,013	36,388,895
Increase/(decrease) in fair value of investment properties	120,914	154,198	3,084,026	3,968,161	(2,751,178)	(1,108,727)	453,762	3,013,632
Other income	231,267	94,253	1,129,129	460,174	476,735	383,668	1,837,131	938,095
	4,403,031	1,273,255	107,533,552	30,800,831	6,394,323	8,266,536	118,330,906	40,340,622
Excess of income over expenditure before finance costs and income tax expense	4,757,436	2,597,560	121,771,003	50,865,694	2,640,608	4,181,242	129,169,047	57,644,496

(Expressed in Eastern Caribbean Dollars)

15 Detailed statement of income and expenditure…*continued*

	Short-term		Long-term		Retained Earnings		Total	
	2016 $	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**
Excess of income over expenditure before finance costs and income tax brought forward	4,757,436	2,597,560	121,771,003	50,865,694	2,640,608	4,181,242	129,169,047	57,644,496
Finance costs	–	–	–	–	(34,441)	(35,002)	(34,441)	(35,002)
Excess of income over expenditure before income tax	4,757,436	2,597,560	121,771,003	50,865,694	2,606,167	4,146,240	129,134,606	57,609,494
Income tax benefit/(expense)	–	–	–	–	17,621	(3,534)	17,621	(3,534)
Excess of income over expenditure	4,757,436	2,597,560	121,771,003	50,865,694	2,623,788	4,142,706	129,152,227	57,605,960
Attributable to:								
Reserves	4,757,436	2,597,560	121,771,003	50,865,694	2,482,892	4,015,641	129,011,331	57,478,895
Minority interest	–	–	–	–	140,896	127,065	140,896	127,065
Excess of income over expenditure	4,757,436	2,597,560	121,771,003	50,865,694	2,623,788	4,142,706	129,152,227	57,605,960

(Expressed in Eastern Caribbean Dollars)

16 Short-term and long-term benefits expenses

	Short-term Benefits		Long-term Benefits		Total	
	2016 $	**2015 $**	**2016 $**	**2015 $**	**2016 $**	**2015 $**
Retirement	–	–	55,360,391	50,282,927	55,360,391	50,282,927
Survivorship	–	–	7,017,924	6,708,250	7,017,924	6,708,250
Sickness	6,453,625	5,940,460	–	–	6,453,625	5,940,460
Maternity	3,851,768	3,598,351	–	–	3,851,768	3,598,351
Invalidity	–	–	5,823,379	4,972,106	5,823,379	4,972,106
Funeral	810,372	562,050	–	–	810,372	562,050
Disablement	–	–	118,755	139,594	118,755	139,594
Employment injury	246,435	185,600	–	–	246,435	185,600
Death	–	–	77,467	70,133	77,467	70,133
Confinement fees and medical expenses	49,976	61,862	–	–	49,976	61,862
	11,412,176	10,348,323	68,397,916	62,173,010	79,810,092	72,521,333

17 Expenses by nature

	2016 $	**2015 $**
Administrative and general expenses		
Employee benefits	**8,848,247**	9,120,444
Electricity, water and sewage	**1,292,133**	1,340,310
Rent	**1,185,036**	1,139,344
Repairs and maintenance	**932,504**	980,927
Other	**740,984**	120,979
Depreciation	**467,346**	530,282
Stationery and printing	**413,490**	316,668
Contribution to National Community Foundation	**400,000**	400,000
Postage and telephone	**380,732**	341,221
Property tax	**359,842**	359,357
Security services	**351,993**	287,000
Public relations	**298,474**	346,940
Insurance	**233,590**	242,727
Subscriptions	**160,395**	107,082
Motor vehicle expenses	**150,146**	103,162
Audit fees	**132,355**	165,980
Professional and legal fees	**126,136**	73,456
Board expenses	**98,525**	101,686
Overseas meetings and conferences	**72,971**	92,609
Bank charges	**64,732**	71,008
Management fees	**53,526**	19,698
Office and general expenses	**20,097**	10,083
Donations	**–**	153,180
Scholarships	**–**	31,601
	16,783,254	16,455,744

(Expressed in Eastern Caribbean Dollars)

17 Expenses by nature…*continued*

	2016 $	2015 $
Expenses attributable to investment income		
Repairs and maintenance	**2,652,071**	2,593,149
Employee benefits	**2,529,259**	2,636,946
Provision for loan impairment	**1,734,692**	1,243,600
Electricity, water and sewage	**675,227**	621,262
Insurance	**641,148**	742,253
Bond premium	**534,829**	897,322
Security services	**461,448**	575,811
Professional and legal fees	**339,321**	239,144
Bad debts	**152,041**	23,710
Board expenses	**144,752**	122,728
Depreciation	**127,786**	152,934
Foreign exchange loss	**84,788**	128,812
Overseas meetings and conferences	**72,971**	92,608
Audit fees	**62,500**	57,500
Motor vehicle expenses	**48,130**	38,763
Subcontractor fees	**20,628**	150
	10,281,591	10,166,692
Total administrative and general expenses and expenses attributable to investment income	**27,064,845**	26,622,436

(Expressed in Eastern Caribbean Dollars)

17 Expenses by nature…*continued*

	2016 $	2015 $
Administrative and general expenses and expenses attributable to investment income		
Employee benefits	**11,377,506**	11,757,390
Repairs and maintenance	**3,584,575**	3,574,076
Electricity, water and sewage	**1,967,360**	1,961,572
Provision for loan impairment	**1,734,692**	1,243,600
Rent	**1,185,036**	1,139,344
Insurance	**874,738**	984,980
Security services	**813,441**	862,811
Other	**740,984**	120,979
Depreciation	**595,132**	683,216
Bond premium	**534,829**	897,322
Professional and legal fees	**465,457**	312,600
Stationery and printing	**413,490**	316,668
Contribution to National Community Foundation	**400,000**	400,000
Postage and telephone	**380,732**	341,221
Property taxes	**359,842**	359,357
Public relations	**298,474**	346,940
Board expenses	**243,277**	224,414
Motor vehicle expenses	**198,276**	141,925
Audit fees	**194,855**	223,480
Subscriptions	**160,395**	107,082
Bad debts	**152,041**	23,710
Overseas meetings and conferences	**145,942**	185,217
Foreign exchange loss	**84,788**	128,812
Bank charges	**64,732**	71,008
Management fees	**53,526**	19,698
Subcontractor fees	**20,628**	150
Office and general expenses	**20,097**	10,083
Donations	–	153,180
Scholarships	–	31,601
	27,064,845	26,622,436

18 Employee benefit costs

	2016 $	2015 $
Salaries	**9,710,086**	9,976,881
Gratuities	**498,348**	624,778
Other staff cost	**1,169,072**	1,155,731
	11,377,506	11,757,390

(Expressed in Eastern Caribbean Dollars)

19 Investment income – Net

	2016 $	2015 $
Cash and cash equivalents interest income	**1,954,607**	2,112,686
Fair value through income:		
- Dividend income	**6,149,411**	4,485,363
- Fair value gain/(losses) on equity/debt securities	**35,706,557**	(44,716,186)
- Interest income on debt securities	**1,599,760**	1,765,314
Loans and receivables interest income	**20,611,400**	20,536,648
Investment securities interest income		
- Held-to-maturity	**28,820,067**	27,710,970
- Loans and receivables	**17,988,453**	21,394,377
Rental income	**12,002,110**	12,013,122
Development income	**130,544**	38,246
Maintenance fees	**897,862**	708,190
Parking fees	**460,833**	466,060
Management fees	**–**	40,797
	126,321,604	46,555,587
Expenses attributable to investment income	**(10,281,591)**	(10,166,692)
	116,040,013	36,388,895

20 Related party transactions

The following transactions were carried out with related parties:

	2016 $	2015 $
Finance lease interest income	**1,745,775**	1,995,538
Rental income	**7,278,437**	5,886,584
Interest income	**6,749,372**	6,797,923

Key management compensation is as follows:

	2016 $	2015 $
Salaries and wages	**3,080,115**	2,903,229
Other benefits	**507,665**	587,022
	3,587,780	3,490,251

(Expressed in Eastern Caribbean Dollars)

20 Related party transactions *....continued*

Year-end balances with related parties are as follows:

	2016 $	2015 $
Loans to Government of St. Lucia and Statutory Bodies		
Held-to-maturity investment securities	**417,215,116**	357,120,818
Loans	**44,102,847**	39,831,509
Other advances and receivables	**35,808,796**	31,697,865
Contributions receivable	**2,159,633**	1,466,934
Finance lease receivable	**15,994,222**	17,941,907

21 Taxation

	2016 $	2015 $
Current tax	–	307
Deferred tax	**(17,621)**	3,227
	(17,621)	3,534

The tax on the Group's income before taxation for the year differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2016 $	2015 $
Excess of income over expenditure before income tax	**129,134,606**	57,609,494
Tax calculated at domestic tax rates applicable to income of the respective companies	**38,740,382**	17,282,848
Tax effect of exempt income	**(38,758,003)**	(17,279,578)
Prior year adjustment	–	264
	(17,621)	3,534

The weighted average applicable tax rate was 0.006% (2015 – 0.005%).

(Expressed in Eastern Caribbean Dollars)

21 Taxation ……*continued*

Deferred tax (asset)/liability

The Group has recognised deferred tax relating to the subsidiary company, NIPRO which is detailed below:

	2016 $	2015 $
Accelerated capital allowance	**(5,982)**	11,639
The movement on the deferred income tax account is as follows:		
At beginning of year	**11,639**	8,412
Consolidated Statement of Comprehensive Income (credit)/charge	**(17,621)**	3,227
At end of year	**(5,982)**	11,639

22 Actuarial review

Section 24 of the National Insurance Act requires an actuarial review of the National Insurance Fund to be conducted at least every five years.

The tenth actuarial review of the National Insurance Fund as at June 30, 2010 was conducted by an Actuary of the International Labour Organisation.

Key results of the financial and demographic projections based on the contribution and benefit provisions in place as of the valuation date:

- The total population of St. Lucia is expected to increase from 165,568 in 2010 to 183,365 in 2038 and decrease thereafter to 175,497 in 2060.
- The employed population is expected to increase from 67,704 in 2010 to 88,776 in 2036, decreasing thereafter to 78,828 in 2060.
- The aging of the general population will have a significant impact on the ratio of workers to retirees. Those aged 65 and over represent an increasing percentage of the total population, up from 8.6 percent in 2010 to 16.5% in 2035 and 24.6% in 2060.
- Contribution income is expected to be sufficient to meet total expenditure through 2051.
- The NIC is relatively young, so the long term benefits branch has not yet reached a state of maturity and the cost of pensions expressed as a percentage of insurable earnings is still increasing. In 2011, the annual expenditure represented 6.1% of total insurable earnings and will gradually increase to 28.7% in 2063.
- Reserves are expected to begin decreasing in 2036 when total expenditure will begin to exceed total income for the first time. In 2051 projected reserves will be exhausted unless relevant measures are taken to reverse the projected trend.
- The pay-as-you-go rate or the contribution rate that would be required to produce just enough income to meet expenditure if there is no fund will increase gradually from 6.1% in 2011 to over 20% in the long term. This indicates that there will be a need to eventually increase the contribution rate of the branch in order to face its long term cost.

(Expressed in Eastern Caribbean Dollars)

23 Commitments

As at end of year, loans and receivables approved by the Group but not yet disbursed amounted to approximately $57,613,149 (2015 - $19,781,568).

24 Subsequent events

On 4th March 2016, National Insurance Corporation entered into a Build-Own, Lease Transfer (BOLT) Agreement with The Government of Saint Lucia for the construction of a General Administrative Complex in Vieux Fort (the Project). As at 30th June 2016 the cost incurred on the Project and shown as part of Investment Property is $10,696,897 and an undrawn commitment of $47,810,252 included as part of the off balance sheet credit commitments disclosure note. By letter dated 8th September 2016 the Government of Saint Lucia communicated its decision to terminate the BOLT Agreement. At the time of signing these financial statements the determination of the total exit cost was still ongoing as such management is unable to state the financial effect associated with the termination of the Project and its related contracts.

STATISTICAL APPENDIX

The following Statistics have been prepared on a cash basis.

Table 1

Contribution Received ($EC) by Economic Sector: 2011/16

Economic Sector	Financial Year				
	2011-2012	**2012-2013**	**2013-2014**	**2014-2015**	**2015-2016**
Agriculture, Hunting, Forestry and Fishing	1,475,258	1,173,503	1,273,790	1,248,327	1,332,558
Mining and Quarrying	371,534	321,526	277,059	481,268	219,755
Manufacturing	5,685,616	6,210,345	6,274,715	6,115,139	6,146,482
Electricity, Gas and Water Supply	2,918,090	3,085,859	3,269,525	3,402,727	3,582,127
Construction	3,443,419	3,415,825	3,255,072	3,796,993	5,043,493
Wholesale and Retail Trade	13,076,029	13,459,601	13,456,869	13,371,308	13,787,110
Restaurants and Hotels	20,126,718	19,535,921	20,872,134	22,764,710	22,444,941
Transport, Storage and Communication	6,524,482	6,721,774	7,136,387	7,420,045	7,801,150
Financial Intermediaries	8,313,101	7,789,677	7,957,179	7,978,884	7,652,329
Real Estate, Renting and Business Services	7,448,516	9,076,214	9,568,963	10,642,858	10,927,063
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	25,537,299	23,995,805	26,909,774	25,727,634	25,610,677
Community, Social and Personal Services,Households with Employed Persons and Extra-Territorial Organisations and Bodies	6,987,960	6,726,121	6,500,605	6,487,094	6,614,621
Self-Employed	680,339	755,205	847,294	856,941	927,773
Voluntary Contributors	59,835	63,311	26,800	63,794	67,165
Activities not adequately defined	241,022	273,817	311,231	350,256	394,288
Total	**102,889,219**	**102,604,504**	**107,937,397**	**110,707,978**	**112,551,532**

Table 2

Number of Active Insured Persons by Economic Sector: 2011/16

Economic Sector	Financial Year				
	2011/12	2012/13	2013/14	2014/15	2015/16
Agriculture, Hunting, Forestry and Fishing	820	852	879	901	928
Mining and Quarrying	161	176	183	186	158
Manufacturing	3,639	3,516	3,329	3,272	3,253
Electricity, Gas and Water Supply	808	821	887	941	970
Construction	3,079	2,633	1,907	1,781	2,315
Wholesale and Retail Trade	8,501	8,314	8,026	8,000	8,237
Restaurants and Hotels	9,370	9,399	9,459	9,923	9,845
Transport, Storage and Communication	3,400	3,574	3,403	3,539	3,507
Financial Intermediaries	2,862	2,825	2,817	2,878	2,806
Real Estate, Renting and Business Services	3,727	4,638	5,178	5,263	5,464
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	9,829	10,259	10,486	10,345	10,625
Community, Social and Personal Services, Household with Employed Persons and Extra-Territorial Organisations and Bodies	4,046	3,761	3,606	3,536	3,513
Self-Employed	1,086	1,123	1,161	1,159	1,199
Voluntary Contributors	75	66	61	47	41
Activities not adequately defined	294	341	380	414	461
Total	**51,697**	**52,298**	**51,762**	**52,185**	**53,322**

Table 3

Number of Active Employers by Economic Sector: 2012/16

Economic Sector	Financial Year Ending				
	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16
Agriculture, Hunting, Forestry and Fishing	125	127	132	133	112
Mining and Quarrying	9	9	8	8	11
Manufacturing	259	256	250	256	258
Electricity, Gas and Water Supply	17	17	19	20	22
Construction	165	167	168	171	170
Wholesale and Retail Trade	639	633	625	635	642
Restaurants and Hotels	378	375	374	362	397
Transport, Storage and Communication	167	170	175	171	191
Financial Intermediaries	135	135	140	141	138
Real Estate, Renting and Business Services	394	398	405	410	420
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	258	264	274	277	293
Community, Social and Personal Services, Households with Employed Persons and Extra-Territorial Organisations and Bodies	933	955	923	942	928
Activities not adequately defined	202	208	192	192	197
Total	**3,681**	**3,714**	**3,669**	**3,692**	**3,779**

Table 4

Number of Contributing Employers by Economic Sector: 2011/16

Economic Sector	Financial Year				
	2011/12	2012/13	2013/14	2014/15	2015/16
Agriculture, Hunting, Forestry and Fishing	110	107	107	104	96
Mining and Quarrying	8	8	7	9	9
Manufacturing	230	225	222	217	213
Electricity, Gas and Water Supply	17	19	19	21	20
Construction	127	136	117	96	113
Wholesale and Retail Trade	621	617	623	591	574
Restaurants and Hotels	329	316	326	310	308
Transport, Storage and Communication	158	155	151	162	167
Financial Intermediaries	122	127	130	133	120
Real Estate, Renting and Business Services	352	359	350	347	359
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	261	265	271	250	265
Community, Social and Personal Services, Households with Employed Persons and Extra-Territorial Organisations and Bodies	930	921	903	859	849
Activities not adequately defined	207	205	208	99	104
Total	**3,472**	**3,460**	**3,434**	**3,198**	**3,197**

Table 5

Number of Newly Registered Employers by Economic Sector: 2011/16

Economic Sector	Financial Year				
	11-12	12-13	13-14	14-15	15-16
Agriculture, Hunting, Forestry and Fishing	3	7	6	7	5
Mining and Quarrying	0	0	0	2	1
Manufacturing	15	26	20	17	19
Electricity, Gas and Water Supply	2	1	2	1	0
Construction	20	43	14	19	22
Wholesale and Retail Trade	46	67	58	65	33
Restaurants and Hotels	41	35	39	42	34
Transport, Storage and Communication	18	16	7	20	19
Financial Intermediaries	13	5	10	8	4
Real Estate, Renting and Business Services	35	40	30	32	22
Public Administration and Defence, Compulsory Social Security, Education, Health and Social Work	13	19	18	20	13
Community, Social and Personal Services, Households with Employed Persons and Extra-Territorial Organisations and Bodies	120	123	83	68	88
Activities not adequately defined	39	38	32	7	3
Total	**365**	**420**	**319**	**308**	**262**

Table 6

Number of Short-Term Benefits Paid by Type: 2011/16

Short-Term Benefits	Financial Year				
	11-12	12-13	13-14	14-15	15-16
Employment Injury	145	166	157	150	189
Sickness Allowance	10,850	10,767	11,966	15,640	14,100
Maternity Allowance	866	921	892	877	923
Maternity Grant	937	923	917	896	963
Funeral Grant	235	286	306	328	314
Medical Expenses	74	90	63	50	71
Total	**13,107**	**13,153**	**14,301**	**17,941**	**16,560**

Table 7

Short-Term Benefits Expenditure ($EC) by Type: 2011/16

Short-Term Benefits	Financial Year				
	11-12	12-13	13-14	14-15	15-16
Employment Injury	206,314	208,088	139,481	174,268	249,998
Sickness Allowance	4,482,785	4,568,549	5,089,859	5,844,952	6,218,973
Maternity Allowance	2,771,392	3,112,546	3,066,501	3,041,745	3,305,349
Maternity Grant	571,200	557,400	559,200	537,600	577,800
Funeral Grant	405,963	492,023	512,857	569,800	771,800
Medical Expenses	3,038,140	3,034,383	5,034,993	5,030,960	5,042,040
Total $	**11,475,793**	**11,972,990**	**14,402,891**	**15,199,325**	**16,165,560**

Table 8

Number of Long-Term Benefits Paid by Type: 2011/16

Long-Term Benefits	Financial Year				
	11-12	12-13	13-14	14-15	15-16
Retirement Pension	4,449	4,683	4,991	5,266	5,580
Survivors' Pension	1,051	1,008	1,057	1,176	1,185
Invalidity Pension	432	475	509	546	586
Disablement Pension	13	13	16	14	12
Retirement Grant	490	494	543	571	622
Survivors' Grant	56	61	65	66	59
Invalidity Grant	41	35	56	51	45
Disablement Grant	2	3	2	2	4
Total	**6,534**	**6,772**	**7,239**	**7,692**	**7,692**

Table 9

Long-Term Benefits Expenditure ($EC) by Type: 2011/16

Long-Term Benefits	Financial Year				
	11-12	12-13	13-14	14-15	15-16
Retirement Pension	38,311,420	40,825,761	43,650,230	47,223,928	52,187,552
Survivors' Pension	5,242,406	5,951,723	6,155,834	6,364,256	6,832,029
Invalidity Pension	3,959,399	4,064,326	4,403,864	4,700,184	5,582,285
Disablement Pension	99,852	99,111	123,553	97,347	98,377
Retirement Grant	2,341,495	2,607,217	2,816,438	3,012,650	3,161,977
Survivors' Grant	246,288	252,174	303,919	312,442	247,372
Invalidity Grant	197,093	173,385	253,953	146,136	267,251
Disablement Grant	23,394	57,661	18,948	27,510	35,998
Total $	**50,421,347**	**54,031,359**	**57,726,739**	**61,884,453**	**68,412,841**

Table 10

Number of Pensions Paid by Type: 2011/16

Pensions	Financial Year				
	11-12	12-13	13-14	14-15	15-16
Retirement Pension	4,449	4,683	4,991	5,266	5,580
Survivors' Pension	1,051	1,008	1,057	1,176	1,185
Invalidity Pension	432	475	509	546	586
Disablement Pension	13	13	16	14	12
Total	**5,945**	**6,179**	**6,573**	**7,002**	**7,002**

Table 11

Pensions Expenditure ($EC) by Type: 2011/16

Pensions	Financial Year				
	11-12	12-13	13-14	14-15	15-16
Retirement Pension	38,311,420	40,825,761	43,650,230	47,223,928	52,187,552
Survivors Pension	5,242,406	5,951,723	6,155,834	6,364,256	6,832,029
Invalidity Pension	3,959,399	4,064,326	4,403,864	4,700,184	5,582,285
Disablement Pension	99,852	99,111	123,553	97,347	98,377
Total $	**47,613,077**	**50,940,921**	**54,333,481**	**58,385,715**	**64,700,243**

Table 12

Number of Pensions In-Payment by Type: 2011/16

Pensions	Financial Year				
	11-12	12-13	13-14	14-15	15-16
Retirement Pension	4,272	4,526	4,743	5,059	5,280
Survivors' Pension	975	936	955	1,086	1,061
Invalidity Pension	293	357	422	501	530
Disablement Pension	13	12	13	13	12
Total	**5,553**	**5,831**	**6,133**	**6,659**	**6,883**

Table 13

Average Monthly Pensions ($EC) by Type: 2011/16

Pensions	Financial Year				
	11-12	12-13	13-14	14-15	15-16
Retirement Pension	763.42	768.05	785.43	810.37	836.98
Survivors' Pension	478.01	525.86	540.28	536.44	567.90
Invalidity Pension	779.61	806.66	826.52	821.95	883.65
Disablement Pension	657.58	704.92	634.15	661.89	660.75

Table 14

Benefits Expenditure ($EC) by Type and Branch: 2011/16

Benefit Branch	Financial Year				
	11-12	12-13	13-14	14-15	15-16
Long-Term					
Retirement	40,652,915	43,432,978	46,466,668	50,236,578	55,349,529
Survivorship	5,488,694	6,203,897	6,459,753	6,676,698	7,079,401
Incapacitation	4,279,738	4,394,483	4,800,318	4,846,320	5,983,911
Sub-Total	50,421,347	54,031,359	57,726,739	61,884,453	68,412,841
Short-Term					
Employment Injury	206,314	208,088	139,481	174,268	249,998
Sickness Allowance	4,482,785	4,568,549	5,089,859	5,844,952	6,218,973
Maternity Allowance	2,771,392	3,112,546	3,066,501	3,041,745	3,305,349
Maternity Grant	571,200	557,400	559,200	537,600	577,800
Funeral Grant	405,963	492,023	512,857	569,800	771,800
Medical Expenses	3,038,140	3,034,383	5,034,993	5,030,960	5,042,040
Sub-Total	11,475,793	11,972,990	14,402,891	15,199,325	16,165,960
Total $	**61,897,140**	**66,004,348**	**72,129,630**	**77,083,778**	**84,578,801**