CIC AFRICA INSURANCE (SS) LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

CIC AFRICA INSURANCE (SS) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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CIC AFRICA INSURANCE (SS) LIMITED
CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS

Michael Tongum	- Chairman
Andrew Murunga	-Managing Director
Tom Gitogo	- Resigned 09/10/2019
Rosemary Githaiga	
Japheth Magomere MBS	- Resigned 17/09/2019
Eng.William Wol	
James Njue	- Appointed 17/09/2019
Gail Odongo	

REGISTERED OFFICE
CIC Plaza
South Kololo Airport Road
Juba, South Sudan

SENIOR MANAGEMENT

Tom Gitogo	- Group Chief Executive Office- resigned 09/10/2019
Andrew Murunga	- Managing Director
Muyesu Luvai	- Group Chief Finance Officer
Boniface Mutuma	- Finance Manager
Gail Odongo	- Group Company Secretary/Chief Legal Officer
Pamela Oyugi	- Group Human Resources Manager

AUDITORS
Ernst & Young LLP
Certified Public Accountants
Kenya-Re Towers, Upperhill
Nairobi, Kenya

PRINCIPAL BANKERS
The Co-operative Bank of South Sudan
Juba, South Sudan

CIC AFRICA INSURANCE (SS) LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 December 2019.

1. INCORPORATION

The Company is incorporated in South Sudan under the Companies Act, 2012 of South Sudan and is domiciled in South Sudan. The address of the registered office is set out on page 1.

2. DIRECTORATE

The directors who held office during the year and to the date of this report are set out on page 1.

3. PRINCIPAL ACTIVITIES

The principal activity of the Company is the transaction of general, medical and life insurance business.

4. COMPANY RESULTS

	2019 USD	2018 USD
Profit for the year	218,080	455,029

5. DIVIDENDS

The directors do not recommend payment of a dividend (2018-nil).

6. AUDITORS

Ernst & Young LLP, having completed their term as the external auditor of the company, the board has been requested to appoint an external auditor for the ensuing year in accordance with the company's Articles of Association and in accordance with Section 215 (2) of the Companies Act, 2012 of South Sudan.

BY ORDER OF THE BOARD

Company Secretary

3rd June 2020

CIC AFRICA INSURANCE (SS) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

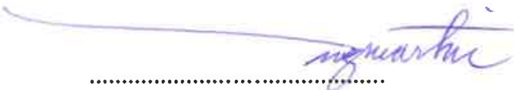
The Companies Act, 2012 of South Sudan requires the directors to prepare financial statements for each financial period, which present fairly in all material respects the financial position and performance of the Company as at the end of the financial period and of the operating results of the Company for that period. It also requires the directors to ensure the Company keeps proper accounting records which disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act, 2012 of South Sudan. The directors are of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs and of the operating results of the Company.

The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal control.

Having assessed the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The financial statements were approved by the Board of Directors on 3rd June 2020 and signed on its behalf by:



....
Michael Tongum
Director

....
Andrew Murunga
Director

Ernst & Young LLP
Certified Public Accountants
Kenya Re Towers
Upper Hill
Off Ragati Road
P.O. Box 44286 - 00100
Nairobi GPO, Kenya

Tel: +254 20 2886000
Email: info@ke.ey.com
www.ey.com
LLP/2015/52

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CIC AFRICA INSURANCE (SS) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of CIC Africa Insurance (SS) Limited (the Company), set out on pages 7 to 53, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and requirements of the Companies Act, 2012 of South Sudan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants' (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in South Sudan and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Corporate Information, Report of the Directors and Statement of Director's Responsibilities as required by the Companies Act, 2012 of South Sudan, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon, other than that prescribed by the Companies Act,2012 of South Sudan as set out below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2012 of South Sudan, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting processes.

Partners: C O Atinda, H C Wasike, M M Kimoni, A K Gichuhi, A M Muthusi, J M Ngong'a,
F N M Kamau, N M Muhoya, T O Nyakoe, C A Munda, C N Kirathe, H Nannyomo.
A member firm of Ernst & Young Global Limited.
Licensed by ICPAK as a Limited Liability Partnership of Certified Public Accountants.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

As required by the Companies Act, 2012 of South Sudan, we report to you, based on our audit, that:

i) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit;

ii) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books;

iii) the Company's statement of financial position and statement of profit or loss and other comprehensive income agree with the books of account; and,

iv) we have no relationships with or interests in the Company other than in our capacity as auditors and dealings with the Company in the ordinary course of business.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Herbert Chiveli Wasike Practising number - 1485

Nairobi

31 / 8 / 2020

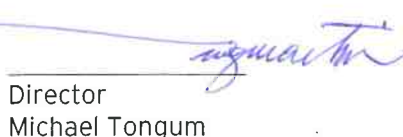
CIC AFRICA INSURANCE (SS) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

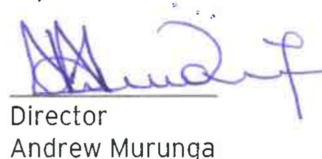
	Notes	2019 USD	2018 USD
Gross earned premiums	3(a)	7,004,895	4,100,399
Reinsurance premiums ceded	3(b)	(643,921)	(316,129)
Net earned premiums		6,360,974	3,784,270
Commissions earned	4	12,001	35,505
Interest revenue calculated using the effective interest method	5(a)	7,231	30,159
Other investment income	5(b)	272,108	151,421
Other gains	6	76,948	144,000
Foreign exchange gain	7	660,647	426,865
		7,389,909	4,572,220
Claims and policyholders' benefits expense			
Gross benefits and claims paid	8	(4,970,752)	(2,638,508)
Claims ceded to reinsurers	8	824,242	399,149
Gross change in insurance contract liabilities	8	(253,064)	(57,135)
Net benefits and claims		(4,399,574)	(2,296,494)
Commissions expense	9	(1,253,784)	(701,683)
Operating and other expenses	10	(1,508,702)	(1,119,018)
(Increase)/decrease in expected credit losses	10(b)	(9,769)	4
		(7,171,829)	(4,117,191)
Profit for the year before tax		218,080	455,029
Income tax expense	11	-	-
Profit for the year		218,080	455,029
Other comprehensive income			
Other comprehensive income not to be classified to profit or loss in subsequent years net of tax			
Revaluation gain on land and building	12	255,165	188,615
Other comprehensive income for the year		255,165	188,615
Total comprehensive income for the year		473,245	643,644

CIC AFRICA INSURANCE (SS) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 USD	2018 USD
ASSETS			
Property and equipment	12	1,621,974	1,462,558
Investment property	13	2,052,000	1,950,000
Investment in collective Investment scheme at fair value through profit or loss	14	3,491,566	1,477,128
Restricted deposit with financial institution	15	1,629,966	78,529
Receivables arising out of direct insurance arrangements	16(a)	1,483,606	726,223
Receivables from reinsurance arrangements	16(b)	1,002,823	532,694
Reinsurance share of liabilities	17	6,027	10,059
Financial assets at amortised cost-Loans and receivables	18	6,380	134,945
Deferred acquisition costs	19	467,673	224,911
Other receivables	20	312,606	55,000
Cash and bank balances	31(b)	227,837	997,525
Total assets		12,302,458	7,649,572
EQUITY AND LIABILITIES			
Equity			
Share capital	21(b)	1,308,657	1,308,657
Retained earnings	22(a)	3,434,606	3,216,526
Revaluation reserve	22(b)	992,275	737,110
		5,735,538	5,262,293
Liabilities			
Liabilities arising out of reinsurance Arrangements	23	45,287	25,130
Insurance contracts liabilities	24	606,554	295,658
Actuarial value of policyholders' benefits	25	160,968	13,725
Provision for unearned premium reserve and unexpired risk	26	2,557,423	1,254,062
Due to related parties	27	123,361	186,818
Other payables	28	1,017,093	299,886
Finance lease obligation payable	29	288,000	312,000
Pension administration fund	30	1,768,234	-
		6,566,920	2,387,279
Total equity and liabilities		12,302,458	7,649,572

The financial statements were approved and authorised for issue by the Board of Directors on ..3rd June.....2020 and signed on its behalf by:





Director
Michael Tongum

Director
Andrew Murunga

CIC AFRICA INSURANCE (SS) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital USD (Note 21)	Revaluation reserve USD (Note 22b)	Retained Earnings USD (Note 22a)	Total USD
2018				
At 1 January 2018	1,308,657	548,495	2,761,501	4,618,653
Effect of adoption of new accounting standards	-	-	(4)	(4)
Restated balance at 1 January 2018	1,308,657	548,495	2,761,497	4,618,649
Profit for the year	-	-	455,029	455,029
Other comprehensive income	-	188,615	-	188,615
Total comprehensive income	-	188,615	455,029	643,644
At 31 December 2018	1,308,657	737,110	3,216,526	5,262,293
2019				
At 1 January 2019	1,308,657	737,110	3,216,526	5,262,293
Profit for the year	-	-	218,080	218,080
Other comprehensive income	-	255,165	-	255,165
Total comprehensive income	-	255,165	218,080	473,245
At 31 December 2019	1,308,657	992,275	3,434,606	5,735,538

CIC AFRICA INSURANCE (SS) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 USD	2018 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from operating activities	31(a)	2,539,072	239,761
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	5(a)	7,231	30,159
Purchase of property and equipment	12	(69,499)	(18,320)
Purchase of investment property	13	(25,052)	-
Withdrawal from Investment in collective investment schemes	14	918,705	411,536
Purchase of collective investment scheme	14	(2,684,468)	-
Investment in fixed deposit	15	(1,560,242)	(78,529)
Staff loans repaid	18	128,565	120,423
Net cash (used in)/generated from investing activities		(3,284,760)	465,269
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease	29(b)	(24,000)	(24,000)
Net cash used in financing activities		(24,000)	(24,000)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(769,688)	681,030
CASH AND CASH EQUIVALENTS AT 1 JANUARY		997,525	316,495
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	31(b)	227,837	997,525

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

For the purposes of reporting under the Companies Act, 2012 of South Sudan, in these financial statements the balance sheet is represented by/is equivalent to the statement of financial position and the profit and loss account is presented in the statement of profit or loss and other comprehensive income.

(i) Basis of preparation

The financial statements are prepared on a going concern basis in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Sudan 2012. The measurement basis used is the historical cost basis, as modified by the carrying of certain property and equipment, investment property and certain investments at fair value, impaired assets at their recoverable amounts and actuarially determined liabilities at their present value. The financial statements are presented in United State Dollar(USD), which is also the functional currency.

The financial statements comprise the statement of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit or loss. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the profit or loss as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the previous periods. Transactions with the owners of the company in their capacity as owners are recognised in the statement of changes in equity.

The Company presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the Company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates. The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgements of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in note (2) of these financial statements.

(b) Changes in accounting policy and disclosures

(i) New *standards, amendments and interpretations effective and adopted during the year*

The company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2019. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.
The nature and the impact of each new standard and amendment is described below.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policy and disclosures(continued)

New and amended standards and interpretations

	Effective for accounting period beginning on or after
IFRS 16 Leases	1 January 2019
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1 January 2019
AIP IFRS 3 Business Combinations - Previously held Interests in a joint operation	1 January 2019
AIP IFRS 11 Joint Arrangements - Previously held Interests in a joint operation	1 January 2019
AIP IAS 12 Income Taxes - Income tax consequences of payments on financial instruments classified as equity	1 January 2019
AIP IAS 23 Borrowing Costs - Borrowing costs eligible for capitalization	1 January 2019

The above new standards and amendments to existing standards and annual improvements did not have an impact on the entity.

Standards issued but not yet effective:

New standards, amendments and interpretations adopted by the Company

	Effective for accounting period beginning on or after
Amendments to IFRS 3: Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
The Conceptual Framework Financial Reporting	1 January 2020
IFRS 17 Insurance contracts	1 January 2023*
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or indefinitely Joint Venture	Effective date deferred indefinitely

*The new proposed date is 2023.

The above new standards and amendments to existing standards issued but not yet effective are not expected to have an impact except for IFRS 17 Insurance contracts.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 *Insurance Contracts*. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short- duration which typically applies to certain non-life insurance contracts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Changes in accounting policy and disclosures (Continued)

Standards issued but not yet effective:

New standards, amendments and interpretations adopted by the Company (continued)

IFRS 17 Insurance Contracts (continued)

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows)
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period)
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non- distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Company has started a project to implement IFRS 17, which is currently being done in phases the first is the change in the software's currently being used .The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

(c) Gross premiums

Gross recurring premiums on life are recognised as revenue when payable by the policyholder. For single premium business, revenue is recognised on the date on which the policy is effective. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Unearned premiums are those proportions of premiums written in a period that relate to periods of risk after the reporting date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

(d) Reinsurance premiums

Gross reinsurance premiums on life are recognised as an expense when payable or on the date on which the policy is effective. Gross general written premiums under short term life and general reinsurance contracts comprise the total premiums payable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods. Unearned reinsurance premiums are those proportions of premiums written in a period that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Commission income

Commission income is recognised in profit or loss in the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

(f) Investment income

Interest income is recognised in profit or loss as it accrues and is calculated using the effective interest rate (EIR) method. Under both IFRS 9 and IAS 39, interest income is recognised using EIR method for all financial assets measured at amortised cost. Similar to interest bearing financial assets classified as available-for-sale or held to maturity under IAS 39, interest income on interest bearing financial assets measured at fair value through OCI under IFRS 9 is also recorded using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or when appropriate, a shorter period, to the gross carrying amount of the financial asset.
The EIR (and therefore the amortised cost of the financial asset) is calculated taking into account transaction costs and any discount or premium on acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The company recognises interest income using the EIR method.

The company calculates interest income on financial assets, other than those considered credit impaired, by applying the EIR to the gross carrying amount of the asset.

Fees and commissions that are an integral part of the effective yield of the financial asset are recognised as an adjustment to the effective interest rate of the instrument. Investment income also includes dividend income which is recognised when the right to receive the payment is established.

(g) Realised/unrealised gains or losses

Realised / unrealised gains and losses recorded in profit or loss on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transactions, more details on how the gains have been arrived has been discussed in the specific policies relating to the assets.

(h) Deferred acquisition costs

Deferred acquisition costs represent the proportion of commission expense in the periods up to the reporting date which relates to the unexpired terms of policies in force at the end of the reporting period and are calculated on the 1/365th method on net commissions. The 1/365th is a time apportionment method of premium whereby the unearned premium reserve is the aggregate of unearned premium calculated on a pro-rata basis, in respect of the premiums relating to the unexpired periods of the respective insurance policies at the end of the reporting period. These commissions are recognised over the period in which the related revenues are earned.

The deferred acquisition costs for reinsurers are amortised in the same manner as the underlying asset amortisation and is recorded in the statement of profit or loss.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method and are treated as a change in an accounting estimate.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the statement of profit or loss. DACs are also considered in the liability adequacy test for each reporting period.

DACs are derecognised when the related contracts period elapses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Insurance receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest method. The carrying amount of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in profit or loss.

(j) Claims incurred

Claims incurred comprise claims paid and related expenses in the period and changes in the provision for outstanding claims. Claims paid represent all payments made during the period, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of the reporting period, but not settled at that date. The reserve for outstanding claims is computed on the basis of the best information available at the time the records for the year are closed and include additional provisions for claims incurred but not reported ("IBNR") at the end of each reporting period based on the Company's experience. Claims liability on long term contracts is determined through actuarial valuation which is carried out annually.

(k) Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts. The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers (classified within loans and receivables), as well as longer term receivables (classified as reinsurance assets) that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss for the year.

(l) Reinsurance ceded to reinsurance counterparties

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract
Gains or losses on buying reinsurance are recognised in the statement of profit or loss immediately at the date of purchase and are not amortised.
Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

The Company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in profit or loss for the year. Included in this category are receivables arising from reinsurance arrangements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Company operates), which is United States Dollar. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the end of each reporting period and on date of settlement which are expressed in foreign currencies are translated into United States Dollar at rates ruling at that date. The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(n) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for buildings which is measured based on revalued amounts.

Increases in the carrying amount of land and buildings arising on revaluation are dealt with through other comprehensive income and accumulated under a separate heading of revaluation reserve in the statement of changes in equity. However, if an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss, decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. There was no revaluation surplus as at 31 December 2019 refer to note 12.

Decreases that offset previous increases of the same asset are dealt with through other comprehensive income and reversed from revaluation reserve in the statement of changes in equity; all other decreases are charged to profit or loss for the year. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Depreciation is calculated on a straight-line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

Computers	4 years
Motor vehicles	4 years
Furniture, fittings and equipment	8 years
Buildings	15 years

Property and equipment are reviewed for impairment whenever there are any indications of impairment identified.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use.

The residual value, useful lives and methods of depreciation of property and equipment are reviewed at each financial year-end are adjusted prospectively, if appropriate. The carrying amounts of this property and equipment are disclosed in note 12.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being disposed is transferred to retained earnings.

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Property and equipment (continued)

On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings. The date of disposal of an item of property, and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied. The amount of consideration to be included in the gain or loss arising from the derecognition of property and is determined in accordance with the requirements for determining the transaction price in IFRS 15.

(o) Intangible assets

Software licence costs and computer software that is not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Company are recognised as intangible assets. The useful lives of intangible assets are assessed as either finite or indefinite. The company does not have assets with indefinite life and hence the amortisation is calculated using the straight line method to write down the cost of each licence or item of software over its estimated useful life (four years).

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle. Amortisation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.
Software under implementation is recognised as work in progress at historical cost less any accumulated impairment loss. The cost of such software includes professional fees and costs directly attributable to the software. The software is not amortised until it is ready for the intended use.
Intangible assets with finite lives are assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised. The date of disposal of an item of intangible asset is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied The amount of consideration to be included in the gain or loss arising from the derecognition of intangible is determined in accordance with the requirements for determining the transaction price in IFRS 15.

(p) Employee entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the end of the reporting period is recognised as an expense accrual.

Retirement benefit obligations

The Company operates a defined contribution scheme for its employees. The assets of the scheme are held in separate trustee administered fund, which are funded from contributions from both the Company and employees.

The Company also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions to this scheme are determined by local statute and are currently at 17% and 8% by employee and employee respectively per month.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Employee entitlements (continued)

The Company's contributions to the defined contribution schemes are charged to profit or loss as they fall due.
Leave
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the reporting date.

(q) Provisions

Provisions for liabilities are recognised when there is a present obligation (legal or constructive) resulting from a past event, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Onerous contracts
A provision is recognised for onerous contracts in which the unavoidable costs of meeting the obligations under the contract exceeds the economic benefits expected to be received under it. The unavoidable costs reflect the least net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

(r) Fair value measurement

The Company measures financial instruments, such as investment in collective investment scheme, and non-financial assets such as investment properties and land and buildings, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2-Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3-Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as property and investment properties. Involvement of external valuers is decided upon annually by the senior finance and investment manager who discusses the basis and assumptions with the valuer. This is then approved by the group Chief Finance Officer. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Fair value related disclosures have been made in note 33

(s) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of recognition
Financial assets and liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets
Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. With the exception of other receivables and amount due from related parties, which do not contain significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Financial instruments (continued)

Financial assets (continued)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets to collect contractual cash flows;and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of other receivables and amount due from related parties, which do not contain significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or at fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include, cash and cash equivalents, other assets Fixed deposit and staff loans.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial assets at fair value through profit or loss comprise investment in collective investment scheme i.e. CIC Unit Trust.

Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired
  Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Financial instruments (continued)

Financial assets (continued)

Derecognition other than for substantial modification (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Derecognition due to substantial modification of terms and conditions

The company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as derecognition gain or loss. When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors: introduction of an equity feature, change in counterparty and if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result into cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss.

Impairment of financial assets

Overview of ECL principles

The adoption of IFRS 9 has fundamentally changed the Company's loan loss impairment method by replacing IAS 39's incurred loss approach with a forward-looking ECL approach. From 1 January 2018, the Company has been recording the allowance for expected credit losses for all financial assets at amortised cost except insurance and reinsurance receivables, in this section all referred to as 'financial instruments'.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Financial instruments (continued)

Impairment of financial assets (continued)

Overview of ECL principles (continued)

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers three scenarios (a base case, optimistic (upside) and pessimistic (downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Company has the legal right to call it earlier.

The company allocates its assets subject to ECL calculations into these categories determined as follows:
12MECL (Stage 1) -The 12mECL is calculated as the portion of the LTECL that represents the ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring within 12 months following the reporting date.
LTECL (Stage 2)-This is recorded when a financial instrument has shown a significant increase in credit risk since origination.
Impairment (Stage 3) -For debt instruments considered credit-impaired, the Company recognises the lifetime expected credit losses for these instruments.

Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:
- Inflation Rate "Inflation"
- Lending Rate "Lending"

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risk on financial assets (staff loans), the Company seeks to use collateral, where possible. The collateral is in form of real estate or motor vehicles. Collateral, unless repossessed, is not recorded on the Company's statement of financial position. However, the fair value of collateral affects the calculations of ECLs for staff loans. It is generally assessed, at a minimum, at inception and reassessed on annual basis. Collaterals such as real estate, is valued based on data provided by third parties such as real estate valuers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Collateral repossessed.

The Company's accounting policy under IFRS 9 remains the same as it was under IAS 39. The Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for internal operations are transferred to their relevant asset category at the lower of the repossessed value or the carrying amount of the original secured asset. Assets for which selling is determined to be the better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Company's policy.

In its normal course of business, the Company does not physically repossess properties or motor vehicles but engages its procurement department to auction the asset to settle the outstanding debt. Any surplus funds are returned to the obligors. As a result of this practice, the real estate properties and motor vehicles under legal repossession processes are not recorded in the balance sheet.

Write offs

Financial assets are written off either partially or in entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount any subsequent recoveries are credited to credit loss expense. There were no write offs over the period reported in these financial statements.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include other payables, amounts due to related parties.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Company has no liabilities in this category and has not designated any.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Financial instruments (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to other payables and amount due to related parties

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. Income and expenses will not be offset in the profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

(t) Accounting for leases

Determination

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

When an operating lease is terminated, any payment required by the lessor by way of penalty is recognised as an expense in the period in which termination took place.

Company as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss. The Company currently has a finance lease for land and building for 15 years. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Accounting for leases (continued)

Company as a lessee (continued)

Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they incurred.

Payments to acquire leasehold interests in land are treated as prepaid operating lease rentals and amortised over the period of the lease. The amortisation is recognised as an operating expense in profit or loss.

When an operating lease is terminated, any payment required by the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Company as a lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Rental income is recorded as earned based on the contractual terms of the lease in other operating income. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned

(u) Insurance contract liabilities and reinsurance assets

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. It is assumed that premiums are earned uniformly over the contract period. The Company used the 365th method in computing this reserve. The estimate of the incurred claims that have not yet been reported to the Company (IBNR) is computed using the basic chain ladder method. The basic assumption using this method is that claims will emerge in a similar way in each development year.

Life insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income (for non-market linked insurance contracts this item is excluded) from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included.
A separate reserve for longevity may be established and included in the measurement of the liability.

Profits originated from margins of adverse deviations on run-off contracts are recognised in profit or loss over the life of the contract, whereas losses are fully recognised in profit or loss during the first year of run-off. The liability is derecognised when the contract expires, is discharged or is cancelled.

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, net of related present value of in-force business (PVIF) and deferred acquisition cost (DAC) by using an existing liability adequacy test.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with original maturities of three months or less in the statement of financial position and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at fair value at initial recognition and subsequently measured at amortised cost. Interest income on cash and cash equivalents is recognised using the effective interest method

(w) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading

Expected to be realised within twelve months after the reporting period Or
‣ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least
twelve months after the reporting period
All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting periods

The Company classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(x) Expenses

Expenses are recognised in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably and is independent from transactions with equity participants. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets (for example, the accrual of employee entitlements or the depreciation of equipment).

i) When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognised in profit or loss on the basis of systematic and rational allocation procedures. This is often necessary in recognising the expenses associated with the use of the assets such as property and equipment; in such cases, the expense is referred to as a depreciation or amortisation. These allocation procedures are intended to recognise expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire.

An expense is recognised immediately in profit or loss when expenditure produces no future economic benefits or when, and to the extent that; future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

(y) Events after the reporting period

If the Company receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Company will assess if the information affects the amounts that it recognises in the Company's financial statements. The Company will adjust the amounts recognised in its financial statements to reflect any adjusting events even after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Company will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable. The entity's owners have no power to amend the financial statement after issue. Subsequent events have been disclosed in note 34.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is initially recognised at cost including the transaction costs. The Company's investment property is carried at fair value representing the open market value at the reporting date determined by a valuation carried out by Kenval Realtors Limited as at 31 December 2019. Gains or losses arising from changes in the fair value are included in determining profit or loss for the year to which they relate.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

When the Company can reliably determine the fair value of a self-constructed investment property under construction or development, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the profit or loss.

Investment property is derecognised when either it has been disposed off (i.e., at the date the recipient obtains control) or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss. The date of disposal of an item of investment property is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied The amount of consideration to be included in the gain or loss arising from the derecognition of Investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

(aa) Impairment of non-financial assets

The Company assesses, at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation surplus was taken to other comprehensive income. In this case, the impairment losses are also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

In the process of applying the accounting policies adopted by the Company, the directors make certain judgements and estimates that may affect the carrying amounts of assets and liabilities in the next financial period. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. The directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The key areas of judgment in applying the entity's accounting policies are dealt with below:

a) *Valuation of insurance contract liabilities*

Critical assumptions are made by the actuary in determining the present value of actuarial liabilities. The liability for life insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Company bases mortality and morbidity on standard industry and South Sudan's mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk to longevity, prudent allowance is made for expected future mortality improvements, but epidemics, as well as wide-ranging changes to lifestyle, could result in significant changes to the expected future mortality exposure. This has been applied in notes 24 and 25.

b) *Impairment of financial assets*

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For other receivables and fixed deposits, the Company applies a simplified approach in calculating ECLs.
Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

c) *Revaluation of property and investment property*

The Company carries certain classes of property and equipment and investment property at fair value, with changes in fair value being recognised in the other comprehensive income and profit or loss for property and equipment and investment property, respectively. Land and building were valued on the basis of open market value by independent valuers, Kenval Realtors Limited applying a valuation model recommended by the International Valuation Standards Committee. Kenval Realtors Limited is a Member of the institute of surveyors of Kenya
This has been applied in notes 12 and 13.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES (continued)

d) *Fair value measurement*

Where the fair values of assets and liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flow models and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity risk, credit risk, and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk free interest rates and credit risk. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to note 33 for further discussion.

e) *Impairment Insurance receivables*

Critical estimates are made by the directors in determining the recoverable amount of insurance receivables. The Company reviews its individually significant balances at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Company makes judgements about the debtor's financial situation. The estimate to provide all debts over 120 days is based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. Refer to 16(a) for more details.

f) Claims incurred but not reported (IBNR)

The majority of the IBNR provision is calculated as a percentage of the premiums earned. This percentage is the best estimate, which represents the expected value of the unreported claims liabilities. Different percentages are applicable for different classes of business and their appropriateness is assessed against the Company's past claims experience and industry norms.
The assumption which has the greatest effect on the measurement of insurance contract provisions is the percentage applied to earned premium to determine the IBNR provision. The larger the IBNR percentages applied the longer the expected period between the date of loss and the claims reporting date and/or the estimated claims. The IBNR provision relates to these events.

3 (a) GROSS EARNED PREMIUMS

	2019 USD	2018 USD
Non - Life insurance	7,962,339	4,913,135
Life Insurance	345,917	142,158
Less: unearned premium (note 26)	(1,303,361)	(954,894)
	7,004,895	4,100,399

(b) REINSURANCE PREMIUMS CEDED

	2019 USD	2018 USD
Non-life	633,278	192,554
Life	16,670	127,942
Reinsurer share of unearned premium (note 26)	(6,027)	(4,367)
	643,921	316,129

4. COMMISSIONS EARNED

	2019 USD	2018 USD
Non-life	12,001	22,711
Life	-	12,794
	12,001	35,505

5. INVESTMENT INCOME

	2019 USD	2018 USD
(a) Interest revenue calculated using the effective interest method		
Interest on staff loans	7,231	7,922
Interest on fixed deposit	-	22,237
	7,231	30,159
(b) Other investment income		
Fair value gain on collective investment scheme	221,012	149,337
Rental income	46,800	
Other income	4,296	2,084
	272,108	151,421
Analysed as follows:		
Income from financial assets at fair value through profit or loss	221,012	149,337
Income from debt at amortised cost	7,231	30,159
Rental income	46,800	-
Other income	4,296	2,084
	279,339	181,580

6. OTHER GAINS

	2019 USD	2018 USD
Fair value gain on investment property (note 13)	76,948	144,000

7. FOREIGN EXCHANGE GAIN

	2019 USD	2018 USD
Foreign exchange gain on other items*	632,984	239,672
Foreign exchange gain on investment in collective investment scheme(note 14)	27,663	157,432
Foreign exchange on staff loans (note 18)	-	29,761
	660,647	426,865

* Foreign exchange gain on other items includes the foreign exchange differences on cash held in foreign currency, receivables from insurance and reinsurance arrangements, payments of expatriates' salaries and other transactions which are denominated in foreign currencies.

8. CLAIMS AND POLICYHOLDERS' BENEFITS EXPENSE

	2019 USD	2018 USD
Gross benefits and claims paid (note 24)	4,970,752	2,638,508
Claims ceded to reinsurers	(824,242)	(399,149)
Gross change in insurance contract liabilities(General)	105,821	64,184
Actuarial adjustment of policy holders' benefits (note 25)	147,243	(7,049)
Total claims and policy holders benefits expense	4,399,574	2,296,494

9. COMMISSIONS EXPENSE

	2019 USD	2018 USD
Brokerage Commissions	1,253,784	701,683

10. OPERATING AND OTHER EXPENSES

	2019 USD	2018 USD
Staff costs (note (10(a))	530,991	310,717
Auditors' remuneration	22,000	19,800
Directors' fees	19,964	12,679
Depreciation on property and equipment (note 12)	165,248	155,086
Amortisation of intangible assets	-	1,555
Staff welfare	179,541	133,248
Utilities	81,754	45,742
Repairs	15,375	-
Printing and stationery	12,994	14,531
Business advertising and promotion	20,990	11,542
Professional fees	4,102	10,618
Provision for doubtful insurance receivables (note 16(a))	56,950	11,803
Provision for doubtful reinsurance receivables (note 16(b)	40,242	-
Bank charges	93,811	30,753
Insurance	25,627	150,543
Internet service fee	35,390	24,737
Subsistence, travel and accommodation	134,957	136,369
Pension capitalisation	9,511	-
Other costs	59,255	49,295
	1,508,702	1,119,018

(a) STAFF COSTS

Staff costs include the following:

	2019 USD	2018 USD
- Salaries	461,496	280,281
- Pension costs	60,105	28,125
- leave pay	9,390	2,311
	530,991	310,717

(b) Allowance for expected credit losses

	2019 USD	2018 USD
-Loans and receivables	-	4
-Other receivables(note 20)	964	-
-Deposits with financial institutions(note 15)	8,805	-
	9,769	4

11. INCOME TAX

According to section 64 of the South Sudan Taxation Act 2009, the Company is exempt from income tax and hence no provision for income tax has been made in these financial statements.

12. PROPERTY AND EQUIPMENT

2019	Land and Building USD	Motor Vehicles USD	Furniture fittings & Equipment USD	Computers USD	Total USD
COST/VALUATION					
At 1 January 2019	1,300,000	109,625	329,758	30,418	1,769,801
Additions	12,835	-	56,038	626	69,499
Revaluation gain	255,165	-	-	-	255,165
Elimination of depreciation	(100,000)	-	-	-	(100,000)
At 31 December 2019	1,468,000	109,625	385,796	31,044	1,994,465
ACCUMULATED DEPRECIATION					
At 1 January 2019	-	95,976	192,242	19,025	307,243
Charge for the year	100,000	13,649	45,515	6,084	165,248
Elimination of depreciation	(100,000)	-	-	-	(100,000)
At 31 December 2019	-	109,625	237,757	25,109	372,491
CARRYING AMOUNT					
At 31 December 2019	1,468,000	-	148,039	5,935	1,621,974

*At the end of the year, land and building were revalued, resulting in a revaluation gain of USD 255,165 There are no property and equipment pledged as security for liabilities. There are no contractual commitments for the acquisition of property and equipment.

2018	Land and Building USD	Motor Vehicles USD	Furniture fittings & Equipment USD	Computers USD	Total USD
COST/VALUATION					
At 1 January 2018	1,204,000	109,625	320,240	21,616	1,655,481
Additions	-	-	9,518	8,802	18,320
Revaluation gain	188,615				188,615
Elimination of depreciation	(92,615)	-	-	-	(92,615)
At 31 December 2018	1,300,000	109,625	329,758	30,418	1,769,801
ACCUMULATED DEPRECIATION					
At 1 January 2018	-	82,326	150,978	11,468	244,772
Charge for the year	92,615	13,650	41,264	7,557	155,086
Elimination of depreciation	(92,615)	-	-	-	(92,615)
At 31 December 2018	-	95,976	192,242	19,025	307,243
CARRYING AMOUNT					
At 31 December 2018	1,300,000	13,649	137,516	11,393	1,462,558

*At the end of the year, land and building were revalued, resulting in a revaluation gain of USD 188,615. There are no property and equipment pledged as security for liabilities. There are no contractual commitments for the acquisition of property and equipment.

12. PROPERTY AND EQUIPMENT (continued)

If the land and building were measured using the cost model, the carrying amount would be as follows:

	2019 USD	2018 USD
Cost	119,507	119,507
Accumulated depreciation	(39,835)	(29,877)
Carrying amount	79,672	89,630

The property was revalued on 31 December 2019 by Kenval Realtors Ltd. Refer to note 13 for detailed disclosures.

13. INVESTMENT PROPERTY

CIC Plaza was revalued on 31 December 2019 by registered valuers, Kenval Realtors Ltd, on the basis of open market value. Kenval Realtors Ltd are industry specialists in valuing these types of investment properties.

The total cost of the land and building, which was acquired under finance lease, is US Dollar 2.2 million which includes purchase price of US Dollar 1.8 million and minimum lease rentals of US Dollar 2,000 per month for the next 14 years.

The land and building were valued at US Dollar 3.25 million which has been split between investment property and land and building under property and equipment in the ratio of 60:40 respectively. The investment property has not yet been leased out.

	2019 USD	2018 USD
At 1 January	1,950,000	1,806,000
Additions	25,052	-
Fair value gain	76,948	144,000
At 31 December	2,052,000	1,950,000

There are no contractual commitments in respect of the investment properties as at 31 December 2019.

14. INVESTMENT IN COLLECTIVE INVESTMENT SCHEME AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 USD	2018 USD
At 1 January	1,477,128	1,581,895
Additions	2,684,468	-
Withdrawals	(918,705)	(411,536)
Fair value gains	221,012	149,337
Foreign exchange gains	27,663	157,432
At 31 December	3,491,566	1,477,128

This relates to investment in CIC Unit Trust - Money Market Fund which is a collective Investment Scheme regulated by the Kenyan Capital Markets Authority. The closing balance of the fund as at 31 December 2019 was KShs 353,835,310 converted at the closing exchange rate of KShs 101.34 to the USD.

15. RESTRICTED DEPOSIT WITH FINANCIAL INSTITUTION

	2019 USD	2018 USD
At January	78,529	-
Additions	1,560,242	78,529
Allowable for expected credit losses	(8,805)	-
	1,629,966	78,529

Deposits with KCB Bank Kenya Limited amounted to USD 194,057 which relate to staff loan collateral held at the bank and which are not available for use in the company's day to day operations.The carrying amounts disclosed above reasonably approximate fair value at the reporting date. An analysis of changes in the gross carrying amount and corresponding ECL allowances in deposits with financial institutions have been disclosed in note 32(iii).

16. DIRECT INSURANCE AND REINSURERS RECEIVABLES

(a) Receivables arising out of direct insurance arrangements

Receivables arising out of direct insurance arrangements relate to premiums earned as a result of risks underwritten but whose amounts had not been received at the end of the year.

	2019 USD	2018 USD
At January	726,223	159,799
Gross premium	8,312,288	5,055,293
Provision for doubtful debts	(177,102)	(120,152)
Payment received	(7,377,803)	(4,368,717)
At 31 December	1,483,606	726,223
Movement of provisions		
At 1 January	(120,152)	(108,349)
Increase in provisions	(56,950)	(11,803)
At 31 December	(177,102)	(120,152)

b) Receivables arising out of reinsurance arrangements

Receivables arising out of reinsurance arrangements relate to reinsurers portion of claims incurred which had not been recovered from reinsurers as at the reporting date.

	2019 USD	2018 USD
At 1 January	532,694	132,715
Claim recoveries for the year	510,371	399,979
Provision for doubtful debts	(40,242)	-
At 31 December	1,002,823	532,694

17. REINSURANCE SHARE OF LIABILITIES

Reinsurance share of liabilities represents the reinsurer's portion of the premium written in years up to the reporting date, which relates to the unexpired terms of policies in force at the end of each reporting period. Movements in the reinsurance share of liabilities are shown in note 26.

	2019 USD	2018 USD
At 1 January	10,059	5,692
Change in the reinsurance share of liabilities non-life (note 26).	(4,032)	4,367
At 31 December	6,027	10,059

18. FINANCIAL ASSETS AT AMORTISED COST - LOANS & RECEIVABLES

	2019 USD	2018 USD
At 1 January	134,945	225,607
Loan repayment	(128,565)	(120,423)
Foreign exchange gain	-	29,761
At 31 December	6,380	134,945
Maturity profile of staff loans		
Within 1 year	6,380	1,812
Within 5 years	-	10,099
After 5 years	-	123,034
	6,380	134,945

An analysis of changes in the gross carrying amount and corresponding ECL allowances in deposits with financial institutions have been disclosed in note 32(iii).

The loans refer to amounts given to staff and have collateral held on them. On staff resignation, the credit quality of each loan is assessed whether it is acceptable within the parameters used to measure and monitor credit risk.

19. DEFERRED ACQUISITION COSTS

	2019 USD	2018 USD
At January	224,911	24,194
New acquisition cost	420,906	208,211
Amortisation charge	(178,144)	(7,494)
	467,673	224,911

Deferred acquisition costs relate to insurance contracts determined as explained in note 1(h).

20. OTHER RECEIVABLES

	2019 USD	2018 USD
At 1 January	55,000	55,000
Additions	258,570	
Allowable for expected credit losses	(964)	-
At 31 December	312,606	55,000

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

An analysis of changes in the gross carrying amount and corresponding ECL allowances in deposits with financial institutions has been disclosed in note 32(iii).

21. SHARE CAPITAL

(a) Authorised share capital

One million (1,000,000) ordinary shares with a par value of USD 5 each at the time of incorporation of the Company).

The shareholding structure as at 31 December 2019 was as follows:

Name	No. of shares	%
CIC Insurance Group PLC	690,000	69%
Co-operative Bank of South Sudan Limited	310,000	31%
	1,000,000	100%

21. SHARE CAPITAL (continued)

(b) Issued and fully paid share capital

	2019 USD	2018 USD
CIC Insurance Group PLC	902,974	902,974
Co-operative Bank of South Sudan Limited	405,683	405,683
	1,308,657	1,308,657

(c) Reconciliation of issued and fully paid shares

At 1 January	1,000,000	1,000,000
Isued during the year	-	-
At 31 December	1,000,000	1,000,000

22. (a) RETAINED EARNINGS

The retained earnings balance represents the amount available for distribution as dividend to the shareholders of the Company.

(b) REVALUATION RESERVE

The revaluation reserve represents the surpluses on the revaluation of CIC Plaza and is not distributable as dividends.

23. LIABILITIES ARISING OUT OF REINSURANCE ARRANGEMENTS

Payables arising out of reinsurance arrangements relate to the Company's portion of claims incurred by reinsurer which had not been paid by the Company as at year-end.

	2019 USD	2018 USD
At 1 January	25,130	85,268
Increase/decrease in reinsurance payables	20,157	(60,138)
At 31 December	45,287	25,130

24. INSURANCE CONTRACTS LIABILITIES

Claims reported and claims handling expenses:		
At 1 January	295,658	103,825
Incurred but not reported	273,829	168,008
Claims incurred in the year	5,007,819	2,662,333
Payments for claims and claims handling expenses	(4,970,752)	(2,638,508)
At 31 December	606,554	295,658

25. ACTUARIAL VALUE OF POLICYHOLDERS' BENEFITS

The actuarial valuation was carried out by CIC Insurance Group resident actuary, as at 31 December and estimated an actuarial value of policyholders' liabilities of USD 160,968 (2018: USD 13,725)

	2019 USD	2018 USD
At 1 January	13,725	20,774
Change in actuarial adjustments (note 8)	147,243	(7,049)
At 31 December	160,968	13,725

26. PROVISIONS FOR UNEARNED PREMIUM AND UNEXPIRED RISKS

The unearned premiums reserve represents the portion of the premiums written in years up to the reporting date, which relates to the unexpired terms of policies in force at the end of each reporting period. The movement in the reserve is shown below:

2019	Gross USD	Reinsurance USD	Net USD
At 1 January	1,254,062	(10,059)	1,244,003
Movement in the year			
Gross written premiums	7,962,339	633,278	8,595,617
Gross unearned premiums	(6,658,978)	(629,246)	(7,288,224)
Change in the year (net)	1,303,361	4,032	1,307,393
At 31 December	2,557,423	(6,027)	2,551,396
2018			
At 1 January	299,168	(5,692)	293,476
Movement in the year			
Gross written premiums	4,913,135	(192,554)	4,720,581
Gross unearned premiums	(3,958,241)	188,187	(3,770,054)
Change in the year (net)	954,894	(4,367)	950,527
At 31 December	1,254,062	(10,059)	1,244,003

27 RELATED PARTY BALANCES AND TRANSACTIONS

The Company is a subsidiary of CIC Insurance Group PLC, incorporated in Kenya, which owns 69% of the shares of the Company, while Co-operative Bank of South Sudan owns 31% of the shares of the Company. The other related parties include staff members of the Company, whose transactions have been disclosed in notes 5 and 18 for the details of interest and staff loans, respectively, and investments in a collective investments scheme, which is a fund managed by CIC Asset Management, a wholly owned subsidiary of CIC Insurance Group PLC. The transactions with the investment scheme during the year and balance at year-end have been disclosed in note 14.

The amounts due to related parties are non-interest bearing and the balances are not secured. There were no commitments made between the company and any related party.
These amounts arise from payments for expenses made by the parent Company on behalf of the subsidiary during its formative stages.

27. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The following are balances and transactions with related parties as at 31 December 2019 and during the year then ended.

	2019 USD	2018 USD
Related party balances		
Due to:		
CIC Insurance Group PLC	123,361	186,818
Receipts from related parties:		
CIC Insurance Group PLC	94,174	221,206
Payments to related parties		
CIC Insurance Group PLC	217,535	34,388

The remuneration of directors and other members of key management during the year were as follows:

	2019 USD	2018 USD
Directors' fees	19,964	12,679
Key management personnel compensation		
Salaries	241,634	221,294
Hardship allowance	34,549	33,712
Leave allowance	11,157	2,311
Car allowance	978	4,593
Pension contribution	31,579	28,108
NSSF	-	17
	319,897	290,035

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

28. OTHER PAYABLES

	2019 USD	2018 USD
Sundry creditors*	476,810	252,234
Gratuity	26,898	13,365
Surtax and excise tax	114,161	3,374
Accrual for expenses	198,636	27,761
Stamp duty	150,391	2,410
Training levy	50,197	742
	1,017,093	299,886

*Sundry creditors relates to accrued staff benefits, audit fees, amounts due to related party as well accrued expenses due to various service providers.
The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

29. FINANCE LEASE COMMITMENTS

The Company entered into finance lease agreement for investment property in July 2015. The lease is for 15 years with an option of renewal upon expiry of the lease. The lease agreement does not provide for escalation clauses for the lease rentals. The lease arrangement does not have contingent rent provision. The future minimum lease payments under the finance lease are as follows:

(a) Company as lessee

	2019 USD Minimum lease payments*	2018 USD Minimum lease payments*
Not later than one year	24,000	24,000
Later than 1 year but not later than 5 years	120,000	120,000
Later than 5 years	144,000	168,000
Total minimum lease payments	288,000	312,000

* The present values of the minimum lease payments have not been determined since it is not practicable to determine the interest rate implicit in the lease and the incremental borrowing rate is not available due to the nature of the market in which the Company operates.

(b) Movements in finance lease balances

	2019 USD	2018 USD
At January	312,000	336,000
Repayment	(24,000)	(24,000)
At 31 December	288,000	312,000

c) Changes in liabilities arising from financing activities

USD	1 January 2019	Cash flows	31 December 2019
Non-Current interest-bearing finance lease	312,000	(24,000)	288,000
USD	1 January 2018	Cash flows	31 December 2018
Non-Current interest-bearing finance lease	336,000	(24,000)	312,000

30. PENSION ADMINISTRATION FUND

	2019 USD
Pension contribution	1,753,443
Investment income	30,556
	1,783,999
Policy holders (net)	(15,765)
Administrative expenses	-
Total outflow	(15,765)
Net movement for the year	1,768,234
Balance as at the beginning of the year	-
Net fund value	1,768,234

31. NOTES TO THE STATEMENT OF CASH FLOWS

	Notes	2019 USD	2018 USD
(a) Reconciliation of profit before tax to cash generated from operations:			
Profit before tax for the year		218,080	455,029
Adjustments for:			
Allowance for expected credit losses	10(b)	9,769	(4)
Depreciation on property and equipment	12	165,248	155,086
Amortisation of intangible assets		-	1,555
Fair value gain on valuation of investment property	13	(76,948)	(144,000)
Foreign exchange gain on staff loans	18	-	(29,761)
Foreign exchange gain on investments	14	(27,663)	(157,432)
Fair value gain on investments in collective scheme	14	(221,012)	(149,337)
Investment income	5(a)	(7,231)	(30,159)
Amortisation of deferred acquisition costs	19	178,144	7,494
Provision for unearned premium reserve and unexpired risk	3(a)	1,303,361	954,893
Provision for bad and doubtful insurance receivables	16(a)	56,950	11,803
Provision for doubtful reinsurance receivables	16(b)	40,242	-
Actuarial and policy holders benefit expense	25	147,243	(7,049)
Working capital changes;			
Increase in receivables arising out of direct insurance arrangements		(814,333)	(578,227)
Decrease/(increase) in reinsurance share of liabilities		4,032	(4,367)
Increase in receivables from reinsurance arrangements		(510,371)	(399,979)
Increase in deferred acquisition costs		(420,906)	(208,211)
Increase in other receivable		(258,570)	(55,000)
Decrease in other payables		717,207	215,088
Increase in insurance contract liabilities		310,896	191,833
Decrease/(increase) in amounts due to reinsurers		20,157	(60,138)
Increase in related party balances		(63,457)	70,644
Increase in pension admin funds		1,768,234	-
Net cash generated used in operations		2,539,072	239,761
(b) Cash and cash equivalents			
Cash and bank balances*		227,837	997,525

*There are no restrictions on the cash and bank balances held and all the balances are available for use in the Company's day to day operations.

32. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks, including insurance risk, financial risk, credit risk, foreign currency and exchange rates. The Company's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers.

The disclosures below summarise the way the Company manages key risks:

Insurance risk

The risk under any one insurance contract arises from the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and number of claims and benefits will vary from year to year from the level established using statistical techniques.

Insurance risk in the Company arises from:

(a) Fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations;
(b) Unexpected claims arising from a single source;
(c) Inaccurate pricing of risks or inappropriate underwriting of risks when underwritten;
(d) Inadequate reinsurance protection or other risk transfer techniques; and,
(e) Inadequate reserves

(a), (b) and (c) can be classified as the core insurance risk, (d) relates to reinsurance planning, while (e) is about reserving.

Core insurance risk

This risk is managed through:

- Diversification across a large portfolio of insurance contracts;
- Careful selection guided by a conservative underwriting philosophy;
- Continuous monitoring of the business performance per class and per client and corrective action taken as deemed appropriate;
- A minimum of one review of each policy at renewal to determine whether the risk remains within the acceptable criteria;
- Having a business acceptance criterion which is reviewed from time to time based on the experience and other developments; and,
- Having a mechanism of identifying, quantifying and accumulating exposures to contain them within the set underwriting limits.

Reinsurance planning

Reinsurance purchases are reviewed periodically to verify that the levels of protection being sought reflect developments in exposure and risk appetite of the Company. The basis of these purchases is underpinned by the Company's experience, financial modelling by and exposure of the reinsurance broker.

The reinsurance is placed with providers who meet the Company's counter party security requirements.

32. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Life Insurance contracts

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location, lack of sound reinsurance program and type of industry covered.

The main risks that the Company is exposed to are as follows:

- Mortality risk - risk of loss arising due to policyholder death experience being different than expected.
- Morbidity risk - risk of loss arising due to policyholder health experience being different than expected.
- Investment return risk - risk of loss arising from actual returns being different than expected.

Sensitivities

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

	31-Dec-19		31-Dec-18	
	USD	% change	USD	% change
Main basis	159,122	-	12,353	-
Expenses plus 10%	160,904	1.12%	12,446	0.76%
Mortality and other claims				
Mortality plus 10%	159,187	0.04%	12,371	0.15%
Interest rate less 20%	159,122	0.00%	13,050	5.65%
Withdrawals plus 25%	159,122	0.00%	12,360	0.06%

32. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued

Non-life insurance contracts

The Company underwriting strategy seeks diversity to ensure a balanced portfolio of insurance risks. The strategy also aims to establish a sufficiently large portfolio of risks to reduce the variability of the outcome. To this end, the Company underwrites a wide variety of risks spread across personal and commercial policyholders, which includes the underwriting of risks in niche markets with favorable claims experience.

Using sum insured as an indicator the table below illustrates the Company's distribution of risks underwritten:

	2019	2018
Fire	1%	2%
MARINE	1%	0%
MOTOR	3%	8%
Group Personal Accident	1%	1%
THEFT	4%	5%
MEDICAL	89%	82%
Others	1%	2%

Sensitivities

The non-life insurance claim liabilities are sensitive to the key assumptions in the table below. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.
It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

31/12/2019	Change in assumptions	Increase/(decrease) on profit before tax
	USD	USD
Outstanding claims	+10/-10	19,681
Incurred but not reported	+10/-10	27,833
31/12/2018		
Outstanding claims	+10/-10	12,765
Incurred but not reported	+10/-10	16,801

Claims reserving

The Company's reserving policy is guided by the prudence concept. Estimates are made of the estimated cost of settling a claim based on the best available information on registration of a claim, and this is updated as and when additional information is obtained, and periodic reviews done to ensure that the reserves are adequate. Management is regularly provided with claims settlement reports to inform on the reserving performance.

32. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial risk

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk (currency risk, interest rate risk), credit risk and liquidity risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

(i) Currency risk

Foreign currency exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Company primarily transacts in USD, but a portion of the Company's assets and liabilities are denominated in other currencies. The net impact on the Company's operating results and retained earnings due to changes in foreign exchange rates was significant due to depreciation of the South Sudanese Pound against the US Dollar, which depreciated from SSP 155.33 to the US Dollar as at 31 December 2018 to SSP 160.43 to the US Dollar as at 31 December 2019.

The following table demonstrates the sensitivity to a reasonably possible change in South Sudanese pound (SSP) exchange rates with all other variables held constant. The Company's exposure to foreign currency exposures for all other currencies is immaterial.

	Change in SSP rate	Effect on Pre-tax profit and equity
2019		USD
	+20%	55,312
	-20%	(55,312)
2018		
	+20%	48,899
	-20%	(48,899)

The movement in the pre-tax profit and equity is a result of changes in fair values of monetary assets and liabilities denominated in US dollar.

(ii) Interest rate risk

Interest rate risk arises primarily from investments in money market fund. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

The Company's management monitors the sensitivity of reported interest rate movements on a monthly basis by assessing the expected changes in the different portfolios due to a parallel movement of 5% in all yield curves of financial assets and financial liabilities. These particular exposures illustrate the Company's overall exposure to interest rate sensitivities included in the Company's Asset and Liability Management (ALM) framework and its impact in the Company's profit or loss.

An increase/decrease of 5% in interest yields would cause the profit for the year and equity to increase/decrease by USD. 7,466 (2016: USD 7,496)

(iii) Credit risk

The Company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

Maximum exposure to credit risk is represented by the carrying amounts of receivables in the Statement of Financial Position.

32. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk (continued)

The Company's internal rating process

The Company's investment team prepares internal ratings for financial instruments that is Loan and Receivables, Deposits with financial institutions, and Cash and bank balances in which counterparties are rated using internal grades. The ratings are determined incorporating both qualitative and quantitative information from Standards and Poors (S&P), ratings supplemented with information specific to the counterparty and other external information that could affect the counterparty's behavior. These information sources are first used to determine whether an instrument has had a significant increase in credit risk.

The Company's internal credit rating grades is as follows:

Internal rating grade	Internal rating description	Standard and Poors (S&P) rating
0	High grade	AAA
1	High grade	A-
2	Standard grade	BBB+
3	Sub-standard grade	BB+
4	Past due but not impaired	CCC+
5	Individually impaired	D

Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or portfolio of instruments is subject to 12mECL or LTECL that is (Loans ,Deposits with financial institutions, Other receivables and Cash and bank balances), the Company assesses whether there has been a significant increase in credit risk since initial recognition.

The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Company also considers a variety of instances that may indicate unlikeness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty filing for bankruptcy application
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts of financial difficulties.

The Company considers a financial instrument defaulted and, therefore, credit impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognizes a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Company's policy to consider the financial instrument as "cured" and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

32. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk (continued)

Credit risk exposure by credit rating

The table below provides information regarding the credit risk exposure of the company by classifying assets according to the Company's credit ratings of counter parties.

2019

	High grade USD	Standard grade USD	Past due but not impaired USD	Individually impaired USD	Total USD
Financial Assets at amortised cost-Loan and Receivables	6,380	-	-	-	6,380
Deposits with financial institutions	1,629,966	-	-	-	1,629,966
Other receivables	312,606				312,606
Cash and bank balances	227,837	-	-	-	227,837
Total financial assets at amortized cost	2,176,789	-	-	-	2,176,789

2018

	High grade USD	Standard grade USD	Past due but not impaired USD	Individually impaired USD	Total USD
Financial Assets at amortised cost-Loan and Receivables	134,945	-	-	-	134,945
Deposits with financial institutions	78,529	-	-	-	78,529
Other receivables	55,000				55,000
Cash and bank balances	997,525	-	-	-	997,525
Total financial assets at amortised cost	1,265,999	-	-	-	1,265,999

32. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk (continued)

An analysis of changes in the gross carrying amount and corresponding ECLs is, as follows:
2019

	Stage 1	Stage 2	Stage 3	Total
	USD	USD	USD	USD
Gross carrying amount as at 1 January	1,265,999	-	-	1,265,999
New assets purchased	1,809,043	-	-	1,809,043
Assets matured	(898,253)	-	-	(898,253)
Movement between 12mECLand LTECL	-	-	-	-
At 31 December	2,176,789	-	-	2,176,789

USD	Stage 1	Stage 2	Stage 3	Total
ECL as at 1 January	-	-	-	-
New assets	-	-	-	-
Assets matured	-	-	-	-
Unwind of discount	-	-	-	-
Movement between 12m ECL and LTECL	-	-	-	-
	-	-	-	-

Aging analysis of financial assets past due but not impaired.

31 December 2019	< 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total past-due but not impaired
	USD	USD	USD	USD	USD
Receivables arising out of reinsurance arrangements	290,582	248,509	167,216	296,516	1,002,823
Receivables arising out of direct insurance arrangements	429,896	367,651	247,385	438,674	1,483,606
Total	720,478	616,160	414,601	735,190	2,486,429

32. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk (continued)

31 December 2018	< 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total past-due but not impaired
Receivables arising out of reinsurance arrangements	291,403	85,789	82,415	73,087	532,694
Receivables arising out of direct insurance arrangements	397,271	116,956	112,356	99,640	726,223
	688,674	202,745	194,771	172,727	1,258,917

For assets to be classified as"past-due and impaired" contractual payments must be in arrears for more than 120 days. No collateral is held as security for the financial assets held.

The exposure to individual counterparties is also managed through other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company.

The customers under the fully performing category are paying their debts as they continue trading. The default rate is low.
Management makes regular reviews to assess the degree of compliance with the Company's procedures on credit. Exposures to individual policyholders and group of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous group of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the management.

(iv) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of the Company is the obligation to pay claims to policyholders as they fall due. The projected settlement of these liabilities is modelled, on a regular basis, using actuarial techniques. The board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of borrowing facilities that should be in place to cover anticipated liabilities and unexpected levels of demand.

32. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (continued)

The table below provides a contractual maturity analysis of the Company's financial assets and liabilities:

31 Dec 2019	6 months or on demand USD	Between 6 months and 1 year USD	More than 1 year USD	Total USD
Financial Assets				
Staff Loans	6,380		-	6,380
Restricted deposits with financial institution	-	-	1,629,966	1,629,966
Investment in collective investment scheme	3,491,566	-	-	3,491,566
Other receivables	312,606		-	312,606
Receivables arising out of direct insurance arrangements	1,483,606	-	-	1,483,606
Receivables arising out of reinsurance arrangements	1,002,823	-	-	1,002,823
Cash and bank balances	227,837	-	-	227,837
	6,524,818	-	1,629,966	8,154,784
Financial Liabilities				
Due to related parties	123,361	-	-	123,361
Finance lease obligation	12,000	12,000	264,000	288,000
Payables arising from reinsurance arrangements	45,287	-	-	45,287
Other payables*	476,810	-	-	476,810
	657,458	12,000	264,000	933,458
Net Liquidity gap	5,867,360	(12,000)	1,365,966	7,221,326

*Other payables excludes statutory levies and payroll provisions.

32. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (continued)

The table below provides a contractual maturity analysis of the Company's financial assets and liabilities:

31 Dec 2018	USD	USD	USD	USD
Financial Assets				
Staff Loans	1,876		321,121	322,997
Restricted deposits with financial institution	-	-	78,529	78,529
Investment in collective investment scheme	1,477,128	-	-	1,477,128
Other receivables	55,000	-	-	55,000
Receivables arising out of direct insurance arrangements	726,223	-	-	726,223
Receivables arising out of reinsurance arrangements	532,694	-	-	532,694
Cash and bank balances	997,525	-	-	997,525
	3,790,446	-	399,650	4,190,096
Financial Liabilities				
Due to related parties	186,818	-	-	186,818
Finance lease obligation	12,000	12,000	288,000	312,000
Payables arising from reinsurance arrangements	25,130	-	-	25,130
Other payables*	265,599	-	-	265,599
	489,547	12,000	288,000	789,547
Net Liquidity gap	3,300,899	(12,000)	111,650	3,400,549

*Other payables excludes statutory levies and payroll provisions.

32. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(v) Capital management

For the Company's capital management, capital includes share capital and all other equity reserves attributable to shareholders of the Company.

The Company's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support new business growth;
- to satisfy the requirements of its policyholders;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- to allocate capital efficiently to support growth;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Company seeks to optimise the structure and sources of capital to ensure it consistently maximizes returns to the shareholders and policyholders. However, in order to maintain or adjust the capital structure, the Company may limit the amount of dividends paid to shareholders.

The Company met the minimum regulatory capital requirement as detailed below:

	2019 USD	2018 USD
Regulatory capital requirements	112,032	112,032
Capital held at 31 December:		
Share capital	1,308,657	1,308,657
Retained earnings	3,434,606	3,216,526
Revaluation reserve	992,275	737,110
	5,735,538	5,262,293

No changes were made in the objectives, policies and processes for managing capital during the year ended 31 December 2019.

33. FAIR VALUE MEASUREMENT

IFRS 13 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 Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

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

33. FAIR VALUE MEASUREMENT (continued)

The following table shows an analysis of financial and non-financial assets recorded at fair value by level of the fair value hierarchy.

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD	Carrying amount USD
31 Dec 2019					
Staff Loans	-	5,918	-	5,918	6,380
Investments in collective investment scheme at fair value through profit or loss	-	3,491,566	-	3,491,566	3,491,566
Owner occupied property and equipment	-	-	1,468,000	1,468,000	1,468,000
Investment property	-	-	2,052,000	2,052,000	2,052,000
	-	3,497,484	3,520,000	7,017,484	7,017,946

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD	Carrying amount USD
31 Dec 2018					
Staff Loans	-	55,331	-	55,331	134,945
Investments in collective investment scheme at fair value through profit or loss	-	1,477,128	-	1,477,128	1,477,128
Owner occupied property and equipment	-	-	1,300,000	1,300,000	1,300,000
Investment property	-	-	1,950,000	1,950,000	1,950,000
	-	1,532,459	3,250,000	4,782,459	4,862,073

Description of valuation techniques used, and key inputs used in valuation of financial and non-financial assets.

Significant increases (decreases) in price of similar properties in the market would result into significant higher (lower) fair value of the investment property.

	Level	Valuation technique	Significant observable/unobservable Inputs	Average per year
Investment property and owner-occupied property	3	Comparative Method of Valuation & Depreciated Replacement Cost Method	Price of similar properties in the market.	
Staff Loans	2	Discounted Cash Flow Method	Market interest rate	13%
Investment in collective investment scheme	2	Net Asset Value	Current unit price of underlying unitised assets	

34. EVENTS AFTER REPORTING PERIOD

Apart from COVID-19 impact as discussed below, there are no other material events or circumstances that have arisen between the reporting date and date of this report that would require adjustment to, or disclosure in, these financial statements.

South Sudan confirmed its first case of COVID-19 on 04/04/2020.The government had earlier on instigated relevant public health measures aimed at curtailing the spread of the diseases. Such measures include; suspension of all international flights to and from South Sudan as from 23/03/2020, 6:00 AM-8:00PM curfew, closure of all locations that have huge population gatherings, encouraging companies to allow their staff to work from home among other measures.

With the suspension of international flights to and from South Sudan, management anticipate a reduction in overseas medical referrals to Egypt, Sudan, Kenya, Uganda and India. This will bring down the medical related costs such as air tickets, visa fees and accommodation costs. We anticipate a rise in medical claims in South Sudan as people will be forced to seek treatment in South Sudan .However, the cost of treatment in South Sudan is far much cheaper than overseas treatment.

Management also expects an increase in Employee group life claims should the pandemic lead to loss of life of the insured. In addition, owing to minimal movements, we anticipate some Non-Governmental Organisations (NGO's) to ground their vehicles hence some motor policies will change from comprehensive to third party, fire and burglary.
The International Monetary Fund (IMF) has designated money to help in fighting this disease. South Sudan has a huge presence of NGO's hence management anticipate an increase in funding which will lead to increase in premiums for some classes such as Employee Group Life, Group personal accident and Health Insurance.

As the country is still in the early stages of the outbreak, an estimate of the expected financial effect cannot be reliably measured.

35. INCORPORATION

The Company is incorporated in South Sudan under the Companies Act, 2012 of South Sudan and is domiciled in South Sudan.

36. CURRENCY

The financial statements are presented in United States Dollar.