CIC AFRICA INSURANCE (SS) LIMITED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

CIC AFRICA INSURANCE (SS) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS

CIC AFRICA INSURANCE (SS) LIMITED
CORPORATE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS

Michael Tongum	- Chairman
Andrew Murunga	-Managing Director
Patrick Nyaga	-Appointed 22nd July 2020
Rosemary Githaiga	
Eng.William Wol	
James Njue	
Gail Odongo	

REGISTERED OFFICE

CIC Plaza
South Kololo Airport Road
Juba, South Sudan

SENIOR MANAGEMENT

Patrick Nyaga	– Group Chief Executive Office
Andrew Murunga	– Managing Director
Muyesu Luvai	– Ag. Group Chief Finance Officer
Gail Odongo	– Group Company Secretary/Chief Legal Officer
Pamela Oyugi	– Group Human Resources Manager

AUDITOR

PricewaterhouseCoopers LLP
Certified Public Accountants (Kenya)
PWC Tower,Waiyaki way ,Chiromo Road
P.O Box 43969-00100
Nairobi, Kenya

PRINCIPAL BANKER

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 2020

The directors have pleasure in presenting their report together with the audited financial statements of CIC Africa Insurance (SS) Limited (the "company") for the year ended 31 December 2020 which dislose the state of affairs of the Company.

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

	Inflation adjusted		Historical Cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000
(Loss)/profit for the year	(363,449)	(312,271)	(18,925)	84,476

5. DIVIDENDS

The directors do not recommend payment of a dividend (2019: Nil).

6. AUDITOR

PricewaterhouseCoopers LLP were appointed during the year and having expressed their willingness, continue in office. The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees.

BY ORDER OF THE BOARD

Company Secretary

21st May 2021

CIC AFRICA INSURANCE (SS) LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are required to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss for that year. The directors are responsible for ensuring that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company; disclose with reasonable accuracy at any time the financial position of the Company; and that enables them to prepare financial statements of the Company that comply with the requirements of the International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards. They also accept responsibility for:

i) Designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
ii) Selecting suitable accounting policies and applying them consistently; and
iii) Making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of 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 directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

The financial statements were approved by the Board of Directors on 21st May 2021 and signed on its behalf by:

Patrick Nyaga
Director

Rosemary Githaiga
Director

pwc

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS 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 68 which comprise the statement of financial position at 31 December 2020 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of CIC Africa Insurance (SS) Limited at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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, 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.

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Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu R Njoroge S O Norbert's B Okundi K Saiti

pwc

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CIC AFRICA INSURANCE (SS) LIMITED (CONTINUED)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 on the basis of 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 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 management's 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CIC AFRICA INSURANCE (SS) LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements (continued)

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.

Richard Njoroge

FCPA Richard Njoroge, Practising certificate No. 1244.
Engagement partner responsible for the independent audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi
28 May **2021**

CIC AFRICA INSURANCE (SS) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Inflation Adjusted		Historical Cost	
			Restated		Restated
		2020	2019	2020	2019
		SSP '000'	SSP'000	SSP'000'	SSP'000'
Gross earned premiums	3(a)	1,028,782	1,642,902	913,255	1,106,435
Reinsurance premiums ceded	3(b)	(74,752)	(159,898)	(73,873)	(101,959)
Net earned premiums		954,030	1,483,004	839,382	1,004,476
Commissions earned	4	5,348	2,952	5,225	1,900
Interest revenue calculated using the effective interest method	5(a)	41,309	1,808	34,046	1,145
Other investment income	5(b)	33,373	58,952	31,986	43,086
Other gains	6	48,404	45,597	48,404	28,853
Foreign exchange gain	7	78,582	146,837	151,022	109,881
		1,161,046	1,739,150	1,110,065	1,189,341
Claims and policyholders' benefits expense					
Gross benefits and claims paid	8	(652,117)	(990,805)	(606,710)	(787,071)
Claims ceded to reinsurers	8	14,000	199,317	13,978	130,511
Gross change in insurance contract liabilities	8	(41,591)	(26,824)	(67,495)	(16,977)
Net benefits and claims		(679,708)	(818,312)	(660,227)	(673,537)
Commissions expense	9	(139,151)	(265,032)	(131,472)	(198,525)
Operating and other expenses	10	(351,922)	(384,939)	(334,376)	(231,236)
Increase in expected credit losses	10(b)	(2,915)	(2,476)	(2,915)	(1,567)
Loss on net Monetary position	11(a)	(350,799)	(580,662)	-	-
		(1,524,495)	(2,051,421)	(1,128,990)	(1,104,865)
(Loss)/profit for the year before tax		(363,449)	(312,271)	(18,925)	84,476
Income tax expense	11(b)	-	-	-	-
(Loss)profit for the year		(363,449)	(312,271)	(18,925)	84,476
Other comprehensive (loss)/income					
Items that will not be reclassified subsequently to profit or loss					
Revaluation gain on land and building	12	16,226	23,145	16,226	49,262
Other comprehensive income for the year		16,226	23,145	16,226	49,262
Total comprehensive (loss)/income for the year		(347,223)	(289,126)	(2,699)	133,738

CIC AFRICA INSURANCE (SS) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	Inflation Adjusted			Historical Cost		
		2020	2019 Restated	2018 Restated	2020	2019 Restated	2018 Restated
		SSP'000'	SSP'000	SSP'000	SSP'000'	SSP'000'	SSP'000
ASSETS							
Property and equipment	12	271,120	432,394	285,433	269,307	246,214	203,655
Investment property	13	377,606	520,242	507,562	377,606	329,202	300,349
Financial assets at amortised cost- Loans and receivables	19	3,266	1,618	35,125	3,266	1,024	20,785
Investment in collective Investment scheme at fair value through profit or loss	14	127,094	885,213	384,479	127,094	560,152	227,515
Receivables arising out of direct insurance arrangements	17(a)	47,486	376,033	184,598	47,486	237,949	111,857
Receivables from reinsurance arrangements	17(b)	133,166	254,245	138,654	133,166	160,883	82,048
Reinsurance share of liabilities	18	4,215	1,528	2,618	4,215	967	1,549
Deferred acquisition costs	20	103,980	161,755	63,686	24,142	75,029	34,642
Other receivables	21	62,043	79,255	11,631	62,043	50,151	8,471
Related party loan	15	358,430	-	-	358,430	-	-
Restricted deposit with financial institution	16	596,016	413,244	20,440	596,016	261,496	12,095
Cash and bank balances	32(b)	177,694	57,762	259,644	177,694	36,551	153,644
Total assets		2,262,116	3,183,289	1,893,870	2,180,465	1,959,618	1,156,610
EQUITY AND LIABILITIES							
Equity							
Share capital	22(b)	655,399	655,399	414,728	15,800	15,800	15,800
(Accumulated losses)/retained earnings	23(a)	(272,848)	503,023	669,595	627,097	646,022	561,546
Revaluation reserve	23(b)	221,176	204,950	181,805	277,832	261,606	212,344
		603,727	1,363,372	1,266,128	920,729	923,428	789,690
Liabilities							
Liabilities arising out of reinsurance Arrangements	24	21,918	11,427	6,541	21,918	7,231	3,871
Non-life Insurance contracts liabilities	25	121,392	153,779	76,956	121,392	97,309	45,539
Life insurance contracts liabilities	26	17,944	40,279	4,789	17,944	25,488	2,114
Provision for unearned premium reserve and unexpired risk	27	629,009	830,795	355,274	230,356	410,287	193,157
Due to related parties	28	42,725	31,276	48,626	42,725	19,790	28,775
Other payables	29	148,206	231,046	54,346	148,206	146,203	45,410
Finance lease obligation payable	30	46,802	73,016	81,210	46,802	46,204	48,054
Pension administration fund	31	630,393	448,299	-	630,393	283,678	-
		1,658,389	1,819,917	627,742	1,259,736	1,036,190	366,920
Total equity and liabilities		2,262,116	3,183,289	1,893,870	2,180,465	1,959,618	1,156,610

The financial statements on pages 7 to 68 were approved and authorised for issue by the Board of Directors on 21st May 2021 and signed on its behalf by:

Director
Patrick Nyaga

Director
Rosemary Githaiga

CIC AFRICA INSURANCE (SS) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

2019 Restated (Note 11(a)) Inflation adjusted	Share capital SSP'000 (Note 22)	Revaluation reserve SSP'000 (Note 23b)	Retained earnings SSP'000 (Note 23a)	Total SSP'000'
At 1 January 2019 – restated (Note 11(a))	414,728	181,805	669,595	1,266,128
Loss for the year	-	-	(312,271)	(312,271)
Other comprehensive income	-	23,145	-	23,145
Total comprehensive income for the year	-	23,145	(312,271)	(289,126)
Effects of hyperinflationary accounting on opening balances	240,671	-	145,699	386,370
At 31 December 2019 -restated	655,399	204,950	503,023	1,363,372
2020				
Inflation adjusted				
At 1 January 2020 – restated	655,399	204,950	503,023	1,363,372
Loss for the year	-	-	(363,449)	(363,449)
Other comprehensive income	-	16,226	-	16,226
Total comprehensive income for the year	-	16,226	(363,449)	(347,223)
Effects of hyperinflationary accounting on opening balances	-	-	(412,422)	(412,422)
At 31 December 2020	655,399	221,176	(272,848)	603,727

CIC AFRICA INSURANCE (SS) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

2019 Restated Historical cost	Share Capital SSP'000' (Note 22)	Revaluation reserve SSP'000' (Note 23b)	Retained earnings SSP'000' (Note 23a)	Total SSP'000'
At 1 January 2019	15,800	212,344	561,546	789,690
Profit for the year	-	-	84,476	84,476
Other comprehensive income	-	49,262	-	49,262
Total comprehensive income for the year	-	49,262	84,476	128,658
At 31 December 2019	15,800	261,606	646,022	923,428
2020 Historical cost				
At 1 January 2020	15,800	261,606	646,022	923,428
Loss for the year	-	-	(18,925)	(18,925)
Other comprehensive income	-	16,226	-	16,226
Total comprehensive income/(loss) for the year	-	16,226	(18,925)	(2,699)
At 31 December 2020	15,800	277,832	627,097	920,729

CIC AFRICA INSURANCE (SS) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Inflation adjusted		Historical cost	
			Restated		Restated
		2020	2019	2020	2019'
		SSP'000'	SSP'000'	SSP'000'	SSP'000'
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash generated from operations	32(a)	307,306	352,903	303,096	119,093
Interest received		37,390	1,808	30,127	1,145
Proceeds from/(placements in) investments in collective investment schemes		350,467	78,813	266,353	(1,712)
Loan to related party	15	(319,787)	-	(319,787)	-
Investment in fixed deposit	16	(250,310)	(395,567)	(250,310)	(250,310)
Repayment of staff loans	19	2,935	61,134	2,341	24,345
Net cash generated/(used in) from operating activities		128,001	99,091	31,820	(107,439)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment	12	(101)	(15,941)	(8,977)	(11,036)
Net cash used in investing activities		(101)	(15,941)	(8,977)	(11,036)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of finance lease	30(b)	(3,697)	(6,247)	(3,697)	(3,697)
Net cash used in financing activities		(3,697)	(6,247)	(3,697)	(3,697)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		124,203	76,903	19,146	(122,172)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		57,761	259,644	36,551	153,644
Change in monetary value on opening balances		(4,270)	(278,785)	121,997	5,079
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		177,694	57,762	177,694	36,551

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance, Basis of preparation and presentation currency

(i) Statement of compliance

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee (IFRIC) Interpretations applicable to companies reporting under IFRS.

(ii) Basis of preparation

The financial statements comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and notes. The Company presents its statement of financial position broadly in increasing order of liquidity.

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 period 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.

The financial statements of the Company are prepared under the historical cost convention. For the purpose of fair presentation in accordance with International Accounting Standard 29 (IAS 29) "Financial Reporting in Hyperinflationary Economies", this historical cost information has been restated for changes in the general purchasing power of the South Sudanese Pound and appropriate adjustments and reclassifications have been made. Accordingly, the inflation adjusted financial statements represent the primary financial statements of the Company. The historical cost financial statements have been provided by way of supplementary information. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of a measuring unit current at the balance sheet date, and that corresponding figures for previous periods be stated in the same terms to the latest statement of financial position.

The conversion factors used to restate the financial statements at 31 December 2020, using a 2019 base year, are as follows:

	CPI	Conversion factor
31 December 2019	2,936	1.69
31 Decembr 2020	4,639	1.58

All items in the statement of profit or loss are restated by applying the relevant monthly conversion factors.
The application of the IAS 29 restatement procedures has the effect of amending certain accounting policies which are used in the preparation of the financial statements under the historical cost convention.

(iii) Functional and presentation currency

The financial statements are presented in South Sudanese Pounds, which is the Company's functional and presentation currency.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New Standards, New Interpretations and Amendments to Standards adopted in the current period

(i) New standards and amendments – applicable 1 January 2020

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2020:

Title	Key requirements	Effective Date *
Definition of Material Amendments to IAS 1 and IAS 8	The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify: • that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and • the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.	1 January 2020
Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39	The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.	1 January 2020
Revised Conceptual Framework for Financial Reporting	The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include: • increasing the prominence of stewardship in the objective of financial reporting ; • reinstating prudence as a component of neutrality; • defining a reporting entity, which may be a legal entity, or a portion of an entity; • revising the definitions of an asset and a liability; • removing the probability threshold for recognition and adding guidance on derecognition; • adding guidance on different measurement basis, and • stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.	1 January 2020

*applicable to reporting periods commencing on or after the given date

None of these standards had a significant impact on the results of the Company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New Standards, New Interpretations and Amendments to Standards adopted in the current period(continued)

(i) Forthcoming requirements

As at 31 December2020, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2020.

Title	**Key requirements**	**Effective Date ***
Covid-19-related Rent Concessions – Amendments to IFRS 16	As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.	1 June 2020

New and amended Standards in issue but not effective in the year ended 31st December 2020

IFRS 17 Insurance Contracts	IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of: • discounted probability-weighted cash flows; • an explicit risk adjustment; and • a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers. There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.	Originally 1 January 2021, but extended to 1 January 2023 by the IASB in March 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New Standards, New Interpretations and Amendments to Standards adopted in the current period(continued)

(ii) Forthcoming requirements

New and amended Standards in issue but not effective in the year ended 31st December 2020 (continued)

Title	Key requirements	Effective Date *
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.	1 January 2022
Annual Improvements to IFRS Standards 2018–2020	The following improvements were finalised in May 2020: • IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. • IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.	1 January 2022

* applicable to reporting periods commencing on or after the given date

Impact of the Standards

Except for IFRS 17 *Insurance Contracts*, the forthcoming standards above are not expected to have a significant impact on the Company's performance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Insurance contracts

Classification

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Company defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Insurance contracts are classified into two main categories depending on the duration of risk:

Long term insurance business
Includes insurance business of all or any of the following classes: namely, Ordinary life, Group life, Annuities, and Pension and business incidental to any such class of business.

Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and includes a contract which is subject to the payment of premiums for a term dependent on the termination or continuance of human life and any contract securing the grant of an annuity for a term dependent upon human life.

Short term insurance business
This is insurance business of any class or classes that is not long term insurance business. Classes of general Insurance include Engineering insurance, Fire insurance – domestic risks, Fire insurance – industrial and commercial risks, Liability insurance, Marine insurance, Motor insurance – private vehicles, Motor insurance – commercial vehicles, Personal accident insurance, Theft insurance, Workmen's Compensation and Employer's Liability insurance and Miscellaneous insurance. Miscellaneous insurance refers to other classes of business not included under those listed above.
Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of motor vehicles, inclusive of third party risks but exclusive of transit risks.

Personal Accident insurance business means the business of affecting and carrying out contracts of insurance against risks of the persons insured sustaining injury as the result of an accident or of an accident of a specified class or dying as the result of an accident or of an accident of a specified class or becoming incapacitated in consequence of disease or of disease of a specified class.

Fire insurance business means the business of affecting and carrying out contracts of insurance, otherwise than incidental to some other class of insurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business.

Revenue recognition

(i) Gross written premiums

For long term insurance business, gross recurring premiums on life contracts 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.

For shorter term insurance business, gross written premiums under insurance contracts comprise the total premiums receivable for the whole period of the cover provided by the contract and are recognised on the date on which the policy incepts.

Gross earned premiums comprise the total premiums receivable for the respective accounting period which is under consideration and are recognised up to the end of the reporting period. Unearned premiums are those proportions of premiums written in a year 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. Premiums are presented gross of commission and any taxes or duties levied on premiums.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c.) Insurance contracts (continued)

(ii) Reinsurance premiums ceded

The gross reinsurance premiums on life are recognised as an expense when payable or on the date on which the policy is effective. The Company's gross general written premiums under 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 year 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. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

(iii) Net claims and policyholders benefits payable

For long term insurance business, gross benefits and claims include the cost of all claims arising during the year, including: internal and external claims handling costs that are directly related to the processing and settlement of claims. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

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.

Furthermore, the liability for life insurance contracts comprises the provision for claims outstanding which includes an estimate of the incurred claims that have not yet been reported to the Company. Adjustments to the liabilities at each reporting date are recorded in the profit or loss.

General insurance and health claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. 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 includes additional provisions for claims incurred but not reported ("IBNR") at the end of each reporting period based on the Company's experience. This is in line with the requirements of IFRS 4.

Claims handling costs include internal and external costs incurred in connection with the negotiation and settlement of claims. These costs include all direct expenses of the claims department and any part of the general administrative costs directly attributable to the claims function.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Insurance contracts (continued)

(iii) Net claims and policyholders benefits payable (continued)

Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example, subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property. Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

Claims ceded to reinsurers

Claims ceded to reinsurers are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

(iv) 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 gross 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 are recorded in the statement of profit or loss.

DACs are derecognised when the related contracts period elapses.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to the risks that have not yet expired at the reporting date.

(v) 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 Group under which the contract holder is another insurer are included with insurance contracts.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Insurance contracts (continued)

(v) Reinsurance contracts held (continued)

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.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

(vi) Receivables arising out of direct insurance arrangements

Receivables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. 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 rate method. The carrying value 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 the statement of profit or loss.

Insurance receivables are derecognised when the de-recognition criteria for financial assets are met.

(d) Income

(i) Investment income

Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the effective interest rate (EIR) method. Interest income is recognised using EIR method for all financial assets measured at amortised cost. Interest income on interest bearing financial assets measured at fair value through OCI 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 Group recognises interest income using the EIR method.

The group 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 or liability 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.

(ii) Rental income is on a straight-line basis over the lease term. The excess of rental income on a straight-line over cash received is recognised as an operating lease asset. Initial direct costs incurred in negotiating and arranging 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Income (continued)

(iv) Fees and commission income

Commission income
Commissions earned from reinsurance premium ceded is recognised in profit or loss in the period in which it is earned. If the fees are for services provided in future periods, they are deferred and recognised over those future periods

Realised / unrealised gains and losses
Realised / unrealised gains and losses recorded in the statement of 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 the on how the gains have been arrived has been discussed in the specific policies relating to the assets.

(e) Operating and other 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 the statement of profit or loss on the basis of systematic and rational allocation procedures. This is often necessary in recognising the equipment associated with the using up of 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.

ii) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) 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 South Sudan Pounds (SSP). 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 South Sudan Pounds 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).

(g) 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 2020 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)

(g) 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.

(h) 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.

(i) 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 employer respectively per month.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) 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.

(j) 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.

(k) 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)

(k) 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

(l) 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.

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)

(l) 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)

(I) 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 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'. For insurance and reinsurance receivables, the company uses IAS 39 and as allowed by IASB, will adopt IFRS 9 on these upon adoption of IFRS 17.

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)

(l) 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.

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)

(l) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Loans and borrowings

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.

(m) Accounting for leases

Determination

The Company leases rental office spaces. The Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

Company acting as a lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Company recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used. The incremental borrowing rate is the internal cost of debt determined as the risk free borrowing rate adjusted for country premium.

For leases that contain non-lease components, the Company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Accounting for leases (continued)

Company as a lessee (continued)

Subsequently the lease liability is measured at amortised cost, subject to re-measurement to reflect any reassessment, lease modifications, or revised fixed lease payments.
Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Company at the end of the lease term, the estimated useful life would not exceed the lease term.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value (such as leased electronic equipment) the total lease payments are recognized in profit or loss on a straight-line basis over the lease period.

Leases where the Company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are recognised as a liability at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The interest rate implicit in the lease is used as the discount factor in determining the present value. Each lease payment is allocated between the liability and finance cost using the interest rate implicit in the lease. The finance cost is charged to the profit and loss account in the year in which it is incurred. Property and equipment acquired under finance leases are capitalised and depreciated over the estimated useful life of the asset.

The changes in leases which do not fall under the scope of COVID 19 related concessions are treated as lease modifications. Right of use assets are re-measured and gains or losses thereof recognised in the statement of profit or loss.

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.

Group as a lessor

Leases in which the Group 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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.

(o) 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

(p) 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..

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) 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 subsequently carried at fair value, representing the open market value at the reporting date determined by annual valuation by independent valuers.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.

(r) 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*

(i) *Life 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 Kenya'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. Refer to disclosures in notes 24,25 and 26.

Incurred but not reported claims (IBNR)

Estimates must be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a significant period before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the statement of financial position.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, as well as by significant business lines. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

b) *Impairment of financial assets*

The measurement of impairment losses under IFRS 9 across relevant financial assets requires judgement,in particular the estimation of the amount of timing of future cash flows when determining impairment losses and the assessment of a significant increase in credit risk.Other judgments applied include;determining financial condition of counter parties and forward looking information.These estimates are driven by the outcome of modelled ECL scenarios and relevant inputs used.

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

c) *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.

d) *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 17(a) for more details.

e) *Revaluation of property and investment property*

Estimates are made in determining valuation of investments properties.The management uses experts in determination of the values to adopt.In performing the valuation,the valuers uses discounted cashflow projections which incorporates assumptions around the continued demand of the rental space and sustainability of growth in rent rates.The independent valuers also uses the highest and best in use principle in determining the values of the investment properties.The changes in these assumptions coud result in significant change in the carrying value of the investment property.

Management monitors the investment property market and economic conditions that may lead to significant change in values and conducts formal and independent property valuation every year and adjusts the recorded fair values accordingly for any significant change.

3	Inflation adjusted		Historical Cost	
				Restated
	2020	2019	2020	2019
(a) GROSS EARNED PREMIUM	SSP'000'	SSP'000	SSP'000	SSP'000
Non – Life insurance	999,073	1,565,111	885,384	1,051,732
Life Insurance	29,709	77,791	27,871	54,703
	1,028,782	1,642,902	913,255	1,106,435
(b) REINSURANCE PREMIUMS CEDED				
Non-life	75,862	158,071	74,380	100,286
Life	3,105	3,355	2,640	2,640
Reinsurer share of unearned premium (note 27)	(4,215)	(1,528)	(3,147)	(967)
	74,752	159,898	73,873	101,959

4. COMMISSIONS EARNED

Non-life	5,348	2,952	5,225	1,900
	5,348	2,952	5,225	1,900

5. INVESTMENT INCOME

(a) Interest revenue calculated using the effective interest method				
Interest on related party loan	41,309	1,808	34,046	1,145
	41,309	1,808	34,046	1,145
(b) Other investment income				
Fair value gain on collective investment scheme	15,040	49,453	15,040	34,995
Rental income	17,863	8,452	16,480	7,410
Other income	470	1,047	466	681
	33,373	58,952	31,986	43,086
Analysed as follows:				
Income from financial assets at fair value through profit or loss	15,040	49,453	15,040	34,995
Income from debt at amortised cost	41,309	1,808	34,046	1,145
Rental income	17,863	8,452	16,480	7,410
Other income	470	1,047	466	681
	74,682	60,760	66,032	44,231

6. OTHER GAINS

Fair value gain on investment property (note 13)	48,404	45,597	48,404	28,853

7. FOREIGN EXCHANGE GAIN

	Ilnflation adjusted		Historical Cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000	SSP'000	SSP'000
Foreign exchange gain	78,582	146,837	151,022	109,881

Foreign exchange gain 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

	Inflation adjusted		Historical cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
Gross benefits and claims paid (note 25)	652,117	990,805	606,710	787,071
Claims ceded to reinsurers	(14,000)	(199,317)	(13,978)	(130,511)
Gross change in insurance contract liabilities(general business)	41,591	26,824	67,495	16,977
Total claims and policy holders benefits expense	679,708	818,312	660,227	673,537

9. COMMISSIONS EXPENSE

Brokerage Commissions	139,151	265,032	131,472	198,525

10. OPERATING AND OTHER EXPENSES

	Inflation adjusted		Historical cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
Staff costs (note (10(a))	93,660	137,745	89,793	84,077
Auditors' remuneration	4,254	4,787	3,816	3,167
Directors' fees	447	5,610	447	3,161
Depreciation on property and equipment (note 12)	24,474	57,767	2,110	18,519
Staff welfare	17,467	44,411	20,390	34,195
Utilities	14,611	16,407	12,763	12,945
Repairs	2,373	3,513	1,551	2,434
Printing and stationery	1,653	3,376	1,529	2,057
Business advertising and promotion	2,954	3,210	2,807	3,324
Professional fees	944	936	2,234	650
Provision for doubtful insurance receivables (note 17(a))	150,257	14,085	150,257	8,913
Provision for doubtful reinsurance receivables	1,354	10,203	1,354	6,456
Bank charges	9,432	23,890	9,061	14,854
Insurance	5,141	5,911	5,931	4,058
Internet service fee	12,284	8,861	12,008	5,604
Subsistence, travel and accommodation	3,300	34,980	2,489	21,369
Other costs	7,317	9,247	15,836	5,453
	351,922	384,939	334,376	231,236

(a) STAFF COSTS

Staff costs include the following:

- Salaries	82,453	130,172	78,881	73,860
- Pension costs	10,540	6,543	10,254	9601
- leave pay	667	1,030	658	616
	93,660	137,745	89,793	84,077

(b) Allowance for expected credit losses

-Other receivables(note 20)	-	244	-	154
-Loans investment (note 15)	1,354	-	1,354	-
-Deposits with financial institutions(note 16)	1,561	2,232	1,561	1,413
	2,915	2,476	2,915	1,567

11 (a) Loss on monetary position

Restatement of prior period financial statements

With effect from 2016, the South Sudanese economy is considered to be hyperinflationary in accordance with the criteria of IAS 29.
The company previously used the United States Dollar ("USD") as its functional currency and did not therefore apply the hyperinflationary accounting requirements in IAS 29. The company re-assessed the functional currency during the year ended 31 December 2020 and concluded that the South Sudanese Pound (SSP) was the functional currency. Appropriate adjustments have been made to effect the change in functional currency and to comply with the requirements of IAS 29. The cumulative impact on the Company financial statements for previous years was material and therefore restatements to the prior period financial statements have been done in line in IAS 8. As a result, the comparative figures have all been restated by changing the functional and presentation currency from USD to SSP and applying the necessary IAS 29 hyperinflationary adjustments.

IAS 29 Financial reporting in hyperinflationary economies requires financial statements that are prepared in the currency of a hyper-inflationary economy to be stated in terms of the value of money at the end of the reporting period. The IAS 29 approach is to restate all non-monetary balances recognised in the financial statements (including comparatives) to the year-end general purchasing power of the functional currency and requires the use of a general price index to reflect changes in purchasing power.

The restatement procedures are summarised as follows:

- Selection of a general price index - Most governments issue periodic price indices.
- Segregation of monetary and non-monetary items - Monetary items do not need to be restated, because they represent money held, to be received or to be paid.
- Restatement of non-monetary items - Non-monetary assets and liabilities are restated in terms of the measuring unit current at the end of the reporting period.
- Restatement of shareholders' equity - All components of shareholders' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later
- Restatement of the income statement - All items in comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expense were originally recorded.
- Tax - Current taxes are restated with reference to movements in the general price index.
- Calculation and proof of the monetary gain or loss – The difference between the historical cost amounts and the result from the restatement of non-monetary items, shareholders' equity, items in the statement of comprehensive income and the adjustment of index-linked items to year end purchasing power.

Calculation of purchasing power gain/loss	Unadjusted SSP	Conversion* Factor	Inflation Adjusted SSP	Net Loss on Monetary Items SSP
Net Monetary Assets at 1 January 2020	683,269	1.58	1,079,776	
Add increase in monetary assets	200,238	1.22	245,271	-
	883,507		1,325,047	-
Less increase in monetary liabilities	(403,477)	1.22	(494,218)	-
Net monetary assets/(liabilities) at 31 December 2020	480,030		830,829	(350,799)

11 (a) Loss on monetary position (continued)

Calculation of purchasing power gain/loss	Unadjusted SSP	Conversion* Factor	Inflation Adjusted SSP	Net Loss on Monetary Items SSP
Net Monetary Assets at 1 January 2019	700,743	1.69	1,184,190	
Add increase in monetary assets	1,092,322	1.26	1,372,480	-
	1,793,065	-	2,556,670	-
Less increase in monetary liabilities	(713,288)	1.54	(896,231)	-
Net monetary assets/(liabilities) at 31 December 2019	1,079,777		1,660,439	(580,662)

The financial statements for the previous year were presented in USD, based on a USD functional currency and did not contain the IAS 29 hyperinflation adjustments.

The impact of prior adjustments is as summarised below:

2018	As previously reported USD '000	As previously reported-translated to SSP SSP '000	Prior period adjustments SSP'000'	Inflation adjusted balances SSP'000'
Property, plant and equipment and investment property	3,413	504,004	288,991	792,995
Financial assets at amortised cost	1,810	278,592	189,520	468,112
Financial assets through profit or loss	1,477	227,515	156,964	384,479
Other assets	951	146,499	101,785	248,284
Total assets	7,651	1,156,610	737,260	1,893,870
Equity	5,263	788,910	477,218	1,266,128
Liabilities				
Insurance liabilities	1,589	244,679	175,170	419,849
Other liabilities	799	123,021	84,872	207,893
Total liabilities	2,388	367,700	260,042	627,742
	7,651	1,156,610	737,260	1,893,870

11 (a) Loss on monetary position (continued)

2019	As previously reported USD '000	As previously reported- translated to SSP SSP '000	Prior period adjustments SSP'000'	Inflation adjusted balances SSP'000'
Property, plant and equipment and investment property	3,674	575,416	377,220	952,636
Financial assets at amortised cost	4,664	511,072	296,580	807,652
Financial assets through profit or loss	3,492	560,152	325,061	885,213
Other assets	474	312,978	224,810	537,788
Total assets	12,304	1,959,618	1,223,671	3,183,289
Equity	5,736	923,428	439,944	1,363,372
Liabilities				
Insurance liabilities	3,370	540,315	495,965	1,036,280
Other liabilities	3,198	495,875	287,762	783,637
Total liabilities	6,568	1,036,190	783,727	1,819,917
	12,304	1,959,618	1,223,671	3,183,289
Profit for the year ended 31 December 2019	218	79,396	(391,667)	(312,271)

11(b) 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

2020 Inflation adjusted	Land and Building SSP'000'	Motor Vehicles SSP'000'	Furniture fittings & Equipment SSP'000'	Computers SSP'000'	Total SSP'000'
COST/VALUATION					
At 1 January 2020	372,181	54,902	178,855	11,469	617,407
Additions		-	72	29	101
IAS 29 restatement	(152,896)	-	-	-	(152,896)
Revaluation gain	16,226	-	-	-	16,226
At 31 December 2020	235,511	54,902	178,927	11,498	480,838
ACCUMULATED DEPRECIATION					
At 1 January 2020	-	54,902	119,483	10,859	185,244
Charge for the year	-	-	22,647	1,827	24,474
Elimination of depreciation	-	-	-	-	-
At 31 December 2020	-	54,902	142,130	12,686	209,718
CARRYING AMOUNT					
At 31 December 2020	235,511	-	36,797	(1,188)	271,120

*At the end of the year, land and building were revalued, resulting in a revaluation loss of SSP 16,206,000.
There are no property and equipment pledged as security for liabilities. There are no contractual commitments for the acquisition of property and equipment.

2019 Inflation adjusted Restated	Land and Building SSP'000'	Motor Vehicles SSP'000'	Furniture fittings & Equipment SSP'000'	Computers SSP'000'	Total SSP'000'
COST/VALUATION					
At 1 January 2019	234,970	34,741	105,278	7,128	382,117
IAS29 restatement	136,125	20,161	61,094	4,136	221,516
Additions	3,254	-	12,483	204	15,941
Elimination of disposal	(25,313)	-	-	-	(25,313)
Revaluation gain	23,145	-	-	-	23,145
At 31 December 2019	372,181	54,902	178,855	11,468	617,406
ACCUMULATED DEPRECIATION					
At 1 January 2019	-	30,416	61,285	4,983	96,684
IAS 29 restatement	-	17,650	35,565	2,659	55,874
Charge for the year	25,313	6,836	22,633	2,985	57,767
Elimination of disposal	(25,313)	-	-	-	(25,313)
At 31 December 2019	-	54,902	119,483	10,627	185,012
CARRYING AMOUNT					
At 31 December 2019	372,181	-	59,372	841	432,394

*At the end of the year, land and building were revalued, resulting in a revaluation gain of SSP 23,145,000.

12. PROPERTY AND EQUIPMENT (continued)

2020 Historical cost	Land and Building SSP'000'	Motor Vehicles SSP'000'	Furniture fittings & Equipment SSP'000'	Computers SSP'000'	Total SSP'000'
COST/VALUATION					
At 1 January 2020	235,511	1,597	12,629	2,261	251,998
Additions	-	-	8,880	97	8,977
Revaluation gain	16,226	-	-	-	16,226
At 31 December 2020	251,737	1,597	21,509	2,358	277,201
ACCUMULATED DEPRECIATION					
At 1 January 2020	-	1,597	2,817	1,370	5,784
Charge for the year	-	-	1,590	520	2,110
At 31 December 2020	-	1,597	4,407	1,890	7,894
CARRYING AMOUNT					
At 31 December 2020	251,737	-	17,102	468	269,307

2019 Historical cost Restated	Land and Building SSP'000'	Motor Vehicles SSP'000'	Furniture fittings & Equipment SSP'000'	Computers SSP'000'	Total SSP'000'
COST/VALUATION					
At 1 January 2019	200,233	1,597	3,750	2,163	207,743
Additions	2,059	-	8,880	97	11,036
Elimination of disposal	(16,043)	-	-	-	(16,043)
Revaluation gain	49,262	-	-	-	49,262
At 31 December 2019	235,511	1,597	12,630	2,260	251,998
ACCUMULATED DEPRECIATION					
At 1 January 2019	-	1,262	1,236	810	3,308
Charge for the year	16,043	335	1,581	560	18,519
Elimination of disposal	(16,043)	-	-	-	(16,043)
At 31 December 2019	-	1,597	2,817	1,370	5,784
CARRYING AMOUNT					
At 31 December 2019	235,511	-	9,813	890	264,214

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:

	Historical cost	
	2020	2019 Restated
	SSP'000	SSP'000
Cost	21,186	21,186
Accumulated depreciation	(8,827)	(7,062)
Carrying amount	12,359	14,124

The property was revalued on 31 December 2020 by Kenval Realtors Ltd. Refer to note 13 for detailed disclosures.

13. INVESTMENT PROPERTY

CIC Plaza was revalued on 31 December 2020 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 3.55million which has been split between investment property and land and building under property and equipment in the ratio of 60:40 respectively on the basis of pro-rata occupancy by the company and by tenants. The investment property has not yet been leased out.

	Inflation adjusted		Historical cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
At 1 January	520,242	802,106	329,202	300,349
Hyperinflation adjustment	(191,040)	(327,461)	-	-
Fair value gain	48,404	45,597	48,404	28,853
At 31 December	377,606	520,242	377,606	329,202

There are no contractual commitments in respect of the investment properties as at 31 December 2020.

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

	Inflation adjusted		Historical Cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
At 1 January	885,213	720,137	560,152	227,515
Additions	-	4,242	-	2,684
Withdrawals	(467,014)	(1,452)	(467,014)	(919)
Fair value gains	15,040	49,453	15,040	34,996
Foreign exchange gains	29,766	225,374	18,916	295,876
Hyperinflation adjustment	(335,911)	(112,541)	-	-
At 31 December	127,094	885,213	127,094	560,152

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 2020 was KShs 78,266,778.97 converted at the closing exchange rate of SS 1.62 to the Kshs.

15 RELATED PARTY LOAN

	Inflation adjusted		Historical cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
Additions	319,787	-	319,787	-
Interest accrued	39,997	-	39,997	-
Movement in ECL	(1,354)	-	(1,354)	-
	358,430	-	358,430	-

16. RESTRICTED DEPOSIT WITH FINANCIAL INSTITUTION

At January	413,244	32,302	261,496	12,095
Additions	250,310	395,567	250,310	250,310
Expected credit loss allowance	(1,561)	(2,232)	(1,561)	(1,413)
Inflation effect	(151,748)	(12,897)	-	-
Interest accrued	85,771	504	85,771	504
	596,016	413,244	596,016	261,496

Deposits with KCB Bank Kenya Limited amounted to SSP 32,354,841 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 33(iii).

17. 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.

	Inflation adjusted		Historical cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
Gross Receivables	237,370	415,660	237,370	277,576
Provision for doubtful debts	(189,884)	(39,627)	(189,884)	(39,627)
At 31 December	47,486	376,033	47,486	237,949
Movement of provisions				
At 1 January	(39,627)	(25,542)	(39,627)	(30,714)
Increase in provisions	(150,257)	(14,085)	(150,257)	(8,913)
At 31 December	(189,884)	(39,627)	(189,884)	(39,627)

17. DIRECT INSURANCE AND REINSURERS RECEIVABLES (continued)

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.

	Inflation Adjusted		Historical Cost	
	2020	2019 Restated	2020	2019 Restated
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
At 1 January	254,245	219,116	160,883	82,048
Claim recoveries for the year	(121,079)	35,129	(27,717)	78,835
At 31 December	133,166	254,245	133,166	160,883

18. 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.

	Inflation adjusted		Historical Cost	
	2020	Restated 2019	2020	Restated 2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
At 1 January	1,528	4,138	967	1,549
Change in the reinsurance share of liabilities non life	2,687	(2,610)	3,248	(582)
At 31 December	4,215	1,528	4,215	967

19 FINANCIAL ASSETS AT AMORTISED COST – LOANS & RECEIVABLES

	Inflation Adjusted		Historical Cost	
	2020	Restated 2019	2020	Restated 2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
At 1 January	1,618	55,508	1,024	20,785
Loan repayment	(2,935)	(61,134)	(2,341)	(24,345)
Foreign exchange gain	4,583	7,244	4,583	4,584
At 31 December	3,266	1,618	3,266	1,024
Maturity profile of staff loans				
Within 1 year	3,266	1,618	3,266	1,024

An analysis of changes in the gross carrying amount and corresponding ECL allowances in deposits with financial institutions have been disclosed in note 33(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.

20. DEFERRED ACQUISITION COSTS

	Inflation Adjusted		Historical Cost	
	2020	2019 Restated	2020	201 Restated
	SSP'000'	SSP'000'	SSP'000'	SSP'00(
At January	161,755	92,514	75,029	34,642
New acquisition cost	33,403	52,788	33,404	47,370
Amortisation charge	(171,017)	(26,733)	(84,291)	(6,983)
Hyperinflation impact	79,839	43,186	-	-
	103,980	161,755	24,142	75,029

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

21. OTHER RECEIVABLES

	Inflation adjusted		Historical cost	
	2020	Restated 2019		Restated
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
Other receivables	62,043	79,499	62,043	50,305
Expected credit loss allowance	-	(244)	-	(154)
At 31 December	62,043	79,255	62,043	50,151

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 33(iii).

22. 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 2020 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%

22. SHARE CAPITAL (continued)

(b) Issued and fully paid share capital

	Inflation Adjusted		Historical Cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
CIC Insurance Group PLC	452,225	452,225	10,902	10,902
Co-operative Bank of South Sudan Limited	203,174	203,174	4,898	4,898
	655,399	655,399	15,800	15,800

(c) Reconciliation of issued and fully paid shares

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

23. (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.

24. 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.

	Inflation Adjusted		Historical Cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
At 1 January	11,427	10,337	7,231	3,871
Increase/decrease in reinsurance payables	10,491	1,090	14,687	3,360
At 31 December	21,918	11,427	21,918	7,231

25. NON-LIFE INSURANCE CONTRACTS LIABILITIES

Claims reported and claims handling expenses:				
At 1 January	153,779	121,615	97,309	45,539
Incurred but not reported	73,302	69,424	73,302	43,930
Claims incurred in the year	546,428	953,545	557,491	794,911
Payments for claims and claims handling expenses	(652,117)	(990,805)	(606,710)	(787,071)
At 31 December	121,392	153,779	121,392	97,309

26. LIFE INSURANCE CONTRACT LIABILITIES

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 SSP'000' 17,944 (2019: SSP'000' 40,279)

	Inflation Adjusted		Historical Cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
At 1 January	40,279	7,568	25,488	2,114
Change in actuarial adjustments (note 8)	(10,377)	36,938	(7,544)	23,374
Inflation effect	(11,958)	(4,227)		
At 31 December	17,944	40,279	17,944	25,488

27. 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:

Inflation Adjusted	Gross	Reinsurance	Net
2020	SSP'000'	SSP'000'	SSP'000'
At 1 January	648,381	(1,528)	646,853
Movement in the year			
Gross written premiums	496,048	(29,658)	466,390
Gross unearned premiums	(914,073)	26,511	(887,562)
Hyperinflation impact	398,653	-	398,653
At 31 December	629,009	(4,215)	624,974
2019 Restated			
At 1 January	515,841	(4,138)	511,703
Movement in the year			
Gross written premiums	894,171	(45,281)	848,890
Gross unearned premiums	(761,631)	47,891	(713,740)
Hyperinflation impact	182,414	-	182,414
At 31 December	830,795	(1,528)	829,267

27.PROVISIONS FOR UNEARNED PREMIUM AND UNEXPIRED RISKS (contined)

Historical 2020	Gross SSP'000'	Reinsurance SSP'000'	Net SSP'000'
At 1 January	410,287	(967)	409,320
Movement in the year			
Gross written premiums	819,143	(29,759)	789,384
Gross unearned premiums	(999,074)	26,511	(972,563)
Change in the year (net)	(179,931)	(3,248)	(183,179)
At 31 December	230,356	(4,215)	226,141
2019			
At 1 January	193,157	(1,549)	191,608
Movement in the year			
Gross written premiums	1,207,513	(29,723)	1,177,790
Gross unearned premiums	(990,383)	30,305	(960,078)
Change in the year (net)	217,130	582	217,712
At 31 December	410,287	(967)	409,320

28 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 10(a) and 19 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.In addition, the company has an interest bearing unsecured loan advanced to the CIC Insurance Group PLC disclosed in note 15

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.

28. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The following are balances and transactions with related parties as at 31 December 2020 and during the year then ended.

	Inflation Adjusted		Historical Cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
Related party balances				
Due to:				
CIC Insurance Group PLC	42,725	31,276	42,725	19,790
Receipts from related parties:				
CIC Insurance Group PLC	61,112	23,876	61,112	15,109
Payments to related parties				
CIC Insurance Group PLC	18,387	55,151	18,387	34,899

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

	Inflation Adjusted		Historical Cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP '000'	SSP '000'	SSP '000'	SSP '000'
Directors' fees	447	5,610	447	3,161
Key management personnel compensation				
Salaries	19,411	30,675	13,004	11,759
Hardship allowance	4,288	6,777	1,781	1,436
Leave allowance	245	387	182	227
Car allowance	-	316	-	155
Pension contribution	1,800	2,845	1,211	1,523
	25,744	41,000	16,178	15,100

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

29. OTHER PAYABLES

	Inflation Adjusted		Historical Cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
Sundry creditors*	56,547	123,013	56,547	77,841
Gratuity	8,528	6,819	8,528	4,315
Surtax and excise tax	19,942	23,457	19,942	15,571
Accrual for expenses	50,965	26,905	50,965	16,296
Stamp duty	9,587	12,726	9,587	8,053
Training levy	2,637	38,126	2,637	24,127
	148,206	231,046	148,206	146,203

*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.

30. 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

	Inflation Adjusted		Historical Cost	
	2020 SSP'000'	Restated 2019 SSP'000'	2020 SSP'000'	Restated 2019 SSP'000'
	Minimum lease	Minimum lease	Minimum lease	Minimum lease
Not later than one year	4,255	5,842	4,255	3,697
Later than 1 year but not later than 5 years	21,274	29,209	21,274	18,483
Later than 5 years	21,273	37,965	21,273	24,024
Total minimum lease payments	46,802	73,016	46,802	46,204

* 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

	Inflation Adjusted		Historical Cost	
	2020 SSP'000'	Restated 2019 SSP'000	2020 SSP'000	Restated 2019 SSP'000
At January	81,210	292,353	46,204	48,056
Repayment	(3,697)	(6,247)	(3,697)	(3,697)
Inflation effect	(30,711)	(213,090)	4,295	1,845
At 31 December	46,802	73,016	46,802	46,204

31. PENSION ADMINISTRATION FUND

	Inflation Adjusted		Historical Cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
Pension contribution	646,249	444,549	646,249	281,305
Investment income	786	7,747	786	4,902
Policy holders (net)	647,035	452,296	647,035	286,207
Administrative expenses	(16,642)	(3,997)	(16,642)	(2,529)
Total outflow	(16,642)	(3,997)	(16,642)	(2,529)
Net movement for the year	182,094	448,299	346,715	283,678
Balance as at the beginning of the year	448,299	-	283,678	-
Net fund value	630,393	448,299	630,393	283,678

32. NOTES TO THE STATEMENT OF CASH FLOWS

	Notes	Inflation adjusted 2020 SSP'000'	Inflation adjusted Restated 2019 SSP'000'	Historical Cost 2020 SSP'000'	Historical Cost Restated 2019 SSP'000'
(a) Reconciliation of profit before tax to cash generated from operations:					
(Loss)profit before tax for the year		(363,449)	(312,271)	(18,925)	84,476
Adjustments for:					
Allowance for expected credit losses	10(b)	2,915	2,476	2,915	1,567
Depreciation on property and equipment	12	24,474	57,767	2,110	18,519
Fair value gain on valuation of investment property	13	(48,404)	(45,597)	(48,404)	(28,853)
Foreign exchange gain	7	(78,582)	(146,837)	(151,022)	(109,881)
Effects of loss on net monetary position		350,799	580,662	-	-
Interest income on debt securities at amortised cost	5(b)	(41,309)	(1,808)	(34,046)	(1,145)
ECL provisions for insurance receivables	17(a)	150,257	29,246	18,506	8,913
Working capital changes;					
Increase in receivables arising out of direct insurance arrangements		178,290	(62,264)	171,956	(131,005)
Decrease/(increase) in reinsurance share of liabilities		(2,687)	1,651	(3,249)	582
Increase in receivables from reinsurance arrangements		121,079	(22,229)	27,717	(78,835)
Increase in deferred acquisition costs		(33,403)	(33,403)	(33,403)	(33,403)
Increase in other receivable		(41,482)	(38,520)	(41,482)	(41,680)
Decrease in other payables		(82,840)	68,146	2,003	100,013
Increase in insurance contract liabilities		(32,387)	20,352	24,083	51,771
Decrease/(increase) in amounts due to reinsurers		10,491	689	14,687	3,360
Increase in related party balances		11,450	(28,835)	22,935	(8,984)
Increase in pension admin funds		182,094	283,678	346,715	283,678
Net cash generated used in operations		307,306	352,903	303,096	119,093
(b) Cash and cash equivalents		177,694	57,762	177,694	36,551

*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.

33. 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.

33. 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-20 inflation adjusted		31-Dec-19 Historical cost	
	SSP '000'	% change	SSP '000'	% change
Main basis	12,718	-	25,528	-
Expenses plus 10%	16,278	0.09%	25,814	1.12%
Mortality and other claims				
Mortality plus 10%	17,930	10.24%	25,538	0.04%
Interest rate less 20%	16,264	0.00%	25,528	0.00%
Withdrawals plus 25%	16,264	0.00%	25,528	0.00%

33. 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:

	2020	2019
Fire	1%	1%
MARINE	1%	1%
MOTOR	6%	3%
Group Personal Accident	2%	1%
THEFT	7%	4%
MEDICAL	78%	89%
Others	5%	1%

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.

31/12/2020	Change in assumptions SSP'000'	Increase/(decrease) on inflation profit before tax SSP'000'
Outstanding claims	+10/-10	4,808
Incurred but not reported	+10/-10	7,330
31/12/2019		
Outstanding claims	+10/-10	3,157
Incurred but not reported	+10/-10	4,465

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.

33. 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 160.43 to the US Dollar as at 31 December 2019 to SSP 177.28 to the US Dollar as at 31 December 2020.

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 USD rate	Effect on Pre-tax profit and equity
2020		SSP'000'
	+20%	23,341
	-20%	(23,341)
2019		
	+20%	34,585
	-20%	(34,585)

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 SSP '000' 7,466

(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.

33. 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.

(iii) Credit risk (continued)

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

FINANCIAL ASSETS AT AMORTISED COST – LOANS & RECEIVABLES

Inflation adjusted	2020 KShs '000	2019 Restated KShs '000
Stage 1	3,266	1,618
Stage 2	-	-
Stage 3	-	-
Total loans & receivables	3,266	1,618
Less: Loss Allowance	-	-
Net carrying amount	3,266	1,618

RESTRICTED DEPOSIT WITH FINANCIAL INSTITUTION

Inflation adjusted	2020 KShs '000	2019 Restated KShs '000
Stage 1	597,577	415,476
Stage 2	-	-
Stage 3	-	-
Total restricted deposit with financial institution	597,577	415,476
Less: Loss Allowance	(1,561)	(2,232)
Net carrying amount	596,016	413,244

RELATED PARTY LOAN

Inflation adjusted	2020 KShs '000	2019 Restated KShs '000
Stage 1	359,784	-
Stage 2	-	-
Stage 3	-	-
Total related party loan receivable	359,784	-
Less: Loss Allowance	(1,354)	-
Net carrying amount	**358,430**	-

(iii) Credit risk (continued)

OTHER RECEIVABLES

	2020	2019 Restated
Inflation adjusted	KShs '000	KShs '000
Stage 1	62,043	79,499
Stage 2	-	-
Stage 3	-	-
Total loans & receivables	62,043	79,499
Less: Loss Allowance	-	(244)
Net carrying amount	62,043	79,255

DIRECT INSURANCE AND REINSURERS RECEIVABLES

Aging analysis of direct and reinsurers receicables

Inflation adjusted

2020	< 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days	Total
	SSP'000'	SSP'000'	SSP'000'	SSP'000'	SSP'000'	SSP'000'
Receivables arising out of reinsurance arrangements	38,587	33,000	22,205	39,375	-	133,166
Receivables arising out of direct insurance arrangements	3,301	35,103	7,103	1,979	189,884	237,370
Total	41,888	68,103	29,308	41,354	189,884	370,536

2019	< 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days	Total
	SSP'000'	SSP'000'	SSP'000'	SSP'000'	SSP'000'	SSP'000'
Receivables arising out of reinsurance arrangements	73,671	63,004	42,393	75,175	-	254,243
Receivables arising out of direct insurance arrangements	108,991	93,210	62,719	111,113	39,627	415,660
Total	182,662	156,214	105,112	186,288	39,627	669,903

33. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk (continued)

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.

33. 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 2020 Inflation Adjusted	6 months or on demand SSP'000'	Between 6 months and 1 year SSP'000'	More than 1 year SSP'000'	Total SSP'000'
Financial Assets				
Staff Loans	3,266		-	3,266
Investment in Loans			358,430	358,430
Restricted deposits with financial institution	-	-	596,016	596,016
Investment in collective investment scheme	127,094	-	-	127,094
Other receivables	62,043		-	62,043
Receivables arising out of direct insurance arrangements	47,486	-	-	47,486
Receivables arising out of reinsurance arrangements	137,831	-	-	137,381
Cash and bank balances	177,694	-	-	177,694
	555,414	-	954,446	1,509,860
Financial Liabilities				
Due to related parties	42,725	-	-	42,725
Finance lease obligation	-	4,255	42,547	46,802
Payables arising from reinsurance arrangements	21,918	-	-	21,918
Other payables*	148,206	-	-	148,206
	212,849	4,255	42,547	259,651
Net Liquidity gap	342,565	(4,255)	911,899	1,250,209

*Other payables excludes statutory levies and payroll provisions.

33. 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 Inflation adjusted Restated	6 months or on demand SSP'000'	Between 6 months and 1 year SSP'000'	More than 1 year SSP'000'	Total SSP'000'
Financial Assets				
Staff Loans	1,618		-	1,618
Restricted deposits with financial institution	-		414,039	414,039
Investment in collective investment scheme	885,213	-	-	885,213
Other receivables	79,255		-	79,255
Receivables arising out of direct insurance arrangements	376,033	-	-	376,033
Receivables arising out of reinsurance arrangements	254,245	-	-	254,245
Cash and bank balances	57,762	-	-	57,762
	1,654,126	-	414,039	2,068,165
Financial Liabilities				
Due to related parties	31,276	-	-	31,276
Finance lease obligation		6,085	66,932	73,017
Payables arising from reinsurance arrangements	11,427	-	-	11,427
Other payables*	231,046	-	-	231,046
	273,749	6,085	66,932	346,766
Net Liquidity gap	1,380,377	(6,085)	347,107	1,7121,399

*Other payables excludes statutory levies and payroll provisions.

33. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Liquidity risk (continued)

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

31 Dec 2020 Historical Cost	6 months or on demand SSP'000'	Between 6 months and 1 year SSP'000'	More than 1 year SSP'000'	Total SSP'000'
Financial Assets				
Staff Loans	3,266		-	3,266
Loan investment			358,430	358,430
Restricted deposits with financial institution	-	-	596,016	596,016
Investment in collective investment scheme	127,094	-	-	127,094
Other receivables	62,043		-	62,043
Receivables arising out of direct insurance arrangements	47,486	-	-	47,486
Receivables arising out of reinsurance arrangements	137,381	-	-	137,381
Cash and bank balances	177,694	-	-	177,694
	554,964	-	954,446	1,509,410
Financial Liabilities				
Due to related parties	42,725	-	-	42,725
Finance lease obligation		4,255	42,547	46,802
Payables arising from reinsurance arrangements	21,918	-	-	21,918
Other payables*	148,206	-	-	148,206
	212,849	4,255	42,547	259,651
Net Liquidity gap	342,115	(4,255)	911,899	1,249,759

*Other payables excludes statutory levies and payroll provisions.

33. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Liquidity risk (continued)

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

31 Dec 2020 Historical Cost	6 months or on demand SSP'000'	Between 6 months and 1 year SSP'000'	More than 1 year SSP'000'	Total SSP'000'
Financial Assets				
Staff Loans	1,024		-	1,024
Restricted deposits with financial institution	-	-	261,496	261,496
Investment in collective investment scheme	560,152	-	-	560,152
Other receivables	50,151		-	50,151
Receivables arising out of direct insurance arrangements	237,949	-	-	237,949
Receivables arising out of reinsurance arrangements	161,850	-	-	161,850
Cash and bank balances	36,551	-	-	36,551
	1,047,677	-	261,496	1,309,173
Financial Liabilities				
Due to related parties	19,791	-	-	19,791
Finance lease obligation		3,850	42,354	46,204
Payables arising from reinsurance arrangements	7,231	-	-	7,231
Other payables*	146,203	-	-	146,203
	173,225	3,850	42,354	219,429
Net Liquidity gap	874,452	(3,850)	219,142	1,089,744

*Other payables excludes statutory levies and payroll provisions

33. 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:

	Inflation Adjusted		Historical cost	
		Restated		Restated
	2020	2019	2020	2019
	SSP'000'	SSP'000'	SSP'000'	SSP'000'
Regulatory capital requirements	15,800	15,800	15,800	15,800
Capital held at 31 December:				
Share capital	655,399	655,399	15,800	15,800
Retained earnings	(272,848)	503,023	627,097	646,022
Revaluation reserve	221,176	204,950	277,832	261,606
	603,727	1,363,372	920,729	923,428

No changes were made in the objectives, policies and processes for managing capital during the year ended 31 December 2020.

34. 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.

34. 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.

Inflation adjsuted	Level 1 SSP'000'	Level 2 SSP'000'	Level 3 SSP'000'	Total SSP'000'	Carrying amount SSP'000'
31 Dec 2020					
Investments in collective investment scheme at FVTPL	-	127,094	-	127,094	127,904
Owner occupied property and equipment	-	-	235,511	235,511	235,511
Investment property	-	-	377,606	377,606	377,606
	-	127,094	613,117	740,211	741,021

	Level 1 SSP'000'	Level 2 SSP'000'	Level 3 SSP'000'	Total SSP'000'	Carrying amount SSP'000'
31 Dec 2019 Inflation Adjusted					
Investments in collective investment scheme at FVTPL	-	885,213	-	885,213	885,213
Owner occupied property and equipment	-	-	372,181	372,181	372,181
Investment property	-	-	520,242	520,242	520,242
	-	885,213	892,423	1,777,636	1,777,636

Historical Cost	Level 1 SSP'000'	Level 2 SSP'000'	Level 3 SSP'000'	Total SSP'000'	Carrying amount SSP'000'
31 Dec 2020					
Investments in collective investment scheme at FVTPL	-	127,094	-	127,094	127,094
Owner occupied property and equipment	-	-	251,738	251,738	251,738
Investment property	-	-	377,606	377,606	377,606
	-	127,094	629,344	756,438	756,438

Historilcal Cost	Level 1 SSP'000'	Level 2 SSP'000'	Level 3 SSP'000'	Total SSP'000'	Carrying amount SSP'000'
31 Dec 2019					
Investments in collective investment scheme at FVTPL	-	560,152	-	560,152	560,152
Owner occupied property and equipment	-	-	372,181	372,181	372,181
Investment property	-	-	329,202	329,202	329,202
	-	560,152	701,383	1,261,535	1,261,535

34. FAIR VALUE MEASUREMENT (continued)

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	

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