2020 ANNUAL REPORT
&
FINANCIAL STATEMENTS

WAICA Re
WAICA REINSURANCE CORPORATION PLC
Surely Reinsured

CELEBRATING 10 YEARS
2011 - 2021
TOGETHER TOWARDS TOMORROW

WAICA REINSURANCE CORPORATION PLC

Surely Reinsured

Consolidated Financial Statements

for the year ended 31 December 2020

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Chairman's Statement

Distinguished shareholders, ladies and gentlemen, I welcome you to this 8th AGM and ask that you accept the assurance of my highest consideration. On behalf of the Board of Directors of your esteemed Corporation, I am delighted to present to you the Corporation's annual report and audited financial statements for the year ended 31st December, 2020.

WAICA Re @ 10

So soon, it has been ten years in business and ten years to be thankful to God. Ten years is an occasion for joy and as we look back at the strides our Corporation has made, considering the initial anxiety regarding our success, this is a milestone worthy of celebration even during this COVID – 19 times. In our ten years of existence, the then WAICA Reinsurance Pool has metamorphosed into a strong, dominant, competitive and well-respected company ranking amongst the top ten indigenous reinsurers in Africa.

The beginning of any journey is not easy and ours has been a challenging but exciting journey for the Shareholders, Board, Management, Staff, Cedants, Brokers, Regulators, and other stakeholders. Most of the Founding Fathers of the West African Insurance Companies Association who started this journey in 1973 have long passed on, including the then President of WAICA when this reinsurance company was formed in 2011, Mr William O. Agbenyegah. We want to believe they will be proud to see how strong and tall the seed they planted has grown. On our part, we continue to build with zeal and determination an institution that should outlive all of us and continue to serve Africa and the world when we are also long gone.

We thank God for seeing us through these ten years. It has been by His grace that we are where we are today. I also thank my colleague Board members, both past and present, for diligently exercising their oversight responsibilities to help build

WAICA Re. Our special thanks goes to our Regulators in all the countries in which we operate. Their rigorous compliance regime enabled us to build systems and procedures leading to our success story. I would like to take this opportunity to thank our clients and business partners for the support, loyalty and the trust reposed in us. We also owe a huge debt of thanks to Management and staff, headed by Mr Ezekiel Abiola Ekundayo, who has steered the operations of the Corporation from inception with commitment, strong leadership, and wise counsel. Our staff are hardworking, and we are grateful for their contribution to the success of WAICA Re.

Global Business Environment

2020 was a year very difficult to forget due to the COVID-19 pandemic which spread to 220 countries infecting over 100 million people by the end of the year. The pandemic also changed the way we live and work. Cancellation of certain sporting events due to the pandemic resulted in huge insurance claims for global reinsurers. 2020 also saw wildfires in Australia, Siberia, the Amazon and the West Coast of the USA due to the effect of climate change. The Beirut port explosion resulting from the accidental ignition of over 2,700 tonnes of ammonium nitrate, coupled with the political instability in Lebanon, was monitored keenly by WAICA Re for possible claim exposures. East Africa and South Asia witnessed the worst locust plague in over two decades destroying crops and causing marked environmental and health challenges. The death of George Floyd, a black man who died after a police officer knelt on his neck for almost 10 minutes, triggered massive protests against systemic racism and police brutality in the USA; cascading into similar protests against injustice and corruption by government officials in several countries including Thailand, Bulgaria and Nigeria. WAICA Re paid some riot related claims in Nigeria as a result. Global politics saw Joe Biden win the 2020 USA elections to become the 46th President of the USA with Ghana, Cote d'Ivoire, etc holding elections. Brexit negotiations also took center stage.

Economically, the COVID-19 pandemic weakened global economic conditions making the International Monetary Fund (IMF) to project a 3.5% contraction of Global GDP for year 2020. The uncertainties brought about by the pandemic and geopolitical factors, adversely affected investment and business confidence. Advanced economies witnessed a contraction of 4.9% for 2020 from 1.6% growth in 2019. The contraction was due to the alarming rate of COVID-19 infection that disrupted economic activity, especially in the services sub-sectors. Growth in USA and Japan were estimated to contract by 3.4% and 5.1% respectively whilst that of the United Kingdom and the Euro area were estimated to also contract by 10% and 7.2% respectively.

In emerging markets and developing economies, growth was projected to also contract by 2.4% on account of sharp increase in unemployment, unprecedented fall in commodity prices, supply chain disruptions, restricted cross-border travels and weakened external demand.

Global headline inflation remained subdued, especially in advanced economies, consistent with the persistence of the negative output gaps. Inflation in advanced economies was estimated at 0.7% for 2020, from 1.4% in 2019 while inflation for emerging markets and developing economies was estimated to marginally moderate to 5.0% for 2020, from 5.1% in 2019.

African Economies

The spread of the COVID-19 in Africa has been lower than expected despite the region's relatively weaker healthcare systems and huge informal sector players. The lower number of cases relative to prediction has been ascribed to the region's pre-dominantly young population who seem less vulnerable to the pandemic. There are however concerns that the true impact of the pandemic might be understated owing to inadequate testing capabilities and inaccurate monitoring of COVID-19 related illnesses and fatalities.

The African Development Bank (AfDB) estimated economic growth in Africa to have shrunk by 2.1% in 2020 because of the COVID–19 pandemic. Tourism-dependent economies were projected to have declined by 11.5%; oil-exporting countries declined by 1.5%, other resource-intensive economies declined by 4.7% and non-resource-intensive countries declined by 0.9%. Fiscal deficits were estimated to have doubled in 2020 to a historical high of 8.4% of GDP. Debt burdens were likely to rise by 10 to 15 percentage points in the short to medium term. Exchange rate fluctuations have been elevated, and inflation has inched up, with external financial inflows heavily disrupted.

East Africa seems to be the most resilient region, thanks to less reliance on primary commodities and greater diversification. That region grew by an estimated 0.7% in 2020. Southern Africa is the region that was hit the hardest by the pandemic, with an economic contraction of 7.0% in 2020. GDP in West Africa is estimated to have contracted by 1.5 % in 2020, better than the initial projections due to the relatively limited spread of the virus in the region. In Central Africa, real GDP was estimated to have contracted by 2.7% while the economies of North Africa contracted by an estimated 1.1% in 2020.

According to the AfDB, whilst headline inflation in Africa in 2020 was estimated at 10.4%, a marginal increase from the 9.8% recorded in 2019, core inflation (excluding food and energy prices) has risen in many countries. Significant currency depreciations have occurred in Africa, particularly in frontier market economies, partly as a result of the disruptions in external financial flows-including remittances, foreign direct investment, portfolio investment, and official development assistance.

Economic Developments in WAICA Re Operating Countries.

Nigeria

The Nigerian economy was impacted by two major events in 2020 - The devastating impact of the COVID-19 pandemic which triggered health and economic challenges with an unprecedented fall in crude oil prices and the peaceful #ENDSARS protests across the country by youths lending their voices against brutality and high-handedness of the Special Anti-Robbery Squad (SARS) of the Nigerian Police Force (NPF). The prolonged lockdown in Lagos, Ogun and Abuja as well as widespread movement restrictions in most states in a bid to flatten the curve of the COVID-19 pandemic in the second quarter of 2020 triggered a downturn in economic activities which led to an estimated annual GDP contraction of 3%, reversing three years of recovery. The containment measures mainly affected aviation, tourism, hospitality, restaurants, manufacturing, and trade. Contraction in these sectors offset demand-driven expansion in financial and information and communications technology sectors. According to the AfDB, inflation rose to 12.8% in 2020 from 11.4% in 2019, fueled by higher food prices due to constraints in domestic supplies and the pass-through effects of an exchange rate premium that widened to about 24%. Total public debt stood at $85.9 billion (25% of GDP) on 30 June 2020, 2.4% higher than a year earlier. The current account position was expected to remain in deficit at 3.7% of GDP, weighed down by the fall in oil receipts and weak external financial flows.

Ghana

The outbreak of the novel COVID-19 pandemic which was far more than a health crisis resulted in restrictions in movements to curb its fast paced spread. These restrictions consequently led to job losses and reduced incomes in Ghana. The hotel and hospitality industry, trade and industry, agriculture, health, creative arts and the media, transportation, manufacturing, education, Faith-Based Organizations (FBOs), financial services, and young entrepreneurs were all severely affected by the pandemic. The IMF estimates 2020 GDP growth for Ghana as 0.9%.

Headline inflation remained stable at 7.8% from January until March 2020 but broke into double-digit territory for the first time in 21 months at 10.6% in April 2020; following panic-buying episodes that preceded the anticipated and the eventual partial lockdowns. As at December 2020 headline inflation stood at 10.4%, outside the target band of 8±2%, driven by food prices.

According to the ADB, fiscal deficit is expected to widen to 10.5% of GDP in 2020 from 4.8% in 2019 due to revenue shortfall from weak economic activity and unanticipated increased health expenditure. The current account deficit is expected to narrow to 2.5% of GDP in 2020 from 2.8% in 2019 because of reduced demand for imports. Foreign exchange reserves maintained the previous year's level of 4.0 months of import cover as of October 2020. The Ghana cedi depreciated by 3.1% in 2020, compared with a 10% depreciation in 2019.

Sierra Leone

Sierra Leone's GDP growth dropped from 5.4% in 2019 to a contraction of 3.1% in 2020 mainly as a result of the COVID-19 restrictions that were put in place and which affected many economic activities in agriculture, manufacturing and construction. There were also declines in the mining, transport, trade, and tourism sectors as well as weak external demand for major exports, particularly diamonds. Inflation increased from 14.8% in 2019 to 15.7% in 2020, because of supply chain disruptions and transportation restrictions. The budget deficit was expected to widen to 5.7% of GDP from 2.9% in 2019, because of a revenue shortfall arising from lower economic activity. The decline in exports caused the current account deficit to widen to 15.6% of GDP from 13.5% in 2019. At the end of September 2020, foreign exchange reserves were $565 million (4.2 months of import cover), compared with $506 million (3.5 months of import cover) in 2019. The Leone depreciated marginally against the US Dollar. At December 2020 it stood at Le 10,225/$1 compared to Le 9,750/$1 in December 2019.

Liberia

In Liberia, the shock of the COVID-19 pandemic affected economic activity resulting in a contraction of real GDP by 3.0% on account of decline in transportation, trade, hotel and construction subsectors. Headline inflation moderated to 13.1% due to tight monetary policy stance alongside stable exchange rate and decline in the global oil price. In AfDB's analysis, the fiscal deficit was estimated to narrow to 3.5% of GDP in 2020 compared with 4.5% in 2019 as the government limited expenditure to available budgetary resources in line with International Monetary Fund's (IMF's) Extended Credit Facility (ECF) program. The current account deficit was estimated to narrow to 21.3% of GDP from 21.7% because of a lower oil import bill. Gross official reserves declined to 2.3 months of import cover at the end of June 2020 from 2.4 months a year earlier. Declining reserves prompted a 2.6% depreciation in the exchange rate from LRD 193 per US dollar in June 2019 to LRD198 per dollar in June 2020. Public debt increased to 49% of GDP at the end of September 2020, compared with 38% of GDP in September 2019, an increase attributed to government borrowing from the Central Bank of Liberia (CBL).

The Gambia

According to the AfDB, containment measures introduced to limit the COVID-19 pandemic helped cause The Gambia's GDP to contract by an estimated 2.4% in 2020, after growing 6.2% in 2019. On the supply side, the tourism and trade sectors were the most affected, while on the demand side, subdued domestic and external demand hurt the economy. The government responded with expansionary fiscal policy, health spending increased by 0.5% of GDP and food assistance increased by 0.7%. Monetary and fiscial policies eased, the policy rate was cut by 200 basis points to 10% to boost liquidity. Subdued aggregate demand pushed down inflation to 5.7% in 2020 from 7.1% in 2019.

The preliminary balance of payments estimates for the period ended December 2020 revealed a worsened external sector position for the country. The current account balance deteriorated to a deficit of US$119.34 million (6.75% of GDP) in December 2020 from a deficit of US$36.60 million (2.07% of GDP) in December 2019, due to weakened goods and service account balances. The fiscal deficit widened to 3.7% of GDP in 2020 from 2.4% in 2019 as a result of increased spending amid a shortfall in revenue collections. The decline in remittances and tourism receipts widened the current account deficit to 8.6% of GDP from 5.3% in 2019

The exchange rate came under pressure during the year due to supply constraints associated with the COVID-19 pandemic and the slowdown of remittances in the last quarter of 2020, leading to a weakened Dalasi against the three major international currencies. Year-on-year the Dalasi depreciated against the Euro, Pound Sterling and US Dollar by 7.3 %, 1.5% and 1.1% respectively. Foreign exchange reserves were expected to drop by $10 million in 2020 to $258 million (3.7 months of import cover). Public debt increased to 83.1% of GDP in 2020 from 81% in 2019 because of large fiscal deficits and government efforts to prop up state-owned enterprises (SOEs).

Tunisia

The COVID-19 crisis as well as the fall in European demand, hit an already anaemic economy hard, dragging it into a deep recession with real GDP contracting by 8.8% in 2020, after growing 1% in 2019. Household consumption (70% of GDP), already weak, has been badly affected by rising unemployment and falling incomes. Similarly, commercial services (nearly 50% of GDP), with tourism at the forefront also suffered a 60% drop in revenues. Other industries (hydrocarbons, phosphates, derived fertilisers and plaster) suffered from strikes and blockages in 2020 leading to a fall in oil and gas production by 8%. Agriculture (12% of GDP), was affected by unfavourable weather conditions and an erratic supply of fertilisers. However, olive oil exports continued to prosper even in the midst of the crisis.

Fiscal consolidation, which was well advanced at the end of 2019 under the IMF's Extended Credit Facility, whose four-year term expired in May 2020, reversed in 2020 with the onset of the crisis. While revenues fell by about 20%, expenditure increased by 10% despite cuts in non-essential spending. The deficit widened significantly, requiring the increased involvement of multilateral and European partners, alongside increased recourse to the domestic market and central bank financing. The ratio of the current account deficit to GDP continued to fall in 2020, despite the fall in GDP. This was because imports, linked to domestic demand, had fallen more than exports of goods, allowing the trade deficit to be reduced from 14% to 10% of GDP. Inflation, however, declined in 2020 to 5.9%, from 6.7% in 2019, because of a slowdown in domestic demand and a sharp drop in energy prices.

Cote d'Ivoire

As per World Bank report, economic growth for 2020 is expected to slow down to around 1.8%, due to the major impact of COVID-19 on households and businesses. Côte d'Ivoire continued to be one of the best performing economies in Sub-Saharan Africa, driven in particular by the expansion of the middle class, which supported demand in all sectors. Prior to the COVID-19 health situation, the outlook for 2020 remained favorable until it was revised downwards, following the slowdown in exports and the introduction of COVID-19 containment measures, which put a brake on economic activity. Inflation rose from 0.8% in 2019 to 1.8% in 2020, on the back of higher food and transport prices. Financing extra health spending and economic support led to the doubling of the budget deficit from 2.3% of GDP in 2019 to 5.5% of GDP in 2020, mainly financed by loans, projects and programs, and borrowing from the regional financial market. The current account deficit has nearly doubled from 1.9% of GDP in 2019 to 3.5% in 2020 due to rising imports and falling exports according to the ADB.

Kenya

Kenya's economy has been hit hard by COVID-19, severely affecting incomes, and jobs. The economy has been exposed through the dampening effects on domestic activity of the containment measures and behavioural responses, and through trade and travel disruption (affecting key foreign currency earners such as tourism and cut flowers). Real gross domestic product (GDP) growth decelerated from an annual average of 5.7% (2015-2019) to 1.4% in 2020.

The exchange rate was volatile and weakened against the dollar due to the impact of COVID - 19 whilst public debt increased to 69% of GDP in 2020, from 62% in 2019. Inflation was around 5% in 2020 because of lower aggregate demand and remained within the target range. According to the ADB, fiscal deficit is expected to widen to 8.3% of GDP-the result of revenue shortfalls and pandemic-related spending increases to deal with health issues and to mitigate the damage to household income and businesses. The current account deficit is expected to narrow to 5.4% of GDP, supported by a sharp reduction in the oil import bill. Foreign exchange reserves declined to $7.8 billion (4.8 months of import cover) at the end November 2020.

Zimbabwe

Zimbabwe's economic fundamentals continued to weaken with an IMF forecasted contraction of 10.4% for 2020 due to the COVID-19 pandemic and continued drought. However, there was relative stability towards the end the year 2020 when there was a return to multi-currency regime and decline in general inflation levels in the market. Headwinds caused by incessant power cuts, ill-timed currency changes, unrestrained money printing, fuel and foreign currency shortages have partially subsided. However, high and unsustainable debt, high fiscal deficits, cash shortages, limited foreign exchange, and persistent shortages of essential goods are still hampering meaningful economic recovery. As the Zimbabwe dollar depreciates, local creditors lose the value of both their loans and payments on goods and services supplied to the government, and external debt service becomes more expensive. The economy's downward spiral has fueled unemployment and poverty. The exchange rate depreciated by 388% on the parallel market from ZWL$24.60/US$1 to a rate of ZWL$120/US$1. On the formal interbank market, the exchange rate followed a similar trajectory, depreciating by 377% from ZWL$17.35/US$1 to ZWL$81.7866/US$. The abandonment of a hard-pegged exchange rate system and simultaneous introduction of the foreign exchange Dutch Auction system on 23 June 2020 has resulted in a more stable and predictable foreign exchange market. The availability of foreign exchange has also improved, thanks to the new Foreign Currency Auction System (FCAS).

In sync with the depreciating exchange rate, the year on year inflation increased from 463% in January 2020 to 737% by June 2020 and reached a record high in July 2020 at 838%. However, the introduction of the foreign exchange Dutch auction system and the subsequent fall in exchange rate premiums between the official and parallel markets brought a decline in the inflation rates between August and December 2020 from 761% to 349% respectively. Fiscal and current account deficits also recovered after July, but both deteriorated for the year as a whole. The budget deficit rose from 2.7% in 2019 to 2.9% in 2020, while the current account went from a surplus of 1.1% of GDP in 2019 to a deficit of 1.9% in 2020.

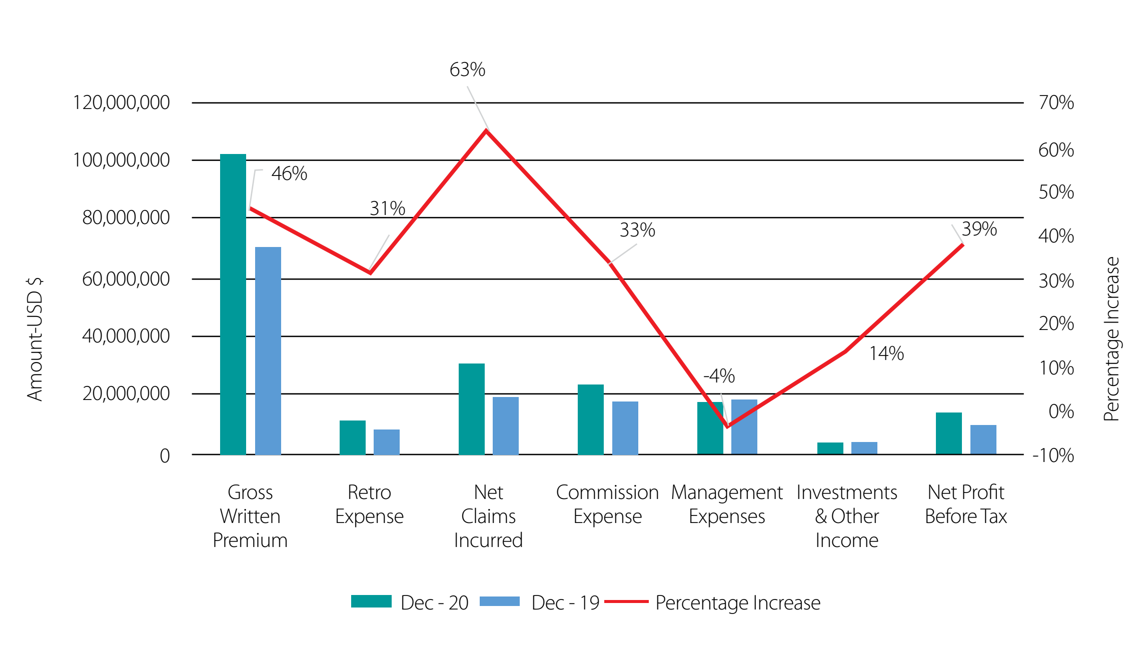
Financial Performance

WAICA Re has seen another year of improved financial performance indicating that we are a much stronger reinsurer today than we were a year ago in spite of the COVID-19 pandemic. We continue to set the platform for a greater future, establish strong financial, technical and operational paths that will spur us on to deliver quality service to business partners and build shareholder value.

Once again significant progress has been made against our group strategic goals and a snapshot of our key performance indicators for 2020 were as follows:

- Gross Written Premium; up by 46% to $102.6m (2019: $70.3m)
- Net Earned Premium; up by 35% to $78.7m (2019: $58.1m)
- Commission expense; up by 33% to $23.5m (2019: $17.6m)
- Claims incurred; up by 63% to $30.5m (2019: $18.7m)
- Technical profit; up by 13% to $26.2m (2019: $23.2m)
- Underwriting profit; up by 77% to $8.8m (2019: $5.0m)
- Management Expenses; down by 4% to $17.1m (2019: $18.2m)
- Investment & other income; up by 14% to $3.9m (2019: $3.4m)
- Profit before tax; up by 39% to $13.6m (2019: $9.7m)
- Cash and investments; up by 29% to $114.9m (2019: $88.9m)
- Total current liabilities up by 80% to $85.7m (2019: $47.5m)
- Shareholders' funds; up by 10% to $98.2m (2019: $89.4m)
- Total asset; up by 34% to $183.9 (2019: $136.9m)

Profit and Loss Analysis

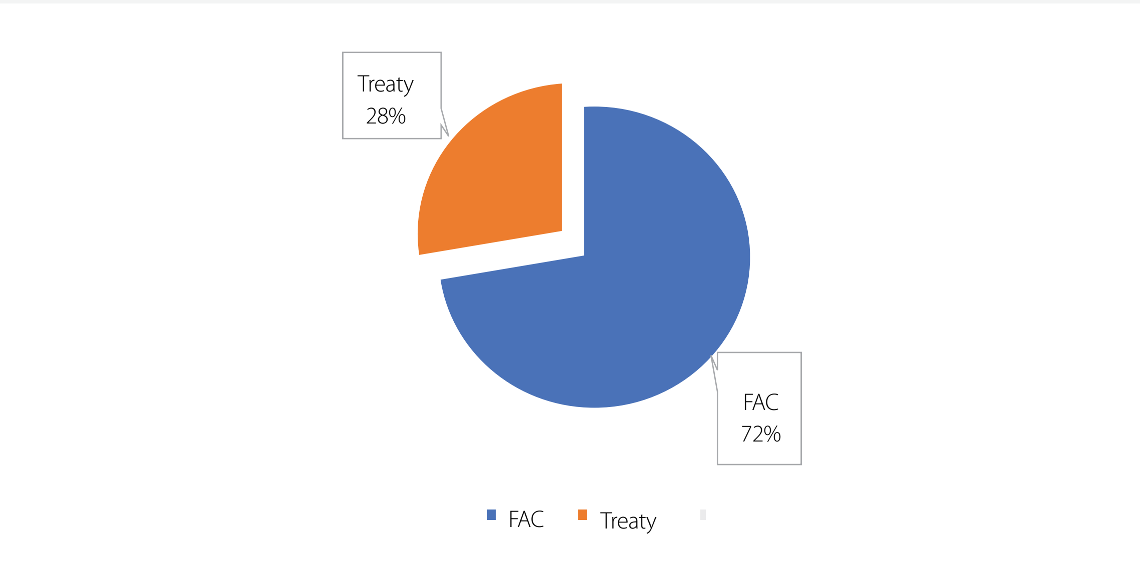


Robust Premium Growth

Notwithstanding the COVID-19 pandemic, we continued our robust growth by increasing Gross Written Premium (GWP) from $70.3 million to $102.6 million representing 46% growth over 2019.

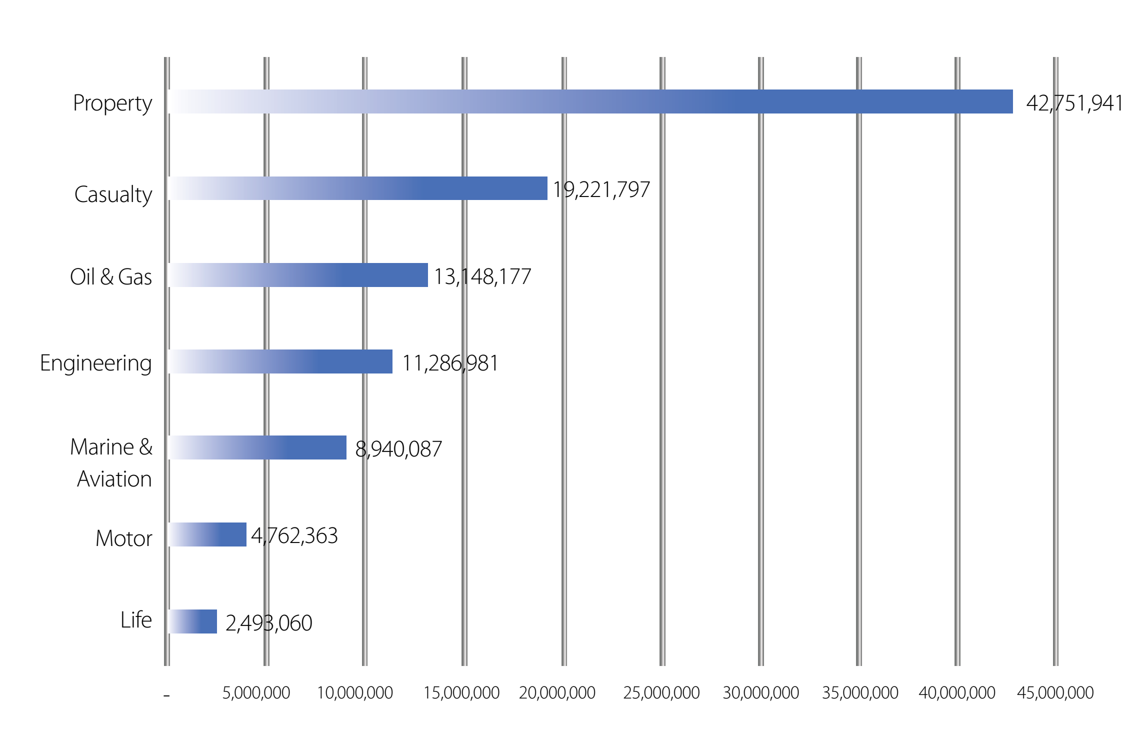
Facultative business amounted to $74.3 million representing 72% of GWP while Treaty brought in $28.3 million which is 28% of GWP.

Type of Business



Gross Written Premium by Class

Property generated 40% of 2020 GWP followed by Casualty with 19% and Oil & Gas 13%. Engineering brought in 11%, Marine & Aviation 9%, Motor 5% and Life 2%.



Class	2020	2019	Growth	% of Premium
Casualty	19,221,797	13,457,192	43%	19%
Engineering	11,286,981	8,067,237	40%	11%
Marine & Aviation	8,940,087	6,094,402	47%	9%
Motor	4,762,363	3,082,844	54%	5%
Property	42,751,941	27,483,900	56%	40%
Oil & Gas	13,148,177	10,529,884	20%	13%
Life	2,493,060	1,624,457	53%	2%
Total	**102,604,405**	**70,339,916**	**46%**	**100%**

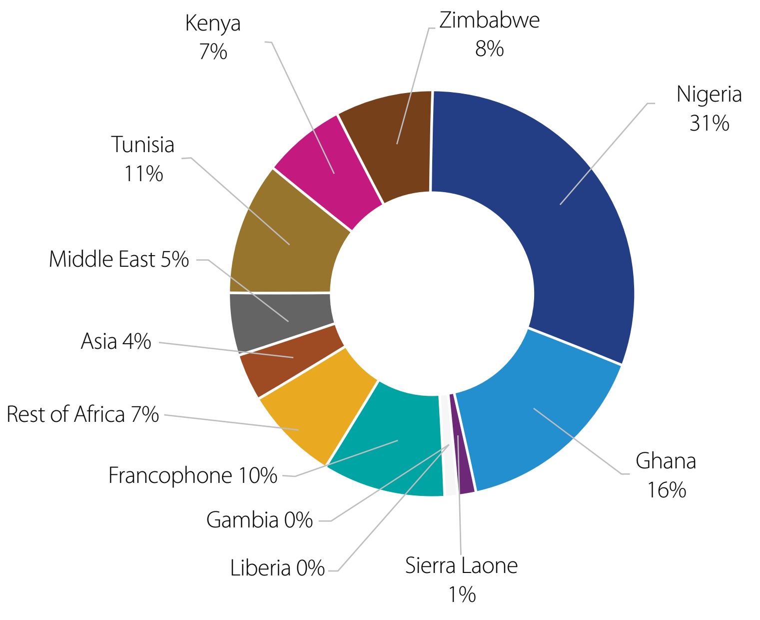
The chart above shows there was a robust growth from 2019 to 2020 for all classes of business. Property grew by 56%, Motor by 54%, Life by 53%, Marine & Aviation by 47%, Casualty by 43%, Engineering by 40% and Oil & Gas 20%.

Our Middle East market led our GWP growth momentum with 157%, followed by Tunisia, which now serves the whole of Northern Africa, with 153%. Zimbabwe had a robust growth of 138% followed by Kenya with 103%, Asia with 99%, The Gambia 90%, The Rest of Africa 41%, Sierra Leone 36%, Francophone West Africa 28%, Nigeria 20% and Ghana 17%. Only Liberia had a negative growth of 3% as per the table below.

Regional Distribution of Gross Premium Written

Country	2020 $	2019 $	Growth %
Nigeria	31,434,160	26,272,417	20
Ghana	16,525,290	14,120,213	17
Sierra Leone	1,532,055	1,128,659	36
Liberia	296,506	304,575	(3)
Gambia	194,419	102,326	90
Francophone	10,364,907	8,098,489	28
Tunisia	10,890,355	4,296,138	153
Rest of Africa	7,652,583	5,415,239	41
Asia	3,847,423	1,931,408	99
Middle East	5,049,681	1,961,114	157
Kenya	6,802,595	3,348,063	103
Zimbabwe	8,014,431	3,361,284	138
Total	**102,604,405**	70,339,916	46

The chart below shows that, our dominant market Nigeria contributed 31% of total GWP whilst Ghana brought in 16%. Altogether, Anglophone West Africa, which is our home market, continues to be our backbone by contributing 49% of our total GWP, with Francophone West Africa contributing 10%, Tunisia 11%, whilst the rest of Africa, Middle East and Asia brought in 7%, 5% and 4% respectively. Our subsidiaries in Zimbabwe and Kenya contributed 8% and 7% respectively.



Retrocession premium increased by 31% from $8.3 million in 2019 to $11.0 million in 2020 driven mainly by increased business growth and the need to protect the net account. As a result, the overall premium retention ratio increased slightly from 88% in 2019 to 89% in 2020. After adjusting for unearned premium reserve, net earned premium increased by 35% to $78.7 million in 2020 from $58.1 million in 2019.

Improved Underwriting Result

Underpinned by increase in business volumes and increased claims reserve, net claims incurred increased by 63% to $30.5 million in 2020 from $18.7 million in 2019. Facultative claims contributed 59% of total claims paid whilst treaty claims was 41%. Consequently, the net incurred loss ratio increased to 39% in 2020 compared to 31% in 2019.

Net commission expense rose to $23.5 million in 2020 from $17.6 million in 2019, representing 33% growth largely as a direct function of growth in earnings. The commission ratio also remained flat at 30% in line with both company trend and industry averages.

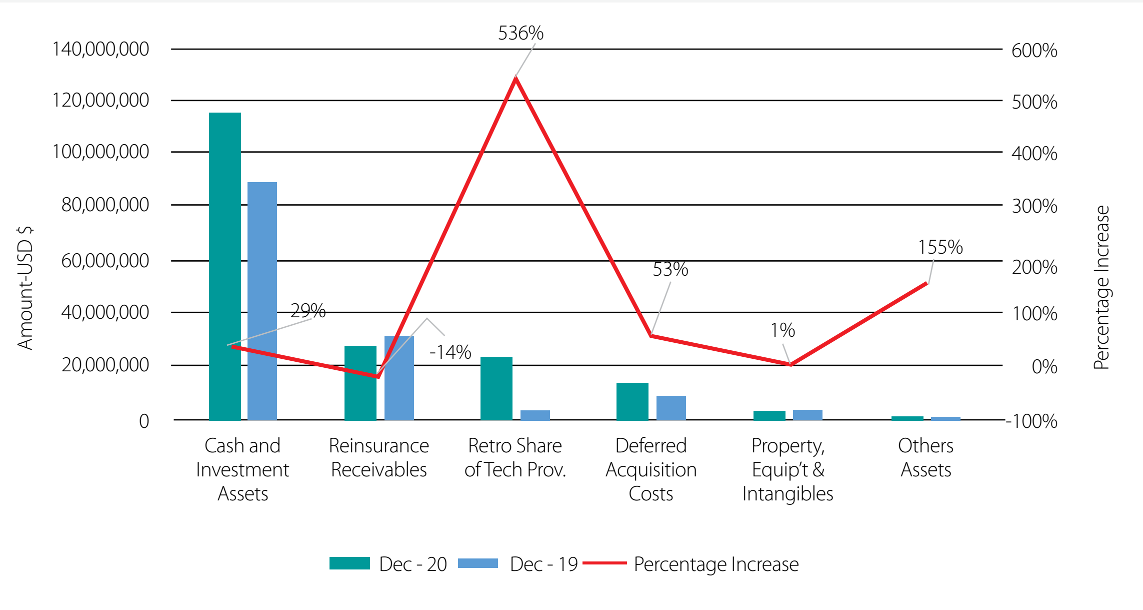
Operating expenses decreased year on year by 4%, given management efforts to reduce cost. As such, operating expenses fell to $17.1 million in 2020 from $18.2 million in 2019 and expense ratio equally falling to 22% in 2020 from 31% in 2019. Overall, combined ratio improved to 91% in 2020 having fallen from 93% in 2019.

We have continued to display a strong underwriting profitability as a result of sound underwriting and risk selection. As such technical profit grew from $23.2 million in 2019 to $26.2 million in 2020 representing a 13% growth, while underwriting profit grew from $5.0 million in 2019 to $8.8 million in 2020, a growth rate of 77%. Whilst Technical margin fell from 40% in 2019 to 33% in 2020, underwriting margin improved from 9% in 2019 to 11% in 2020.

Investment Return and Net Profit

Investment and other income witnessed an increase of 14% from $3.4 million in 2019 to $3.9 million in 2020 even though there was a general fall in interest rates especially in Anglophone West Africa. Consequently, return on investment fell from 4% in 2019 to 3.7% in 2020. Management continues to review the investment portfolio to help improve the return on investment. The above Profit and Loss analysis shows that, the major drivers of profit in 2020 were the growth in premium income, improved underwriting performance and a reduction in management expenses. These factors helped boost net profit before tax by 39% from $9.7 million in 2019 to $13.6 million in 2020. This performance means that return on equity also improved significantly from 11% in 2019 to 14% in 2020.

Assets



Ladies and gentlemen, improved premium collection enabled the group to increase cash and investment assets by 29% to $114.9 million in 2020 from $$88.9 million in 2019. The Group's cash and investment assets account for 62.5% of total balance sheet size. Liquid assets increased to $105.2 in 2020 from $79.3 million in 2019 giving the Group a strong liquidity metrics compared to claims and technical liabilities.

Table of cash and investment assets

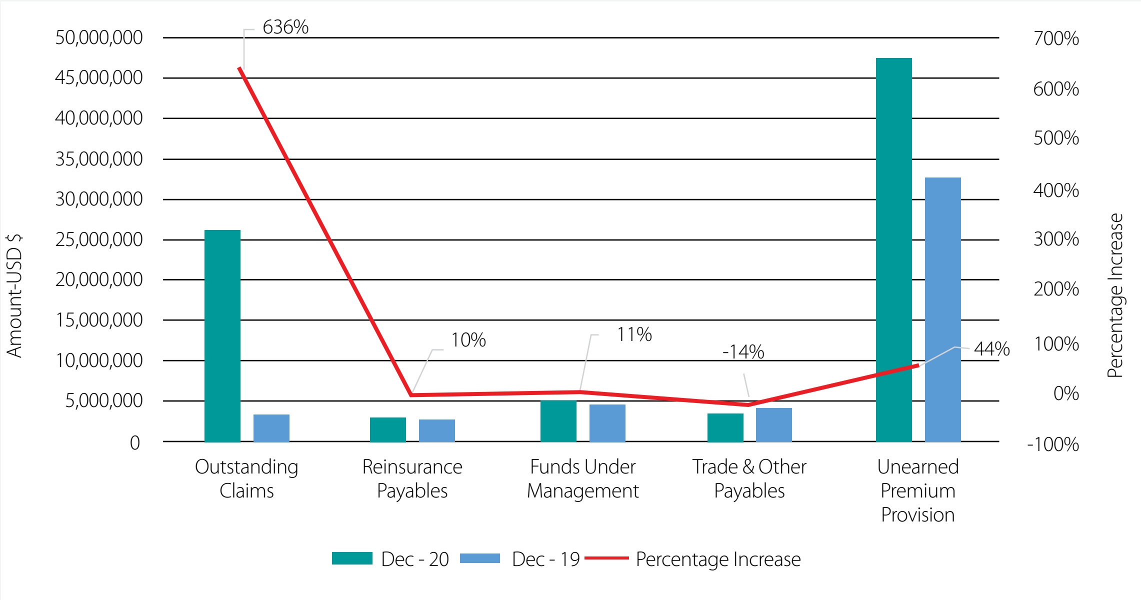
Liquid Assets	2020 $	2019 $
Cash and bank balances	10,178,973	7,934,846
Short-Term Investments	31,247,760	21,906,025
Treasury bills	5,894,814	3,611,210
Government Bonds	17,404,324	1,221,443
Term deposits	40,492,419	44,582,359
Total Liquid Assets	**105,218,290**	79,255,884
Unquoted Equity	348,898	318,111
Investment property	9,364,322	9,326,522
Non-cash investments	9,713,220	9,644,633
Total cash and investments	**114,931,510**	88,900,517

Enhanced premium collection enabled us to reduce premium receivables by 14% from $31.6 million in 2019 to $27.3 million in 2020. We believe there is still room for improvement and hence continue to deploy various strategies aimed at reducing the receivables.

In 2020, there was a huge increase in claim reserve and retrocessionaires were notified accordingly of such reported claims. Consequently, there was a corresponding increase of 563% in retro share of technical provisions to $23.5 million in 2020 from just $3.7 million in 2019. The increased business volumes and its related acquisition cost led to deferred acquisition cost increasing to $13.6 million in 2020 from $8.9 million in 2019.

Property, equipment and intangible assets saw a marginal increase of 1% in 2020 as there was not much investments into fixed assets during the year.

Current Liabilities



The period under review saw total current liabilities grow by 80% to $85.5 million in 2020 from $47.5 million in 2019 and was attributable mainly to:

- 636% increase in outstanding claims mainly as a result of a potential Oil and Gas claim reported during the period. The claim was still under investigation and liability had not yet been admitted as of year end December, 2020.

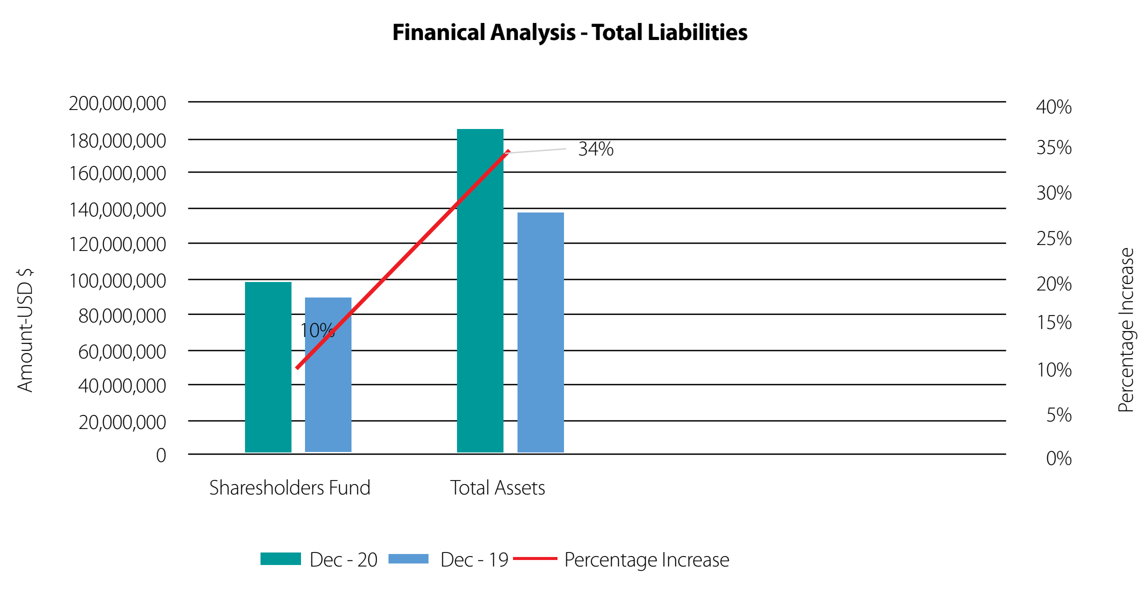
- A 44% growth in unearned premium provision arising from the growth in Gross Written Premium.

- A 11% increase in Funds under management due to mobilisation of funds by WAICA Re Capital, our subsidiary in Ghana.

- A 10% increase in reinsurance payables due to retroceded facultative businesses for which premiums were yet to be received.

Total technical reserves comprising of outstanding claims and unearned premium reserves increased from $36.2 million in 2019 to $73.3 million on 2020. Our internal reserving assumptions which are consistent with regulatory requirements, were much higher than the actuarial computations which pegged the total reserves at $57.4 million for 2020.

Total Equity vs Total Assets



In spite of a dividend payment of $3 million during the year and an increase in foreign currency translation reserve, shareholders' funds still grew by 10% to $98.2 million in 2020 from $89.4 million in 2019.

Total assets saw a 34% ($13.3m) increase from $136.9 million in 2019 to $183.9 in 2020.
International solvency ratio, calculated as Shareholders' funds to Net Written Premium reduced from 144% in 2019 to 107% in 2020.

Dividend

Dear Shareholders, in line with our dividend policy and in view of the profit performance in 2020, the Board of Directors, recommends for your approval, a dividend of 0.0814 per share amounting to $4,000,000 (2019; $3,000,000). This dividend will be paid to shareholders whose names appear in the register of the Corporation as at the date of the Annual General Meeting (AGM)

Capitalisation

In line with AGM's resolution to raise our issued capital to 100 million in six tranches, the Board recommended the issuing of additional capital of 10 million shares in 2020 by a rights issue at a price to be determined by our financial advisors. There was also the intention to invite strategic investors to take up shares in the Corporation. These decisions were suspended due to the COVID-19 pandemic and the uncertainties that surrounded it. This year we would like to carry out the exercise as it will strategically position the Corporation to underwrite larger businesses especially in the oil and gas sector among others, expansion of our ICT and to ensure a strong balance sheet that will make us more competitive in the reinsurance market. The additional capital will also augment our working capital, enable us strengthen our subsidiaries and boost investments income. As a proactive measure, we also envisage to register formally our operations in Ivory Coast in the medium term, thereby transforming the centre into fully fledged subsidiary of WAICA Re with all the privileges of a domestic reinsurance operator.

Governance and Board Changes

The board continues to offer its oversight responsibility in ensuring a strong governance structure for a sustained growth of the Corporation. During the 2020 AGM, Mrs Alice Onomake and Dr Fatai K. Lawal voluntarily retired and they did not seek re-election. My self, Mr Kofi Duffuor, also retired but was re-elected in accordance with our Memorandum and Articles of Association. The vacant positions were filled by Mr Adeyemo Adejumo, a Chartered Insurer with over 30 (Thirty) years of experience in the Insurance Industry and Mr Everett J. Clark, also an insurer and a seasoned development staff who has over Twenty (20) years of experience working for the United Nations Development Programme (UNDP) in Liberia.

To ensure effective governance and in line with the Corporations strategic direction, the Board committees were reconstituted as follows:

Finance and Investment Committee: The Committee is made up of four Non-Executive Directors and it is responsible for taking decisions on issues pertaining to the company's financial reporting and its investment strategy. The Committee is chaired by Dr. Ekow Nyarko Dennis Dadzie.

Strategy and Operations Committee: The Strategy and Operations Committee is chaired by Mrs Senor Thomas Sowe and is composed of three other Non-Executive Directors in addition to the Chairman. The duties of the Committee are to review the overall strategy of the Corporation, information and communication systems, risk metrics and operational systems.

Human Resource, Remuneration, Ethics and Corporate Governance Committee: The duties of this Committee are to establish policy and practice of Corporation management, to advise the Board on the appropriate compensation for Directors and on general management and employee remuneration. The committee is composed of four Non-executive Directors and is chaired by Mr Babatunde Cole.

Risk Management, Audit and Internal Compliance Committee: This committee is chaired by Mr William B. Coker and is responsible for establishing overall group risk management framework, risk metrics and controls, capable of identifying and managing risk. It also oversees the systems of internal control and ensuring compliance with Laws and Regulations.

I would like to thank my fellow board members for a good job done during the year.

Marketing Activities

Travel restrictions imposed to contain the COVID-19 pandemic disrupted our original marketing strategies after the first quarter of 2020. Management quickly adapted to the new norms of doing business by engaging in online marketing activities and servicing existing and new clients through emails, phone calls, and virtual meetings. These strategies proved very efficient and cost effective which help boost our premium growth and underwriting performance.

Subsidiaries and Regional Offices

Kenya and Zimbabwe subsidiaries continued to show their potentials in 2020. They grew their GWP by 103% and 138% respectively. These are great signs of strong performance in the years ahead. We continue to enjoy sound business environment in all our regional offices and 2020 was a year every office posted strong growth as already discussed. We are still exploring the possibility of setting up contact offices in some other African countries.

Credit Rating Renewal

Ladies and Gentlemen, another remarkable achievement in 2020 was the rating of the Corporation by AM Best in which we attained Financial Strength Rating (FSR) of B+ and Issuer Credit Rating (ICR) bbb-, both with a stable outlook. The Corporation was also strongly rated by the Global Credit Rating Agency with claims paying ability of "A+" for National and "B+" for International with a stable outlook. It is expected that such a good rating will surely continue to act as a point of attraction and unique selling reference which we plan to fully utilise in our marketing exploits in our bid to enlarge the Corporation's global market share. This rating result should further boost the confidence of our cedants and brokers in our financial soundness. We intend to use them as a marketing tool to retain and to win more customers.

Enterprise Risk Management (ERM)

The Board, together with its Risk Management, Audit and Internal Compliance Committee continue to exercise necessary oversight responsibilities across the Group. The risk oversight is in accordance with the Group's risk governance structure, risk management framework, risk management strategy and international best practices. Through proper risk management practice, the Board and Management were able to mitigate the impact of the COVID-19 pandemic substantially. At the onset of the COVID-19 pandemic, the Group successfully activated its business continuity plans that ensured the safety of employees and continued business operations through remote working.

The Group risk management process comprises both qualitative and quantitative assessments of risk at entity and strategic levels. There are laid down measures across the Group to identify risk, assess risk, evaluate risk, respond to risk, report, and monitor risk that may impact the Group's business and strategic objectives.

Risk Management, Audit and Internal Compliance Committee met four (4) times during the year to review management actions on risk, including emerging risks. Besides the Group Board risk meetings, the Group Management Risk Committee met at least five (5) times during the year to assess and mitigate its exposure to significant risk concerns. Management risk concerns covered the risk categories relating to reinsurance risks, business risks, operational risks, financial risks, strategic risks, regulatory risks and emerging risks.

The Board and management will continue to ensure adequate and proper opportunity and uncertainty risk management such that value is not eroded but created and preserved. Resource allocation for effective risk management will remain a priority in the coming year(s) to assuage the continued effect of the pandemic and mitigate significant impacts from emerging risk. The Board and Management are hopeful that economies across the globe will start to thrive with the discovering of the COVID-19 vaccine and re-opening of the borders.

The Group has implemented methodologies to assess its Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) compliance risks. In turn, it has developed policies and deployed necessary sanctions screening and AML/CFT risk intelligence solutions to ensure its business operations are not defenseless to the threats of money laundering and financing of terrorism. The Group has instituted Know Your Customer (KYC) and Customer Due Diligence (CDD) programmes to support its management of AML/CFT risks.

Human Capital and Capacity Building

Our People continue to be our most invaluable asset. In this regard our people strategy was premised on nurturing a forward thinking, business-efficient, agile and high-performing workforce. To enable transformational change, we have created a people-centric work environment and leadership approach which is vital for future success. Our People Strategy is a live and dynamic plan, responding to changes in trends and the business' future needs through a proactive talent management roadmap.

The emergence of COVID-19 abruptly disrupted the usual People Management processes and usual interactions. Our strong People Management Policies and procedures built over the years managed to see us through the unavoidable and numerous abrupt and unforeseen changes that the pandemic introduced not just to the Group but to the world at large. Our people have always been our invaluable asset which assisted the quick assimilation in the changes brought into the work environment in reaction to the pandemic.

The Group still ensured commitment and compliance to the best human resource management practices and conformance to all regulatory requirements in the employment of staff whilst acquiring only the best talent who have a cultural fit to the Group. We quickly adopted an online recruitment system which enabled the continued timely provision of required right skills and competencies. As a Group, we are proud to be a multi-cultural community operating in an increasingly competitive and diverse business world. We value equality and diversity and are committed to creating a working environment where all individuals are treated fairly, with dignity and respect.

Our adopted Strategic Performance Management Tool, the Balanced Score Card (BSC) was indeed a tool which created the much-needed performance during a time which staff spent most of the greater part of the year working from home as an internationally agreed method to control the spread of COVID-19. The BSC had created a high performance culture where our people mainly focus on attainment of objectives through Key Performance Indicators (KPIs) no matter the work station. The set measurable performance targets for teams and individual staff which were linked to the Group's Strategic Business Plan were 100% achieved.

The business still maintained its targeted training days per employee despite the disruptions. The Group quickly adopted virtual trainings. The major contributor to this achievement was the strong information technology system which the Group has continued to invest in.

The Group strongly invested in Employee Wellness in view of the pandemic. WAICA Re introduced sound policies and strategies to avert the spread of COVID-19 in its workplaces and put a program in place to support all staff that would be affected by the pandemic. An increased awareness program was adopted through weekly publications on how to live in the new normal created by the pandemic.

Information & Communication Technology

What kept us going when the COVID-19 pandemic struck was our robust IT infrastructure. There was a seamless transition from working in the office to working from home and we were able to serve our customers so well even with such disruptions. We improved the cloud infrastructure by enabling staff access to the cloud authentication services and applications directly instead of through the Sierra Leone data center. We also launched an online portal -EasyFAC- which enables us to accept business from our cedants and brokers in minutes without the involvement of staff. We have all come to know the crucial roles of information and communication technologies in the business of reinsurance as it would be almost impossible to stay competitive and conduct operations efficiently without the power of automation.

Enterprise Corporate Social Responsibility Policy Formulation and Implementation

The third batch of WAICA Re sponsored students from each of our WAICA Countries to the West African Insurance Institute (WAII) in The Gambia in 2020 has graduated successfully and the fourth batch enrolled for the 2021 academic year. This is our commitment towards the development of insurance professionals in our home markets. We also helped WAII to deploy an online teaching portal to ensure that teaching is not disrupted because of the pandemic.

For effective regulation and supervision of the insurance industry in Sierra Leone, WAICA Re Plc purchased a vehicle for the use of the Insurance Commission in 2020. It is our way of contributing to the development of the industry.

We seek to make good impact and positive impression in all operational regions through judicious contributions to profound social causes that will transform the lives of ordinary people, whilst also boosting the image and perception of our Corporation. Continued progress has been made with the harmonisation of insurance regulatory regime across the five WAICA member countries and Guinea which is being sponsored solely by WAICA Re. This is in consonance with our vision to develop the insurance sector in the sub region and to help widen the economic and financial development of Africa. This project when completed, would ensure same laws apply to the conduct of insurance and reinsurance business in the Anglophone West African sub region like our counterparts in Francophone West African countries.

Looking Forward

Distinguished Shareholders, although new variants of the coronavirus poses a threat to growth outlook, recent vaccine approvals have raised hopes of a turnaround in the pandemic later in 2021. The introduction of the vaccines to curb the spread of the coronavirus pandemic, coupled with various monetary and fiscal support particularly in advance economies, is expected to go a long way to revamp economic activities and propel business and economic growth. Therefore, outlook for the near term looks stronger than previously envisaged, with global economic growth projected at 5.5% for 2021 and 4.2% in 2022.

Advance economies are forecasted to grow by 4.3% and 3.1% in 2021 and 2022, respectively. Economic performance of emerging markets and developing economies, including sub-Saharan Africa are forecast to rebound to 6.3% and 3.2%, respectively in 2021. With such expected rebound in economic growth, we in WAICA Re are poised to take advantage of the resultant increased economic activities by providing proper and adequate reinsurance support and protection, grow our premium income, increase our profitability and improve shareholder value.

On this note, I wish to thank you, our dear shareholders, colleagues on the Board, Management and Staff, Regulators across the sub-region, our Cedants and Brokers for your abiding faith in WAICA Re. Together we shall overcome and rebuild our world towards a better tomorrow.

I wish the Group another successful year.

God bless us all.

Thank you.

WAICA Re

AT

CELEBRATING
YEARS
2011 - 2021

Financial Performance Analysis

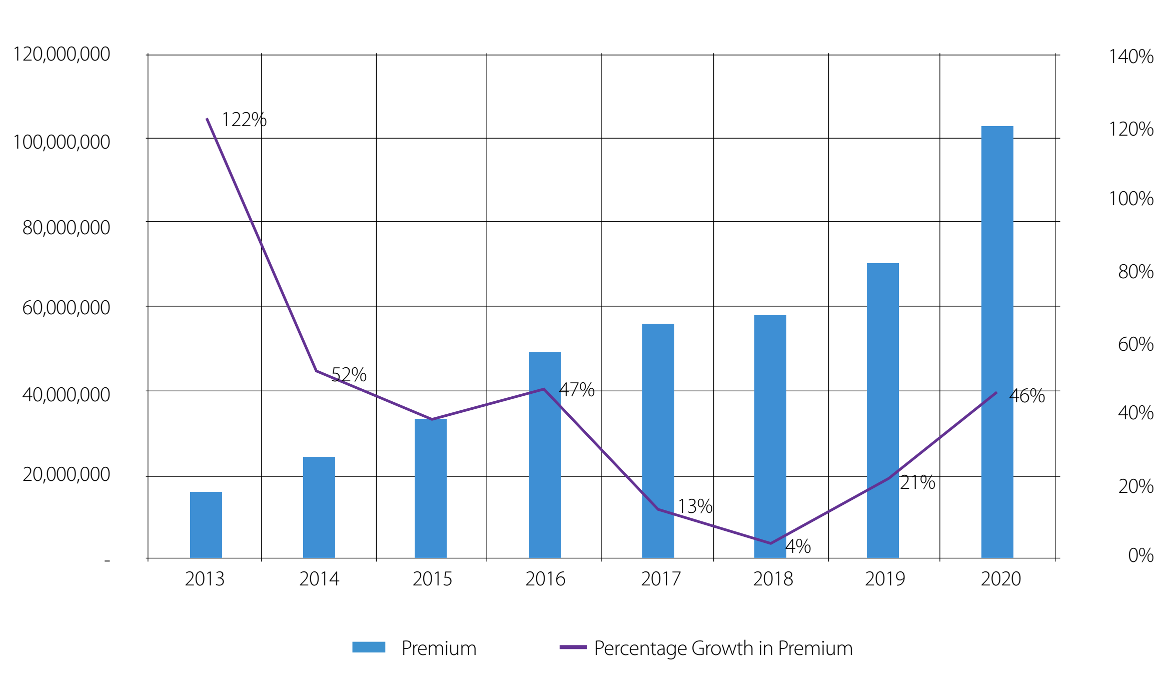
Ten Year Trend Analysis

TEN YEAR FINANCIAL SUMMARY	**2020 $M**	2019 $M	2018 $M	2017 $M	2016 $M	2015 $M	2014 $M	2013 $M	2012 $M	2011 $M
Gross Premium	102.6	70.3	56.0	55.8	49.2	33.5	24.1	15.9	7.2	0.04
Net Premium Earned	78.7	58.1	52.6	49.2	38.8	27.7	19.0	11.1	4.4	0.01
Underwriting Profit/(Loss)	8.8	5.0	3.0	6.2	7.7	4.9	3.5	1.2	(0.46)	(0.81)
Investment & Other										
Income	3.91	3.44	4.09	2.93	3..27	1.95	1.83	1.03	0.83	0.02
Net Profit Before Tax	13.55	9.73	6.84	5.48	6.23	5.8	3.79	2.19	0.37	(0.79)
Total Cash & Investments	114.93	88.9	83.3	76.7	59.08	39.44	37.12	22.68	7.34	5.93
Shareholders' Funds	98.16	89.37	85.96	81.62	62.88	38.39	33.61	29.87	7.34	6.22
Total Assets	183.88	136.89	123.55	117.78	92.31	61.4	52.56	41.4	12.61	6.33
Dividend	4.0	3.0	2.5	2.5	2.5					
Loss Ratio	39%	32%	32%	36%	30%	31%	30%	32%	35%	5%
Combined Ratio	91%	94%	96%	89%	81%	87.27%	91.23%	90.35%	90.8%	7155%
Return on Equity	14%	11%	8%	7%	10%	15.08%	11.27%	7.3%	5.1%	(12.7%)
Earnings per Share	0.28	0.20	0.14	0.11	0.16	0.24	0.16	0.09	0.05	0.11

Ten Year Growth in Premium

Year	Premium USD	Growth (%)
2011	35,057	
2012	7,169,345	20,351
2013	15,922,737	122
2014	24,124,158	52
2015	33,458,696	39
2016	49,201,541	47
2017	55,834,974	13
2018	57,972,479	4
2019	70,339,916	21
2020	**102,604,407**	**46**

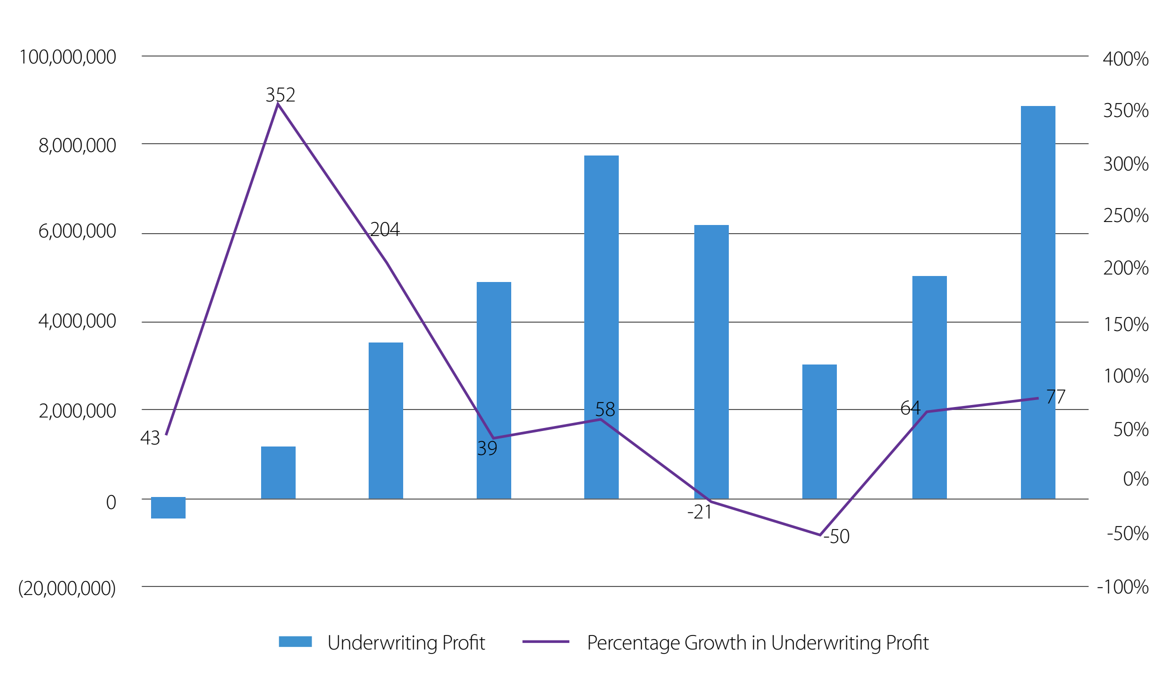
2011 to 2020 Premium



Ten Year Growth in Underwriting Profit

Year	Underwriting Profit USD	Growth (%)
2011	(810, 900)	
2012	(459, 576)	43
2013	1, 158, 267	352
2014	3, 522, 740	204
2015	4, 901, 673	39
2016	7, 745, 396	58
2017	6, 150, 654	(21)
2018	3, 046, 008	(50)
2019	4, 993, 567	64
2020	**8, 845, 313**	**77**

2011 to 2020 Underwriting Profit

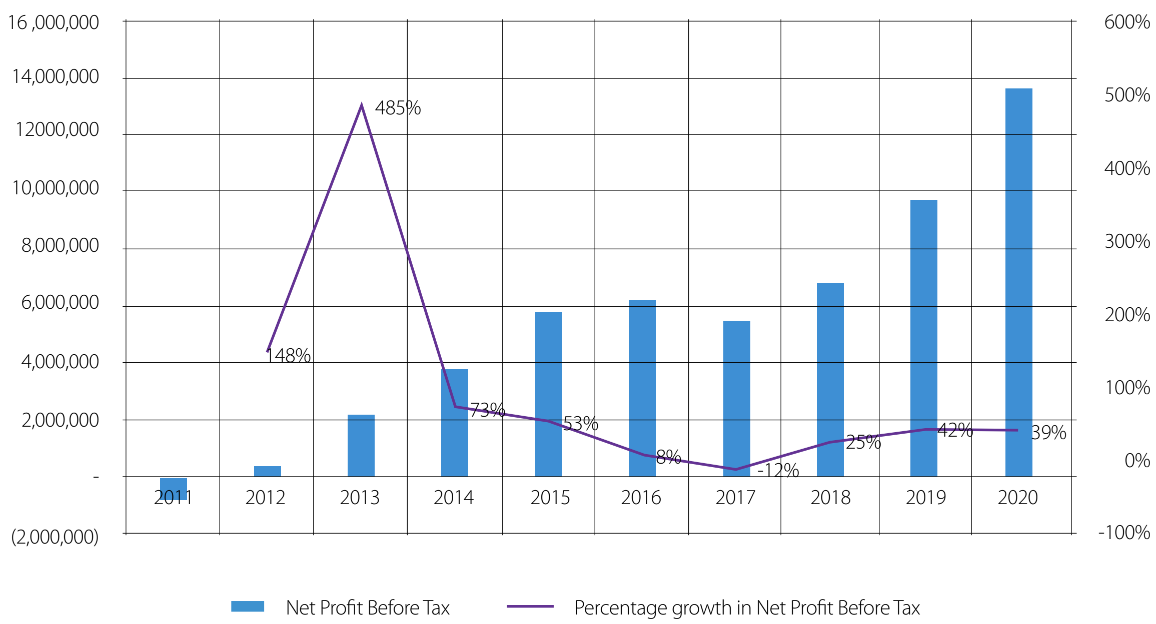


Dec 2020

Ten Year Growth in Net Profit Before Tax

Year	Net Profit Before Tax USD	Growth (%)
2011	(787, 443)	
2012	374, 169	148
2013	2, 190, 118	485
2014	3, 788, 061	73
2015	5, 793, 658	53
2016	6, 232, 355	8
2017	5, 477, 510	(12)
2018	6, 837, 995	25
2019	9, 734, 151	42
2020	**13, 552, 767**	**39**

2011 to 2020 Net Profit Before Tax

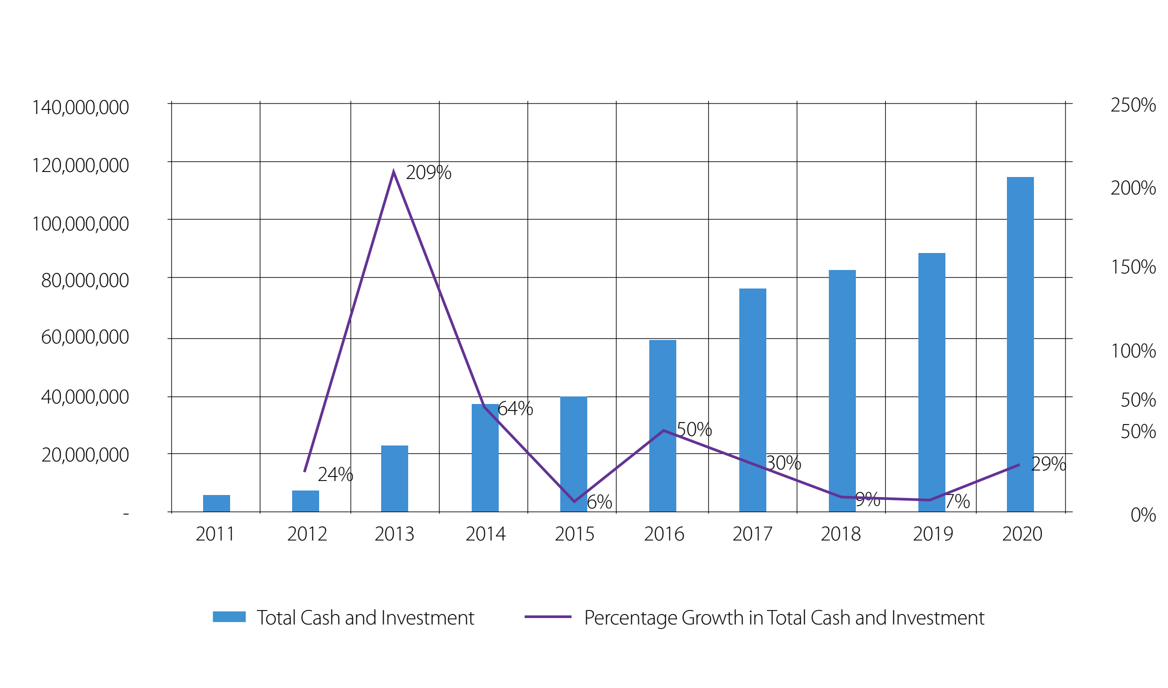


Dec 2020

Ten Year Growth in Cash & Investments

Year	Cash and Investments USD	Growth (%)
2011	5, 929, 488	
2012	7, 344, 219	24
2013	22, 684, 572	209
2014	37, 115, 684	64
2015	39, 438, 007	6
2016	59, 080, 758	50
2017	76, 701, 316	30
2018	83, 303, 148	9
2019	88, 900, 517	7
2020	**114, 931, 506**	**29**

2011 to 2020 Cash & Investments

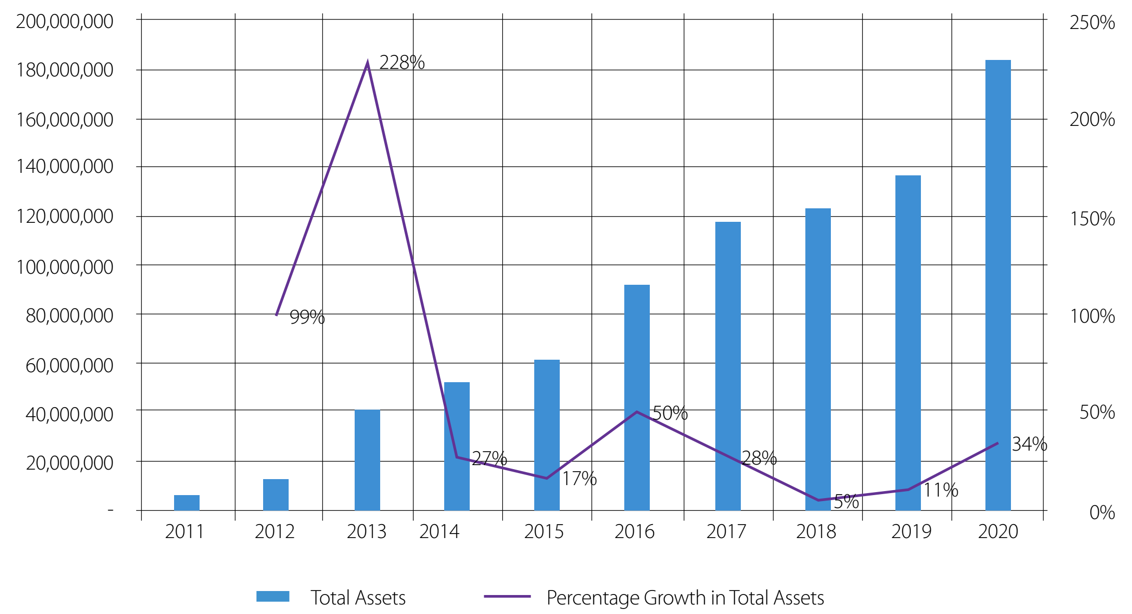


Dec 2020

Ten Year Growth in Total Assets

Year	Total Assets USD	Growth (%)
2011	6, 333, 704	
2012	12, 612, 680	99
2013	41, 401, 786	228
2014	52, 557, 273	27
2015	61, 403, 095	17
2016	92, 307, 891	50
2017	117, 778, 839	28
2018	123, 548, 638	5
2019	136, 888, 199	11
2020	**183, 885, 286**	**34**

2011 to 2020 Total Assets

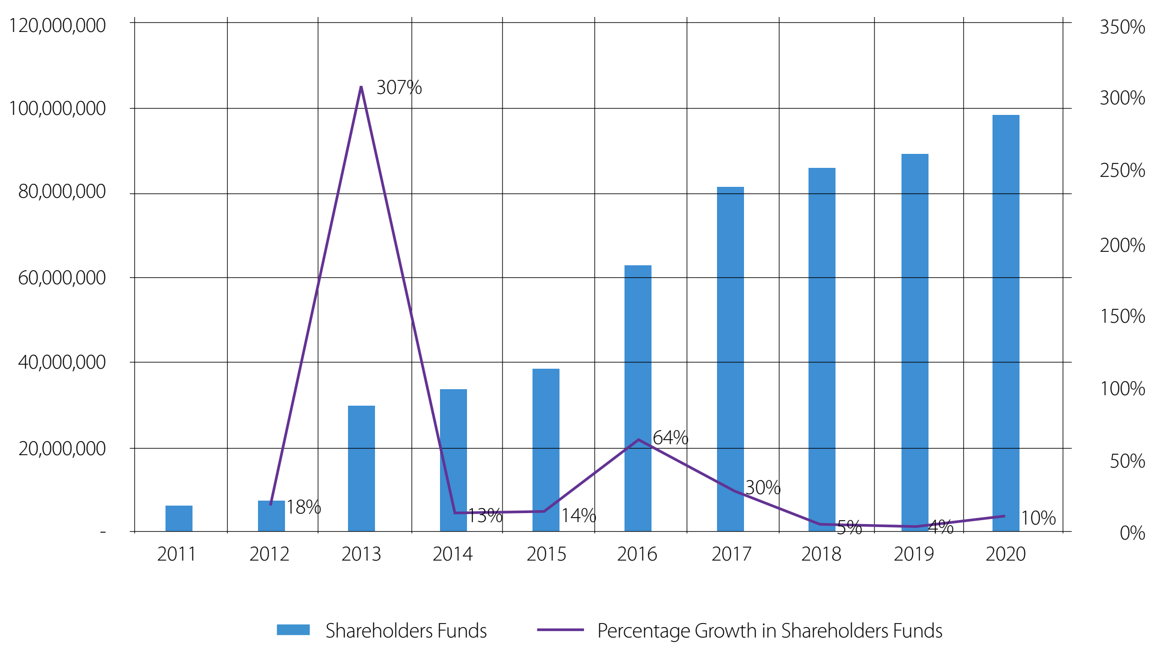


Dec 2020

Ten Year Growth in Shareholders Funds

Year	Shareholders Funds USD	Growth (%)
2011	6, 215, 007	
2012	7, 335, 423	18
2013	29, 872, 700	307
2014	33, 611, 441	13
2015	38, 389, 111	14
2016	62, 884, 619	64
2017	81, 619, 018	30
2018	85, 956, 558	5
2019	89, 370, 631	4
2020	**98, 375, 616**	**10**

2011 to 2020 Shareholders Funds

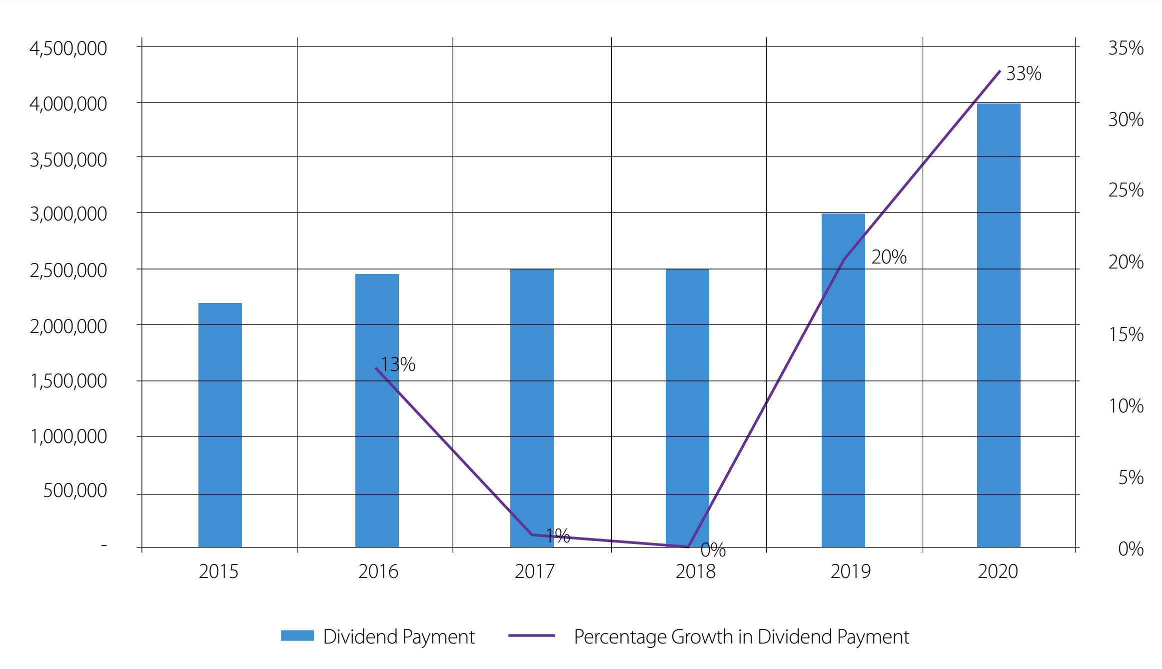


Five Year Dividend Paid/Bonus Shares

Year	Dividend USD	Growth (%)
2016	2, 476, 868	13
2017	2, 500, 000	1
2018	2, 500, 000	0
2019	3, 000, 000	20
2020	**4, 000, 000**	**33**

Dec 2020

2016 to 2020 Dividend Paid/Bonus Share



DIRECTORS

Kofi Duffuor
Group Chairman

Ezekiel Abiola Ekundayo
Group MD/CEO

William Coker

Senor Thomas-Sowe

Mohamed Babatunde Cole

Dr. Ekow Dadzie-Dennis

Adeyemo Adejumo

Everett J. Clark

Benjamin Mutuku Kamanga

Dr. George Agyekum Nana Donkor

Olatoyosi Alabi

MANAGEMENT

Ezekiel Abiola Ekundayo
Group MD/CEO

Dr. Abiba Zakariah
Group COO

Samuel Jasper Baidoo
Director (Finance)

Clement Owusu
Director (Technical)

Wilberforce Machimbidzofa
CEO (Zimbabwe)

Charles Etemesi
CEO (Kenya)

Steve Odjugo
Regional Director (Nigeria)

Hanene Boukhris
Regional Director (North Africa)

Edward Duamroh
Regional Director (Ghana)

Gilles-Alexandre Ayiman
Regional Director (Francophone)

NOTES & PAGES

CELEBRATING YEARS
2011 - 2021
TOGETHER TOWARDS TOMORROW

GENERAL INFORMATION

DIRECTORS

Kofi Duffuor	Chairman
Ezekiel Abiola Ekundayo	Managing Director / CEO
Senor Thomas-Sowe	
William Coker	
Ekow Dadzie-Dennis	
Mohamed Babatunde Cole	
Olatoyosi Alabi	
Benjamin Mutuku Kamanga	
George Agyekum Nana Donkor	
Adeyemo Adejumo	
Everett J. Clark	

REGISTERED OFFICE

30 Junction
Hill Station
Freetown, Sierra Leone

BANKERS

Ecobank, Ghana
Ecobank, Nigeria
Ecobank Sierra Leone Limited
Ecobank Cote D'Ivoire
Guaranty Trust Bank Plc, Nigeria
United Bank for Africa, Cote D'Ivoire
United Bank for Africa, Sierra Leone Limited
Access Bank Ghana Limited
Access Bank Sierra Leone Limited
Bank of Sierra Leone
Trust Bank Gambia Limited
Union Trust Bank Limited

CORPORATE SECRETARIES

Freetown Nominees Limited
55 Sir Samuel Lewis Road
Aberdeen
Freetown
Sierra Leone

AUDITORS

Baker Tilly Sierra Leone
Chartered Accountants
Baker Tilly House
37 Siaka Stevens Street
Freetown
Sierra Leone.

Report of the Directors

The Directors present their report together with the audited financial statements of the Corporation and its subsidiaries (The Group) for the year ended 31 December 2020.

Directors' responsibility statement

The Group's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act 2009 of Sierra Leone 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.

Principal activity

The principal activities of the Group are to operate international, national, regional and sub regional reinsurance offices and institutions and to provide technical assistance to members of West Africa Insurance Companies Association (WAICA) and any other insurance and reinsurance institutions from around the world. The Group also provides fund management services to organizations and private individuals. There was no change in the Group's business during the year.

The Group

The Group is comprised of Waica Reinsurance Corporation Plc (the Parent Company) and three subsidiaries:

- **Waica Re Capital Ghana Limited**
  incorporated and domiciled in Ghana, and provides fund management services.

- **Waica Re Kenya Limited**
  incorporated and domiciled in Kenya, and provides reinsurance services.

- **Waica Re Zimbabwe (Pvt)**
  acquired and domiciled in Zimbabwe, and provides reinsurance services

Report of the Directors (continued)

Results

The results for the year are shown in the attached financial statements.

Share capital

Details of the Group's share capital are shown in note 24 to these financial statements.

Dividend

In respect of the year ended 31 December 2020 result, the Board of Directors proposed a dividend of US$ 0.0814 per share amounting to US$4,000,000 to be paid to existing Shareholders whose names appear in the register of the Corporation as at the date of the Annual General Meeting. (2019: Dividend of US$ 3,000,000).

Board committees

The Board committees have been delegated with the responsibility to assist the Board in carrying out its duties and to enhance the effectiveness of the Board. The Board committees periodically meet to achieve its objectives and also perform self-evaluation to assess the effectiveness of their functioning. These committees are:

Finance and Investment Committee: The Committee meets at least four times in a year and is made up of four Non-Executive Directors and it is responsible for taking decisions on issues pertaining to the company's financial reporting and its investment strategy.

Strategy and Operations Committee: The Committee meets at least four times in a year and is composed of four Non-Executive Directors. The duties of the Committee are to review the overall strategy of the company, information and communication systems, risk metrics and operational systems.

Human Resource, Remuneration, Ethics and Corporate Governance Committee: The Committee meets at least four times in a year and the duties of this Committee are to establish policy and practice of corporation management, to advise the Board on the appropriate compensation for Directors and on general management and employee remuneration. The committee is composed of four Non-executive Directors.

Risk Management, Audit and Internal Compliance Committee: The Committee meets at least four times in a year and is responsible for establishing overall group risk management framework, risk metrics and controls, capable of identifying and managing risk. It also oversees the systems of internal control and ensuring compliance with Laws and Regulations.

Property and equipment

Details of the Group's property and equipment are shown in note 16 to these financial statements.

Employment of disabled people

The Group does not discriminate against disabled persons as it is clearly stated that there shall not be any discrimination against a qualified individual with disability with regards to recruitment, advancement, training, compensation, discharge or other terms, conditions or privileges of employment'. There were no disabled persons in the employment of the Group during the year.

Health, safety and welfare at work

The Group has retained the services of a medical doctor for all employees of the Group and a conducive office environment is maintained for staff and visitors, with adequate lighting and ventilation.

Report of the Directors (continued)

Employee involvement and training

There are various forums where the staff meet and discuss issues that relate to them and their progress at the work place, these include unit meetings, and regular general meetings.

There is an approved training schedule for staff, and the Group also has a staff performance appraisal process through which staff are appraised and promotions and /or increments made.

Directors and their interests

The Directors who served within the year and their interest in the Corporation are as follows:

Directors		No. of Shares	Percentage Holding
Kofi Dufffuor	**Chairman**	200,221	0.41%
Ezekiel Abiola Ekundayo		83,649	0.17%
Senor Thomas-Sowe		17,946	0.037%
William Coker		20,009	0.04%
Ekow Dadzie-Dennis		-	-
Mohamed Babatunde Cole		105,000	0.21%
Olatoyosi Alabi		-	-
Benjamin Mutuku Kamanga		-	-
George Agyekum Nana Donkor		-	-
Adeyemo Adejumo		-	-
Everett J. Clark		-	-

Auditors

In accordance with Section 308 of the Companies Act 2009 of Sierra Leone a resolution for the re-appointment of Baker Tilly as auditors of the Corporation is to be proposed at the forthcoming Annual General Meeting.

Approval of the financial statements

The financial statements were approved by the Board of Directors on 25TH MARCH 2021 and are signed on their behalf by:

FREETOWN NOMINEES LIMITED

Chairman	Director	Director

Independent Auditors' report to the Shareholders of WAICA Reinsurance Corporation Plc

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of WAICA Reinsurance Corporation Plc (The Corporation) and its subsidiaries (together, The Group) set out on pages 9 to 75 which comprise the consolidated and separate statement of financial position as at 31 December 2020, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of WAICA Reinsurance Corporation Plc (The Corporation) and its subsidiaries (together, The Group) as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, of Sierra Leone.

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 Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sierra Leone, and we have fulfilled our ethical responsibilities in accordance with these requirements and 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 Directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of Sierra Leone, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of Sierra Leone, 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.

Independent Auditors' report to the Shareholders of WAICA Reinsurance Corporation Plc (continued)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements (continued)

In preparing the financial statements, the Directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group 's financial reporting process.

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 judgment 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 Group's internal control.

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and its subsidiaries' 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 Group to cease to continue as a going concern.

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

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

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' report to the Shareholders of WAICA Reinsurance Corporation Plc

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

The Engagement Partner on the audit resulting in this independent auditor's report is Derrick Kawaley.

Freetown

Baker Tilly

Chartered Accountants

Date 25 March 2021


PROFIT
LOSS
RISK

Statement of financial position

As at 31 December

In United States Dollars	Notes	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Assets					
Cash and cash equivalents	11	41,426,733	35,341,985	29,840,871	29,845,007
Financial assets	12	64,140,455	65,243,944	49,733,124	47,835,769
Reinsurance receivables	13	27,254,874	23,893,816	31,568,208	29,721,603
Retrocessionaires share of technical provisions	23	23,522,324	22,079,903	3,695,254	3,150,242
Deferred acquisition costs	14	13,554,938	11,671,622	8,865,416	8,317,289
Other assets	15	920,175	254,808	359,979	201,179
Property and equipment	16	2,918,785	2,289,202	2,829,601	1,971,940
Intangible assets	17	283,320	263,553	347,576	311,245
Investment property	18	9,364,322	9,039,022	9,326,522	9,039,022
Deferred tax asset	10c	498,850	-	321,648	-
Total assets		**183,884,776**	**170,077,855**	**136,888,199**	**130,393,296**
Liabilities					
Funds under management		5,039,564	-	4,522,309	-
Outstanding claims	19b	26,081,140	23,657,824	3,542,144	2,872,546
Reinsurance payables	20	3,053,356	1,706,235	2,721,964	2,304,960
Trade and other payables	21	3,629,683	2,832,724	3,997,604	2,733,019
Provision for unearned premium	22	47,214,003	42,487,793	32,691,825	30,700,957
Current tax liability	10b	707,085	-	41,722	-
Total liabilities		**85,724,831**	**70,684,576**	**47,517,568**	**38,611,482**
Equity					
Share capital	24	49,083,493	49,083,493	49,083,493	49,083,493
Share premium	25	15,792,963	15,792,963	15,792,963	15,792,963
Retained earnings	26	26,935,003	22,906,742	19,468,620	17,852,711
Contingency reserve	27	11,770,909	11,770,909	9,101,502	9,101,502
Foreign currency translation reserves	28c	(5,780,089)	-	(4,545,586)	-
Other reserves	28a	(160,828)	(160,828)	(48,855)	(48,855)
Capital reserve	28b	518,494	-	518,494	-
Total equity		**98,159,945**	**99,393,279**	89,370,631	91,781,814
Total equity and liabilities		**183,884,776**	**170,077,855**	136,888,199	130,393,296

The financial statements were approved by the Board of Directors on 25TH MARCH 2021 and were signed on its behalf by:

Chairman　　Director　　Director

The notes on pages 19 to 75 are an integral part of these financial statements

Statement of profit or loss and other comprehensive income (continued)

for the year ended 31 December

Statement of profit or loss and other comprehensive income

for the year ended 31 December

In United States Dollars	Notes	**Group 2020**	**Corporation 2020**	Group 2019	Corporation 2019
Underwriting income					
Gross premium written	6	102,604,405	88,980,245	70,339,917	64,475,164
Less: retrocession premium		(10,994,527)	(9,817,286)	(8,340,956)	(6,799,276)
Net written premium		**91,609,878**	**79,162,959**	61,998,961	57,675,888
Movement in unearned premium reserve	22	(12,950,098)	(10,124,898)	(3,859,313)	(2,538,441)
Net earned premium		**78,659,780**	**69,038,061**	58,139,648	55,137,447
Investment income	7	3,662,633	3,060,811	3,000,491	2,465,368
Commission earned		1,616,772	1,212,220	1,334,820	729,310
Other income	7a	245,682	207,526	441,247	277,792
Total income from operations		**84,184,867**	**73,518,618**	62,916,206	58,609,917
Underwriting expenses					
Net claims incurred	19a	(30,505,491)	(28,339,595)	(18,681,561)	(17,987,232)
Commission expenses	5	(23,527,270)	(21,014,641)	(17,633,090)	(16,565,263)
Management expenses	8	(17,115,070)	(13,448,887)	(18,166,250)	(15,071,099)
Net finance income/(cost)	9	515,731	7,943	1,298,846	(1,127,766)
Total underwriting expenses		**70,632,100**	**(62,795,180)**	(53,182,055)	(50,751,360)
Profit before tax		**13,552,767**	**10,723,438**	9,734,151	7,858,557
Tax expense	10	(416,977)	-	(160,142)	-
Profit for the year		**13,135,790**	**10,723,438**	9,574,009	7,858,557

The notes on pages 19 to 75 are an integral part of these financial statements

Statement of profit or loss and other comprehensive income (continued)

for the year ended 31 December

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Profit for the year	**13,135,790**	**10,723,438**	9,574,009	7,858,557
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit liabilities	(111,973)	(111,973)	139,854	139,854
Related tax	-	-	-	-
	(111,973)	(111,973)	139,854	139,854
Items that are or may be reclassified subsequently to profit or loss:				
Foreign operations – foreign currency translation differences	(1,234,503)	(111,973)	(3,955,368)	139,854
Related tax	-	-	-	-
	(1,234,503)	**(111,973)**	(3,955,368)	-
Other comprehensive income – net of tax	(1,346,476)	(111,973)	(3,815,514)	139,854
Total comprehensive income for the year	**11,789,314**	10,611,465	5,758,495	7,998,411
Profit attributable to:				
Equity holders of the Corporation	13,135,790	10,723,438	9,574,009	7,858,557
Profit for the year	**13,135,790**	**10,723,438**	9,574,009	7,858,557
Total comprehensive income attributable to:				
Equity holders of the Corporation	**11,789,314**	**10,611,465**	5,758,495	7,998,411
Total comprehensive income for the year	**11,789,314**	**10,611,465**	5,758,495	7,998,411

The financial statements were approved by the Board of Directors on 25TH MARCH 2021 and were signed on its behalf by:

Chairman Director Director

Statement of changes in equity

for the year ended 31 December

In United States Dollars	Share Capital	Share Premium	Retained Earnings	Contingency Reserves	Foreign currency translation reserve	Capital reserve	Other reserves	Total
The Group								
Balance at 1 January 2020	**49,083,493**	**15,792,963**	**19,468,620**	**9,101,502**	**(4,545,586)**	**518,494**	**(48,855)**	**89,370,631**
Total comprehensive income for the year								
Profit for the year	-	-	13,135,790	-	-	-	-	13,135,790
Other comprehensive income net of income tax:								
Remeasurement of defined benefit liability	-	-	-	-	-	-	(111,973)	(111,973)
Foreign currency translation reserve	-	-	-	-	(1,234,503	-	-	(1,234,503)
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,346,476)**
Total comprehensive income	**-**	**-**	**13,135,790**	**-**	**(1,234,503**	**-**	**(111,973)**	**11,789,314**
Other transfers								
Transfer to contingency reserves	-	-	(2,669,407)	2,669,407	-	-	-	-
Total other transfers	**-**	**-**	**(2,669,407)**	**2,669,407**	**-**	**-**	**-**	**-**
Transactions with owners recorded directly in equity								
Dividend to owners	-		(3,000,000)	-	-	-	-	(3,000,000)
Balance at 31 December 2020	**49,083,493**	**15,792,963**	**26,935,003**	**11,770,909**	**(5,780,089)**	**518,494**	**(160,828)**	**98,159,945**

The notes on pages 19 to 75 are an integral part of these financial statements

Statement of changes in equity (continued)

for the year ended 31 December

In United States Dollars	Share Capital	Share Premium	Retained Earnings	Contingency Reserves	Other reserves	Total
The Corporation						
Balance at 1 January 2020	**49,083,493**	**15,792,963**	**17,852,711**	**9,101,502**	**(48,855)**	**91,781,814**
Total comprehensive income for the year						
Profit for the year	-	-	10,723,438	-	-	10,723,438
Other comprehensive income net of income tax:						
Remeasurement of defined benefit liability	-	-	-	-	(111,973)	(111,973)
Total other comprehensive income	**-**	**-**	-	-	**(111,973)**	**(111,973)**
Total comprehensive income	**-**	**-**	**10,723,438**	**-**	**(111,973)**	**10,611,456**
Other transfers						
Transfer to contingency reserves	-	-	(2,669,407)	2,669,407	-	-
Total other transfers	**-**	**-**	**(2,669,407)**	**2,669,407**	**-**	**-**
Transactions with owners recorded directly in equity						
Dividend to owners	-	-	(3,000,000)	-	-	(3,000,000)
Balance at 31 December 2020	**49,083,493**	**15,792,963**	**22,906,742**	**11,770,909**	**(160,828)**	**99,393,279**

The notes on pages 19 to 75 are an integral part of these financial statements

Statement of changes in equity (continued)

for the year ended 31 December

In United States Dollars	Share Capital	Share Premium	Retained Earnings	Contingency Reserves	Foreign currency translation reserve	Capital reserve	Other reserves	Total
The Group								
Balance at 1 January 2019	49,083,493	15,792,963	14,140,799	7,199,736	(590,218)	518,494	(188,709)	85,956,558
Adjustment on application of IFRS 16	-	-	155,578	-	-	-	-	155,578
Total comprehensive income for the year								
Profit for the year	-	-	9,574,009	-	-	-	-	9,574,009
Other comprehensive income net of income tax:								
Remeasurement of defined benefit liability	-	-	-	-	-	-	139,854	139,854
Foreign currency translation reserve	-	-	-	-	(3,955,368)	-	-	(3,955,368)
Total other comprehensive income	-	-	-	-	(3,955,368)	-	139,854	(3,815,514)
Total comprehensive income	-	-	9,574,009	-	(3,955,368)	-	139,854	5,758,495
Other transfers								
Transfer to contingency reserves	-	-	(1,901,766)	1,901,766	-	-	-	-
Total other transfers	-	-	(1,901,766)	1,901,766	-	-	-	-
Transactions with owners recorded directly in equity								
Dividend to owners	-	-	(2,500,000)	-	-	-	-	(2,500,000)
Balance at 31 December 2019	49,083,493	15,792,963	19,468,620	9,101,502	(4,545,586)	518,494	(48,855)	89,370,631

The notes on pages 19 to 75 are an integral part of these financial statements

Statement of changes in equity (continued)

for the year ended 31 December

In United States Dollars	Share Capital	Share Premium	Retained Earnings	Contingency Reserves	Other reserves	Total
The Corporation						
Balance at 1 January 2019	49,083,493	15,792,963	14,140,799	7,199,736	(188,709)	85,956,558
Adjustment on application of IFRS 16	-	-	155,578	-		155,578
Total comprehensive income for the year						
Profit for the year	-	-	7,858,557	-	-	7,858,557
Other comprehensive income net of income tax						
Employee benefit actuarial loss, net of tax	-	-	-	-	139,854	139,854
Total other comprehensive income	-	-	-	-	139,854	139,854
Total comprehensive income	-	-	7,858,557	-	139,854	7,998,411
Other transfers						
Transfer to contingency reserves	-	-	(1,901,766)	1,901,766	-	-
Total other transfers	-	-	(1,901,766)	1,901,766	-	-
Transactions with owners recorded directly in equity						
Dividend to owners	-	-	(2,500,000)	-	-	(2,500,000)
Balance at 31 December 2019	49,083,493	15,792,963	17,852,711	9,101,503	(48,855)	91,781,814

The notes on pages 19 to 75 are an integral part of these financial statements

Statement of cash flows

for the year ended 31 December

In United States Dollars	Notes	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Cash flows from operating activities					
Profit before taxation		**13,552,767**	**10,723,438**	9,734,151	7,858,557
Adjustment for:					
Write-off on property and equipment	16	26,026	-	-	-
Depreciation	16	1,012,143	728,019	686,297	491,242
Amortization	17	66,648	47,692	117,806	104,967
Revaluation gain	16	(68,622)	-	(51,661)	-
Translation difference		9,881	-	53,311	-
IFRS 16 adjustment		-	-	155,578	155,578
Net finance cost	9	(704,007)	(164,633)	(1,463,183)	996,271
Actuarial gain/(loss)	8b	(111,973)	(111,973)	139,845	139,845
Foreign currency translation adjustment		(1,128,734)	-	(3,950,691)	-
Interest on lease liabilities		188,276	156,690	164,337	131,495
Fair value adjustment on investment property	18	(37,800)	-	282,900	-
Tax adjustment		(12,043)	-	-	-
		12,792,562	**11,379,233**	5,868,690	9,877,964
Changes in					
- reinsurance receivables	13	4,313,334	5,827,787	(3,971,468)	(2,337,456)
- retrocessionaires share of technical provision	23	(19,827,070)	(18,929,661)	(1,514,684)	(983,412)
- deferred acquisition costs	14	(4,689,522)	(3,354,333)	(1,489,725)	(962,324)
- outstanding claims	19b	22,538,996	20,785,278	(627,623)	(975,056)
- reinsurance payable	20	331,392	(598,725)	2,202,521	1,859,353
- trade and other payables	21	(1,295,484)	(853,158)	638,517	82,906
- provision for unearned premium	22	14,522,178	11,786,836	5,341,217	3,499,971
- changes in fund under management		517,255	-	1,131,279	-
- other assets	15	(560,196)	(53,629)	895,284	11,648
		28,643,445	**25,989,628**	8,474,008	10,073,5940
Charges paid	9	(232,396)	(232,396)	(162,077)	(161,210)
Income tax paid	10b	(22,542)	-	-	-
Lease liabilities interest paid	36	(188,276)	(156,690)	(164,337)	(131,495)
Net cash from operating activities		**28,200,231**	**25,600,542**	8,147,594	9,780,889
Cash flow from investing activities					
Net investment acquisition	12a	(14,407,331)	(17,408,175)	(3,685,076)	(3,125,965)
Acquisition of property and equipment	16	(1,067,166)	(1,045,281)	(2,508,537)	(1,896,202)
Acquisition of intangible assets	17	(3,838)	-	(251,425)	(229,519)
Net cash used in investing activities		**(15,478,335)**	**(18,453,456)**	(6,445,038)	(5,251,686)

The notes on pages 19 to 75 are an integral part of these financial statements

Statement of cash flows (continued)

for the year ended 31 December

In United States Dollars	Notes	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Cash flows from financing activities					
Dividend paid		(2,341,256)	(2,341,256)	(2,368,899)	(2,368,899)
Lease liability financing		657,049	657,049	(1,449,159)	(1,195,410)
Payment of principal portion of lease liability	36	(388,230)	(362,930)	(212,882)	(216,929)
Net Cash flows from financing activities		**2,072,437**	**2,072,437**	1,132,622	1,390,418
Net increase in cash and cash equivalents		10,649,459	5,099,949	569,934	3,138,785
Cash and cash equivalents at beginning of the year		29,840,871	29,845,007	27,645,677	27,541,283
Effect of exchange rate fluctuations on cash and cash equivalent held		936,403	397,029	1,625 ,260	(835,061)
Cash and cash equivalents at end of the year	11	**41,426,733**	**35,341,985**	29,840,871	29,845,007

The notes on pages 19 to 75 are an integral part of these financial statements

Notes to the financial statements

1. Reporting entity

WAICA Reinsurance Corporation PLC is a corporation incorporated and domiciled in Sierra Leone. The address of the Corporation's registered office is 30 Junction, Hill Station, Freetown, Sierra Leone. The Corporation is primarily established to operate international, national, regional and sub regional reinsurance offices and institutions and to provide technical assistance to members of West Africa Insurance Companies Association and any other insurance and reinsurance institutions from around the world.

Notes to the financial statements (continued)

These consolidated financial statements comprise that of the Corporation and its subsidiaries (together referred to as The Group)

2. Basis of accounting

These financial statements have been prepared in accordance with IFRS. They were authorised for issue by the Corporation's Board of Directors on 25TH MARCH 2021.

Details of the Group's accounting policies are included in note 37.

3. Functional and presentation currency

These financial statements are presented in United States Dollars which is the Group and Corporation's functional currency.

4. Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is set out below.

Held to maturity investments
The Group classifies non-derivative financial assets with fixed or determinable payments and fixed maturity as held to maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. The investments are therefore measured at amortised cost. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2020 is set out below in relation to the impairment of financial instruments and in the following notes:

- *Note 8b (i) - Measurement of defined benefit obligations:* The Group's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized post service costs and the fair value of any plan assets are deducted. The calculation is performed annually by a qualified actuary using key actuarial assumptions;

- *Notes 8, 10, and 32 - Recognition and measurement of provisions and contingencies:* A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably. The estimate may be based on key assumptions about the likelihood and magnitude of an outflow of resources.

(i) Measurement of fair values
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset and liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follow.

Level 1- quoted prices (adjusted) in active markets for identical assets or liabilities.

Level 2 - inputs other than quoted prices included within level 1 that are observed for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Notes to the financial statements (continued)

(i) Measurement of fair values (continued)

Level 3 - inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset and liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in measuring fair values is included in note 29 (b).

5. Operating segments

(a) Basis of segmentation

The Group has the following five strategic divisions, which are reportable segments. These divisions offer different products and are managed separately based on the Group's management and internal reporting structure.

Reportable segment

- Property and engineering
- Motor
- Casualty
- Marine & Aviation
- Oil and Gas, and
- Life

The Group's Management Committee reviews internal management reports from each division at least monthly.

(b) Information about reportable segments

Information relating to each reportable segment is set out below. Segment profit before tax, as included in management reports reviewed by the Group's Management, is used to measure performance because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate within the same industries. Inter-segment pricing is determined on an arm's length basis.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds are based on the Group's cost of capital. There are no other materials items of income or expense between the business segments.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of the financial position.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business. Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

Notes to the financial statements (continued)

5. Operating segments (continued)
for the year ended 31 December 2020

In United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & Gas	Life	Unallocated	Total
The Group								
Gross premium	54,038,921	4,762,363	19,221,797	8,940,087	13,148,177	2,493,060	-	102,604,405
Retrocessions	(5,913,550)	(194,280)	(1,067,959)	(1,295,874)	(2,468,442)	(54,422)	-	(10,994,527)
Gross premium less retrocessions	48,125,371	4,568,083	18,153,838	7,644,213	10,679,735	2,438,638	-	91,609,878
Unearned premium	(7,210,201)	(587,515)	(2,827,013)	(1,255,811)	(614,033)	(455,526)	-	(12,950,098)
Net earned premium	**40,915,170**	**3,980,568**	**15,326,825**	**6,388,402**	**10,065,702**	**1,983,112**	**-**	**78,659,780**
Investment and other income	-	-	-	-	-	-	3,908,315	3,908,315
Commissioned earned	700,374	10,395	188,544	139,271	408,657	-	169,531	1,616,772
Total income	**41,615,544**	**3,990,963**	**15,515,369**	**6,527,673**	**10,474,359**	**1,983,112**	**4,077,846**	**84,184,867**
Underwriting expenses								
Commission expense	17,052589	1,078,162	5,691,855	1,860,610	1.819,953	762,427	-	28,265,596
Deferred acquisition cost	(3,455,865)	(126,565)	(963,984)	(39,636)	(39,358)	(112,918)	-	(4,738,326)
Net commission exp	13,596,724	951,597	4,727,871	1,820,974	1,780,595	649,509	-	23,527,270
Net claims incurred	17,355,596	1,322,030	4,682,549	3,589,326	3,081,614	474,376	-	30,505,491
Management expenses	8,767,189	823,218	3,563,338	1,546,447	2,016,204	398,674	-	17,115,070
Net finance cost	(4,207)	(344)	(1,273)	(728)	(1,174)	(217)	(507,788)	(515,731)
Total underwriting expenses	**(39,715,302)**	**(3,096,501)**	**(12,972,485)**	**(6,956,019)**	**(6,877,239)**	**(1,522,342)**	**507,788**	**(70,632,100)**
Income from operations	**1,900,242**	**894,462**	**2,542,884**	**(428,346)**	**3,597,121**	**460,770**	**4,585,634**	**13,552,767**

Notes to the financial statements (continued)

5. Operating segments (continued)
for the year ended 31 December 2020

In United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & Gas	Life	Unallocated	Total
The Corporation								
Gross premium	47,129,939	3,854,210	14,257,230	8,155,606	13,147,820	2,435,440	-	88,980,245
Retrocessions	(5,054,377)	(175,920)	(844,502)	(1,217,497)	(2,470,568)	(54,422)	-	(9,817,286)
Gross premium less retrocessions	42,075,562	3,678,29	13,412,728	6,938,109	10,677,252	2,381,018	-	79,162,959
Unearned premium	(5,780,545)	(560,535)	(1,582,077)	(1,139,293)	(614,033)	(448,415)	-	(10,124,898)
Net earned premium	36,295,017	3,117,755	11,830,651	5,798,816	10,063,219	1,932,603	-	69,038,061
Investment and other income	-	-	-	-	-	-	3,268,337	3,268,337
Commissioned earned	642,073	52,508	194,233	111,108	179,119	33,179	-	1,212,220
Total income	**36,937,090**	**3,170,263**	**12,024,884**	**5,909,924**	**10,242,338**	**1,965,782**	**3,268,337**	**73,518,618**
Underwriting expenses								
Commission expense	15,170,692	881,958	3,391,377	2,351,945	1,826,780	746,222	-	24,368,974
Deferred acquisition cost	(2,735,865)	(131,547)	(338,259)	(37,752)	(110,910)	-	-	(3,354,333)
Net commission expenses	12,434,827	750,411	3,053,118	2,314,193	1,715,870	746,222	-	21,014,641
Net claims incurred	16,724,421	1,122,853	3,410,394	3,931,682	2,688,891	461,354	-	28,339,595
Management expenses	7,123,438	582,542	2,154,904	1,232,676	1,987,223	368,104	-	13,448,887
Net finance cost	(4,207)	(344)	(1,273)	(728)	(1,174)	(217)	-	(7,943)
Total underwriting expenses	**36,278,478**	**2,455,463**	**8,617,143**	**7,479,823**	**6,390,810**	**1,575,463**	**-**	**62,795,180**
Income from operations	**658,612**	**714,800**	**3,407,741**	**(1,567,899)**	**3,851,528**	**390,319**	**3,268,337**	**10,723,438**

Notes to the financial statements (continued)

5. Operating segments (continued)
for the year ended 31 December 2019

In United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & Gas	Life	Unallocated	Total
The Group								
Gross premium	35,551,138	3,082,844	13,457,192	6,094,402	10,529,884	1,624,457	-	70,339,917
Retrocessions	3,758,535	(48,068)	(2,762,122)	(315,164)	(1,217,148)	(239,919)	-	(8,340,956)
Gross premium less retrocessions	31,792,603	3,034,776	10,695,070	5,779,238	9,312,736	1,384,538	-	61,998,961
Unearned premium	(885,981)	285,955	(262,595)	(1,445,481)	(1,470,973)	(80,238)	-	(3,859,313)
Net earned premium	30,906,622	3,320,731	10,432,475	4,333,757	7,841,763	1,304,300	-	58,139,648
Investment and other income	-	-	-	-	-	-	3,441,738	3,441,738
Commissioned earned	647,620	1,895	375,176	32,339	124,840	20,390	132,560	1,334,820
Total income	31,554,242	3,322,626	10,807,651	4,366,096	7,966,603	1,324,690	3,574,298	62,916,206
Underwriting expenses								
Commission expense	10,673,362	621,017	3,556,682	1,501,709	1,742,887	499,757	-	18,595,414
Deferred acquisition cost	(435,204)	29,254	(56,876)	(200,395)	(217,110)	(81,993)	-	(962,324)
Net commission exp	10,238,158	650,271	3,499,806	1,301,314	1,525,777	417,764	-	17,633,090
Net claims incurred	9,584,738	591,036	2,539,773	3,532,998	1,874,931	558,085	-	18,681,561
Management expenses	9,585,808	700,651	3,490,971	1,593,550	2,433,481	361,789	-	18,166,250
Net finance (income) / cost	(1,061,129)	(54,854)	(377,407)	(124,760)	162,708	25,101	131,495	(1,298,846)
Total underwriting expenses	28,347,574	1,887,104	9,153,143	6,303,102	5,996,897	1,362,739	131,495	53,182,055
Income from operations	3,206,668	1,435,522	1,654,508	(1,937,006)	1,969,706	(38,049)	3,442,803	9,734,151

Notes to the financial statements (continued)

5. Operating segments (continued)
for the year ended 31 December 2019

In United States Dollars	Property & engineering	Motor	Casualty	Marine & aviation	Oil & Gas	Life	Unallocated	Total
The Corporation								
Gross premium	34,309,263	2,472,659	9,915,122	5,623,779	10,529,884	1,624,457	-	64,475,164
Retrocessions	(3,287,571)	(40,000)	(1,809,912)	(204,726)	(1,217,148)	(239,919)	-	(6,799,276)
Gross premium less retrocessions	31,021,692	2,432,659	8,105,210	5,419,053	9,312,736	1,384,538	-	57,675,888
Unearned premium	(335,896)	256,029	241,292	(1,148,655)	(1,470,973)	(80,238)	-	(2,538,441)
Net earned premium	30,685,796	2,688,688	8,346,502	4,270,398	7,841,763	1,304,300	-	55,137,447
Investment and other income	-	-	-	-	-	-	2,743,160	2,743,160
Commissioned earned	438,387	1,236	140,167	4,290	124,840	20,390	-	729,310
Total income	31,124,183	2,689,924	8,486,669	4,274,688	7,966,603	1,324,690	2,743,160	58,609,917
Underwriting expenses	9,751,605	589,631	3,510,780	1,432,927	1,742,887	499,757	-	17,527,587
Commission expense	(435,204)	29,254	(56,876)	(200,395)	(217,110)	(81,993)	-	(962,324)
Deferred acquisition cost								
Net commission expenses	9,316,401	618,885	3,453,904	1,232,532	1,525,777	417,764	-	16,565,263
Net claims incurred	9,138,996	569,069	2,444,462	3,401,689	1,874,931	558,085	-	17,987,232
Management expenses	8,106,178	635,670	2,117,946	1,416,035	2,433,481	361,789	-	15,071,099
Net finance cost	530,146	38,208	153,209	86,899	162,708	25,101	131,495	1,127,766
Total underwriting expenses	27,091,722	1,861,832	8,169,521	6,137,155	5,996,897	1,362,739	131,495	50,751,360
Income from operations	4,032,461	828,092	317,148	(1,862,467)	1,969,706	(38,049)	2,611,665	7,858,557

Notes to the financial statements (continued)

6. Gross premium written

In United States Dollars	Notes	Group 2020	Corporation 2020	Group 2019	Corporation 2019
West Africa		58,280,967	58,280,967	48,593,123	48,593,124
East Africa		8,633,577	1,830,982	4,639,161	1,291,098
North Africa		7,506,756	7,506,756	6,880,876	6,880,876
Others		28,183,105	21,361,540	10,226,757	7,710,066
		102,604,405	**88,980,245**	70,339,917	64,475,164
7. Investment income					
Term deposits		3,142,116	2,712,793	2,462, 901	2,091,855
Treasury bills		520,517	348,018	537,590	373,513
		3,662,633	**3,060,811**	3,000,491	2,465,368
7a. Other income					
Sundry income		245,682	207,526	441,247	277,792
		245,682	**207,526**	441,247	277,792
8. Management expenses					
(a) Management expenses is analysed as follows					
Non-Life					
Personnel expenses	8b	5,308,345	3,494,875	4,741,952	3,331,322
Other expenses	8c	11,806,725	9,954,012	13,424,298	11,739,777
		17,115,070	**13,448,887**	18,166,250	15,071,099
(b) Personnel expenses					
Salaries and wages		5,020,310	3,404,645	4,546,602	3,164,778
Other employee benefits		129,248	83,817	172,872	148,373
Other staff cost		158,787	6,413	22,478	18,171
		5,308,345	**3,494,875**	4,741,952	3,331,322

(i) Other employee benefits

The Group maintains a post-employment defined benefit plan in accordance with statutory requirements, which entitles an employee to receive a lump sum payment when leaving the employment of the Group, whether due to resignation, retirement or death. The lump sum payment is determined by the final basic salary and number of years of service provided. These defined benefit plans expose the Group to actuarial risks such as interest rate risk.

Movement in net defined benefit liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability and its component.

Notes to the financial statements (continued)

8. Management expenses (continued)
Movement in net defined benefit liability (continued)

In United States Dollars	Defined benefit obligations 2020	Defined benefit obligations 2019	Fair value of plan assets 2020	Fair value of plan assets 2019	Net defined benefit liability (asset) 2020	Net defined benefit liability (asset) 2019
Balance at 1 January	832,671	705,947	(354,717)	(339,401)	(477,954)	366,546
Included in profit or loss:						
Current service cost	136,744	142,801	-	-	(90,764)	142,801
Interest cost (income)	65,812	123,777	(27,575)	(15,316)	-	108,461
	202,566	266,578	**(27,575)**	(15,316)	**(90,764)**	251,262
Included in OCI						
Actuarial loss arising from:						
financial assumptions	84,484	(139,854)	27,489	-	111,973	(139,854)
	84,484	(139,854)	**27,489**	-	**111,973**	(139,854)
Other						
Contributions paid by the employer	(28,610)	-	549,133	-	549,133	-
Projected benefits payments	(37,628)	(371,359)	(37,628)	-	28,610	-
Plan Amendment	(84,217)	-	-	-	-	-
	(150,455)	(371,359)	**-**	-	**577,743**	-
Balance at 31 December	**969,256**	832,671	**(866,308)**	(354,717)	**102,948**	(477,954)

Plan assets

Plan assets comprise the following:

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Term Deposits	**866,308**	**866,308**	354,717	354,717

Notes to the financial statements (continued)

8. Management expenses (continued)

Defined benefit obligation

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date:

In United States Dollars	2020	2019
Discount rate	8%	8%
Salary inflation	5.5 %	5.5%
Normal salary inflation gap	3 %	3%
Effective salary inflation gap	2.5 %	2.5%

(c) Other expenses

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Advertising	40,132	26,543	73,154	34,089
Audit fees	108,448	65,000	104,746	60,000
Depreciation and amortization	1,078,791	775,711	804,103	596,209
Utility bills	87,487	77,835	71,905	62,146
Legal and professional fees	1,026,506	793,998	747,172	638,544
Directors' fees	440,378	330,000	438,708	321,223
Motor running expenses	61,551	36,679	77,998	47,060
Communication	235,716	146,807	180,106	152,648
Printing and stationery	64,056	52,393	153,430	147,101
Travelling & marketing	563,459	481,780	604,105	543,028
Meetings, conferences and training	105,098	80,853	263,037	226,658
Repairs and maintenance	7,400	1,478	876	876
Other office running costs	2,216,208	1,912,219	3,737,780	2,987,296
Insurance	139,275	93,080	84,615	68,920
Impairment allowance for bad debt	5,632,220	5,079,636	6,082,563	5,853,979
	11,806,725	**9,954,012**	13,424,298	11,739,77

9. Net finance cost

	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Foreign exchange (gain) /loss	(936,403)	(397,029)	(1,625,260)	835,061
Bank charges	232,396	232,396	162,077	161,210
Unwinding interest on lease liability	188,276	156,690	164,337	131,495
	(515,731)	**(7,943)**	(1,298,846)	1,127,766

10. Taxation

10a. Tax expense

	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Current tax expense				
Current year	**759,640**	**-**	(127,801)	-
Deferred tax (credit)/expense				
Origination and reversal of temporary differences	(342,663)	-	287,943	-
	416,977	**-**	160,142	-

Notes to the financial statements (continued)

10. Taxation (continued)

10b. Current tax (asset)/liabilities

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
At 1 January	41,722	-	169,523	-
Charge for the year	759,640	-	127,801	-
Payments during the year	(22,542)	-	-	-
Impact of exchange rate fluctuation	(59,692)	-	-	-
Prior year provision	(12,043)	-	-	-
At 31 December	**707,085**	**-**	41,722	-
10c. Deferred tax (assets)/liabilities				
At 1 January	(321,648)	-	(614,259)	-
(credit)/charge for the year	(342,663)	-	287,943	-
Impact of exchange rate fluctuation	165,461	-	4,668	-
	(498,850)	**-**	(321,648)	-

The Corporation's property, other assets, income from operation and transactions are exempted from all taxes and customs duties as per the agreement signed between the Government of the Republic of Sierra Leone and the WAICA Reinsurance Corporation Plc.

11. Cash and cash equivalents

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Bank balance	10,176,002	9,581,576	7,931,625	3,808,252
Cash on hand	2,975	2,257	3,221	2,257
	10,178,977	**9,583,833**	7,934,846	3,810,509
Short-term investment securities	31,247,756	25,758,152	21,906,025	26,034,498
Cash and cash equivalents	**41,426,733**	**35,341,985**	29,840,871	29,845,007

The short-term investments comprise of fixed deposit investments with three months or less maturity period from the date of acquisition. Cash in hand and balances with the Central Bank are non-interest-bearing.

12. Financial assets

(a) Investments by category

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Statutory deposit	4,331,965	2,028,610	2,184,300	1,701,929
Bank deposits	59,459,592	45,294,852	47,230,713	27,675,233
Equity investments	348,898	17,920,482	318,111	18,458,607
	64,140,455	**65,243,944**	49,733,124	47,835,769

Notes to the financial statements (continued)

12. Financial assets (continued)
(a) Investments by category (continued)

The statutory deposit of USD 2,028,610 (2019: USD 1,701,929) was made with the Bank of Sierra Leone in compliance with Section 27(3) of the Insurance Act 2016. The deposit will continue to be maintained at the Bank of Sierra Leone, so long as the Group continues to transact insurance business in Sierra Leone. The deposits are invested in treasury bills (Government Securities) by the Bank of Sierra Leone on behalf of the Group. The Group also placed USD 500,000 with the Bank of Ghana as a regulatory requirement by the National Insurance Commission (Ghana).

(b) The Group's financial assets are summarised below by measurement category:

In United States Dollars	**Group 2020**	**Corporation 2020**	Group 2019	Corporation 2019
Held to maturity	63,791,557	47,323,462	49,415,013	29,377,162
Available for sale	348,898	17,920,482	318,111	18,458,607
Total financial assets	**64,140,455**	**65,243,944**	49,733,124	47,835,769

Held to maturity constitutes assets that are expected to be realized within one year.

(c) Held to maturity financial assets
Unlisted debt securities - fixed interest rate:

In United States Dollars	**Group 2020**	**Corporation 2020**	Group 2019	Corporation 2019
Fixed deposits	57,896,743	45,294,852	44,582,360	26,306,504
Treasury bills	5,894,814	2,028,610	4,832,653	3,070,658
	63,791,557	**47,323,462**	49,415,013	29,377,162

The fair value of the held to maturity financial assets approximate to the carrying amount.

(d) Available for sale financial assets

In United States Dollars	**Group 2020**	**Corporation 2020**	Group 2019	Corporation 2019
At 1 January	318,111	18,458,607	348,898	16,406,145
Movements during the year	30,787	(538,125)	(30,787)	2,052,462
At 31 December	**348,898**	**17,920,482**	318,111	18,458,607

The Group's available for sale financial asset are equity investments held by the subsidiaries, while the Corporation's available for sale financial assets represents the Corporation equity interest in the establishment of subsidiaries in Ghana and Kenya and the acquisition in Zimbabwe. The three subsidiaries are wholly owned by the Corporation.

The financial assets of the Group are categorised in accordance with IAS 39, as the Group is yet to adopt IFRS 9. The Group plans to adopt IFRS 9 together with IFRS 17 in 2023.

Notes to the financial statements (continued)

13. Reinsurance receivables

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Due from cedants and brokers	41,280,861	37,145,982	43,770,016	42,258,657
Due from retrocessionaires	3,193,824	3,193,824	3,480,528	2,916,698
Impairment allowance	(17,219,810)	(16,445,990)	(15,682,336)	(15,453,752)
Net receivables	**27,254,875**	**23,893,816**	31,568,208	29,721,603
The net receivables is deemed current.				
Impairment allowance				
Balance at start	15,682,336	15,453,752	12,310,400	12,310,400
Bad debts written-off	(4,094,746)	(4,087,398)	(2,710,627)	(2,71 0,627)
Impairment allowance charged to income statement	5,632,220	5,079,636	6,082,563	5,853,979
Balance at 31 December	**17,219,810**	**16,445,990**	15,682,336	15,453,752
Ageing of unimpaired receivables				
0 – 90 days	7,308,995	6,306,653	10,049,524	8,202,920
91 - 180 days	5,783,557	4,091,667	4,575,170	4,575,170
181 – 270 days	2,326,115	2,100,066	3,387,463	3,387,463
271 – 365 days	2,430,588	1,989,810	4,545,129	4,545,129
Overdue but not impaired	9,405,620	9,405,620	9,010,922	9,010,921
Balance at 31 December	**27,254,875**	**23,893,816**	31,568,208	29,721,603

14. Deferred acquisition costs

	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Balance as at 1 January	8,865,416	8,317,289	7,375,691	7,354,965
Net movement during the year	4,689,522	3,354,333	1,489,725	962,324
Balance as at 31 December	**13,554,938**	**11,671,622**	8,865,416	8,317,289

This amount represents reinsurance commissions; brokerage and other related expenses incurred that related to un-expired policies at year end.

15. Other assets

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Sundry receivables	56,186	38,250	187,602	28,802
Other receivables	643,300	6,502	6,502	6,502
Loans to staff	220,689	210,056	165,875	165,875
	920,175	**254,808**	359,979	201,179

16. Property and equipment

The Group

In United States Dollars	Computer hardware	Motor vehicle	Furniture and equipment	Capital work-in progress	Right of use asset	Total
Cost						
At 1 January 2020	281,189	317,740	1,071,758	241,570	1,450,986	4,363,243
Additions	62,230	43,295	104,592	-	657,049	1,067,166
Write-off	-	-	(32,533)	-	-	(32,533)
Revaluation adjustment	(4,468)	19,500	(13,237)	-	-	1,795
Translation difference	8,027	(12,228)	(1,034)	-	(18,307)	(23,542)
At 31 December 2020	**346,978**	**1,568,307**	**1,129,546**	**241,570**	**2,089,728**	**5,376,129**
At 1 January 2019	212,913	699,624	664,251	188,214	-	1,765,002
Additions	56,083	619,569	330,370	53,356	1,449,159	2,508,537
Revaluation adjustment	(1,331)	1,017	51,975	-	-	51,661
Translation difference	13,524	(2,470)	25,162	-	1,827	38,043
At 31 December 2019	281,189	1,317,740	1,071,758	241,570	1,450,986	4,363,243
Accumulated depreciation						
At 1 January 2020	193,309	606,759	447,135	-	286,439	1,533,642
Charge for the year	42,075	245,967	288,561	-	435,540	1,012,143
Write-off	-	-	(6,507)	-	-	(6,507)
Translation difference	(669)	(4,865)	(7,910)	-	(1,663)	(15,107)
Revaluation adjustment	(6,762)	(35,465)	(24,601)	-	-	(66,827)
At 31 December 2020	**227,953**	**812,396**	**696,679**	**-**	**720,316**	**2,457,344**
At 1 January 2019	154,745	388,560	212,528	-	-	755,833
Charge for the year	27,259	194,282	178,483	-	286,273	686,297
Translation difference	11,305	23,917	56,124	-	166	91,512
At 31 December 2019	193,309	606,759	447,135	-	286,439	1,533,642
Carrying amounts						
At 31 December 2019	87,880	711,071	624,533	241,570	1,164,547	2,829,601
At 31 December 2020	**119,025**	**755,911**	**432,867**	**241,570**	**1,369,412**	**2,918,785**

There were no capitalized borrowing costs related to the acquisition of equipment during the year. (2019: nil).

Notes to the financial statements (continued)

16. Property and equipment (continued)

The Corporation

In United States Dollars	Computer hardware	Motor vehicle	Furniture and equipment	Capital work-in progress	Right of use asset	Total
Cost						
At 1 January 2020	211,527	798,568	664,721	241,570	1,195,410	3,111,796
Additions	40,344	243,295	104,593	-	657,049	1,045,281
At 31 December 2020	**251,871**	**1,041,863**	**769,314**	**241,570**	**657,049**	**4,157,077**
At 1 January 2019	181,105	459,760	386,515	188,214	-	1,215,594
Additions	30,422	338,808	278,206	53,356	1,195,410	1,896,202
At 31 December 2019	211,527	798,568	664,721	241,570	1,195,410	3,111,796
Accumulated depreciation						
At 1 January 2020	164,539	397,441	314,660	-	263,216	1,139,856
Charge for the year	24,014	131,110	158,914	-	413,981	728,019
At 31 December 2020	**188,553**	**528,551**	**473,574**	**-**	**677,197**	**1,867,875**
At 1 January 2019	148,354	298,540	201,720	-	-	686,614
Charge for the year	16,185	98,901	112,940	-	263,216	491,242
At 31 December 2019	164,539	397,441	314,660	-	263,216	1,139,856
Carrying amounts						
At 1 January 2019	32,751	161,220	184,795	188,214	-	566,980
At 31 December 2019	46,988	401,127	350,061	241,570	932,194	1,971,940
At 31 December 2020	**63,318**	**513,312**	**295,740**	**241,570**	**1,175,262**	**2,289,202**

There were no capitalized borrowing costs related to the acquisition of equipment during the year. (2019: nil).

Notes to the financial statements (continued)

17. Intangible assets

In United States Dollars	Group Computer Software	Corporation Computer Software
Cost		
At 1 January 2020	1,376,259	1,299,076
Acquisitions	3,838	-
Translation adjusment	(1,581)	-
At 31 December 2020	**1,378,516**	**1,299,076**
At 1 January 2019	1,128,302	1,069,557
Acquisitions	251,425	229,519
Translation adjusment	(3,468)	-
At 31 December 2019	1,376,259	1,299,076
Amortisation and impairment losses		
At 1 January 2020	1,028,683	987,831
Amortisation for the year	66,648	47,692
Translation adjusment	(135)	-
At 31 December 2020	**1,095,196**	**1,035,523**
At 1 January 2019	914,504	882,864
Amortisation for the year	117,806	104,967
Translation adjustment	(3,627)	-
At 31 December 2019	1,028,683	987,831
Carrying amount		
At 1 January 2019	213,798	186,693
At 31 December 2019	347,576	311,245
At 31 December 2020	**283,320**	**263,553**

There were no capitalized borrowing costs related to the acquisition of computer software during the year. (2019: Nil).

18. Investment properties

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
At 1 January	9,326,522	9,039,022	9,609,422	9,039,022
Fair value gain / (loss)	37,800	-	(282,900)	-
At 31 December	**9,364,322**	**9,039,022**	9,326,522	9,039,022

Notes to the financial statements (continued)

18. Investment properties (continued)

The Group's investment properties consist of landed properties in England and Ghana acquired by WAICA Reinsurance Corporation Plc in 2016 and a landed property of US$570,400 owned by WAICA Re Zimbabwe (Pvt). The landed property owned by WAICA Re Zimbabwe (Pvt) was revalued downwards to US$ 287,500 based on a valuation exercise carried out in 2020.

The market value of the property located in Ghana was estimated at US$6,790,300 based on a 2017 valuation performed by Asenta Property Consulting, a firm of Asset valuation and general property advisory services. The fair value of the property was based on an open market value which indicated an opinion of the best price at which the sale of an interest in the property would have been completed unconditionally for cash consideration on the date of valuation based on a number of assumptions. The fair value of the property in England has been deemed to be equivalent to its purchase price. We believe that the reported amounts approximate to the fair values of the respective properties as at 31 December 2020. The investment properties have been classified under level 2 fair value hierarchy and have not been pledged as security for any debt or liabilities.

19. Claims

(a) Net claims incurred

In United States Dollars	**Group 2020**	**Corporation 2020**	Group 2019	Corporation 2019
Claims made by Cedants	31,258,983	28,585,611	21,573,580	20,879,251
Claims recovered from Retrocessionaires	(753,492)	(246,016)	(2,892,019)	(2,892,019)
Claims incurred during the year	**30,505,491**	**28,339,595**	18,681,561	17,987,232

(b) Outstanding claims 2020

In United States Dollars	**Property & engineering**	**Motor**	**Casualty**	**Marine & Aviation**	**Oil & Gas**	**Life**	**Total**
The Group							
Provision for Claims reported	2,203,276	250,827	800,573	2,024,633	15,048,729	-	20,328,038
IBNR	933,305	104,187	368,395	575,736	3,762,182	9,297	5,753,102
Total Outstanding Claim Provision	**3,136,581**	**355,014**	**1,168,968**	**2,600,369**	**18,810,911**	**9,297**	**26,081,140**

In United States Dollars	**Property & engineering**	**Motor**	**Casualty**	**Marine & Aviation**	**Oil & Gas**	**Life**	**Total**
The Corporation							
Provision for Claims reported	1,525,851	137,471	223,471	1,990,737	15,048,729	-	18,926,259
IBNR	381,463	34,368	55,868	497,684	3,762,182	-	4,731,565
Total Outstanding Claim Provision	**3,410,314**	**171,839**	**279,339**	**2,488,421**	**18,810,911**	**-**	**23,657,824**

Notes to the financial statements (continued)

19. Claims (continued)

Outstanding claims 2019

In United States Dollars	Property & engineering	Motor	Casualty	Marine & Aviation	Oil & Gas	Life	Total
The Group							
Provision for Claims reported	1,856,242	187,762	194,224	114,366	397,645	77,750	2,827,989
IBNR	490,706	31,859	35,363	37,381	99,411	19,435	714,155
Total Outstanding Claim Provision	2,346,948	219,621	229,587	151,747	497,056	97,185	3,542,144

2019

In United States Dollars	Property & engineering	Motor	Casualty	Marine & Aviation	Oil & Gas	Life	Total
The Corporation							
Provision for Claims reported	1,535,978	83,915	88,442	114,317	397,645	77,740	2,298,037
IBNR	383,994	20,979	22,111	28,579	99,411	19,435	574,509
Total Outstanding Claim Provision	4,201,972	104,894	110,553	142,896	497,056	97,175	2,872,546

20. Reinsurance payables

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Payable under retrocession arrangements	3,053,356	1,706,235	2,721,964	2,304,960
	3,053,356	**1,706,235**	2,721,964	2,304,960

21. Trade and other payables

Accruals	353,088	195,080	126,690	91,169
Other creditors	1,549,101	1,262,096	2,156,683	1,185,415
Defined benefit obligation (8b (i))	222,398	102,948	477,954	477,954
Lease liability	1,505,096	1,272,600	1,236,277	978,481
	3,629,683	**2,832,724**	3,997,604	2,733,019

The lease liabilities are split follows:

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Current	268,819	294,119	1,236,277	978,481
Non-current	1,236,277	978,481	-	-
	1,505,096	**1,272,600**	1,236,277	978,481

The movement in lease liabilities during the year 2020 follows:

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
At 1 January	1,236,277	978,481	-	-
Additions	657,049	657,049	1,449,159	1,195,410
Lease interest charge	188,276	156,690	164,337	131,495
Lease rental payments	(576,506)	(519,620)	(377,219)	(348,424)
Balance at 31 December	**1,505,096**	**1,272,600**	1,236,277	978,481

The total cash outflow for lease in the year was

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Interest on liabilities	188,276	156,690	164,337	131,495
Payments of the principal portion of lease liabilities	388,230	362,930	212,882	216,929
	576,506	519,620	377,219	348,424

The estimated fair values of accounts due to other trading parties and trade payables are the amounts repayable on demand. All trade and other payables are current liabilities.

Notes to the financial statements (continued)

22. Provision for unearned premium

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Gross unearned premium at 1 January	32,691,825	30,700,957	27,350,608	27,200,986
Gross unearned premium at 31 December	47,214,003	42,487,793	32,691,825	30,700,957
Gross unearned premium movement (A)	**14,522,178**	**11,786,836**	5,341,217	3,499,971
Deferred gross retrocessions at 1 January	3,655,204	3,121,090	2,173,300	2,159,560
Deferred gross retrocessions at 31 December	5,227,284	4,783,028	3,655,204	3,121,090
Deferred gross retrocessions movement (B)	**1,572,080**	**1,661,938**	1,481,904	961,530
Net unearned premium movement (A - B)	**12,950,098**	**10,124,898**	3,859,313	2,538,441

The gross unearned premium provision represents the liability for reinsurance business contracts where the Group's obligations are not expired at the year end.

23. Retrocessionaires share of technical provisions

In United States Dollars	Notes	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Claims recoverable		18,295,040	17,296,875	40,050	29,152
Deferred retrocession premium	22	5,227,284	4,783,028	3,655,204	3,121,090
		23,522,324	**22,079,903**	3,695,254	3,150,242

24. Share capital

In United States Dollars	2020 No. of shares	2020 Amount	2019 No. of shares	2019 Amount
Ordinary shares of USD 1each	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
At 1 January	49,083,493	49,083,493	49,083,493	49,083,493
At 31 December	**49,083,493**	**49,083,493**	49,083,493	49,083,493

25. Share premium

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Balance at 1 January	15,792,963	15,792,963	15,792,963	15,792,963
Balance at 31 December	**15,792,963**	**15,792,963**	15,792,963	15,792,963

Notes to the financial statements (continued)

26. Retained earnings

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Balance at 1 January	19,468,620	17,852,711	14,140,799	14,240,342
Net profit for the year	13,135,790	10,723,438	9,574,009	7,858,557
Transfer to contingency reserves	(2,669,407)	(2,669,407)	(1,901,766)	(1,901,766)
Dividend to Shareholders	(3,000,000)	(3,000,000)	(2,500,000)	(2,500,000)
IFRS 16 implementation adjustment	-	-	155,578	155,578
Balance at 31 December	**26,935,003**	**22,906,742**	19,468,620	17,852,711

27. Contingency reserves

	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Balance at 1 January	9,101,502	9,101,502	7,199,736	7,199,736
Addition during the year	2,669,407	2,669,407	1,901,766	1,901,766
Balance at 31 December	**11,770,909**	**11,770,909**	9,101,502	9,101,502

The above amount represents contingent reserves to cover fluctuations in securities and variations in statistical estimates.

28.a. Other reserves

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Balance at 1 January	48,855	48,855	188,709	188,709
Net actuarial gains/(losses)on employee benefit obligation	111,973	111,973	(139,854)	(139,854)
Balance at 31 December	**160,828**	**160,828**	48,855	48,855

Other reserves represent net actuarial gains/(loss) on the defined benefit obligation of the Corporation.

(b) Capital reserve

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Balance at 1 January	518,494	-	518,494	-
Balance at 31 December	**518,494**	**-**	518,494	-

The capital reserve represent bargain gains on the acquisition of the Zimbabwe subsidiary.

(c) Foreign currency translation reserve

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Balance at 1 January	(4,545,586)	-	(590,218)	-
Movement during the year	(1,234,503)	-	(3,955,368)	-
Balance at 31 December	**(5,780,089)**	**-**	(4,545,586)	-

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The Group

31 December 2020

In United States Dollars	Held to maturity	Loan and receivables	Available for sale	Other financial liabilities	Total	Fair value Level 1	Level 2	Level 3	Total
Assets									
Cash and cash equivalents	-	41,426,733	-	-	41,426,733	-	41,426,733	-	41,426,733
Reinsurance receivables	-	27,254,874	-	-	27,254,874	-	27,254,874	-	27,254,874
Financial assets	63,791,557	-	348,898	-	64,140,455	-	64,140,455	-	64,140,455
Other assets	-	920,175	-	-	920,175	-	920,175	-	920,175
	63,791,557	**69,601,782**	**348,898**	**-**	**133,742,237**	**-**	**133,742,237**	**-**	**133,742,237**
Liabilities									
Funds Under management	-	-	-	5,039,564	5,039,564	-	5,039,564	-	5,039,564
Reinsurance payables	-	-	-	3,053,356	3,053,356	-	3,053,356	-	3,053,356
Trade and other payables	-	-	-	3,629,683	3,629,683	-	3,629,683	-	3,629,683
Outstanding claims	-	-	-	26,081,140	26,081,140	-	26,081,140	-	26,081,140
	-	**-**	**-**	**37,803,743**	**37,803,743**	**-**	**37,803,743**	**-**	**37,803,743**

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management

(a) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The Corporation

31 December 2020

In United States Dollars	Held to maturity	Loan and receivables	Available for sale	Other financial liabilities	Total	Fair value			
						Level 1	Level 2	Level 3	Total
Assets									
Cash and cash equivalents	-	35,341,985	-	-	35,341,985	-	35,341,985	-	35,341,985
Reinsurance receivables	-	23,893,816	-	-	23,893,816	-	23,893,816	-	23,893,816
Financial assets	47,323,462	-	17,920,482	-	65,243,944	-	65,243,944	-	65,243,944
Other assets	-	254,808	-	-	254,808	-	254,808	-	254,808
	47,323,462	**59,490,609**	**17,920,482**	**-**	**124,734,553**	**-**	**124,734,553**	**-**	**124,734,553**
Liabilities									
Reinsurance payables	-	-	-	1,706,235	1,706,235	-	1,706,235	-	1,706,235
Trade and other payables	-	-	-	2,832,724	2,832,724	-	2,832,724	-	2,832,724
Outstanding claims	-	-	-	23,657,824	23,657,824	-	23,657,824	-	23,657,824
	-	**-**	**-**	**28,196,783**	**28,196,783**	**-**	**28,196,783**	**-**	**28,196,783**

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management

(a) Accounting classifications and fair values

The Group

31 December 2019

In United States Dollars	Held to maturity	Loan and receivables	Available for sale	Other financial liabilities	Fair value				
					Total	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets									
Cash and cash equivalents	-	29,840,871	-	-	29,840,871	-	29,840,871	-	29,840,871
Reinsurance receivables	-	31,568,208	-	-	31,568,208	-	31,568,208	-	31,568,208
Financial assets	49,415, 013	-	318,111	-	49,733,124	-	49,733,124	-	49,733,124
Other assets	-	359,979	-	-	359,979	-	359,979	-	359,979
	49,415, 013	61,769,058	318,111	-	111,502,182	-	111,502,182	-	111,502,182
Liabilities									
Funds Under management	-	-	-	4,522,309	4,522,309	-	4,522,309	-	4,522,309
Reinsurance payables	-	-	-	2,721,964	2,721,964	-	2,721,964	-	2,721,964
Trade and other payables	-	-	-	3,997,604	3,997,604	-	3,997,604	-	3,997,604
Outstanding claims	-	-	-	3,542,144	3,542,144	-	3,542,144	-	3,542,144
	-	-	-	14,784,021	14,784,021		14,784,021		14,784,021

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management

(a) Accounting classifications and fair values

The Corporation

31 December 2019

In United States Dollars	Held to maturity	Loan and receivables	Available for sale	Other financial liabilities	Fair value				
					Total	Level 1	Level 2	Level 3	Total
Assets									
Cash and cash equivalents	-	29,845,007	-	-	29,845,007	-	29,845,007	-	29,845,007
Reinsurance receivables	-	29,721,603	-	-	29,721,603	-	29,721,603	-	29,721,603
Financial assets	29, 377, 162	-	18,458,607	-	47,835,769	-	47,835,769	-	47,835,769
Other assets	-	201,179	-	-	201,179	-	201,179	-	201,179
	29, 377, 162	59,767,789	18,458,607	-	107,603,558	-	107,603,558	-	107,603,558
Liabilities									
Reinsurance payables	-	-	-	2,304,960	2,304,960	-	2,304,960	-	2,304,960
Trade and other payables	-	-	-	2,255,065	2,255,065	-	2,255,065	-	2,255,065
Outstanding claims	-	-	-	2,872,546	2,872,546	-	2,872,546	-	2,872,546
	-	-	-	7,432,571	7,432,571	-	7,432,571	-	7,432,571

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management (continued)

(b) Measurement of fair values
See accounting policy in note 36 (c)(vi)
The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

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

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

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

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

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

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premier used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

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

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments, that use only observable market data and require little management judgement and estimation. Observable prices or model inputs are usually available in the market for listed debt and equity securities. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and prepayments and selection of appropriate discount rates.

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management (continued)
(b) Measurement of fair values (continued)
Valuation models (continued)

The Director of Finance has overall responsibility for verifying all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- quarterly calibration and back-testing of models against observed market transactions; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous measurement.

When third party information, such as broker quotes or pricing services, is used to measure fair value, these would be assessed and documented to support the conclusion that such valuations meet the requirements of IFRS. This includes:

- verifying that the broker or pricing service is approved by the Group for use in pricing the relevant type of financial instrument;
- understanding how the fair value has been arrived at and the extent to which it represents actual market transactions;
- when prices for similar instruments are used to measure fair value, how these prices have been adjusted to reflect the characteristics of the instrument subject to measurement; and
- if a number of quotes for the same financial instrument have been obtained, then how fair value has been determined using those quotes.

(c) Financial risk management

The Group has exposure to the following risks from financial instruments:

- Reinsurance risk
- Credit risk
- Liquidity risk
- Market risk.

The Group issues contracts that transfer reinsurance risk or financial risk or both. This section summarises these risks and the way the Group manages them. The Group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and reinsurance liabilities. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

(i) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Board Strategy and Operations and Risk Management, Audit and Internal Compliance Committee, which are responsible for developing and monitoring risk policies in their specified areas.

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

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management (continued)
(c) Financial risk management (continued)
(i) Risk management framework (continued)

The Group's Risk Management, Audit and Internal Compliance Committee is responsible for monitoring compliance with the risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group.

(ii) Reinsurance risk

Reinsurance risk arises from claims and underwriting profit experience being adversely different from those anticipated in the premiums rating and retrocession programme. The reinsurance risk under any reinsurance contract are the risk of the insured event occurring and the uncertainty of the amount of the resulting claim. Essentially, the principal risk that the Group faces under its reinsurance contracts is that the actual claims payments may exceed the carrying amount of the insurance liabilities.

When accepting risks, the Group follows its underwriting guidelines strictly. The guidelines cover risk acceptance criteria, pricing, accumulation controls, authority levels, reinsurance protection, among others. It guides the underwriters in their acceptances on the principles of prudence and professionalism within the overall objective of diversifying the type of insurance risks accepted within each of the short-term reinsurance contracts, to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Management of Reinsurance risk

Management consistently reviews its insurance risk exposures and reports same on regular bases to the Risk Management, Audit and Internal Compliance Committee of the Board of Directors.

Further mitigating measures adopted by the Group is to hedge against the risk of catastrophic loss on reinsurance assumed by entering into retrocession arrangements with reputable reinsurance companies. The retrocession arrangements do not relieve the Group of its obligation to cedants. Hence, if the retrocessionaires default on their obligations to the Group, this risk mitigation measure would not be effective. As a result, the Group ensures that the financial conditions of retrocessionaires are reviewed annually and placements are carefully made with companies who are financially secure, credible and experienced in the industry.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations principally from investment securities and the Group's cession and retrocession receivables.

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

Reinsurance receivables

Credit risk relating to reinsurance receivables is mitigated by the large number of cedants and their dispersion across the African continent and beyond. A good number of the cedants from whom receivables are due are equally shareholders and or members of WAICA. In addition, the liability for outstanding claims is in respect of reinsurance contracts with the same counter parties. A periodic evaluation of cedants and Retrocessionaires is carried out to minimise exposure to significant losses from insolvencies. Transactions are also closely monitored to keep balances as current as possible.

Analysis of credit quality

The tables below set out information about the credit quality of reinsurance receivables and the allowance for impairment loss held by the Group against those assets.

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Impairment allowance				
Balance at 1 January	15,682,336	15,453,752	12,310,400	12,310,400
Addition during the period Impairment	(4,094,746)	(4,087,398)	(2,70,627)	(2,710,627)
allowance charged to income statement	5,632,220	5,079,636	6,082,563	5,853,979
Balance at 31 December	**17,219,810**	**16,445,990**	15,682,336	15,453,752

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management (continued)
(c) Financial risk management (continued)
(iii) Credit risk (continued)
Analysis of credit quality (continued)

Ageing of unimpaired reinsurance receivables

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
0 – 90 days	7,308,995	6,306,653	10,049,524	8,202,920
91 - 180 days	5,783,557	4,091,667	4,575,170	4,575,170
181 – 270 days	2,326,115	2,100,066	3,387,463	3,387,463
271 – 365 days	2,430,588	1,989,810	4,545,129	4,545,129
Past due but not impaired	9,405,620	9,405,620	9,010,922	9,010,921
Balance at 31 December	**27,254,875**	**23,893,816**	31,568,208	29,721,603

Impaired reinsurance receivables
See accounting policy in note 36 (c).

The Group regards a reinsurance receivable as impaired in the following circumstances:

- when there is objective evidence that a loss event has occurred since initial recognition and the loss event has an impact on future estimated cash flows from the asset.

- the reinsurance receivables is overdue for more than 365 days or more.

A reinsurance receivable that has been renegotiated due to deterioration in the cedant's condition is usually considered to be impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly due to adherence to the renegotiated repayment plan and there are no other indicators of impairment.

Reinsurance receivables that are subject to a collective IBNR provision are not considered impaired.

Held to maturity investments
The Group has policies in place to ensure that short-term bank deposits are placed with financial institutions of very high credit rating and are spread over a number of them across the operating countries and in London to avoid undue concentration.

Cash and cash equivalents
The Group held cash and cash equivalents of US$ 41,426,733 at 31 December 2020 (2019: US$ 29,840,871). The cash and cash equivalents are held with reputable banks.

(iv) Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group is exposed to daily calls on its available cash resources mainly from claims arising from reinsurance contracts. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group manages this risk by maintaining sufficient cash, and investing any excess cash over its anticipated requirements.

Exposure to liquidity risk
The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and exclude the impact of netting agreements.

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management (continued)
(c) Financial risk management (continued)
(iv) Liquidity risk (continued)
Exposure to liquidity risk (continued)

31 December 2020

In United States Dollars	Notes	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 year
Group						
Non-derivative financial liabilities						
Funds under management		5,039,564	-	743,072	4,296,492	-
Outstanding claims	19b	26,081,140	3,204,460	9,006,613	13,763,847	106,220
Reinsurance payables	20	3,053,356	793,657	1,580,411	576,842	102,446
Trade and other payables	21	3,629,683	615,367	730,852	408,941	1,874,523
		37,803,743	**4,613,484**	**12,060,948**	**19,046,122**	**2,083,189**
Corporation						
Non-derivative financial liabilities						
Outstanding claims	19b	23,657,824	2,365,782	8,280,238	13,011,804	-
Reinsurance payables	20	1,706,235	341,247	853,118	511,870	-
Trade and other payables	21	2,832,724	683,249	647,857	-	1,501,618
		28,196,783	**3,390,278**	**9,781,213**	**13,523,674**	**1,501,618**

31 December 2019

In United States Dollars	Notes	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 year
Group						
Non-derivative financial liabilities						
Funds under management		4,522,309	-	-	4,522,309	-
Outstanding claims	19b	3,542,144	708,429	1,771,072	1,062,643	-
Reinsurance payables	20	2,721,964	544,393	1,360,982	816,589	-
Trade and other payables	21	3,997,604	1,089,961	1,451,208	-	1,456,435
		14,784,021	2,342,783	4,583,262	6,401,541	1,456,435
Corporation						
Non-derivative financial liabilities						
Outstanding claims	19b	2,872,546	574,509	1,336,610	961,427	-
Reinsurance payables	20	2,304,960	460,992	1,152,480	691,488	-
Trade and other payables	21	2,733,019	711,579	1,042,959	-	978,481
		7,910,525	1,747,080	3,532,049	1,652,915	978,481

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management (continued)
(c) Financial risk management (continued)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which underwriting income, underwriting expense and investments are denominated. The currencies in which these transactions are primarily denominated are US Dollars, Pounds Sterling, Euro, Cedi, Naira and Leones.

In respect of monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The summary quantitative data about the Group's exposure to currency risk as reported by management is as follows:

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management (continued)
(c) Financial risk management (continued)
(v). Market risk (continued)
Currency risk (continued)

31 December 2020

	Notes	Dollars	Pounds sterling	Euro	Cedis	Leones	Naira	Others	Total
The Group									
Assets									
Cash and cash equivalent	11	31,441,080	191,359	1,183,353	800,039	58,942	4,693,179	3,058,781	41,426,733
Financial assets	12	46,326,137	-	-	4,385,251	2,088,776	-	11,340,291	64,140,455
Reinsurance receivables	13	10,354,271	9,124	471,053	1,025,670	425,680	1,623,831	13,345,245	27,254,874
Other assets	15	720,801	-	-	8,532	118,726	34,912	37,204	920,175
		88,842,289	**200,483**	**1,654,406**	**6,219,492**	**2,692,124**	**6,351,922**	**27,781,521**	**133,742,237**
Liabilities									
Funds under management		743,072	-	-	4,296,492	-	-	-	5,039,564
Outstanding claims	19b	22,809,725	-	36,830	207,191	22,473	274,950	2,729,971	26,081,140
Reinsurance Payables	20	2,622,642	-	-	-	-	-	430,714	3,053,356
Trade and other payables	21	2,785,031			-			844,652	3,629,683
		28,960,470	**-**	**36,830**	**4,503,683**	**22,473**	**274,950**	**4,005,337**	**37,803,743**
Net exposure		**59,881,819**	**200,483**	**1,617,576**	**1,715,809**	**2,669,651**	**6,076,972**	**23,776,184**	**95,938,494**

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management (continued)
(c) Financial risk management (continued)
(v). Market risk (continued)
Currency risk (continued)

31 December 2020

	Notes	Dollars	Pounds sterling	Euro	Cedis	Leones	Naira	Others	Total
Corporation									
Assets									
Cash and cash equivalent	11	26,972,245	191,359	1,183,353	670,225	58,942	4,693,179	1,572,682	35,341,985
Financial assets	12	54,388,362	-		88,759	2,088,776		8,678,047	65,243,944
Reinsurance receivables	13	8,527,112	9,124	471,053	1,025,670	425,680	1,623,831	11,811,346	23,893,816
Other assets	15	83,150	-		8,532	118,726	34,912	9,488	254,808
		89,970,869	**200,483**	**1,654,406**	**1,793,186**	**2,692,124**	**6,351,922**	**22,071,563**	**124,734,553**
Liabilities									
Outstanding claims	19b	21,507,954	-	36,830	207,191	22,473	274,950	1,608,426	23,657,824
Reinsurance payables	20	1,706,235	-	-	-	-	-	-	1,706,235
Trade and other payables	21	2,832,724	-	-	-	-	-	-	2,832,724
		26,046,913	**-**	**36,830**	**207,191**	**22,473**	**274,950**	**1,608,426**	**28,196,783**
Net exposure		**63,923,956**	**200,483**	**1,617,576**	**1,585,995**	**2,669,651**	**6,076,972**	**20,463,137**	**96,537,770**

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management (continued)
(c) Financial ritsk management (continued)
(v). Market risk (continued)
Currency risk (continued)

31 December 2019

	Notes	Dollars	Pounds sterling	Euro	Cedis	Leones	Naira	Others	Total
The Group									
Assets									
Cash and cash equivalent	11	26,651,481	136,994	102,817	1,591,008	56,970	582,101	719,500	29,840,871
Financial assets	12	37,728,782	-	-	2,122,061	1,849,215	978,645	7,054,421	49,733,124
Reinsurance receivables	13	14,052,700	12,549	498,587	1,207,525	19,356	2,163,078	13,614,413	31,568,208
Other assets	15	69,701	-	-	4,399	92,442	19,356	174,081	359,979
		78,502,664	149,543	601,404	4,924,993	2,017,983	3,743,180	21,562,415	111, 502,182
Liabilities									
Funds under management		1,145,989	-	-	3,376,320	-	-	-	4,522,309
Outstanding claims	19b	1,199,729	-	496,118	148,583	-	14,393	1,683,321	3,542,144
Reinsurance Payables	20	2,721,964	-	-	-	-	-	-	2,721,964
Trade and other payables	21	3,519,650	-	-		-	-	-	3,519,650
		8,587,332	-	496,118	3,524,903	-	14,393	1,683,321	14,306,067
Net exposure		69,915,332	149,543	105,286	1,400,090	2,017,983	3,728,787	19,879,094	97,196,115

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management (continued)
(c) Financial ritsk management (continued)
(v). Market risk (continued)
Currency risk (continued)

31 December 2019

	Notes	Dollars	Pounds sterling	Euro	Cedis	Leones	Naira	Others	Total
Corporation									
Assets									
Cash and cash equivalent	11	28,250,951	136,994	102,817	203,171	56,970	582,101	512,003	29,845,007
Financial assets	12	39,822,742	-	-	74,415	1,849,215	978,645	5,110,752	47,835,769
Reinsurance receivables	13	13,180,279	12,549	498,587	1,207,525	182,868	2,163,078	12,476,717	29,721,603
Other assets	15	69,701	-	-	4,399	92,442	-	34,637	201,179
		81,323,673	149,543	601,404	1,489,510	2,181,495	3,723,824	18,134,109	107,603,558
Liabilities									
Outstanding claims	19b	972,935	-	496,118	148,583	-	14,393	1,240,517	2,872,546
Reinsurance Payables	20	2,304,960	-	-	-	-	-	-	2,304,960
Trade and other payables	21	2,255,065	-	-	-	-	-	-	2,255,065
		5,532,960	-	496,118	148,583	-	14,393	1,240,517	7,432,571
Net exposure		75,790,713	149,543	105,286	1,340,927	2,181,495	3,709,431	16,893,592	100,170,987

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management (continued)
(c) Financial risk management (continued)
(v) Market risk (continued)
Currency risk (continued)

The following significant exchange rates applied during the year:

	Average rate		Year end spot rate	
	31 Dec. 2020	31 Dec. 2019	**31 Dec. 2020**	31 Dec. 2019
USD 1				
Euro	**0.8450**	0.8930	**0.8360**	0.9070
GBP	**0.6942**	0.7840	**0.7490**	0.7731
Cedi	**5.9321**	5.3154	**5.8235**	5.6150
Naira	**386.66**	363.50	**385.76**	362.70
Leone	**9,830**	9,319.8	**10,300**	9,696.7

Sensitivity analysis
A reasonably possible strengthening (weakening) of the US Dollar, against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast underwriting income and underwriting expenses.

31 December 2020

	Profit or loss		Equity, net of tax	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
Group				
Euro (10% movement)	**161,757**	(161,757)	**161,757**	(161,757)
GBP (6% movement)	**12,029**	(12,029)	**12,029**	(12,029)
Cedi (5% movement)	**85,791**	(85,791)	**85,791**	(85,791)
Naira (11% movement)	**668,467**	(668,467)	**668,467**	(668,467)
Leone (10% movement)	**266,965**	(266,965)	**266,965**	(266,965)
Corporation				
Euro (10% movement)	**161,757**	(161,757)	**161,757**	(161,757)
GBP (6% movement)	**12,029**	(12,029)	**12,029**	(12,029)
Cedi (5% movement)	**79,300**	(79,300)	**79,300**	(79,300)
Naira (11% movement)	**668,467**	(668,467)	**668,467**	(668,467)
Leone (10% movement)	**266,965**	(266,965)	**266,965**	(266,965)

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management (continued)
(c) Financial risk management (continued)
(v) Market risk (continued)
Sensitivity analysis (continued)

31 December 2019

	Profit or loss		Equity, net of tax	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
Group				
Euro (10% movement)	10,529	(10,529)	10,529	(10,529)
GBP (6% movement)	8,973	(8,973)	8,973	(8,973)
Cedi (5% movement)	70,005	(70,005)	70,005	(70,005)
Naira (11% movement)	410,167	(410,167)	410,167	(410,167)
Leone (10% movement)	201,798	(201,798)	201,798	(201,798)
Corporation				
Euro (10% movement)	10,529	(10,529)	10,529	(10,529)
GBP (6% movement)	8,973	(8,973)	8,973	(8,973)
Cedi (5% movement)	67,046	(67,046)	67,046	(67,046)
Naira (11% movement)	408,037	(408,037)	408,037	(408,037)
Leone (10% movement)	218,150	(218,150)	218,150	(218,150)

Interest rate risk
Fixed interest rate financial instruments expose the Group to interest rate risk. The Group's fixed interest rate financial instruments are government securities and deposits with financial institutions. Changes in interest rates will have an immediate effect on the Group's comprehensive income and Shareholders' funds.

Management of interest rate risk
The Group's approach to managing interest rate risk is the maintenance of highly liquid short-term investment portfolio. The Group monitors the investment portfolio closely to redirect to investment vehicles with high returns.

Exposure to interest rate risk
The interest rate profile of the Group's interest-bearing financial instruments as reported by management is as follows.

In United States Dollars	**Group 2020**	**Corporation 2020**	Group 2019	Corporation 2019
Fixed-rate instrument				
Financial assets	**95,039,313**	**73,081,614**	71,321,037	55,411,660

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

The Group did not have any variable-rate instruments at the year-end (2019: Nil).

(d) Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Corporation's operations.

Notes to the financial statements (continued)

29. Financial instruments – fair values and risk management (continued)
(d) Operational risk (continued)

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Group. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including reinsurance whether this is effective.

30. Dividend

In respect of the year ended 31 December 2020 result, the Board of Directors proposed a dividend of US$ 0.0814 per share amounting to US$4,000,000 to be paid to existing Shareholders whose names appear in the register of the Corporation as at the date of the Annual General Meeting. (2019: Dividend of US$ 3,000,000).

31. Capital commitment

There were no capital commitments at 31 December 2020 (2019: Nil).

32. Contingent liabilities

There were no contingent liabilities at 31 December 2020 (2019: Nil).

33. Related party disclosure

The following transactions were carried out with related parties:

(a) Key management compensation

In United States Dollars	**Group 2020**	**Corporation 2020**	Group 2019	Corporation 2019
Salaries and other short-term employee benefits	1,780,226	1,145,931	1,655,787	1,017,432
	1,780,226	**1,145,931**	1,655,787	1,017,432
(b) Director's remuneration				
Director's remuneration paid during the year	440,378	330,000	437,708	321,223
	440,378	**330,000**	437,708	321,223

Notes to the financial statements (continued)

34. Subsequent events

Events subsequent to the financial position date are disclosed only to the extent that they relate directly to the financial statements and their effect is material. There were no such events on the date the financial statements were approved.

35. Basis of measurement

The financial statements have been prepared on a historical cost basis except for net defined benefit liability which was measured at present value of the defined benefit obligation.

36. Leases

The Group leases its office premises. The lease runs for an initial period between four to six years with an option to renew the lease at the expiry of the lease.

Information about leases for which the Group is a lessee is presented below.

(a) Right-of-use assets

Right-of-use assets relate to leased office premises that are presented within property and equipment under Note 16.

In United States Dollars	**Group 2020**	**Corporation 2020**	Group 2019	Corporation 2019
At 1 January	1,164,547	932,194	-	-
Additions	657,049	657,049	1,449,159	1,195,410
Translation difference	(16,644)	-	1,661	-
Depreciation charge for the year	(435,540)	(413,981)	(286,273)	(263,216)
At 31 December	**1,369,412**	**1,175,262**	1,174,547	932,194

As at 31 December 2020, the future minimum lease payments under non-cancellable operating leases were payable as follows:

Maturity analysis – Contractual undiscounted cash flows

In United States Dollars	**Group 2020**	**Corporation 2020**	Group 2019	Corporation 2019
Tenancy				
Less than one year	388,230	362,930	212,882	216,929
Later than one year and not later than five years	1,116,866	909,670	1,023,395	761,552
Total undiscounted lease liability at 31 December	**1,505,096**	**1,272,600**	1,236,277	978,481

Notes to the financial statements (continued)

36. Leases (continued)

(b) Lease liabilities

The movement in lease liabilities during the year 2020 is as follows:

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
At 1 January	1,236,277	978,481	-	-
Additions	657,049	657,049	1,449,159	1,195,410
Lease interest charge	188,276	156,690	164,337	131,495
Lease rental payments	(576,506)	(519,620)	(377,219	(348,424)
Balance at 31 December	**1,505,096**	**1,272,600**	1,236,277	978,481

(c) Amount recognised in profit or loss

In United States Dollars	Notes	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Finance cost on lease liabilities	9	188,276	156,690	164,337	131,495
Expenses	16	435,540	413,981	286,273	263,216
Balance at 31 December		**623,816**	**570,671**	450,610	394,711

(d) Amounts recognised in statement of cash flows

In United States Dollars	Group 2020	Corporation 2020	Group 2019	Corporation 2019
Payment of principal lease liabilities	388,230	362,930	212,882	216,929
Payment of lease interest	188,276	156,690	164,337	131,495
Total lease payment	**576,506**	**519,620**	377,219	348,424

37 Significant accounting polices

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

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow:

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Group at the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the spot exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the spot exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the spot exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial liability designated as the hedging instrument in a hedge, which are recognised directly in equity. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(b) Income tax expense

The Corporation's property, other assets, income from operation and transactions are exempted from all taxation and from all customs duties as per the Head-quarters agreement between the Government of the Republic of Sierra Leone and the WAICA Reinsurance Corporation Plc. The subsidiaries are subject to taxes in their respective jurisdictions.

Income tax expense comprises current tax and change in deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date. Current tax relating to items recognised directly in other comprehensive income or equity is

Notes to the financial statements (continued)

37. Significant accounting polices (continued)
(b) Income tax expense (continued)
(i) Current tax (continued)

recognised in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided in respect of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Financial assets and financial liabilities

(i) Recognition

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets and liabilities including assets and liabilities designated at fair value through profit or loss are initially recognised on the trade date at which the Corporation becomes a party to the contractual provisions in the instrument.

A financial asset or financial liability is measured at fair value plus for an item not at fair value through profit or loss, transactions costs that are directly attributable to its acquisition or issue.

Financial assets

The Group classifies its financial assets in one of the following categories:

- Loans and receivables,
- Held to maturity;
- Available-for-sale; or
- At fair value through profit or loss and within the category as
  - Held for trading; or
  - Designated at fair value through profit or loss.

Financial liabilities

The Group classifies its financial liabilities as measured at amortised cost or fair value through profit or loss.

Notes to the financial statements (continued)

37. Significant accounting polices (continued)
(c) Financial assets and financial liabilities (continued)
Financial liabilities (continued)

(ii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include for example securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Corporation retains all or substantially all the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Corporation continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(iii) Offsetting

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any differences between the initial amount recognised and the maturity amount minus any reduction for impairment.

(v) Fair value measurement

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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Notes to the financial statements (continued)

37. Significant accounting polices (continued)
(c) Financial assets and financial liabilities (continued)
(v) Fair value measurement (continued)

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received. The Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid. The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

'Fair value' is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Group establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument.

In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. Where the Group has positions with offsetting risks, mid-market prices are used to measure the offsetting risk positions and a bid or ask price adjustment is applied only to the net open position as appropriate.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

Notes to the financial statements (continued)

37. Significant accounting polices (continued)
(c) Financial assets and financial liabilities (continued)

(vi) Identification and measurement of impairment

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is (are) impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the debtor or issuer
- default or delinquency by a debtor,
- indications that a debtor or issuer will enter bankruptcy,
- the disappearance of an active market for a security,
- observable data relating to a group of assets such as adverse changes in the payment status of debtors or issuers in the Group, or economic conditions that correlate with defaults in the Group.

In addition, for an investment in a equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for loans and advances and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and advances and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Group uses statistical modeling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modeling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss as a reclassification adjustment. The cumulative loss that is reclassified from other comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

The Group writes off certain loans and advances and investment securities when they are determined to be uncollectible.

Notes to the financial statements (continued)

37. Significant accounting polices (continued)
(c) Financial assets and financial liabilities (continued)
(vi) Identification and measurement of impairment (continued)

(vii) Designation at fair value through profit or loss

The Group has designated financial assets and liabilities at fair value through profit or loss in the following circumstances:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.

- The designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

(d) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

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

The gains or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognised net within other income in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this mostly closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Motor vehicle	-	4 years
Furniture, fixtures and equipment	-	5 years
Computer equipment	-	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

These are included in the statement of comprehensive income.

Depreciation methods useful lives and residual values are reassessed at each financial year end and adjusted if appropriate.

(e) Intangible assets

An intangible asset arises from the purchases of accounting software. Acquired intangible assets are measured on initial recognition at cost.

Notes to the financial statements (continued)

37. Significant accounting polices (continued)
(e) Intangible assets (continued)

The Group recognises an intangible asset at cost if, and only if, it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be finite.

The intangible assets are amortised on a straight-line basis over their useful lives (3 years).

Amortisation method, useful lives and residual values are reviewed at each reporting date, and adjusted prospectively, if appropriate.

(f) Investments

The Group classifies its investments into the following categories: held-to-maturity financial assets and deposit with the Central Bank. The classification depends on the purpose for which the investments are held. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

(i) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of loans and receivables that the Group's management has the positive intention and ability to hold to maturity.

Investment in government securities such as treasury bills and bearer bonds are held at cost and fixed deposits with banks.

(ii) Deposit with the Central Bank

The Group maintains a special account with various Central Banks in Sierra Leone, Kenya, Ghana and Zimbambwe wherein all investments related transactions with regards to investment in Treasury bills are recorded.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arising from reinsurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

Purchases and sales of investments are recognized on the trade date, that is the date on which the Group commits to purchase or sell the asset. Investments are carried at cost and are derecognized when the rights to receive cash flows from the investments have expired or where they have been transferred and the Corporation has also transferred substantially all risks and rewards of ownership.

(g) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing cost.

When the use of the property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposit with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Notes to the financial statements (continued)

37. Significant accounting polices (continued)

(i) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

(j) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(k) Reinsurance contracts

A reinsurance contracts is a contract under which the Group accepts significant insurance risks from a cedant by agreeing to compensate the cedant or other beneficiary if a specified uncertain future event (the insured event) occurs.

(i) Short-term reinsurance contracts

These contracts are casualty, property and personal accident reinsurance contracts.

Casualty reinsurance contracts protect the cedants against ceded risk of claims made by primary policyholders for causing harm to third parties as a result of the legitimate activities of the primary policyholder.

Under property reinsurance contracts, the Group mainly compensates cedants of a portion of claims payable to primary policyholders for damage suffered to their properties or for the value of property lost or the loss of earnings caused by the inability of the primary policyholder to use the insured properties in their business activities (business interruption cover).

Personal accident reinsurance contracts compensates the cedants for a portion of claims made by primary policyholders for bodily injuries suffered by the primary policyholder or his/her family members or employees.

Notes to the financial statements (continued)

37. Significant accounting polices (continued)
(k) Reinsurance contracts (continued)
(i) Short-term reinsurance contracts (continued)

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability.

Premiums are shown before deduction of commission.

(ii) Retrocession contracts held
Contracts entered into by the Group with retrocessionaires under which the Group is compensated for losses which meet the classification requirement for reinsurance contracts are classified as retrocession insurance contracts held. Contracts that do not meet these classifications are classified as financial assets.

The Group uses retrocession arrangements to increase its aggregate underwriting capacity, to diversify its risk and to reduce its risk of catastrophic loss on reinsurance assumed. The ceding of risk to retrocessionaires does not relieve the Corporation of its obligation to its cedants. The Corporation regularly reviews the financial condition of its retrocessionnaires. Premiums and losses ceded to retrocessionaires are reported as reductions in gross premium and claims incurred.

Amounts recoverable from or due to retrocessionaires are measured consistently with the amounts associated with the retroceded reinsurance contracts and in accordance with the terms of each retrocession contract. Retrocession liabilities are primarily premiums payable for retrocession contracts and are recognised as an expense when due.

The Group assesses its retrocession assets for impairment on a quarterly basis. If there is objective evidence that the retrocession asset is impaired, the Group reduces the carrying amount of the retrocession asset to its recoverable amount and recognises that impairment loss in the income statement. The Group gathers the objective evidence that a retrocession asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

(iii) Receivables and payables related to reinsurance contracts
Receivables and payables are recognised when due. These include amounts due to and from cedants, brokers and retrocessionaires. If there is objective evidence that a cession/retrocession receivable is impaired, the Group reduces the carrying amount of the receivable accordingly and recognises that impairment loss in the statement of comprehensive income. The Group gathers the objective evidence that a cession/retrocession receivable is impaired using the same process adopted for loans and receivables.

(l) Claims
Claims incurred comprise of claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payment made during the year, whether arising from events during that or earlier years.

Provision is made by management for the estimated cost of claims notified but not settled at the date of the financial position date using all the information available at that time. Provision is also made by management for claims incurred but not yet reported (IBNR) at financial position date. The IBNR claims are computed at 20% of outstanding claims at the financial position date.

(m) Reserves for unexpired risks
In accordance with statute, when the unearned premium provision is less than forty-five percent (seventy-five percent for marine business) of the net premium of the Group's short-term reinsurance contracts, additional provision is made for unexpired risks.

(n) Contingency reserve
In accordance with statute, provision for contingency reserve is made at higher of three percent of the total earned premium or twenty percent of the net profit from the Group's short-term reinsurance business for the year subject to the higher of minimum paid-up capital or fifty percent of the net premium.

Notes to the financial statements (continued)

37. Significant accounting polices (continued)

(o) Employee benefits

Pension obligations

The Group operates a defined contribution scheme. The scheme is generally funded through payments to the National Social Security and Insurance Trust or trustee administered funds. A defined contribution is a pension plan under which the Group pays fixed contribution into the separate entity. The Group has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefit relating to employees service in the current and prior period.

The Group makes contribution for all staff at the rate of 10% of employees' basic salary. In addition the employees also contribute 5% of their basic salary to the scheme.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Any unrecognized post service costs and the fair value of any plan assets are deducted.

The calculation is performed annually by a qualified actuary using the projected unit credit method.

The Group recognizes all actuarial gains and losses arising from defined benefit plans and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(p) Provisions

Restructuring costs and legal claims

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Restructuring provisions comprise those termination penalties and employee termination payments.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(q) Revenue recognition

Revenue is recognised as follows:

Revenue arising from underwriting and other related services offered by the Group are recognised in the accounting period in which the services are rendered.

(i) The underwriting result is net of reinsurance, provisions for unearned premium and outstanding claims.

(ii) Investment income is shown gross before the deduction of income tax and is accounted for on an accruals basis.

Notes to the financial statements (continued)

37. Significant accounting polices (continued)

(r) Leases
Policies applicable from 1 January 2019
(i) The Group as a lessee
The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group y re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Notes to the financial statements (continued)

37. Significant accounting polices (continued)
(r) Leases (continued)
(i) The Group as a lessee (continued)

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (not part of this Appendix). Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(ii) The Group as a lessor
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right of use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other revenue".

(s) Dividend income
Dividend income for equities held is recognised when the right to receive payment is established - this is the ex-dividend date for equity securities

Notes to the financial statements (continued)

37. Significant accounting polices (continued)

(t) Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the financial statements in the period for which the dividends are approved by the Group's shareholders.

38. New standards and interpretations not yet adopted

A number of new standards, and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early applied the following new or amended standards, in preparing these financial statements. Those that may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

IFRS 9 Financial Instruments

IFRS 9, published in July 2015, replaced the guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 was effective for annual reporting periods beginning on or after 1 January 2018 generally, but with delayed effective date of 1 January 2023 for Reinsurance and Insurance entities if temporary exemption condition is met.

The Group is applying the temporary exemption from IFRS 9 and below is the predominance percentage calculated as at 1 January 2019 (being the first time of assessment) and 1 January 2020 that justifies this temporary exemption application:

In United States Dollars	Group	Corporation
Reinsurance Liabilities - 1 January 2020		
Outstanding claims	3,542,144	2,872,548
Reinsurance payable	2,721,964	2,304,960
Provision for unearned premium	32,691,825	30,700,957
Total Reinsurance Liabilities	**38,955,933**	**35,878,465**
Total Liabilities – 1 January 2020	**47,517,568**	**38,611,482**
Predominance percentage – 1 January 2020	82.7%	93%
Predominance percentage – 31 December 2020	92.7%	96%

This predominance continued to apply as of the year-end – 31 December 2020 with a percentage of 89.0% for the Group and 96% for the Corporation, as there was no change in the Group and the Corporation's activities.

Notes to the financial statements (continued)

38. New standards and interpretations not yet adopted (continued)
IFRS 9 Financial Instruments (continued)

Financial Assets classification and measurement
Year ended 31 December 2020

The Group

Instrument	Description of business model and cash flow characteristics	Carrying Amount as at 31 December 2020	Classification under IFRS 9	Fair value as at 31 December 2020	Fair value change
Cash and cash equivalents	Held to collect and sell plus solely payment of principal and interest	41,426,733	FVOCI	41,426,733	Nil
Fixed deposits, Government bonds/ Treasury bills	Held to collect and sell plus solely payment of principal and interest	63,791,557	FVOCI	63,791,557	
Equity investments	N/A	348,898	FVOCI	348,898	Nil
Reinsurance receivables	Held to collect plus solely payment of principal and interest	27,254,874	Amortised cost	27,254,874	Nil
Other assets	Held to collect plus solely payment of principal and interest	920,175	Amortised cost	920,175	Nil
		133,742,237		**133,742,237**	

Notes to the financial statements (continued)

38. New standards and interpretations not yet adopted (continued)
IFRS 9 Financial Instruments (continued)

Financial Assets classification and measurement
Year ended 31 December 2020

The Corporation

Instrument	Description of business model and cash flow characteristics	Carrying Amount as at 31 December 2020	Classification under IFRS 9	Fair value as at 31 December 2020	Fair value change
Cash and cash equivalents	Held to collect and sell plus solely payment of principal and interest	35,341,985	FVOCI	35,341,985	Nil
Fixed deposits, Government bonds/ Treasury bills	Held to collect and sell plus solely payment of principal and interest	63,791,557	FVOCI	63,791,557	Nil
Equity investments	N/A	17,920,482	FVOCI	17,920,482	Nil
Reinsurance receivables	Held to collect plus solely payment of principal and interest	23,893,816	Amortised cost	23,893,816	Nil
Other assets	Held to collect plus solely payment of principal and interest	254,808	Amortised cost	254,808	Nil
		141,202,648		**141,202,648**	

Notes to the financial statements (continued)

38. New standards and interpretations not yet adopted (continued)
IFRS 9 Financial Instruments (continued)

Year ended 31 December 2019
The Group

Instrument	Description of business model and cash flow characteristics	Carrying Amount as at 31 December 2019	Classification under IFRS 9	Fair value as at 31 December 2019	Fair value change
Cash and cash equivalents	Held to collect and sell plus solely payment of principal and interest	29,840,871	FVOCI	29,840,871	Ni
Fixed deposits, Government bonds/ Treasury bills	Held to collect and sell plus solely payment of principal and interest	49,415,013	FVOCI	49,415,013	Ni
Equity investments	N/A	318,111	FVOCI	318,111	Ni
Reinsurance receivables	Held to collect plus solely payment of principal and interest	31,568,208	Amortised cost	31,568,208	Ni
Other assets	Held to collect plus solely payment of principal and interest	359,979	Amortised cost	359,979	Ni
		111,502,182		**111,502,182**	

Year ended 31 December 2019
The Corporation

Instrument	Description of business model and cash flow characteristics	Carrying Amount as at 31 December 2019	Classification under IFRS 9	Fair value as at 31 December 2019	Fair value change
Cash and cash equivalents	Held to collect and sell plus solely payment of principal and interest	29,845,007	FVOCI	29,845,007	Ni
Fixed deposits, Government bonds/ Treasury bills	Held to collect and sell plus solely payment of principal and interest	29,377,162	FVOCI	29,377,162	Ni
Equity investments	N/A	18,458,607	FVOCI	18,458,607	Ni
Reinsurance receivables	Held to collect plus solely payment of principal and interest	29,721,603	Amortised cost	29,721,603	Ni
Other assets	Held to collect plus solely payment of principal and interest	201,179	Amortised cost	201,179	Ni
		107,603,558		**107,603,558**	

Notes to the financial statements (continued)

38. New standards and interpretations not yet adopted (continued)
IFRS 9 Financial Instruments (continued)

Credit risk of financial assets
For information about the credit risk exposure, including significant credit risk concentrations, inherent in the various financial assets identified above, refer to the credit risk disclosures in Note 29(c) iii.

IFRS 17 Insurance contracts
Insurance contracts combine features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period. To provide useful information about these features, IFRS 17:

- combines current measurement of the future cash flows with the recognition of profit over the period that services are provided under the contract;
- presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and
- requires an entity to make an accounting policy choice of whether to recognise all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2021 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied.

Other new standards effective for annual periods beginning after 1 January 2020 include the following:

A. Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated.

B. Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39,

IFRS 7, IFRS 4 and IFRS 16)
The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and hedge accounting.

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