2019 ANNUAL REPORT
&
FINANCIAL STATEMENTS

WAICA Re
WAICA REINSURANCE CORPORATION PLC
Surely Reinsured

Sierra Leone Ivory Coast Ghana Nigeria Tunisa Zimbabwe Kenya

WAICA REINSURANCE CORPORATION PLC

Surely Reinsured

Consolidated Financial Statements

for the year ended 31 December 2019

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Chairman's Statement

Dear Shareholders,

I give thanks to God Almighty that having gone through a very challenging first half of 2020, we are alive today to be part of the 7th annual general meeting of our cherished corporation - WAICA Reinsurance Corporation Plc. Our thoughts are with those affected by the Corona Virus in West Africa and across the globe.

I now formally welcome you to this meeting and present to you the annual report and audited accounts for the year ended 31st December, 2019.

Global Business Environment

A very fragile world, that was how 2019 ended. By March 2020, many countries have closed borders, businesses closed shops and citizens asked to stay home. COVID-19 is to slow down the global economy by at least $1 trillion in 2020 according to the United Nations Trade and Development Agency (UNCTAD). The pandemic has come with tragic loss of human lives, unprecedented fall in commodity prices, uncertainties in global supply chain and increasing number of people losing their jobs.

In 2019 the global economy was characterized by geopolitical tensions in the middle east, trade war between the USA and China, uncertainty about Brexit and slow recovery in global commodity prices. The prolonged presence of these factors weighed on business confidence, investment and economic activity, especially in the manufacturing sector. The result was a slowdown of global GDP to 2.9% for 2019, from 3.6% in 2018.

Growth in advanced economies was projected to slowdown to 1.7% in 2019 compared to 2.3% in 2018. Despite monetary easing and fiscal stimulus, investments in the US economy remained subdued due to trade uncertainty with growth projected at 2.4% for 2019. In the euro area, growth was projected to fall to 1.2% in 2019 from 2.2% in 2018, due to disruption in the automobile industry and uncertainty related to the Brexit policy.

In emerging markets and developing economies, growth was projected to decrease to 3.9% in 2019 from the 4.7% recorded in 2018 on account of weak external demand, collapse of the automobile sector, and slowdown in trade and manufacturing activities.

Due to a slowdown in global demand, industrial production and energy prices in 2019, global inflation was expected to fall to 3.4% from 3.6% in 2018. Inflation in advanced economies was forecast to drop to 1.5% in 2019, from 2.0% in 2018. Emerging markets and developing economies inflation was projected at 4.7% in 2019.

African Economies

In July 2019, the African Union lunched the African Continental Free Trade Area (AfCFTA) agreement. The agreement, expected to yield about $1.3 trillion benefit, is meant to create a tariff-free continent that grows local businesses, boosts intra-African trade, rev up industrialization and create jobs.

The African Development Bank (ADB) estimated economic growth in Africa to remain steady at 3.4% for 2019. This slower than expected growth was partly due to the moderate expansion of the continent's big five – Algeria, Egypt, Morocco, Nigeria and South Africa, which jointly grew at an average rate of 3.1%, compared with the average of 4.0% for the rest of the continent.

According to the bank, Africa's estimated growth shows significant cross- regional and cross-country variation. In 2019 East Africa maintained its lead as the continents fastest growing region, with average growth estimated at 5% followed by north Africa at 4.1%, West Africa at 3.7%, Central Africa at 3.2% and lastly Southern Africa at 0.7%. Debt distress, austerity programs and civil crises continued to threaten the region's growth prospects. Headline inflation for Africa was expected to fall from 11.2% in 2018 to 9.2% in 2019 on the back of interest rates reductions by central banks to encourage investment and spur growth.

Economic Developments in WAICA Re Operating Countries

Nigeria

The country's GDP continued to improve, although slowly, to 2.3% in 2019 from 1.9% in 2018. The growth was attributed to stability in oil prices, transport, ICT and successful political transition. The gradual recovery was also spurred on by stability and greater availability of foreign exchange. There was relative stability in headline inflation (year-on-year) as it ended 2019 at 11.3% compared to 11.44% in December 2018. A major concern during the year was the rising public debt which now stands at about 20.1% of GDP.

Ghana

Ghana continues to be one of the fastest growing economies in Africa. In 2019 real GDP grew by 7.1% on the back of increased private consumption, industrial and agricultural sector growth. The services sector saw some stagnation as a result of financial sector clean-up that started in 2017. A steady decline in non-food inflation and tight monetary policy helped to keep inflation in single digit to 7.9% as at December 2019 compared to 9.4% in December 2018. The Ghana Cedi depreciated by 15% thus falling from Ghs4.82/$1 in December 2018 to Ghs 5.53/$1 by December 2019. Increasing public debt however poses a challenge to the economy as it stood at 62.1% of GDP by year end 2019.

Sierra Leone

Sierra Leone bounced back from a weak performance of 3.3% GDP growth in 2018 to 5.1% growth in 2019. This was driven by improvements in mining, agriculture and public investment in infrastructure and human capital. Headline inflation decreased from 17.5% recorded in December 2018 to 13.9% by December 2019, due to decline in food prices supported by increased domestic food production. The monetary policy rate was however maintained at 16.5% throughout the year. The Leone continued to depreciate vis-à-vis the US Dollar, averaging Le 9750/$1 as at 31 December, 2019.

Liberia

Liberia's economic challenges continued in 2019 with declining mining exports, rising inflation and currency depreciations. The economy contracted to 1.4% in 2019 from 1.2% growth recorded in 2018 on account of persistent underperformance in manufacturing, services and the forestry subsectors. Year-end inflation remained in double digits and was projected at 25.8% for December 2019. The Liberian Dollar depreciated by 19.3% during 2019 due to excess demand for foreign exchange in spite of various interventions by the central bank. Consequently, the Liberian Dollar traded at LD 187.9/$1 as at December 2019 compared to LD 157.6/$1 the previous year. International reserves also reduced to $290.1 million representing only 2.5 month import cover.

The Gambia

The Gambian economy was projected to grow by 6.0% in 2019 as against 6.6% growth in 2018. This growth was on the back of strong performances in the tourism, trade, financial services, insurance and telecommunication subsectors. Headline inflation remained steady at 7.7% in December 2019, a slight increase from the December 2018 figure of 6.4%. The stable inflation rate was supported by a stable exchange rate which depreciated by only 3.2%, strong food supply and declining commodity prices. Gambia's public debt which stands at about 79% of GDP remains unsustainable with interest payments accounting for 25% of domestic revenues. This leaves limited fiscal space for public investment and improved service delivery.

Tunisia

Tunisia saw poor performances from the agriculture and fishing sectors and this resulted in slowdown of GDP growth to 1.5% in 2019 as against 2.5% growth in 2018. Growth was recorded mainly in the services sector driving by tourism and financial services. Inflation was 7.1% by year end 2019 which was a marginal reduction from the December 2018 inflation rate of 7.4%. According to the ADB, fiscal deficit improved to 3.9% in 2019 from 4.6% in 2018 while the current account deficit was 10% of GDP in 2019.

Cote d'Ivoire

GDP growth for 2019 was buoyant for Cote d'Ivoire at 7.4% which was the same as 2018. The growth was driven by agriculture and the services sectors. The country remains the largest coca producer in the world contributing about 30% of global cocoa production. They also export a lot of coffee, palm oil and crude oil. Inflation remained low at 1.6% in 2019, up from 0.5% in 2018. Current account deficit improved in 2019 to 3.9% compared to 4.7% in 2018. Fiscal deficit in 2018, financed mainly by bonds was at 3.9% of GDP and in 2019 was an estimated 3.1% of GDP.

Kenya

Kenya is one of the fastest growing economies in Sub-Saharan Africa, with 2019 real GDP growth estimated at 5.9%. The recent economic expansion has been boosted by a stable macroeconomic environment, positive investor confidence, increased household consumption and a resilient services sector. GDP was down from 6.5% in 2018, caused mainly by unfavourable weather and reduced government investments. Annual inflation as at December 2019 was 5.8%, up from 5.71% in December 2018 and was attributed to upward pressures resulting mainly from prices of food, alcoholic and non-alcoholic beverages, transport, utilities and fuel, clothing and hotels and restaurants. The Central bank of Kenya reduced its Policy rate by 50 basis points from December 2018 to 8.5% in December 2019, the lowest since 2014. The bank also removed the interest rate cap introduced to limit high borrowing costs. The cap was blamed for chocking credit to businesses and limiting economic growth, as banks preferred to lend to government than businesses. Exchange rate remained stable whilst public debt fell to 58% of GDP in 2019, from 59.2% in 2018.

Zimbabwe

Zimbabwe is undergoing a transition as it seeks to re-engage fully with the international community, attract foreign direct investment, and restore confidence in the economy. Real GDP contracted by 6.5% in 2019 from a 3.5% growth in 2018 due to poor performance in mining, tourism, agriculture and financial sectors. Foreign currency and electricity shortages affected mining and tourism. Agriculture sector shrank due to cyclone Idai in March 2019 as well as by prolonged drought, livestock diseases and lack of inputs. Other challenges that constricted the economic activities in 2019 included currency devaluation, hyperinflation, and low manufacturing outputs. Following the February 2019 unpegging of the exchange rate from the US dollar and the June 2019 introduction of the new currency – the Zimbabwe dollar – the exchange rate deteriorated from 2.5 Zimbabwe dollars per US dollar in February 2019 and ended the year at 16.77 to One US Dollar. The inflation rate spiked from single digits in 2018 to more than 200% by December 2019.

The Reinsurance Market

Global insurance penetration as a percentage of global GDP has been estimated at 1% over the past decade to 2018. According to Atlas Magazine, the global reinsurance market turnover amounted to 257 billion USD in 2018, a 5% rise in one year. Due to improved underwriting ratios and highly increased return on investment, Standard & Poor's managed to maintain their stable outlook for 2019 whilst AM Best revised these outlooks upwards from negative to stable. Despite the optimism displayed by the rating agencies, the Magazine warns of structural as well as cyclic threats that still linger on as reinsurance market remains at the mercy of:

- Economic conditions and geopolitical risks,
- Low interest rates over a long period of time,
- Natural disaster risks, especially those due to climate change,
- Regulatory evolutions,
- The inability to cope with rising pressures on capital cost,
- Powerful upsurge of alternative capital patterns,
- Downward alignment of tariffs among stakeholders.

In 2018 Global reinsurance loss ratio averaged 68%, expense ratio 34% and combined ratio 102%. Return on equity for 2018 was 1% whilst 5-year average from 2013 to 2018 was 6%.

In sub-Saharan Africa, reinsurance premiums amounted to $1.5 billion in 2018 from $1.4 billion in 2017. The ongoing development and industrialization of the Africa's economies, together with gradual increases in insurance penetration, have contributed to the expansion of the region's reinsurance markets, and over the longer term, this trend is expected to continue. The lunching of the African Continental Free Trade Area (AFCFTA) discussed earlier, with its potential to boost trade and GDP growth across Africa, presents some positive outlook for the African reinsurance market.

The major challenges facing the region's reinsurers are protectionist policies that come in the form of legal cessions in many countries, high inflation, depreciation of local currencies against the US Dollar and fall in commodity prices at the global markets. Also due to lack of capacity and technical expertise, reinsurance for larger-sized and specialty risks still find their way out of Africa and are written by non-African foreign reinsurers.

Financial Performance

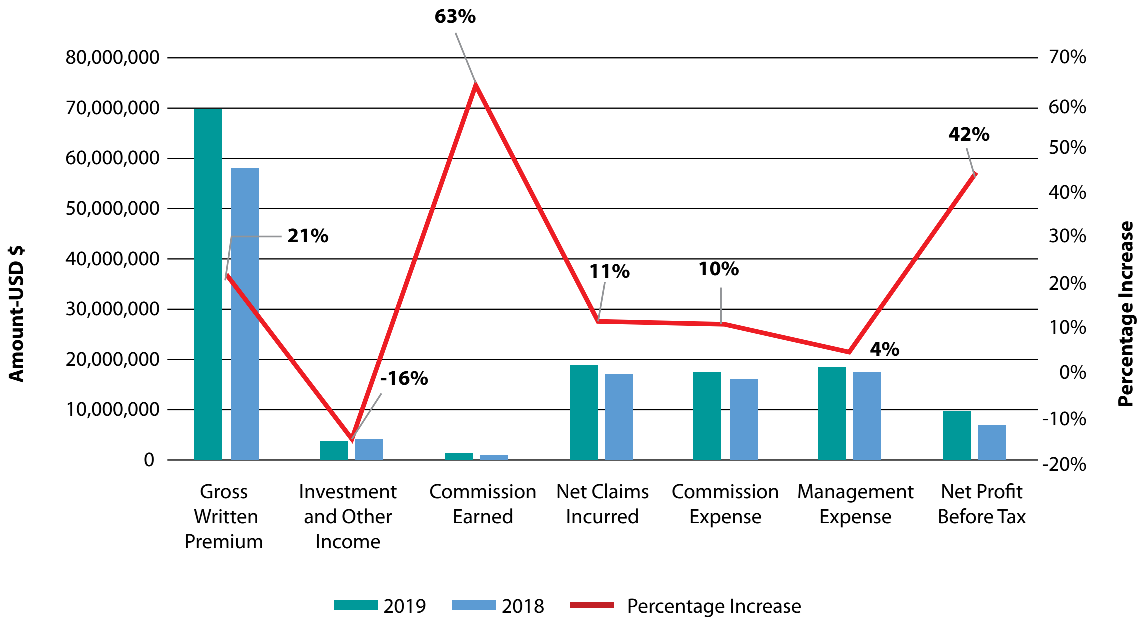
WAICA Re has seen another year of improved financial performance indicating that we are a much stronger reinsurer today than we were a year ago. Except for COVID-19, whose impact we cannot currently predict with certainty, we have set the platform for a greater future, established strong financial, technical and operational paths that will spur us on to deliver quality service to business partners and build shareholder value.

Significant progress has been made against our group strategic goals and a snapshot of our key performance indicators for 2019 were as follows:

- Gross Written Premium; up by 21% to $70.3m (2018: $58.0m)
- Net Earned Premium; up by 11% to $58.1m (2018: $$52.6m)
- Commission expense; up by 10% to $17.6m (2018: $16.1m)
- Claims incurred; up by 11% to $18.7m (2018: $16.9m)

- Technical profit; up by 13% to $23.2m (2018: $20.5m)
- Underwriting profit; up by 64% to $5.0m (2018: $3.0m)
- Management Expenses; up by 4% to $18.2m (2018: $17.4m)
- Investment & other income; down by 16% to $3.4m (2018: $4.1m)
- Profit before tax; up by 42% to $9.7m (2018: $6.8m)
- Cash and investments; up by 7% to $88.9m (2018: $83.3m)
- Total current liabilities up by 26% to $47.5m (2018: $37.6m)
- Shareholders' funds; up by 4% to $89.4m (2018: $86.0m)
- Total asset; up by 11% to $136.9 (2018: $123.5m)

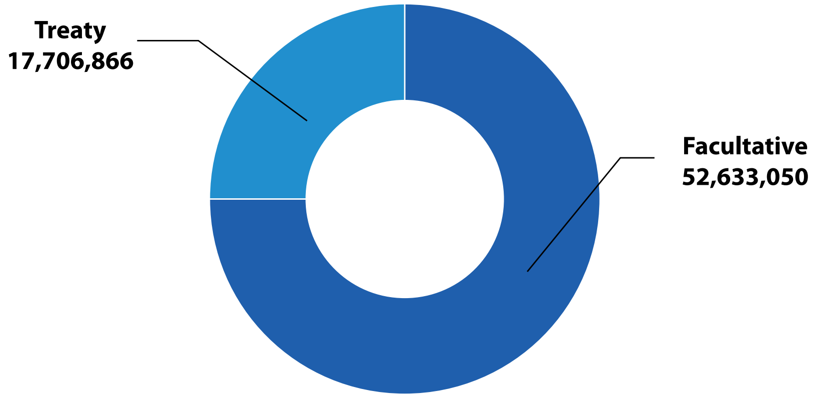
Profit and Loss Analysis



Robust Premium Growth

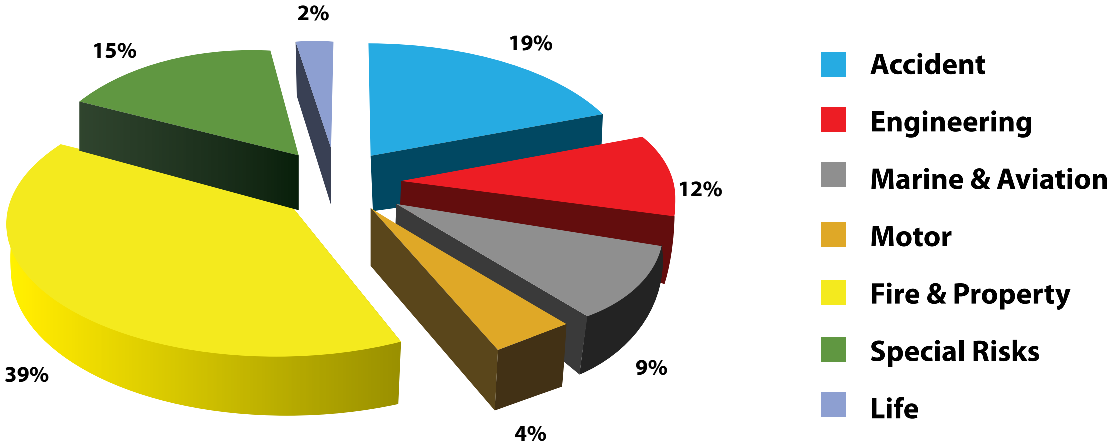
Gross Written Premium (GWP) grew from $58m to $70.3m representing 21% growth over 2018. Facultative business contributed 75% of the 2019 premium income while Treaty business brought in 25%. Year on year, facultative business grew by 24% whilst that for treaty grew by 13%.

Type of Business



Fire generated 39% of 2019 GWP followed by Accident with 19% and Oil & Gas 15%. Engineering brought in 12%, Marine & Aviation 9%, Motor 4% and Life 2%.

Gross Written Premium by Class



Class	2019	2018	Growth	% of Premium
Accident	13,457,192	11,029,658	22.01%	19.13%
Engineering	8,067,237	9,369,238	-13.90%	11.47%
Marine & Aviation	6,094,402	4,479,920	36.04%	8.66%
Motor	3,082,844	3,067,389	0.50%	4.38%
Fire & Property	27,483,900	21,314,932	28.94%	39.07%
Oil & Gas	10,529,884	7,397,337	42.35%	14.97%
Life	1,624,457	1,314,005	23.64%	2.31%
Total	70,339,916	57,972,479	21.33%	100%

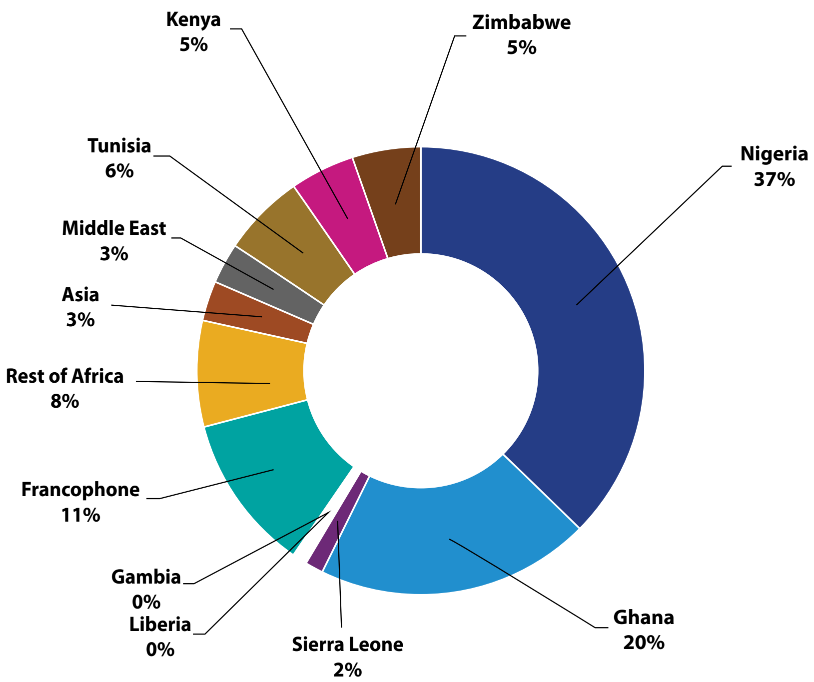
There was a robust growth from 2018 to 2019 for Oil & Gas at 42.35%, Marine & Aviation at 36.04%, Fire at 28.94%, Life at 23.64% and Accident at 22.01%. Growth was subdued for Motor at 0.50% whilst Engineering witnessed a negative growth of 13.90%.

Our Kenya and Zimbabwe subsidiaries, that began full operations in 2019 led our GWP growth momentum with 1,563% and 1,003% respectively. Nigeria had a robust growth of 38% followed by Tunisia with 36%, Francophone West Africa with 14% and Ghana with 10%. The rest of our operating regions however, recorded negative growth as per the table below.

Regional Distribution of Gross Premium Written

Country	2019 $	2018 $	Growth %
Nigeria	26,272,417	19,037,707	38
Ghana	14,120,213	12,886,517	10
Sierra Leone	1,128,659	1,243,194	(9)
Liberia	304,575	278,606	(9)
Gambia	102,326	234,159	(56)
Francophone	8,098,489	7,081,569	14
Tunisia	4,296,138	3,164,088	36
Rest of Africa	5,415,239	8,441,315	(36)
Asia	1,931,408	3,107,851	(39)
Middle East	1,961,114	1,991,577	(2)
Kenya	3,348,063	201,275	1,563
Zimbabwe	3,361,284	304,621	1,003
Total	70,339,916	57,972,479	21

The chart below shows that, our dominant market Nigeria contributed 37% of total GWP whilst Ghana brought in 20%. Altogether, Anglophone West Africa, which is our home market, continues to be our backbone by contributing 60% of our total GWP, with Francophone West Africa contributing 11%, Tunisia 6%, whilst the rest of Africa, Middle East and Asia brought in 14%. Our new subsidiaries Kenya and Zimbabwe contributed 5% each.



Retrocession premium increased by 85% from $4.5m in 2018 to $8.3m in 2019 on the account of subsidiaries commencing full operations and shared businesses with strategic partners. As a result, the overall premium retention ratio fell from 92% in 2018 to 88% in 2019. After adjusting for unearned premium reserve, net earned premium increased by 11% to $58.1 million in 2019 from $52.6 million in 2018.

Improved Underwriting Result

Underpinned by increase in business volumes, net claims incurred increased by 11% to $18.7 million in 2019 from $16.9m in 2018. Facultative claims contributed 59% of total claims paid whilst treaty claims was 41%. Nonetheless, the net incurred loss ratio remained flat at 31% and in line with company trend due to the high percentage of facultative businesses.

Net commission expense rose to $17.6 million in 2019 from $16.1 million in 2018, representing 10% growth largely as a direct function of growth in earnings. The commission ratio also remained flat 30% in line with both company trend and industry averages.

Operating expenses increased marginally year on year by 4%, given our group strategy implementation process and the first year of full operation of our Kenya and Zimbabwe subsidiaries. As such, operating expenses grew to $18.2 million in 2019 from $17.4 million in 2018. A major contributor to the high expenses was the impairment allowance for bad debt which stood at $6.1 million in 2019 compared to $8.5 million in 2018. Underpinned by the fall in impairment allowance, expense ratio fell to 31% in 2019 from 33% in 2018. Overall, combined ratio improved to 93% in 2019 having fallen from 96% in 2018.

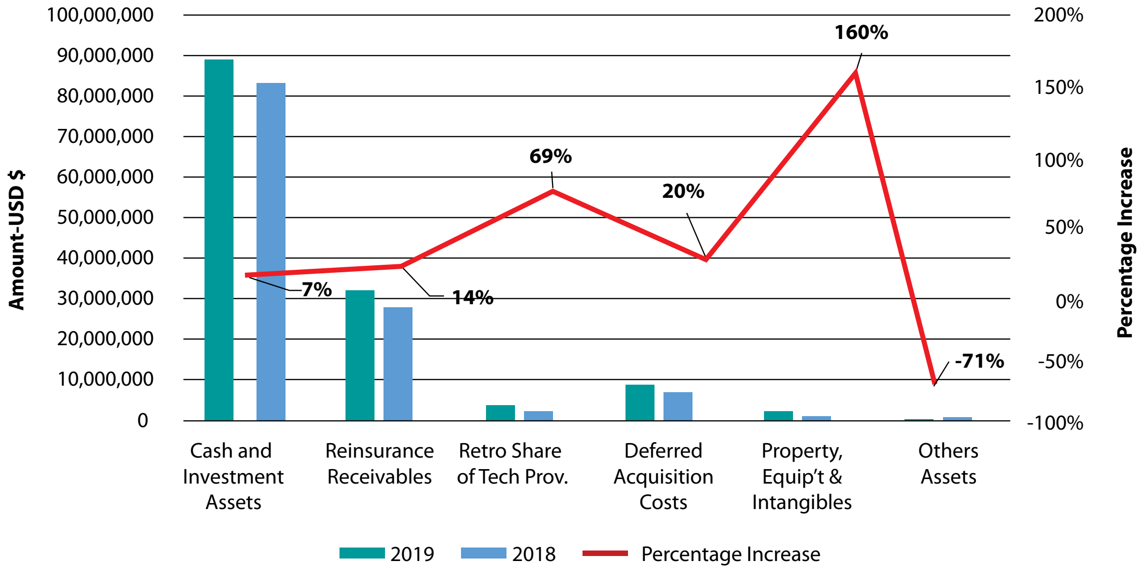
We have continued to display a strong underwriting profitability as a result of sound underwriting and risk selection. As such technical profit grew from $20.5 million in 2018 to $23.2 million in 2019 representing a 13% growth, while underwriting profit grew from $3.0 million in 2018 to $5.0 million in 2019, a growth rate of 64%. Technical and underwriting margins therefore, stood at 40% and 9% respectively in 2019 which is an improvement compared to 2018 margins of 39% and 6% respectively.

Investment Return and Net Profit

Investment and other income witnessed a reduction of 16% from $4.1 million in 2018 to $3.4 million in 2019 due to a general fall in interest rates especially in Anglophone West Africa. Consequently, return on investment fell from 5% in 2018 to 4% in 2019. Management intends to review the investment portfolio to reverse this trend.

The above Profit and Loss analysis shows that, the major driver of profit in 2019 was our underwriting performance which helped boost net profit before tax by 42% from $6.8 in 2018 to $9.7m end of 2019. This performance means that return on equity also improved from 8% in 2018 to 11% in 2019.

Assets



Ladies and gentlemen, improved premium collection enabled the group to increase cash and investment assets by 7% to $88.9 million in 2019 from $83.3 million in 2018. The Group's cash and investment assets now account for 65% of total balance sheet size. Growth in liquid investment thus increased to $79.3 in 2019 from $73.3 million in 2018 giving the Group a strong liquidity metrics compared to claims and technical liabilities.

Table of cash and investment assets

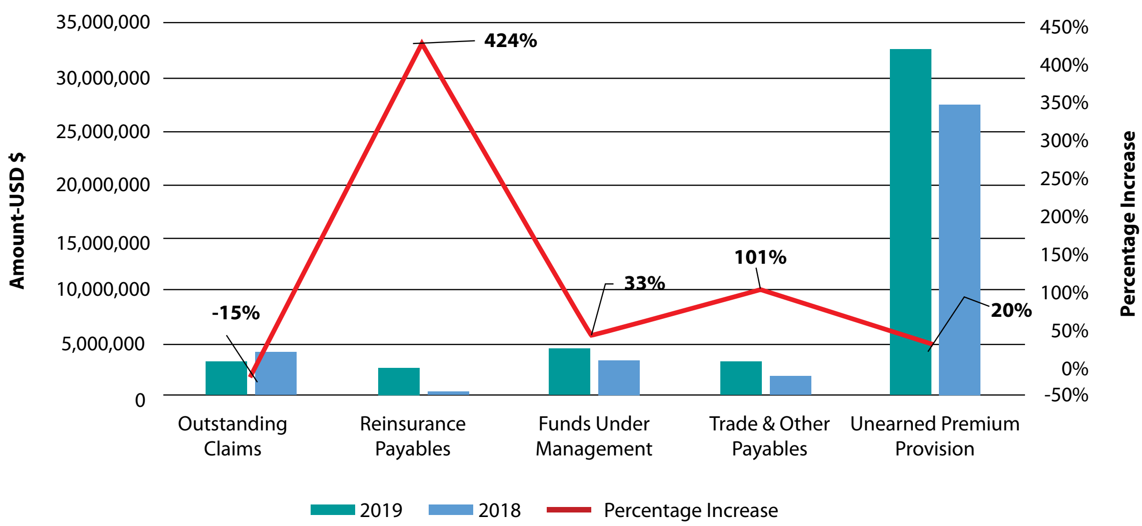
Investment	2019 $	2018 $
Cash and bank balances	7,934,846	3,733,553
Short-Term Investments	21,906,025	23,912,124
Gov't Bonds/Treasury bills	4,832,653	3,628,706
Term deposits	44,582,359	42,070,445
Total Liquid Investments	**79,255,884**	73,344,828
Unquoted Equity	318,111	348,898
Investment property	9,326,522	9,609,422
Non-cash investments	**9,644,633**	9,958,320
Total cash and investments	**88,900,517**	83,303,148

Premium receivables increased in line with the growth in gross premiums and the addition of subsidiary businesses recording 14% increase from $27.6 million in 2018 to $31.6 million in 2019. We believe this is still on the high side and as such various strategies have been adopted to reduce the receivables. These include premium payment warranty, decentralised booking and pairing of premiums, continual profitability and premium payment assessment of our cedants and brokers, quarterly regional visits by the credit controllers to familiarize with the regions and deal directly with partners, frequent reconciliation exercise and dispatch of statements to agree balances with cedants and brokers and blacklisting of defaulting partners.

In 2019 there were 69% and 20% increase in retro share of technical provisions and deferred acquisition cost to $3.7 million and $8.9 million respectively.

Property, equipment and intangible assets saw a $1.9 million addition to $3.2 million in 2019 representing 160% growth from the 2018 amount of $1.2 million. This was as a result of the decentralisation exercise which resulted in considerable investment in modern technologies, resourcing of subsidiaries and recognition of right of use assets based on the adoption of IFRS 16.

Current Liabilities



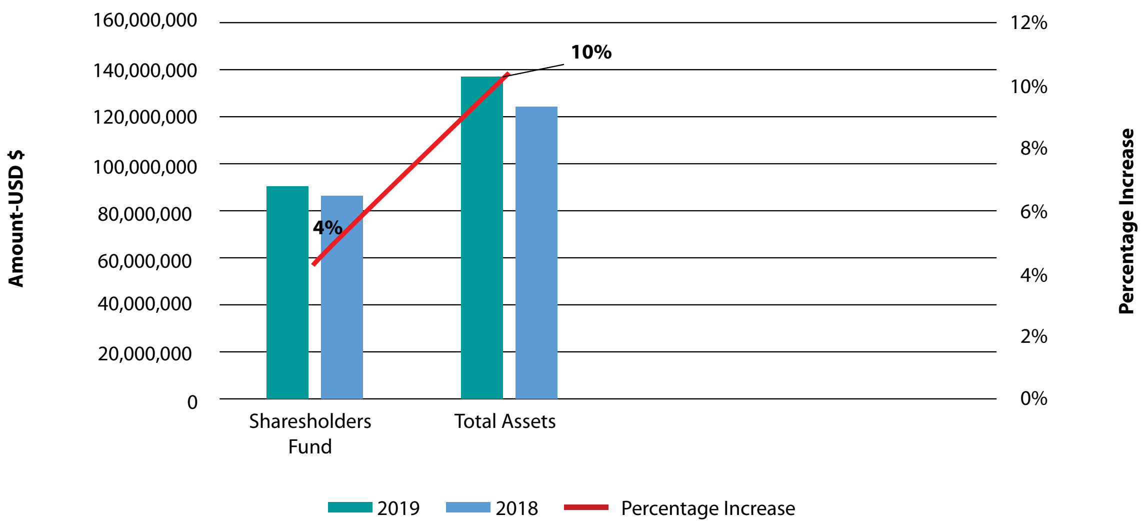
The period under review saw total current liabilities grow by 26% to $47.5 million from $37.6 million in 2018 and was attributable mainly to:

- A 424% ($2.2m) increase in reinsurance payables due to retroceded facultative businesses for which premiums were yet to be received.
- 101% ($2.0m) increase in trade and other payables mainly due to lease liabilities and advance premium receipts.
- A 33% ($1.1m) increase in funds under management from our WAICA Re Capital subsidiary in Ghana.
- A 20% ($5.3m) growth unearned premium reserves arising from the growth in Gross Written Premium.

However outstanding claims reserves witnessed a 15% ($ 628k) reduction resulting from Management resolve to pay fully documented claims within one week.

Total technical reserves comprising of outstanding claims and unearned premium reserves increased from $31.5 million in 2018 to $36.2 million on 2019. Our internal reserving assumptions which are consistent with regulatory requirements, were much higher than the actuarial computations which pegged the total reserves at $27.1 million for 2019.

Total Equity vrs Total Assets



In spite of a dividend payment of $2.5m during the year and an increase in foreign currency translation reserve, shareholders funds still grew by 4% to $89.4m in 2019 from $86.0 in 2018.

Total assets saw an 11% ($13.3m) increase from $123.5m in 2018 to $136.9 in 2019.

International solvency ratio, calculated as Shareholders' funds to Net Written Premium reduced from 161% in 2018 to 144% in 2019 but this is still very high and indicates that our capital base adequately covers the risk we assume.

Dividend

Dear Shareholders, in line with our dividend policy and in view of the profit performance in 2019, the Board of Directors, recommends for your approval, a dividend of $0.0611 per share amounting to $3,000,000 (2018; $2,500,000). 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 is recommending 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. We also intend to invite strategic investors to take up shares in the Corporation. This increase in capital 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 both Ivory Coast and Nigeria in the medium term, thereby transforming these centres into fully fledged subsidiaries 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 2019, Mr Thierry Ravoaja voluntarily resigned and was replaced by Mr Benjamin Mutaka Kamanga, whose appointment was confirmed at the 2019 AGM in Sierra Leone. At the same AGM, Mr Samuel O. Mintah voluntarily retired and did not seek re-election. Mrs Senor Thomas-Sowe and Mr Rotimi Fashola also retired at the AGM but put up themselves for re-election. Whilst Mrs Senor Thomas-Sowe was re-elected in accordance with our memorandum and articles of association, Mr Rotimi Fashola was not.

The vacant positions were filled by Madam Olatoyosi Alabi, who is a Partner in the law firm Olaniwun Ajayi, Lagos, Nigeria and Dr George Agyekum Nana Donkor, who was at the time the Vice President of the ECOWAS Bank for Investment and Development (EBID), Lome, Togo. He has recently been elected President of the Bank.

Following the resignation of Mr. Thierry Ravoaja, who was the chairman of Strategy and Operations Committee, Dr Fatai K. Lawal was appointed chairman of that committee whilst Mr. William B. Coker became chairman of the Enterprise Risk Management Committee. Membership of the committees were also restructured to include the new members.

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

Marketing Activities

The Group's focus on strategic marketing remained unswerving in our quest to grow the company and provide appreciable returns on investment to our Shareholders. A lot of marketing activities were carried out during the year 2019 and it cannot be gainsaid that the fruits were conspicuous. In all these cases, quality bilateral discussions were held which contributed to our growth.

Subsidiaries and Regional Offices

Kenya and Zimbabwe subsidiaries began their full year of operations in 2019. While it is early days yet, they have already shown their potentials and we hope for a very strong performance in the years ahead, contributing to our premium and profit growth.

The Tunisian regulatory authorities granted us license in 2019 which authorizes us to underwrite reinsurance business from Tunisia. The decision was published in the Official Gazette on 3 January 2020.

Credit Rating Renewal

The Corporation was once again strongly rated by the Global Credit Rating Agency: "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 Group's global market share. Our plans for an AM Best rating will hopefully be realised in 2020 and we are very optimistic for a good score which will further boost our marketing drive.

Enterprise Risk Management (ERM)

During the financial period, the Board and Management of WAICA Re remained persistent in the management of the risks of the organisation to achieve her critical objectives. The Group has adequate and effective risk management measures in place to identify, assess, evaluate, treat, report and monitor the foreseeable risks of the Group, especially risks with significant effects on the Group's strategic and business objectives.

The Group Management Risk Committee met at least 6 times during the year to assess and mitigate its exposure to significant risk concerns, cutting across; reinsurance risk, business risk, operational risk, investment risk, credit risk, liquidity risk, strategic risk, regulatory risk as well as reputational risk amongst others. Foreign exchange rate risks, cyber risks, premium default risks were some of the downside risks the Board and Management of the Group made concerted efforts in combating and mitigating their likelihood and impact.

As part of her risk management measures the Group also committed resources to further understand its risk, capital and solvency, by conducting her Own Risk and Solvency Assessment (ORSA) in line with Solvency II and regulatory requirements. We are hopeful that 2020 and subsequent years will see a better risk conscious and better risk managed company with a culture of effective risk governance and principled performance.

Manpower Development and Capacity Building

Human capital is seen as the most valuable asset of the Corporation, and with this notion at the heart of our strategic planning process, adequate and reasonable steps were adopted in 2019 to enhance the technical and managerial requirements of our workforce. We intend to continue the provision of local and international capacity building initiatives for our valued employees.

Additionally, the Corporation continued contributing to the growth of the insurance industry in the African continent through our Annual International Cedants Training Programme. During the year, we facilitated a course on Agricultural Insurance Underwriting in Zimbabwe with overwhelming attendance. This initiative continues to be applauded by participants and relevant business partners. We also utilized the training as a means of imprinting our brand in the minds of our business partners.

Information & Communication Technology

We are all well aware of the crucial roles of information and communication technologies in the business of reinsurance because it would be almost impossible to stay competitive and conduct operations efficiently without the power of automation. To this end, the Corporation in 2019, moved all its core business applications to the cloud that enables staff to work seamlessly anywhere in the world. Again our Kenya subsidiary website was launched for online consumption during the review period (https://www.waicare.com/Kenya/)

Enterprise Corporate Social Responsibility Policy Formulation and Implementation

The second batch of WAICA Re sponsored students from each of our WAICA Countries to the West African Insurance Institute (WAII) in The Gambia in 2019 has graduated successfully and the third batch enrolled for the 2020 academic year. This is our commitment towards the development of insurance professionals in our home markets. 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 company.

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 a diversified 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

We continue to assess the impact of COVID-19 on our operations and financial projections and because of the high uncertainty and unpredictability of this pandemic, we are unable to reliably predict what the future holds. As we gain a better understanding, necessary mitigating measures will be adopted to insulate the Group from any negative impact.

We however, do not shy away from any challenge but embrace the future with hope. We believe we will come out of this stronger.

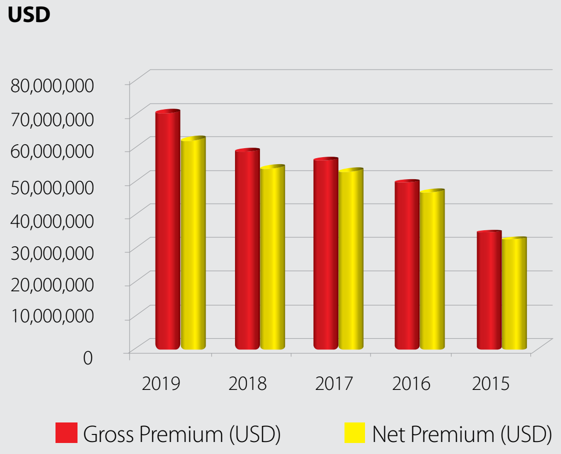
Let us keep praying for God to heal our world.

Thank you.

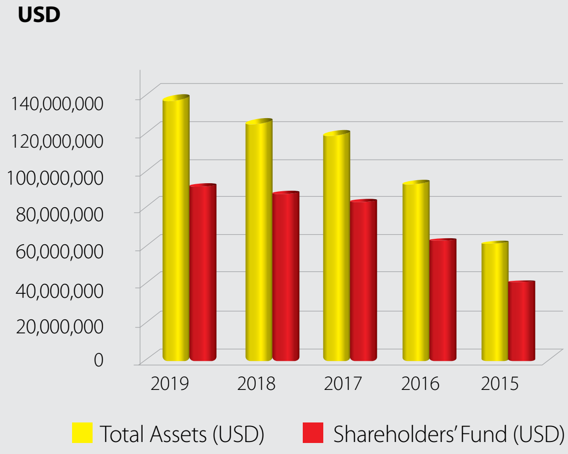
WAICA Re Performance Analysis

Five Year Financial Summary	**2019 USD**	2018 USD	2017 USD	2016 USD	2015 USD
Gross Premium Written	**70,339,917**	57,972,479	55,834,974	49,201,541	33,542,143
Net Earned Premium	**58,139,648**	52,590,586	49,180,541	38,800,539	27,812,450
Underwriting Profit/(Loss)	**4,993,567**	3,046,008	6,150,654	7,745,396	4,886,244
Investment & Other Income	**3,441,738**	4,085,997	2,927,986	3,272,344	1,951,970
Net Profit Before Tax	**9,734,151**	6,837,995	5,477,510	6,232,355	5,778,299
Total Cash & Investments	**88,900,517**	83,303,148	76,701,316	59,080,758	39,438,007
Shareholders' Funds	**89,370,631**	85,956,558	81,619,018	62,884,619	38,389,111
Total Assets	**136,888,199**	123,548,638	117,778,839	92,307,891	62,353,271
Loss Ratio	**32%**	32%	36%	30%	31%
Combined Ratio	**94%**	96%	89%	81%	84%
Return on Equity	**11%**	8%	7%	10%	15%
Earnings per Share	**0.20**	0.14	0.11	0.16	0.24

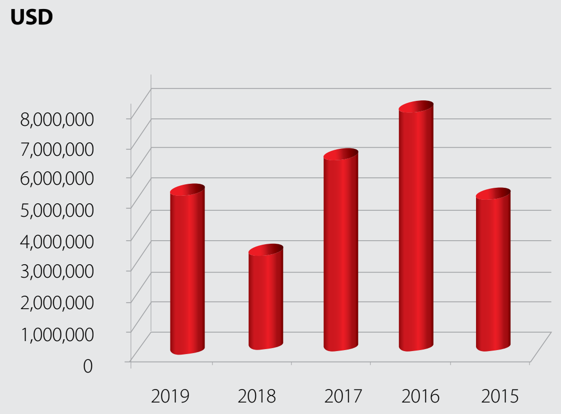
Gross Premium vs Net Premium



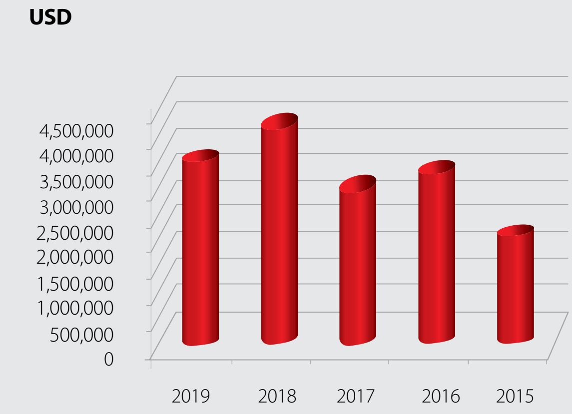
Total Assets vs Shareholders' Fund



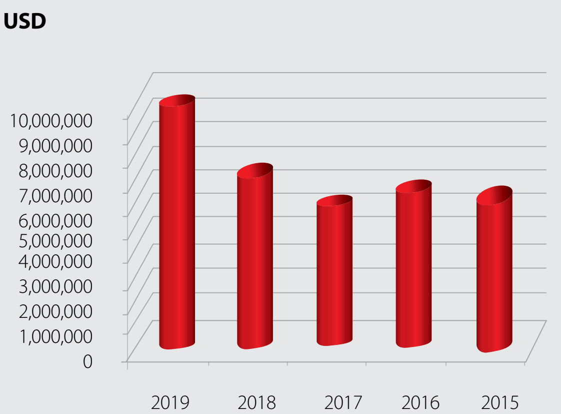
Underwriting Profit /(Loss)



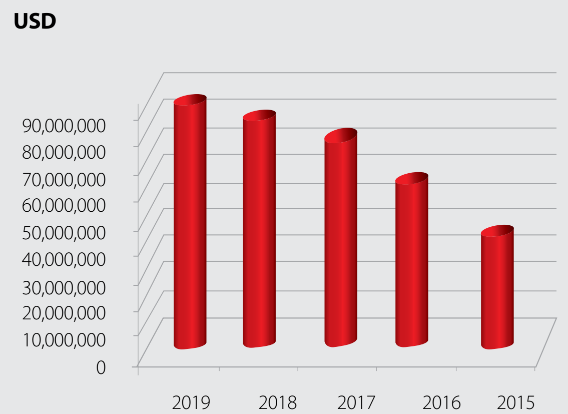
Investment and other Income



Net Profit before Tax



Total Cash and Investment

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DIRECTORS

Kofi Duffuor
Group Chairman

Abiola Ekundayo
Group MD/CEO

William Coker

Senor Thomas-Sowe

Alice Onomake

Dr. Fatai Kayode Lawal

Mohamed Babatunde Cole

Dr. Ekow Dadzie-Dennis

Benjamin Mutaka Kamanga

Dr. George Agyekum Nana Donkor

Olatoyosi Alabi

MANAGEMENT

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)

Anna Ndiaye
Regional Director (Francophone)

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waicareinsurance@waicare.com

WAICA Re
WAICA REINSURANCE CORPORATION PLC
Surely Reinsured


Financial plan
Investment
Current financial situation
EXPLORATION

NOTES & PAGES

GENERAL INFORMATION

DIRECTORS

Kofi Duffuor	Chairman
Abiola Ekundayo	MD/CEO
Alice Onomake	
Dr. Fatai Kayode Lawal	
Senor Thomas-Sowe	
William Coker	
Dr. Ekow Dadzie-Dennis	
Mohamed Babatunde Cole	
Olatoyosi Alabi	
Benjamin Mutaka Kamanga	
Dr. George Agyekum Nana Donkor	

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
P O Box 100
Freetown
Sierra Leone.

Report of the Directors

The Directors present their report together with the Group audited financial statements of the Corporation and its subsidiaries (The Group) for the year ended 31 December 2019.

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

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.

Dividends

In respect of the year ended 31 December 2019 result, the Board of Directors proposed a dividend of US$0.0611 per share amounting to US$3,000,000 to be paid to the existing shareholders whose names appear in the register of the Corporation as at the date of the annual general meeting (2018: Dividend of USD 2.5 Million).

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:

Strategy and Operations committee
The committee meets at least four times in a year to assist the Board of Directors to exercise oversight responsibility of the Group's strategy, investment and operational systems.

Finance and Audit committee
The finance and audit committee meets at least four times in a year to support the Board in fulfilling its oversight responsibility with regard to financial reporting, the system of internal controls and the process for monitoring compliance with laws and regulations.

Human Resource and Remuneration committee
The human resource and remuneration committee meets at least three times in year to help ensure appropriate oversight over human resource functions including policy and practice of the Group and the Corporation's management.

Enterprise Risk Management Committee
The Enterprise Risk Management Committee meets at least three times in a year to support the Board in fulfilling its oversight responsibility with regards to the Group and the Corporation's enterprise risk management function; including the review of its risk profile and its consistency with her risk appetite.

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.

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%
Abiola Ekundayo	83,649	0.17%
Alice Onomake	150,540	0.31%
Dr. Fatai Kayode Lawal	70,000	0.14%
Senor Thomas-Sowe	17,946	0.037%
William Coker	20,009	0.04%
Dr. Ekow Dadzie-Dennis	-	-
Mohamed Babatunde Cole	105,000	0.21%
Olatoyosi Alabi	-	-
Benjamin Mutaka Kamanga	-	-
Dr. George Agyekum Nana Donkor	-	-

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 26 March 2020 and are signed on their behalf by:

Chairman

Director

Director

FREETOWN NOMINEES LIMITED

Corporate Secretary

bakertilly

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 74 which comprise the consolidated and separate statement of financial position as at 31 December 2019, 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 2019, 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.

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.

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

Baker Tilly

Freetown

Chartered Accountants

Date 26 March 2020


PROFIT
LOSS
RISK


THE BONDS THAT SECURE YOUR BUSINESS ARE AS SOLID AND SECURE AS CAN BE.
From a strong continental presence, to solid financial ratings, to superior customer service, WAICA Re's expertise, solidity and financial muscle offers you the insurance and reinsurance solutions you need, when you need them.

Statement of financial position

As at 31 December

In United States Dollars	Notes	Group 2019	Corporation 2019	Group 2018	Corporation 2018
Assets					
Cash and cash equivalents	11	29,840,871	29,845,007	27,645,677	27,541,283
Financial assets	12	49,733,124	47,835,769	46,048,049	44,709,804
Reinsurance receivables	13	31,568,208	29,721,603	27,596,740	27,384,146
Retrocessionaires share of technical provisions	23	3,695,254	3,150,242	2,180,570	2,166,831
Deferred acquisition costs	14	8,865,416	8,317,289	7,375,691	7,354,965
Other assets	15	359,979	201,179	1,255,263	212,827
Property and equipment	16	2,829,601	1,971,940	1,009,169	566,980
Intangible assets	17	347,576	311,245	213,798	186,693
Investment property	18	9,326,522	9,039,022	9,609,422	9,039,022
Deferred tax asset	10c	321,648	-	614,259	-
Total assets		**136,888,199**	**130,393,296**	123,548,638	119,162,551
Liabilities					
Funds under management		4,522,309	-	3,391,030	-
Outstanding claims	19b	3,542,144	2,872,546	4,169,767	3,847,602
Reinsurance payables	20	2,721,964	2,304,960	519,443	445,607
Trade and other payables	21	3,997,604	2,733,019	1,991,709	1,540,531
Provision for unearned premium	22	32,691,825	30,700,957	27,350,608	27,200,986
Current tax liability	10b	41,722	-	169,523	-
Total liabilities		**47,517,568**	**38,611,482**	37,592,080	33,034,726
Equity					
Share capital	24	49,083,493	49,083,493	49,083,493	49,083,493 1
Share premium	25	15,792,963	15,792,963	15,792,963	5,792,963
Retained earnings	26	19,468,620	17,852,711	14,177,898	14,240,342
Contingency reserve	27	9,101,502	9,101,502	7,199,736	7,199,736
Foreign currency translation reserves	28c	(4,545,586)	-	(590,218)	-
Other reserves	28a	(48,855)	(48,855)	(188,709)	(188,709)
Capital reserve	28b	518,494	-	518,494	-
Total equity		**89,370,631**	**91,781,814**	85,956,558	86,127,825
Total equity and liabilities		**136,888,199**	**130,393,296**	123,548,638	119,162,551

The financial statements were approved by the Board of Directors on 26 MARCH 2020 and were signed on its behalf by:

Chairman

Director

Director

THE NOTES ON PAGES 19 TO 74 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Statement of profit or loss and other comprehensive income
for the year ended 31 December

In United States Dollars	Notes	Group 2019	Corporation 2019	Group 2018	Corporation 2018
Underwriting income					
Gross premium written	6	70,339,917	64,475,164	57,972,479	57,466,583
Less: retrocession premium		(8,340,956)	(6,799,276)	(4,520,368)	(4,410,648)
Net written premium		61,998,961	57,675,888	53,452,111	53,055,935
Movement in unearned premium reserve	22	(3,859,313)	(2,538,441)	(861,525)	(725,642)
Net earned premium		58,139,648	55,137,447	52,590,586	52,330,293
Investment income	7	3,000,491	2,465,368	3,252,212	2,768,260
Commission earned		1,334,820	729,310	816,937	597,031
Other income	7a	441,247	277,792	833,785	106,151
Total income from operations		**62,916,206**	**58,609,917**	57,493,520	55,801,735
Underwriting expenses					
Net claims incurred	19a	(18,681,561)	(17,987,232)	(16,859,244)	(16,537,079)
Commission expenses	5	(17,633,090)	(16,565,263)	(16,054,368)	(15,989,580)
Management expenses	8	(18,166,250)	(15,071,099)	(17,447,903)	(15,628,174)
Net finance income/(cost)	9	1,298,846	(1,127,766)	(294,010)	(529,813)
Total underwriting expenses		**(53,182,055)**	**(50,751,360)**	(50,655,525)	(48,684,646)
Profit before tax		9,734,151	7,858,557	6,837,995	7,117,089
Tax (expense)/credit	10	(160,142)	-	93,564	-
Profit for the year		**9,574,009**	**7,858,557**	6,931,559	7,117,089

THE NOTES ON PAGES 19 TO 74 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 2019**	**Corporation 2019**	Group 2018	Corporation 2018
Profit for the year	**9,574,009**	**7,858,557**	6,931,559	7,117,089
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit liabilities	139,854	139,854	(86,644)	(86,644)
Related tax	-	-	-	-
	139,854	**139,854**	(86,644)	(86,644)
Items that are or may be reclassified subsequently to profit or loss:				
Foreign operations-foreign currency translation differences	(3,955,368)	-	(525,869)	-
Related tax	-	-	-	-
	(3,955,368)	-	(525,869)	-
Other comprehensive income – net of tax	**(3,815,514)**	**139,854**	(612,513)	(86,644)
Total comprehensive income for the year	**5,758,495**	**7,998,411**	6,319,046	7,030,445
Profit attributable to:				
Equity holders of the Corporation	9,574,009	7,858,557	6,931,559	7,117,089
Profit for the year	**9,574,009**	**7,858,557**	6,931,559	7,117,089
Total comprehensive income attributable to:				
Equity holders of the Corporation	5,758,495	**7,998,411**	6,319,046	7,030,445
Total comprehensive income for the year	**5,758,495**	**7,998,411**	6,319,046	7,030,445

The financial statements were approved by the Board of Directors on 26 March 2020 and were signed on its behalf by:

Chairman Director Director

THE NOTES ON PAGES 19 TO 74 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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 reserves	Other reserve	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 74 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 reserve	Total
The Corporation						
Balance at 1 January 2019	**49,083,493**	**15,792,963**	**14,240,342**	**7,199,736**	**(188,709)**	**86,127,825**
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	-	-	(1,901,776)	1,901,776	-	-
Total other transfers	**-**	**-**	**(1,901,776)**	**1,901,776**	**-**	**-**
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 74 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 reserves	Other reserve	Total
The Group								
Balance at 1 January 2018	49,083,49	15,792,963	11,433,237	5,475,739	(64,349)	-	(102,065)	81,619,018
Adjustment on application of IFRS 16	-	-	-	-	-	-	-	-
Profit for the year	-	-	6,931,559	-	-	-	-	6,931,559
Other comprehensive income net of income tax	-	-	-	-	-	-	(86,644)	(86,644)
Foreign currency translation reserve	-	-	-	-	(525,869)	-	-	(525,869)
Capital reserve	-	-	-	-	-	518,494	-	518,494
Total other comprehensive income	-	-	-	-	(525,869)	518,494	(86,644)	(94,019)
Total comprehensive income	-	-	6,931,559	-	(525,869)	518,494	(86,644)	6,837,540
Other transfers								
Transfer to contingency reserves	-	-	(1,723,997)	1,723,997	-	-	-	-
Total other transfers	-	-	(1,723,997)	1,723,997	-	-	-	-
Transactions with owners recorded directly in equity								
Dividend to owners	-	-	(2,500,000)	-	-	-	-	(2,500,000)
Balance at 31 December 2019	49,083,49	15,792,963	14,140,799	7,199,736	(590,218)	518,494	(188,709)	85,956,558

THE NOTES ON PAGES 19 TO 74 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 reserve	Total
The Corporation						
Balance at 1 January 2018	49,083,49	15,792,963	11,433,237	5,475,739	(102,065)	81,619,018
Adjustment on application of IFRS 16	-	-	-	-	-	-
Total comprehensive income for the year						
Profit for the year	-	-	7,117,089	-	-	7,117,089
Other comprehensive income net of income tax						
Employee benefit actuarial loss, net of tax	-	-	-	-	(86,644)	(86,644)
Total other comprehensive income	-	-	-	-	(86,644)	(86,644)
Total comprehensive income	-	-	7,117,089	-	(86,644)	7,030,445
Other transfers						
Transfer to contingency reserves	-	-	(1,723,997)	1,723,997	-	-
Total other transfers	-	-	(1,723,997)	1,723,997	-	-
Transactions with owners recorded directly in equity						
Dividend to owners	-	-	(2,500,000)	-	-	(2,500,000)
Balance at 31 December 2019	49,083,49	15,792,963	14,240,342	7,199,736	(188,709)	86,127,825

THE NOTES ON PAGES 19 TO 74 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Statement of cash flows
for the year ended 31 December

In United States Dollars	Notes	Group 2019	Corporation 2019	Group 2018	Corporation 2018
Cash flows from operating activities					
Profit for the year		9,734,15	7,858,557	6,837,995	7,117,089
Adjustment for:					
Write-off on property and equipment		-	-	119	119
Depreciation		686,297	491,242	223,269	182,747
Amortization	17	117,806	104,967	238,568	222,149
Revaluation gain		(51,661)	-	-	-
Translation difference		53,311	-	-	-
IFRS 16 adjustment		155,578	155,578	-	-
Net finance cost	9	(1,463,183)	996,271	294,010	529,813
Loss on disposal of property and equipment		-	-	3,033	3,033
Actuarial gain/(loss)		139,845	139,845	(86,644)	(86,644)
Foreign currency translation adjustmen		(3,950,691)	-	-	-
Net acquisition take on balance adjustment		-	-	(335,844)	-
Fair value adjustment on investment property		282,900	-	-	-
		5,704,353	**9,746,469**	7,174,506	7,968,306
Changes in					
- reinsurance receivables and other assets	13 & 15	(3,076,184)	(2,337,456)	1,806,801	2,784,480
- retrocessionaires share of technical provision	23	(1,514,684)	(983,412)	(448,373)	(434,634)
- deferred acquisition costs	14	(1,489,725)	(962,324)	401,643	422,369
- outstanding claims	19b	(627,623)	(975,056)	(538,824)	(860,989)
- reinsurance payable	20	2,202,521	1,859,353	(500,099)	(573,935)
- trade and other payables	21	1,874,794	1,061,387	499,753	159,743
- provision for unearned premium	22	5,341,217	3,499,971	1,356,920	1,207,298
- changes in fund under management		1,131,279	11,648	328,296	-
		9,545,948	**10,920,580**	10,080,623	10,672,638
Charges paid	9	(162,077)	(161,210)	(164,771)	(164,771)
Income tax paid	10	-	-	(37,540)	-
Net cash from operating activities		**9,383,871**	**10,759,370**	9,878,312	10,507,867
Cash flow from investing activities					
Net investment acquisition	12d	(3,685,076)	(3,125,965)	10,225,086	8,819,858
Acquisition of investment property	18	-	-	(570,400)	-
Acquisition of property and equipment 16	16	(2,508,537)	(1,896,202)	(708,508)	(294,748)
Acquisition of intangible assets	17	(251,425)	(229,519)	(85,622)	(85,622)
Proceed from disposal		-	-	15,324	15,324
Net cash used in investing activities		**(6,445,038)**	**(5,251,686)**	8,875,880	8,454,812
Cash flows from financing activities					
Dividend paid		(2,368,899)	(2,368,899)	(2,368,435)	(2,368,435)
Cash flow from financing activities		**(2,368,899)**	**(2,368,899)**	(2,368,435)	(2,368,435)

THE NOTES ON PAGES 19 TO 74 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 2019	Corporation 2019	Group 2018	Corporation 2018
Net increase in cash and cash equivalents		569,934	3,138,785	16,385,757	16,594,244
Cash and cash equivalents at beginning of the year		27,645,677	27,541,283	11,389,159	11,312,081
Effect of exchange rate fluctuations on cash and cash equivalent held		1,625,260	(835,061)	(129,239)	(365,042)
Cash and cash equivalents at end of the year	11	29,840,871	29,845,007	27,645,677	27,541,283

THE NOTES ON PAGES 19 TO 74 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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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. 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.

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 26 MARCH 2020

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.

(b) Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2018 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).
- 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

- Fire and engineering
- Motor
- Accident
- Marine & Aviation
- Special risks 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 2019

In United States Dollars	Fire & engineering	Motor	Accident	Marine & aviation	Special risk	Life	Unallocated	Total
The Group								
Underwriting income								
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								
Total commission expense	10,673,362	621,017	3,556,682	1,501,709	1,742,887	499,757	-	18,595,414
Deferred acquistion 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 incurrred	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 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**	**1,887,103**	**9,153,143**	**6,303,103**	**5,996,897**	**1,362,739**	**131,495**	**53,182,055**
Income from Operations	**3,206,668**	**1,435,522**	**1,654,508**	**(1,937,007)**	**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	Fire & engineering	Motor	Accident	Marine & aviation	Special risk	Life	Unallocated	Total
The Corporation								
Underwriting income								
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								
Total commission expense	9,751,605	589,631	3,510,780	1,432,927	1,742,887	499,757	-	17,527,587
Deferred acquistion cost	(435,204)	29,254	(56,876)	(200,395)	(217,110)	(81,993)	-	(962,324)
Net commission exp	9,316,401	618,885	3,453,904	1,232,532	1,525,777	417,764	-	16,565,263
Net claims incurrred	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	530,147	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)
5. Operating segments (continued)
for the year ended 31 December 2018

In United States Dollars	Fire & engineering	Motor	Accident	Marine & aviation	Special risk	Life	unallocated	Total
The Group								
Gross premium	30,684,170	3,067,389	11,029,658	4,479,920	7,397,337	1,314,005	-	57,972,479
Retrocessions	(1,950,614)	(50,526)	(537,230)	(569,994)	(1,309,187)	(102,817)	-	(4,520,368)
Gross premiums less retrocession	**28,733,556**	**3,016,863**	**10,492,428**	**3,909,926**	**6,088,150**	**1,211,188**	**-**	**53,452,111**
Unearned premium	(1,755,977)	172,251	2,840,917	(919,528)	(1,235,191)	36,003	-	(861,525)
Net earned premium	**26,977,559**	**3,189,114**	**13,333,345**	**2,990,398**	**4,852,959**	**1,247,191**	**-**	**52,590,586**
Investment and other income	-	-	-	-	-	-	4,085,997	4,085,997
Commission earned	350,059	-	37,738	11,237	188,836	9,161	219,906	816,937
Total income	**27,327,638**	**3,189,114**	**13,371,083**	**3,001,635**	**5,041,795**	**1,256,352**	**4,305,903**	**57,493,520**
Underwriting expenses								
Commission expense	8,832,742	658,235	3,402,972	1,172,137	1,267,345	319,294	-	15,652,725
Deferred acquisition cost	(62,197)	60,334	911,413	(209,441)	(306,368)	7,902	-	401,643
Net commission exp	8,770,545	718,569	4,314,385	962,696	960,977	327,196	-	16,054,368
Net claims incurred	9,214,942	848,408	4,613,188	198,525	1,364,874	619,307	-	16,859,244
Management expenses	9,283,513	925,841	3,247,414	1,355,472	2,238,074	397,589	-	17,447,903
Net finance cost	156,224	15,655	54,871	22,870	37,668	6,722	-	294,010
Total underwriting expenses	**27,425,224**	**2,508,473**	**12,229,858**	**2,539,563**	**4,601,593**	**1,350,814**	**-**	**50,655,525**
Income from operations	**(97,586)**	**680,641**	**1,141,225**	**462,072**	**440,202**	**(94,462)**	**4,305,903**	**6,837,995**

Notes to the financial statements (continued)

5. Operating segments (continued)
for the year ended 31 December 2018

In United States Dollars	Fire & engineering	Motor	Accident	Marine & aviation	Special risk	Life	unallocated	Total
The Corporation								
Gross premium	30,535,195	3,059,832	10,725,038	4,470,079	7,362,435	1,314,005	-	57,466,584
Retrocessions	(2,051,730)	(58,220)	(291,830)	(582,566)	(1,318,528)	(107,774)	-	(4,410,648)
Gross premiums less retrocession	28,483,465	3,001,612	10,433,208	3,887,513	6,043,907	1,206,231	-	53,055,936
Unearned premium	(1,545,591)	151,612	2,500,515	(809,349)	(1,054,519)	31,689	-	(725,643)
Net earned premium	**26,937,874**	**3,153,224**	**12,933,723**	**3,078,164**	**4,989,388**	**1,237,920**	**-**	**52,330,293**
Investment and other income	-	-	-	-	-	-	2,874,411	2,874,411
Commission earned	350,058	-	37,738	11,237	188,837	9,161	-	597,031
Total income	**27,287,932**	**3,153,224**	**12,971,461**	**3,089,401**	**5,178,225**	**1,247,081**	**2,874,411**	**55,801,735**
Underwriting expenses								
Commission expense	8,784,488	654,639	3,384,381	1,165,733	1,260,420	317,550	-	15,567,211
Deferred acquisition cost	(65,405)	63,447	958,444	(220,249)	(322,178)	8,310	-	422,369
Net commission expense	8,719,083	718,086	4,342,825	945,484	938,242	325,860		15,989,580
Net claims incurred	9,038,853	832,195	4,525,034	194,731	1,338,792	607,474	-	16,537,079
Management expenses	8,304,120	832,128	2,916,699	1,215,649	2,002,231	357,347	-	15,628,174
Net finance cost	281,519	28,210	98,880	41,212	67,878	12,114	-	529,813
							-	
Total underwriting expenses	**26,343,575**	**2,410,619**	**11,883,438**	**2,397,076**	**4,347,143**	**1,320,795**	**-**	**48,684,646**
Income from operations	**944,357**	**742,605**	**1,088,023**	**692,325**	**831,082**	**(55,714)**	**2,874,411**	**7,117,089**

6. Gross premium written

In United States Dollars	Notes	Group 2019	Corporation 2019	Group 2018	Corporation 2018
West Africa		48,593,123	48,593,124	41,018,103	41,018,103
East Africa		1,291,098	1,291,098	1,063,777	1,063,777
North Africa		6,880,876	6,880,876	2,322,465	3,322,465
Others		13,574,820	7,710,066	13,568,134	12,062,238
		70,339,917	**64,475,164**	57,972,479	57,466,583

7. Investment income

Term deposits		2,462,901	2,109,855	2,871,461	2,464,803
Treasury bills		537,590	373,513	380,751	303,457
		3,000,491	**2,465,368**	3,252,212	2,768,260

7a. Other income

Gain/(loss) on disposal		-	-	(3,033)	(3,033)
Sundry income		441,247	277,792	836,818	109,184
Dividend from unquoted equity investment		-	-	-	-
		441,247	**277,792**	833,785	106,151

8. Management expenses

(a) Management expenses is analyzed as follows

Personnel expenses	8b	4,741,952	3,331,322	3,347,185	2,854,839
Other expenses	8c	13,424,298	11,739,777	14,100,718	12,773,335
		18,166,250	**15,071,099**	17,447,903	15,628,174

(b) Personnel expenses

Salaries and wages		4,546,602	3,164,778	3,137,945	2,701,963
Other employee benefits		172,872	148,373	167,830	131,154
Other staff cost		22,478	18,171	41,410	21,722
		4,741,952	**3,331,322**	3,347,185	2,854,839

(i) Other employee benefits

The Group maintains a post-employment defined benefit plan in accordance with statutory requirement 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)
(b) Personnel expenses (continued)
(i) Other employee benefits (continued)
Movement in net defined benefit liability (continued)

In United States Dollars	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability (asset)	
	2019	2018	**2019**	2018	**2019**	2018
Balance at 1 January	705,947	700,779	(339,401)	(339,401)	366,546	(361,378)
Included in profit or loss:						
Current service cost	142,801	158,124	-	-	142,801	158,124
Interest cost	123,777	131,759	(15,316)	-	108,461	131,759
	266,578	289,883	**(15,316)**	-	**251,262**	289,883
Included in OCI						
Remeasurements loss (gain):	-	-	-	-	-	-
Actuarial loss arising from:						
financial assumptions	(139,854)	86,644	-	-	(139,854)	86,644
	(139,854)	**86,644**	-	-	**(139,854)**	86,644
Other						
Contributions paid by the employer	-	-	-	-	-	-
Projected benefits payments	-	(371,359)	-	-	-	(371,359)
	-	(371,359)	**-**	-	-	(371,359)
Balance at 31 December	**832,671**	705,947	**(354,717)**	(339,401)	**477,954**	366,546

Plan assets
Plan assets comprise the following:

In United States Dollars	**Group 2019**	**Corporation 2019**	Group 2018	Corporation 2018
Term Deposits	**354,717**	**354,717**	339,401	339,401

Defined benefit obligation
Actuarial assumptions
The following are the principal actuarial assumptions at the reporting date:

In United States Dollars	**2019**	2018
Discount rate	8%	22%
Salary inflation	5.5%	20%
Normal salary inflation gap	3%	2%
Effective salary inflation gap	2.5%	1.67%

(c) Other expenses

In United States Dollars	Group 2019	Corporation 2019	Group 2018	Corporation 2018
Advertising	73,154	34,089	65,807	50,160
Audit fees	104,746	60,000	79,359	55,000
Depreciation and amortization	804,103	596,209	530,592	404,896
Utility bills	71,905	62,146	107,660	49,159
Legal and professional fees	747,172	638,544	455,778	401,720
Directors' fees	438,708	321,223	421,561	300,000
Motor running expenses	77,998	47,060	53,029	44,544
Communication	180,106	152,648	162,625	157,885
Printing and stationery	153,430	147,101	93,621	90,866
Travelling & marketing	604,105	543,028	805,712	722,352
Meetings, conferences and training	263,037	226,658	274,715	223,556
Repairs and maintenance	876	876	11,864	10,435
Other office running costs	3,888,461	2,987,296	2,486,506	1,710,273
Insurance	84,615	68,920	84,254	84,254
Impairment allowance for bad debt	6,082,563	5,853,979	8,468,235	8,468,235
	13,424,298	**11,739,777**	14,100,718	12,773,335

9. Net finance cost

	Group 2019	Corporation 2019	Group 2018	Corporation 2018
Foreign exchange (gain)/loss	(1,625,260)	835,061	129,239	365,042
Bank charges	162,077	161,210	164,771	164,771
Unwinding interest on lease liability	164,337	131,495	-	-
	(1,298,846)	**1,127,766**	294,010	529,813

10. Taxation

	Group 2019	Corporation 2019	Group 2018	Corporation 2018
10a. Tax expense				
Current tax expense				
Current year tax	(127,801)	-	50,384	-
Deferred tax expense				
Origination and reversal of temporary differences	287,943	-	(143,948)	-
	160,142	**-**	(93,564)	-
10b. Current tax (asset)/liabilities				
At 1 January	169,523	-	14,875	-
Charge for the year	(127,801)	-	50,384	-
Payments during the year	-	-	(37,540)	-
Impact of exchange rate fluctuation	-	-	(1,508)	-
Take on balance on new acquisition	-	-	143,212	-
At 31 December	**(41,722)**	-	169,523	-
10c. Deferred tax (assets)/liabilities				
At 1 January	(614,259)	-	(39)	-
Charge/(credit) for the year	287,943	-	(143,948)	-
Impact of exchange rate fluctuation	4,668	-	231	-
Take on balance on new acquisition	-	-	(470,503)	-
	(321,648)	-	(614,529)	-

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 2019**	**Corporation 2019**	Group 2018	Corporation 2018
Bank balance	7,931,625	3,808,252	3,730,092	3,626,902
Cash on hand	3,221	2,257	3,161	2,257
	7,934,846	3,810,509	3,733,553	3,629,159
Short-term investment securities	21,906,025	26,034,498	23,912,124	23,912,124
Cash and cash equivalents	29,840,871	29,845,007	27,645,677	27,541,283

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 2019**	**Corporation 2019**	Group 2018	Corporation 2018
Statutory deposit	2,184,300	1,701,929	2,206,564	1,706,564
Bank deposits	47,230,712	27,675,233	43,492,587	26,597,095
Equity investments	318,111	18,458,607	348,898	16,406,145
	49,733,124	**47,835,769**	46,048,049	44,709,804

The statutory deposit of USD 1,701,929 (2018: USD 1,706,564) was made with the Bank of Sierra Leone in compliance with Section 23(1) 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). Waica Re Kenya Limited also placed USD500,00 as statutory deposite with the Central Bank of Kenya.

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

In United States Dollars	**Group 2019**	**Corporation 2019**	Group 2018	Corporation 2018
Held to maturity	49,415,013	29,377,162	45,699,151	28,303,659
Available for sale	318,111	18,458,607	348,898	16,406,145
Total financial assets	**49,733,124**	**47,835,769**	46,048,049	44,709,804

c. Held to maturity financial assets

Unlisted debt securities - fixed interest rate:

In United States Dollars	Group 2019	Corporation 2019	Group 2018	Corporation 2018
Fixed deposits	44,582,359	26,306,504	42,070,445	26,597,095
Government bond / Treasury bills	4,832,653	3,070,658	3,628,706	1,706,564
Total held to maturity financial assets	**49,415,013**	**29,377,162**	45,699,151	28,303,659

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 2019	Corporation 2019	Group 2018	Corporation 2018
At 1 January	348,898	16,406,145	10,526,230	11,037,295
Movements during the year	(30,787)	2,052,462	(10,177,332)	5,368,850
At 31 December	**318,111**	**18,458,607**	348,898	16,406,145

The available for sale financial assets represents the Group's equity interest in the establishment of subsidiaries in Ghana and Kenya and the acquisition in Zimbabwe. The three subsidiaries are wholly owned and were fully operational as at the end of the reporting period.

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 2022.

13. Reinsurance receivables

In United States Dollars	Group 2019	Corporation 2019	Group 2018	Corporation 2018
Due from cedants and brokers	43,770,016	42,258,657	38,600,765	38,404,399
Due from retrocessionaires	3,480,528	2,916,698	1,306,375	1,290,147
Impairment allowance	(15,682,336)	(15,453,752)	(12,310,400)	(12,310,400)
Net receivables	**31,568,208**	**29,721,603**	27,596,740	27,384,146

The net receivables is deemed current.

Impairment allowance

In United States Dollars	Group 2019	Corporation 2019	Group 2018	Corporation 2018
Balance at start	12,310,400	12,310,400	13,775,866	13,775,866
Bad debts written-off	(2,710,627)	(2,710,627)	(9,933,701)	(9,933,701)
Impairment allowance charged to income statement	6,082,563	5,853,979	8,468,235	8,468,235
Balance at 31 December	**15,682,336**	**15,453,752**	12,310,400	12,310,400

Notes to the financial statements (continued)
13. Reinsurance receivables (continued)

Ageing of unimpaired receivables

In United States Dollars	Group 2019	Corporation 2019	Group 2018	Corporation 2018
0 - 90 days	10,049,524	8,202,920	5,898,764	5,686,170
91 - 180 days	4,575,170	4,575,170	4,537,457	4,537,457
181 - 270 days	3,387,463	3,387,463	3,651,312	3,651,312
271 -365 days	4,545,129	4,545,129	2,871,012	2,872,012
Overdue but not impaired	9,010,922	9,010,921	10,637,195	10,637,195
Balance at 31 December	**31,568,208**	**29,721,603**	27,596,740	27,384,146

14. Deferred acquisition costs

	Group 2019	Corporation 2019	Group 2018	Corporation 2018
Balance as at 1 January	7,375,691	7,354,965	7,777,934	7,777,334
Net movement during the year	1,489,725	962,324	(401,643)	(422,369)
Balance as at 31 December	**8,865,416**	**8,317,289**	7,375,691	7,354,965

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 2019	Corporation 2019	Group 2018	Corporation 2018
Sundry receivables	187,602	28,802	1,058,384	18,626
Other receivables	6,502	6,502	7,009	6,502
Loans to staff	165,875	165,875	189,870	187,699
	359,979	**201,879**	**1,255,263**	**212,827**

The Group

16. Property and equipment

In United States Dollars	Computer hardware	Motor vehicle	Furniture & equipment	Capital work-in progress	Right of use asset	Total
Cost						
At 1 January 2019	212,91	699,624	664,251	188,214	-	1,765,002
Additions	56,083	619,569	330,370	53,356	1,449,159	2,508,537
Write-off	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
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**
At 1 January 2018	157,106	601,134	260,815	147,951	-	1,167,006
Additions	55,807	187,838	424,600	40,263	-	708,508
Write-off	-	-	(147)	-	-	(147)
Disposal	-	(89,348)	(21,017)	-	-	(110,365)
At 31 December 2018	212,913	699,624	664,251	188,214	-	1,765,002
Accumulated depreciation						
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
Write-off	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
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**
At 1 January 2018	115,600	300,013	208,988	-	-	624,601
Charge for the year	39,145	160,112	24,012	-	-	223,269
Write-off	-	-	(28)	-	-	(28)
Disposal	-	(71,565)	(20,444)	-	-	(92,009)
At 1 January 2018	154,745	388,560	212,528	-	-	755,833
Carrying amounts						
At 31 December 2018	58,168	311,064	451,723	188,214	-	1,009,169
At 31 December 2019	**87,880**	**710,981**	**624,623**	**241,570**	**1,164,547**	**2,829,601**

There were no capitalized borrowing costs related to the acquisition of equipment during the year. (2018: nil).

The Corporation

16. Property and equipment

In United States Dollars	Computer hardware	Motor vehicle	Furniture & equipment	Capital work-in progress	Right of use asset	Total
Cost						
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**
At 1 January 2018	152,021	486,117	245,270	147,951	-	1,031,359
Additions	29,084	62,991	162,410	40,263	-	294,748
Write-off	-		(147)	-	-	(147)
Disposal	-	(89,348)	(21,018)	-	-	(110,366)
At 31 December 2018	181,105	459,760	386,515	188,214	-	1,215,594
Accumulated depreciation						
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**
At 1 January 2018	112,153	241,457	204,294	-	-	557,904
Charge for the year	36,201	128,648	17,898	-	-	182,747
Write-off	-	(28)	-	(28)	-	
Disposal	-	(71,565)	(20,444)	-	-	(92,009)
At 31 December 2018	148,354	298,540	201,720	-	-	648,614
Carrying amounts						
At 31 December 2018	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**

There were no capitalized borrowing costs related to the acquisition of equipment during the year. (2018: nil).

Notes to the financial statements (continued)

17. Intangible assets

In United States Dollars	Group Computer Software	Corporation Computer Software
Cost		
At 1 January 2019	1,128,302	1,069,557
Acquisitions	251,425	229,519
Revaluation adjustment	(3,468)	-
At 31 December 2019	**1,376,259**	**1,299,076**
At 1 January 2018	1,042,680	983,935
Acquisitions	85,622	85,622
At 31 December 2018	1,128,302	1,069,557
Amortisation and impairment losses		
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**
At 1 January 2018	657,936	660,715
Amortisation for the year	238,568	222,149
At 31 December 2018	914,504	882,864
Carrying amount		
At 31 December 2018	213,798	186,693
At 31 December 2019	**347,576**	**311,245**

There were no capitalized borrowing costs related to the acquisition of computer software during the year. (2018: Nil).

18. Investment properties

In United States Dollars	Group 2019	Corporation 2019	Group 2018	Corporation 2018
At 1 January	9,609,422	9,039,022	9,039,022	9,039,022
Additions	-	-	570,400	-
Fair value loss	(282,900)	-	-	-
At 31 December	**9,326,522**	**9,039,022**	9,609,422	9,039,022

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 2019.

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 2019. 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 2019**	**Corporation 2019**	Group 2018	Corporation 2018
Claims made by Cedants	21,573,580	20,879,251	16,995,345	16,673,180
Claims recovered from Retrocessionaires	(2,892,019)	(2,892,019)	(136,101)	(136,101)
Claims incurred during the year	**18,681,561**	**17,987,232**	16,859,244	16,537,079

(b) Outstanding claims

2019

In United States Dollars	**Fire & Engineering**	**Motor**	**Accident**	**Marine & Aviation**	**Special Risk**	**Life**	**Total**
The Group							
Claims at start of the year	2,881,860	141,548	118,168	24,205	967,918	36,068	4,169,767
Claims incurred less recoveries	9,584,738	591,036	2,539,773	3,532,998	1,874,931	558,085	18,681,561
Claims paid	(10,058,705)	(603,239)	(2,461,386)	(3,380,998)	(2,319,711)	(485,146)	(19,309,184)
Claims outstanding at 31 December	**2,407,893**	**129,345**	**196,555**	**176,205**	**523,138**	**109,007**	**3,542,144**

Notes to the financial statements (continued)
19. Claims (continued)
(b) Outstanding claims (continued)

(b) Outstanding claims

2019

In United States Dollars	Fire & Engineering	Motor	Accident	Marine & Aviation	Special Risk	Life	Total
The Group							
Claims at start of the year	2,705,770	125,335	30,013	20,411	941,837	24,235	3,847,602
Claims incurred less recoveries	9,138,996	569,069	2,444,462	3,401,689	1,874,931	558,085	17,987,232
Claims paid	(9,924,794)	(589,510)	(2,363,923)	(3,279,204)	(2,319,711)	(485,146)	(18,962,287)
Claims outstanding at 31 December	**1,919,972**	**104,894**	**110,552**	**142,896**	**497,057**	**97,174**	**2,872,546**

2018

In United States Dollars	Fire & Engineering	Motor	Accident	Marine & Aviation	Special Risk	Life	Total
The Group							
Claims at start of the year	1,251,937	414,218	1,251,554	1,225,152	377,220	188,510	4,708,591
Claims incurred Less recoveries	9,214,942	848,408	4,613,188	198,525	1,364,874	619,307	16,859,244
Claims paid	(7,585,019)	(1,121,078)	(5,746,574)	(1,399,472)	(774,176)	(771,749)	(17,398,068)
Claims outstanding at 31 December	2,881,860	141,548	118,168	24,205	967,918	36,068	4,169,767

In United States Dollars	Fire & Engineering	Motor	Accident	Marine & Aviation	Special Risk	Life	Total
The Corporation							
Claims at start of the year	1,251,937	414,218	1,251,554	1,225,152	377,220	188,510	4,708,591
Claims incurred Less recoveries	9,038,853	832,195	4,525,034	194,731	1,338,792	607,474	16,537,079
Claims paid	(7,585,019)	(1,121,078)	(5,746,574)	(1,399,472)	(774,176)	(771,749)	(17,398,068)
Claims outstanding at 31 December	2,705,771	125,335	30,014	20,411	941,836	24,235	3,847,602

20. Reinsurance payables

In United States Dollars	Group 2019	Corporation 2019	Group 2018	Corporation 2018
Payable under retrocession arrangements	2,721,964	2,304,960	519,443	445,607
	2,721,964	**2,304,960**	519,443	445,607

21. Trade and other payables

Accruals	126,690	91,169	122,387	49,169
Other creditors	2,156,683	1,185,415	1,502,776	1,124,816
Defined benefit obligation (8b (i))	477,954	477,954	366,546	366,546
Lease liability	1,236,277	978,481	-	-
	3,997,604	**2,733,019**	1,991,709	1,540,531

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.

22. Provision for unearned premium

In United States Dollars	Group 2019	Corporation 2019	Group 2018	Corporation 2018
Gross unearned premium at 1 January	27,350,608	27,200,986	25,993,688	25,993,688
Gross unearned premium at 31 December	32,691,825	(30,700,957)	(27,350,608)	(27,200,986)
Gross unearned premium movement (A)	**5,341,217**	**3,499,971**	1,356,920	1,207,298
Deferred gross retrocessions at 1 January	2,173,300	2,159,560	1,677,905	1,677,905
Deferred gross retrocessions at 31 December	3,655,204	3,121,090	2,173,300	2,159,561
Deferred gross retrocessions movement (B)	**1,481,904**	**961,530**	495,395	481,656
Net unearned premium movement (A - B)	**3,859,313**	**2,538,441**	861,525	725,642

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 2019	Corporation 2019	Group 2018	Corporation 2018
Claims recoverable		40,050	29,152	7,270	7,270
Deferred retrocession premium	22	3,655,204	3,121,090	2,173,300	2,159,561
		3,695,254	**3,150,242**	2,180,570	2,166,831

24. Share capital

In United States Dollars	2019 No. of shares	2019 Amount	2018 No. of shares	2018 Amount
Authorised:				
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

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

26. Retained earnings

In United States Dollars	Group 2019	Corporation 2019	Group 2018	Corporation 2018
Balance at 1 January	14,140,799	14,240,342	11,433,237	11,347,250
Net profit for the year	9,574,009	7,858,557	6,931,559	7,117,089
Transfer to contingency reserves	(1,901,766)	(1,901,766)	(1,723,997)	(1,723,997)
Dividend to Shareholders	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
IFRS 16 implementation adjustment	155,578	155,578	-	-
Balance at 31 December	**19,468,620**	**17,852,711**	14,140,799	14,240,342

27. Contingency reserves

Balance at 1 January	7,199,737	7,199,737	5,475,738	5,475,738
Addition during the year	1,901,766	1,901,766	1,723,998	1,723,998
Balance at 31 December	**9,101,502**	**9,101,502**	7,199,737	7,199,737

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 2019	Corporation 2019	Group 2018	Corporation 2018
Balance at 1 January	188,709	188,709	102,065	102,065
Net actuarial gains/(losses)on employee benefit obligation	(139,854)	(139,854)	86,644	86,644
Balance at 31 December	**48,855**	**48,855**	188,709	188,709

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

b. Capital reserves

In United States Dollars	Group 2019	Corporation 2019	Group 2018	Corporation 2018
Balance at 1 January	518,494	-	518,494	518,494
Addition during the year	-	-	-	-
Balance at 31 December	**518,494**	**-**	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 2019	Corporation 2019	Group 2018	Corporation 2018
Balance at 1 January	(590,218)	-	(64,349)	-
Movement during the year	(3,955,368)	-	(525,869)	-
Balance at 31 December	**(4,545,586)**	**-**	(590,218)	-

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.

31 December 2019

						Fair value			
In United States Dollars	Held to maturity	Loan and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
The Group									
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 (continued)

(a) Accounting classifications and fair values (continued)

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.

31 December 2019

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
The Corporation									
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)
(a) Accounting classifications and fair values (continued)

31 December 2018

	Carrying amount					Fair value			
In United States Dollars	Held to maturity	Loan and receivables	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
The Group									
Assets									
Cash and cash equivalents	-	27,645,677	-	-	27,645,677	-	27,645,677	-	27,645,677
Reinsurance receivables	-	27,596,740	-	-	27,596,740	-	27,596,740	-	27,596,740
Financial assets	45,699,151	-	348,898	-	46,048,049	-	46,048,049	-	46,048,049
Other assets	-	1,255,263	-	-	1,255,263	-	1,255,263	-	1,255,263
	45,699,151	56,497,680	348,898	-	102,545,729	-	102,545,729	-	102,545,729
								-	
Liabilities									
Funds under management	-	-	-	3,391,030	3,391,030	-	3,391,030	-	3,391,030
Reinsurance payables	-	-	-	519,443	519,443	-	519,443	-	519,443
Trade and other payables	-	-	-	1,991,709	1,991,709	-	1,991,709	-	1,991,709
Outstanding claims	-	-	-	4,169,767	4,169,767	-	4,169,767	-	4,169,767
	-	-	-	10,071,949	10,071,949	-	10,071,949	-	10,071,949

Notes to the financial statements (continued)

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

(a) Accounting classifications and fair values (continued)

31 December 2018

In United States Dollars	Carrying amount: Held to maturity	Loan and receivables	Available for sale	Other financial liabilities	Total	Fair value: Level 1	Level 2	Level 3	Total
The Corporation									
Assets									
Cash and cash equivalents	-	27,541,283	-	-	27,541,283	-	27,541,283	-	27,541,283
Reinsurance receivables	-	27,384,147	-	-	27,384,147	-	27,384,147	-	27,384,147
Financial assets	28,303,659	-	16,406,145	-	44,709,804	-	44,709,804	-	44,709,804
Other assets	-	206,325	-	-	206,325	-	206,325	-	206,325
	28,303,659	55,131,755	16,406,145	-	99,841,559	-	99,841,559	-	99,841,559
Liabilities									
Reinsurance payables	-	-	-	445,607	445,607	-	445,607	-	445,607
Trade and other payables	-	-	-	1, 453,887	1, 453,887	-	1, 453,887	-	1, 453,887
Outstanding claims	-	-	-	3,847,602	3,847,602	-	3,847,602	-	3,847,602
	-	-	-	5,747,096	5,747,096	-	5,747,096	-	5,747,096

(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.

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 Enterprise Risk Management Committee, which is responsible for developing and monitoring risk policies.

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.

The Group's Enterprise Risk Management 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 Operations and Strategies 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

Impairment allowance

In United States Dollars	**Group 2019**	**Corporation 2019**	Group 2018	Corporation 2018
Balance at start	12,310,400	12,310,400	13,775,866	13,775,866
Bad debts written-off	(2,710,627)	(2,710,627)	(9,933,701)	(9,933,701)
Impairment allowance charged to income statement	6,082,563	5,853,979	8,468,235	8,468,235
Balance at 31 December	**15,682,336**	**15,453,752**	12,310,400	12,310,400

Ageing of unimpaired reinsurance receivables

In United States Dollars	Group 2019	Corporation 2019	Restated Group 2018	Restated Corporation 2018
0 – 90 days	10,049,524	8,202,920	5,898,763	5,686,170
91 - 180 days	4,575,170	4,575,170	4,537,457	4,537,437
181 – 270 days	3,387,463	3,387,463	3,651,312	3,651,312
271 – 365 day	4,545,129	4,545,129	2,872,012	2,872,012
Overdue but not impaired	9,010,922	9,010,921	10,637,195	10,637,195
Balance at 31 December	**31,568,208**	**29,721,603**	27,596,739	27,384,146

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 WAICA Re operating countries to avoid undue concentration.

Cash and cash equivalents
The Group held cash and cash equivalents of US$ 29,840,871 at 31 December 2019 (2018: US$ 27,645,677). 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)

31 December 2019

In United States Dollars	Notes	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 year
The Group						
Non-derivative financial liabilities						
Funds under management		4,522,309	-	-	4,522,309	-
Outstanding claims	21b	3,542,144	708,429	1,771,072	1,062,643	-
Reinsurance payables	22	2,721,964	544,393	1,360,982	816,589	-
Trade and other payables	23	3,997,604	1,089,961	1,451,208	-	1,456,435
Current tax liability	10b	41,722	41,722	-	-	-
		14,825,743	**2,384,505**	**4,583,262**	**6,401,541**	**1,456,435**
The Corporation						
Non-derivative financial liabilities						
Outstanding claims	21b	2,872,546	574,509	1,336,610	961,427	-
Reinsurance payables	22	2,304,960	460,992	1,152,480	691,488	-
Trade and other payables	23	2,255,065	711,579	565,005	-	978,481
		7,432,571	**1,747,080**	**3,054,095**	**1,652,915**	**978,481**

31 December 2018

In United States Dollars	Notes	Carrying amount	Less than 3 months	3-6 months	6-12 months	1-5 year
The Group						
Non-derivative financial liabilities						
Funds under management		3,391,030	-	-	3,391,030	-
Outstanding claims	21b	4,169,767	1,250,930	2,501,860	416,977	-
Reinsurance payables	22	519,443	103,889	259,721	155,833	-
Trade and other payables	23	1,991,709	275,334	679,350	-	1,037,025
Current tax liability	10b	169,523	169,523	-	-	-
		10,241,472	1,799,675	3,440,931	3,963,840	1,037,025
The Corporation						
Non-derivative financial liabilities						
Outstanding claims	21b	3,847,662	1,154,281	2,308,561	384,760	-
Reinsurance payables	22	445,607	89,121	222,804	133,682	-
Trade and other payables	23	1,453,887	212,963	525,458	-	715,466
		5,747,096	1,456,365	3,056,823	518,442	715,466

(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, Leones, Kenya Shillings and Zimbabwe dollar.

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 2019

In United States Dollars	Notes	Dollars	Pounds sterling	Euro	Cedis	Leones	Naira	Others	Total
The Group									
Assets									
Cash & cash equivalents	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	182,868	2,163,078	13,450,901	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**	**2,181,495**	**3,743,180**	**21,398,903**	**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**	**2,181,495**	**3,728,787**	**19,715,582**	**97,196,115**

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 2019

In United States Dollars	Notes	Dollars	Pounds sterling	Euro	Cedis	Leones	Naira	Others	Total
The Corporation									
Assets									
Cash & cash equivalents	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	19,356	15,281	201,179
		81,323,673	**149,543**	**601,404**	**1,489,510**	**2,181,495**	**3,743,180**	**18,114,753**	**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**	**3,728,787**	**16,874,236**	**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)

31 December 2018

	Notes	United States Dollars	Pounds sterling	Euro	Cedis	Leones	Naira	Others	Total
The Group									
Assets									
Cash and cash equivalents	11	25,479,815	131,739	312,228	263,521	6,048	667,285	785,134	27,645,677
Financial Assets	12	35,426,672	-	-	3,339,377	1,757,643	446,858	5,077,498	46,048,049
Reinsurance receivables	13	20,611,785	7,387	872,878	1,192,709	314,602	1,341,279	3,294,508	27,596,740
Other assets	15	399,292	-	-	57,058	744,280	23,716	28,263	1,255,263
		81,917,564	139,126	1,185,106	4,816,819	2,822,574	2,479,138	9,185,403	102,545,729
Liabilities									
Funds under management		118,263	-	-	3,272,767		-	-	3,391,030
Outstanding claims	19b	3,664,493	-	-	397,060		44,207	64,007	4,169,767
Reinsurance payables	20	519,443	-	-	-	-	-	-	519,443
Trade and other payables	21	1,830,131	-	-	126,973	-	14,137	20,468	1,991,709
		6,132,330	-	-	3,796,800	-	58,344	84,475	10,071,949
Net exposure		75,785,234	139,12	1,185,106	1,020,019	2,822,574	2,420,794	9,100,928	92,473,780

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 2018

	Notes	United States Dollars	Pounds sterling	Euro	Cedis	Leones	Naira	Others	Total
The Corporation									
Assets									
Cash and cash equivalent	11	25,383,600	131,241	311,049	262,434	6,025	664,765	785,134	27,541,283
Financial assets	12	39,435,330	-	-	70,384	1,706,563	433,871	3,155,356	44,709,804
Reinsurance receivables	13	20,453,000	7,330	866,154	1,145,409	312,179	1,330,946	3,269,128	27,384,146
Other assets	15	67,699	-	-	10,124	126,191	4,021	4,792	212,827
		85,339,629	138,571	1,177,202	1,488,352	2,150,958	2,433,604	7,119,744	99,848,060
Liabilities									
Outstanding claims	19b	3,381,367	-	-	366,383	-	40,791	59,062	3,847,602
Reinsurance Payables	20	445,607	-	-	-	-	-	-	445,607
Trade and other payables	21	1,540,531	-	-	-	-	-	-	1,540,531
		5,367,505	-	-	366,383	-	40,791	59,062	5,833,740
Net exposure		79,972,124	138,571	1,177,202	1,121,969	2,150,958	2,392,813	7,060,682	94,014,320

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. 2019	31 Dec. 2018	**31 Dec. 2019**	31 Dec. 2018
USD 1				
Euro	**0.8930**	0.8494	**0.9070**	0.8832
GBP	**0.7840**	0.7522	**0.7731**	0.7838
Cedi	**5.3154**	4.7052	**5.6150**	4.8466
Naira	**363.50**	361.77	**362.70**	364
Leone	**9,319.8**	8389.96	**9,696.7**	8,400

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 2019

	Profit or loss		Equity, net of tax	
In United States Dollars	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
The Group				
Euro (10% movement)	**72,136**	(72,136)	**72,136**	(72,136)
GBP (10% movement)	**108,607**	(108,607)	**108,607**	(108,607)
Cedi (10% movement)	**275,322**	(275,322)	**275,322**	(275,322)
Naira (10% movement)	**770,944**	(770,944)	**770,944**	(770,944)
Leone (10% movement)	**229,947**	(229,947)	**229,947**	(229,947)
The Corporation				
Euro (10% movement)	**10,529**	(10,529)	**10,529**	(10,529)
GBP (10% movement)	**14,954**	(14,954)	**14,954**	(14,954)
Cedi (10% movement)	**133,653**	(133,653)	**133,653**	(133,653)
Naira (10% movement)	**263,209**	(263,209)	**263,209**	(263,209)
Leone (10% movement)	**208,905**	(208,905)	**208,905**	(208,905)

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

In United States Dollars	Profit or loss		Equity, net of tax	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
The Group				
Euro (10% movement)	118,511	(118,511)	118,511	(118,511)
GBP (10% movement)	13,913	(13,913)	13,913	(13,913)
Cedi (10% movement)	70,299	(70,299)	70,299	(70,299)
Naira (10% movement)	238,484	(238,484)	238,484	(238,484)
Leone (10% movement)	208,905	(208,905)	208,905	(208,905)
The Corporation				
Euro (10% movement)	117,720	(117,720)	117,720	(117,720)
GBP (10% movement)	13,857	(13,857)	13,857	(13,857)
Cedi (10% movement)	112,197	(112,197)	112,197	(112,197)
Naira (10% movement)	239,281	(239,281)	239,281	(239,281)
Leone (10% movement)	215,096	(215,096)	215,096	(215,096)

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.

Nominal amount

In United States Dollars	**Group 2019**	**Corporation 2019**	Group 2018	Corporation 2018
Fixed-rate instrument				
Financial assets	**71,321,037**	**55,411,660**	69,911,275	52,215,783

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 (2018: Nil).

(g) 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.

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 2019 results, the Board of Directors proposed a dividend of US$ 0.0611 per share amounting to US$ 3 million to be paid to the existing Shareholders as at 31 December 2019. (2018: Dividend of USD 2. 5 million).

31. Capital commitment

There were no capital commitments at 31 December 2019 (2018: Nil).

32. Contingent liabilities

There were no contingent liabilities at 31 December 2019 (2018: Nil).

33. Related party disclosure

The following transactions were carried out with related parties:

In United States Dollars	Group 2019	Corporation 2019	Group 2018	Corporation 2019
(a) Key management compensation				
Salaries and other short-term employee benefits	1,655,787	1,017,432	723,534	723,534
	1,655,787	**1,017,432**	723,534	723,534
(b) Director's remuneration	438,708	321,223	421,561	300,000
Director's remuneration paid during the year	**438,708**	**321,223**	421,561	300,000

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.

As at the date of the approval of the financial statements, management was in the process of assessing the impact of COVID-19 on its operations. Because of the high uncertainty and unpredictability of the pandemic, management has not been able to reliably estimate the impact of COVID-19 on its impairment model and receivables as of 31 December 2019, and of its operations for the next 3 to 6 months. Management is of the view that a comprehensive report will be made after full understanding and reliable estimation of the impact on its operations and the assets of the Group.

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. Transition to IFRS 16

In the current year, the Group has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The date of initial application of IFRS 16 for the Group is 1 January 2019.
The Group has applied IFRS 16 using the cumulative catch-up approach which requires the Group to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application. It does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

(a) Impact of the new definition of a lease
The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

(a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS.

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.
For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

- The Group has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under IAS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.

- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.

- The Group has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

- The Group has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

For leases that were classified as finance leases applying IAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying IAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

Leases

The Group has applied IFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under IAS 17. The details of accounting policies under both IAS 17 and IFRS 16 are presented separately below.

Policies applicable from 1 January 2019

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 part of trade and other payables 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 revise 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.

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 part of property and equipment 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.

Policies applicable prior to 1 January 2019
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as a lessee
Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In United States Dollars	2019
Right-of-use assets	**Buildings**
The Group	
Cost	
At 1 January 2019	-
Additions	1,449,159
Translation difference	1,827
At 31 December 2019	**1,450,986**
Accumulated depreciation	
At 1 January 2019	-
Charge for the year	286,273
Translation difference	166
At 31 December 2019	**286,439**
Carrying amount	**1,164,547**

At 31 December 2019

The Group leases buildings as office space. The average lease term is 4 years (2018: 5 years).

Amounts recognised in profit and loss

In United States Dollars	2019
The Group	**Buildings**
Depreciation expense on right-of-use assets	286,273
Interest expense on lease liabilities	164,337
	450,610

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Notes to the financial statements (continued)
36. Transition to IFRS 16 (continued)
The Group as a lessee (continued)

In United States Dollars	2019
Right-of-use assets	**Buildings**
The Corporation	
Cost	
At 1 January 2019	-
Additions	1,195,410
At 31 December 2019	**1,195,410**
Accumulated depreciation	
At 1 January 2019	-
Charge for the year	263,216
At 31 December 2019	**263,216**
Carrying amount	
At 31 December 2019	**932,194**

Amounts recognised in profit and loss

In United States Dollars	2019
The Corporation	**Buildings**
At 31 December 2019	
Depreciation expense on right-of-use assets	263,216
Interest expense on lease liabilities	131,495
	394,711

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 Group'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.

(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.

(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
Policy applicable from 1 January 2018
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.

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.

Policy applicable before 1 January 2017
'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 videnced 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 adjustments 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.

(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.

(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 ite 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
Software	-	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) 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 thepositive intention and ability to hold to maturity.

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

(ii) Deposit with the Central Bank
The Group maintains a special account with the Central Bank of Sierra Leone 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

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 Group of its obligation to its cedants. The Group 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.

(k) 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 25% of outstanding claims at the financial position date.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) Leases

Leases are reported in accordance with IFRS 16 as per note 36.

(r) 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.

(s) 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

IFRS 9 Financial Instruments

A number of new standards, and amendments to standards are effective for annual periods beginning after 1 January 2019 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 2022 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) that justifies this temporary exemption application:

In United States Dollars	Group 1 January 2019	Corporation 1 January 2019
Outstanding claims	4,169,767	3,847,602
Reinsurance payables	519,443	445,607
Provision for unearned premiums	27,350,608	27,200,986
Total reinsurance liabilities	**32,039,818**	**31,494,195**
Total liabilities	**37,592,080**	**33,034,726**
Predominance percentage	**86.7%**	**95.3%**

This predominance continued to apply as of the year-end – 31 December 2019 with a percentage of 82.0 for the Group and 92.9 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

Instrument	Description of business model and cash flow characteristics	Carrying Amount as at 31 Dec. 2019	Classification under IFRS 9	Fair value as at 31 Dec. 2019	Fair value change
Group					
Cash and cash equivalents	Held to collect and sell plus solely payment of principal and interest	29,840,871	FVOCI	29,840,871	Nil
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	Nil
Equity investments	N/A	318,111	FVOCI	318,111	Nil
Reinsurance receivables	Held to collect plus solely payment of principal and interest	31,568,208	Amortised cost	31,568,208	Nil
Other assets	Held to collect plus solely payment of principal and interest	359,979	Amortised cost	359,979	Nil
		111,502,182		**111,502,182**	

Instrument	Description of business model and cash flow characteristics	Carrying Amount as at 31 Dec. 2019	Classification under IFRS 9	Fair value as at 31 Dec. 2019	Fair value change
Corporation					
Cash & Cash Equivalent	Held to collect and sell plus solely payment of principal and interest	29,845,007	FVOCI	29,845,007	Nil
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	Nil
Equity investments	N/A	18,458,607	FVOCI	18,458,607	Nil
Reinsurance receivables	Held to collect plus solely payment of principal and interest	29,721,603	Amortised cost	29,721,603	Nil
Other assets	Held to collect plus solely payment of principal and interest N/A	201,179	Amortised cost	201,179	Nil
		107,603,558		**107,603,558**	

Credit risk of financial assets

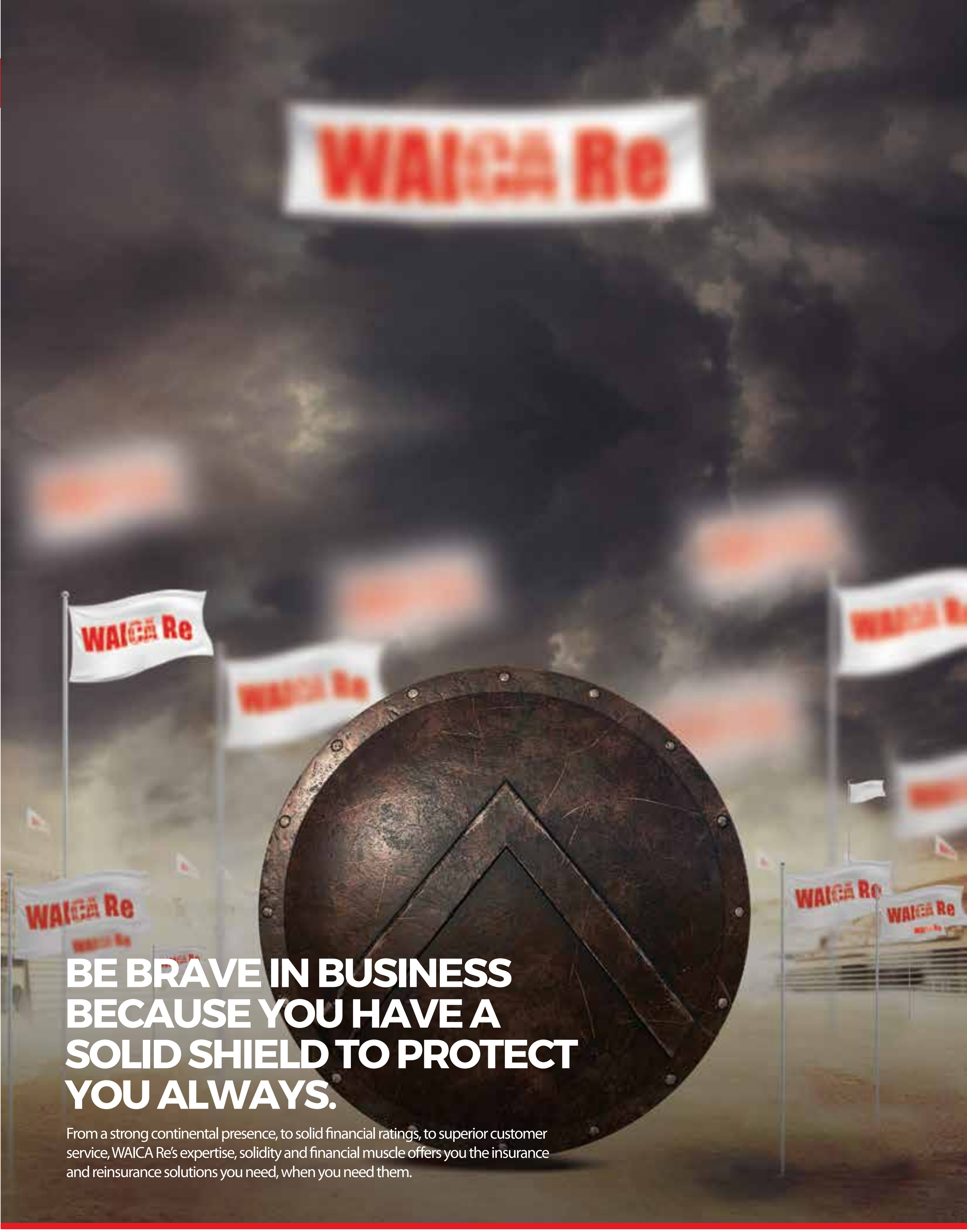
For information about the credit risk exposure, including significant credit risk concentrations, inherent in the various financial assets identified above, refer to the credit risk disclosures in Note 29(c) iii.

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 2022 with earlier application permitted as long as IFRS 9 and IFRS 15 are also applied.


WAICA Re
BE BRAVE IN BUSINESS BECAUSE YOU HAVE A SOLID SHIELD TO PROTECT YOU ALWAYS.
From a strong continental presence, to solid financial ratings, to superior customer service, WAICA Re's expertise, solidity and financial muscle offers you the insurance and reinsurance solutions you need, when you need them.

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