आपत्काले रक्षिष्यामि
GIC Re SA Ltd.

New peaks of Performance. Productivity. Profitability

African Reinsurer with a Global Footprint

5th ANNUAL REPORT 2018-19

आपत्काले रक्षिष्यामि

GIC Re SA Ltd.

GIC RE SOUTH AFRICA LTD

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

The financial statements have been audited in compliance with Section 30 of the South African Companies Act 71 of 2008.

Prepared under the supervision of:
C. G. Asirvatham
Managing Director and Chief Excecutive Officer

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आपत्काले रक्षिष्यामि
GIC Re SA Ltd.

BOARD OF DIRECTOR'S

(Left to Right):

Mr. Sanjay R Bhikha (Non-Executive Director), Mr. Jonathan Bagg (Lead Independent Director), Adv. Cassim I Moosa (Non-Executive Director), Mrs. Alice G Vaidyan (Chairman), Mr Devesh Srivastava (Non Executive Director), Mr. Charles G Asirvatham, (Managing Director & Chief Executive Officer)

MANAGEMENT

(Left to Right):

Ms. Farzana Mosam (Chief Technical Accounts Officer), Mr. Chandan Verma (Chief Underwriting Officer & Chief Technology Officer), Mr. Sanjeev Shankar (Chief Operating Officer), Mr. Charles G Asirvatham (Managing Director & Chief Executive Officer), Mrs. Alice G Vaidyan (Chairman), Mr. Devesh Srivastava (Non Executive Director), Mr. Wilson Mwase (Company Secretary & Public Officer), Mr Ajinkya Tamhane (Chief Risk Officer), Mr Sameer Sapdhare (Chief Financial Officer)

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the annual financial statements of GIC Re South Africa Ltd, comprising the statement of financial position as at 31 March 2019, and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition the directors are responsible for preparing the Directors' report.

The directors are also responsible for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The annual financial statements of GIC Re South Africa Ltd, as identified in the first paragraph, were approved by the board of directors on 21 May 2019 and are signed on their behalf by

C G Asirvatham	**A G Vaidyan**
Authorised Managing Director	Chairman

Declaration of the Company Secretary

In terms of S88 (2)(e) of the Companies Act 71 of 2008, I certify that in respect of the financial period ended 31 March 2019, the company has lodged with the Registrar of Companies all such returns that are required by the Companies Act, and that all such returns are to the best of my knowledge and belief, true, correct and up to date.

W Mwase
Company Secretary
21-May-19

Audit Committee Report

In addition to having specific statutory responsibilities, the audit committee is a sub-committee of the board of directors. It assists the board through advising and making recommendations on financial reporting, oversight of financial risk management and internal financial controls, external audit functions and statutory and regulatory compliance of the company. General risk management remains the responsibility of the board.

Terms of reference

The audit committee has adopted the formal terms of reference that have been approved by the board of directors, and has executed its duties during the past financial year in accordance with these terms of reference.

The composition of the audit committee

Name	Appointed	Qualifications	Position	Independent
S Bhikha	24-Apr-14	B Compt Hons CA(SA)	Chairman	Yes
J Bagg	24-Apr-14	B.Sc. FASSA, FIA, ASA	Member	Yes
B N Narasimhan	23-Jun-16	MA, MBA, B.Sc., AIII	Member	No
C I Moosa	25-Feb-19	B.A. (Law) (UDW), LLB (UDW), PG Diploma Labor Law (UJ)	Member	Yes

The executive directors and managing executives attend the committee meetings by invitation only. The external and internal auditors have unrestricted access to the audit committee.

Meetings

The audit committee held four meetings during the year. Attendance at the meetings is shown below:

	3-May-18	20-Aug-18	19-Nov-18	25-Feb-19
Members				
S Bhikha	Yes	Yes	Yes	Yes
J Bagg	Yes	Yes	Yes	Yes
CI Moosa*	N.A	N.A	N.A	Yes
B N Narasimhan	No	No.	N.A	N.A

* Became member of the Audit committee from 25th February 2019.

Statutory duties

In the execution of its statutory duties, as required in terms of the Companies Act, during the past financial year the audit committee has:

- Ensured the re-appointment as external auditor of the company of a registered auditor who, in the opinion of the audit committee, is independent of the company.
- Determined the fees to be paid to the external auditor and such auditor's terms of engagement.
- Ensured that the appointment of the external auditor complies with this Act and any other legislation relating to the appointment of such auditor.
- Considered the independence of the external auditor and has concluded that the external auditor has been independent of the company throughout the year taking into account all other non-audit services performed and circumstances known to the committee.

- Confirmed that there were no complaints relating to the accounting practices of the company, the content or auditing of its financial statements, the internal financial controls of the company, or to any related matter.
- Based on reports from the external auditor, internal auditor and appropriate inquiries, made submissions to the board on any matter concerning the company's accounting policies, financial control, records and reporting, including input to the board's statement regarding control effectiveness.

Legal requirements

The Audit committee has complied with all applicable legal, regulatory and other responsibilities for the year under review.

Annual financial statements

Following our review of the annual financial statements of GIC Re South Africa Ltd for the year ended 31 March 2019, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and International Financial Reporting Standards, and that they fairly present the financial position at 31 March 2019 and the results of operations and cash flows for the year then ended.

S Bhikha
Chairman of the Audit committee
21 May 2019

GIC RE SOUTH AFRICA LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The directors have pleasure in presenting their report for the year ended 31 March 2019.

Business

GIC Re South Africa Ltd is a 100% owned subsidiary of General Insurance Corporation of India (GIC Re) which is owned by the Government of India.GIC Re made its first move to Africa in April 2014, when it acquired South African composite reinsurer Saxum Re and renamed it as GIC Re South Africa Ltd. GIC Re South Africa Ltd's vision is to become a truly African Reinsurer. The core business philosophy includes reinsurance capacity development in Africa, application of the state of art technology, mutually beneficial relationships, benchmarking reinsurance and service delivery mechanism and a professional attitude.The company is rated BB+ (Global) and zaAAA (National) by S&P. GIC Re South Africa Ltd commenced underwriting business on 1 January 2015. The company underwrites business from the entire African continent except Egypt and Libya. For the year ended March 2019, the company recorded a growth of 78.86% in GWP as accounted.

Global Economic Outlook

The World Economic Outlook (WEO) (published by the International Monetary Fund, April 2019) projects a decline in global economic growth in 2019. Global growth which peaked at close to 4% in 2017, softened to 3.6% in 2018, and is projected to decline further to 3.3% in 2019. While 2019 started out on a weak footing, a pickup is expected in the second half of the year. Global economic growth in 2020 is projected to return to 3.6%. This return is predicated on a rebound in Argentina and Turkey and some improvement in a set of other stressed emerging market and developing economies. Beyond 2020 growth will stabilize at around 3.5%, bolstered mainly by growth in China and India and their increasing weights in world income.

South Africa Economic Outlook

The International Monetary Fund, in its latest World Economic Outlook publication (April 2019), has lowered South Africa's projected GDP growth rate for 2019 from 1.4% to 1.2%, putting the country among the worst performers in sub-Saharan Africa. Projected GDP expansion for 2020 has also been lowered from 1.7% to 1.5%.The International Monetary Fund projected that GDP growth in sub-Saharan Africa would average 3.4% in 2019, meaning South Africa will be growing at less than half the average rate. At a growth rate of 1.2%, South Africa's economic expansion would still be above the 0.8% level at which the economy expanded in 2018.A 1.2% GDP growth rate for 2019 is far below the 5% growth required in terms of the National Development Plan to reduce poverty and inequality by 2030.The IMF's growth projection is slightly lower than what was recently published by the South Africa Reserve Bank (SARB). In late March, SARB Governor said the central bank expected South Africa's GDP growth for 2019 to average 1.3%, down from the bank's January projection of 1.7%. The bank's forecast for 2020 was 1.8%, down from 2.0%.

As the performance of short term insurance industry is closely linked to the performance of the economy, the growth will be fairly muted for GIC Re South Africa Ltd.

Share capital

The company issued 149,174,187 ordinary shares of no par value totalling R298.35 million during 2019

(2018: 294 906 675 ordinary shares of no par value totalling R589.81 million).

Overview for the year

The results for the year and the financial position of the company are fully disclosed in the attached financial statements.

Holding company

The company is a wholly owned subsidiary of General Insurance Corporation of India (GIC Re).

Dividends

No dividends were paid or declared during the year (2018: Nil).

Directors

The directors in office at the date of this report are :	Date Appointed	Date Resigned
A G Vaidyan (Chairman, non-executive)	23-Jan-16	
J Bagg (Lead Independent, non-executive)	24-Apr-14	
B N Narasimhan (non-executive)	4-Feb-16	11-May-18
D Srivastava (non-executive)	18-Jun-18	
C G Asirvatham (Managing Executive)	29-Mar-18	
S Bhikha (Independent, non-executive)	24-Apr-14	
C I Moosa (Independent, non-executive)	24-Apr-14	

Directors' interest

No directors have a conflicting interest in the company.

Secretary and registered office

W Mwase is the company secretary. The registered office and office of the secretary are:

First Floor, Block C
Riviera Road Office Park
No. 6-9 Riviera Road
Houghton - 2193

Auditor

KPMG Inc.

Company registration number

1956/003037/06

Number of employees

The number of people employed by the company at 31 March 2019 is 26 (2018: 23).

To the shareholder of GIC Re South Africa Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of GIC Re South Africa Limited (the company) set out on pages 8 to 45 which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, the statement of changes in equity and the 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 financial statements present fairly, in all material respects, the financial position of GIC Re South Africa Limited as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018),* parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (revised November 2018)* (together the IRBA codes) and other independence requirements applicable to performing audits of financial statements in South Africa. The IRBA codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively. 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, Audit Committee Report and the declaration of the Company Secretary as required by the Companies Act of South Africa and Director's Responsibility Statement.The 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of GIC Re South Africa Ltd for 6 years.

KPMG Inc.
Registered Auditor

Per Nishen Bikhani
Chartered Accountant (SA)
Registered Auditor
Director
25 June 2019

KPMG Crescent
85 Empire Road
Parktown
2193

GIC RE SOUTH AFRICA LTD

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

Particulars	Note	Year ended 31 March 2019 R		Year ended 31 March 2018 R
ASSETS				
Equipment	5	1,862,699		1,830,253
Technical assets under insurance contracts		1,827,356,394		1,646,450,383
Retroceded outstanding claims	6	1,400,567,511		821,256,341
Retroceded policyholder liabilities	7	-		-
Retroceded unearned premium reserve	8	365,732,580		627,884,718
Gross deferred acquisition costs	9	61,056,303		197,309,324
Investments	10	2,589,816,261		1,339,797,265
Deferred taxation	11	-		5,425,210
Amounts due under reinsurance contracts	27.1	1,298,174,290	28	668,969,046
Amounts due from retrocessionaire contracts	27.2	9,662,590	28	223,505,199
Other accounts receivable		335,483		3,499,320
Cash at bank and on hand	25.2	99,274,855		130,549,637
Total assets		5,826,482,572		4,020,026,313
LIABILITIES AND SHAREHOLDER'S EQUITY				
Technical liabilities under insurance contracts		2,389,825,794		1,996,197,456
Gross outstanding claims	6	1,830,836,269		983,586,426
Gross policyholder liabilities under life insurance contracts	7	-		-
Gross unearned premium reserve	8	525,040,979		835,957,690
Retroceded deferred acquisition cost	9	33,948,547		176,653,340
Deposits withheld from retrocessionaires		1,746,437,984		1,290,984,362
Deferred taxation	11	-		-
Amounts Payable to retrocessionaire contracts	27.3	366,629,601	28	17,436,052
Other accounts payable	12	12,517,452		6,170,724
Taxation		48,884,230		-
Total liabilities		4,564,295,062		3,310,788,594
SHAREHOLDER'S EQUITY				
Share capital	13	1,142,061,725		843,713,350
Revaluation reserve	14	(10,024,314)		141,956
Retained earnings		130,150,099		(134,617,587)
Total shareholder's equity		1,262,187,510		709,237,719
Total liabilities and shareholder's equity		5,826,482,572		4,020,026,313

GIC RE SOUTH AFRICA LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

Particulars	Note	Year ended 31 March 2019 R	Year ended 31 March 2018 R
Gross premiums written		2,935,603,723	1,641,253,719
Retroceded premiums		(2,120,305,206)	(1,267,664,011)
Net premiums written		**815,298,517**	**373,589,708**
Change in provision for unearned premiums	8	48,764,573	(163,713,328)
Gross		310,916,711	(503,792,782)
Reinsured		(262,152,138)	340,079,454
Net premium earned		**864,063,090**	**209,876,380**
Commission income	17	678,595,274	266,209,780
Net investment income	15	107,358,649	44,574,954
Decrease in net life policyholder liabilities	7	-	13,835,338
Net income		**1,650,017,012**	**534,496,452**
Claims incurred, net of reinsurance	16	(556,454,378)	(220,441,026)
Commission expense	17	(822,053,450)	(294,606,833)
Interest paid		(35,531,226)	(9,953,112)
Investment management expenses		(4,823,844)	(3,034,423)
Management expenses		(31,283,486)	(25,991,898)
Increase in provision for doubtful debts		(14,639,867)	(3,168,950)
Foreign exchange gain/(loss)		123,742,368	(53,175,431)
Profit/(Loss) before taxation	**18**	**308,973,129**	**(75,875,221)**
Taxation	19	(54,371,713)	(545,985)
Profit/(Loss) for the year		**254,601,416**	**(76,421,206)**
Other comprehensive income for the year, net of taxation		-	-
Total comprehensive income (loss) for the year		**254,601,416**	**(76,421,206)**

GIC RE SOUTH AFRICA LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

Particulars	Share capital R	Revaluation reserve R	Retained earnings R	Total R
31 March 2019				
Balance as at 1 April 2018	843,713,350	141,956	(134,617,587)	709,237,719
Share issue	298,348,375	-	-	298,348,375
Non-life	298,348,375	-	-	298,348,375
Total comprehensive profit/(loss) for the period	-	-	254,601,416	254,601,416
Non-life	-	-	253,756,672	253,756,672
Life	-	-	844,744	844,744
Transfer to reserves				
Revaluation of investments	-	(10,166,270)	10,166,270	-
Balance as at 31 March 2019	**1,142,061,725**	**(10,024,314)**	**130,150,099**	**1,262,187,510**
31 March 2018				
Balance as at 1 April 2017	253,900,000	1,733,310	(59,787,735)	195,845,575
Share issue	-	-	-	-
Non-life	589,813,350	-	-	589,813,350
Total comprehensive loss for the year			(76,421,206)	(76,421,206)
Non-life	-	-	(84,234,930)	(84,234,930)
Life	-	-	7,813,724	7,813,724
Transfer from reserves				
Revaluation of investments	-	(1,591,354)	1,591,354	-
Balance as at 31 March 2018	**843,713,350**	**141,956**	**(134,617,587)**	**709,237,719**

GIC RE SOUTH AFRICA LTD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

Particulars	Note	Year ended 31 March 2019 R	Year ended 31 March 2018 R
Cash flows from operating activities			
Cash generated by operations	25.1	849,672,112	230,376,946
Interest received		95,792,577	30,608,343
Interest paid		(35,531,226)	(9,953,112)
Dividends received		10,073,618	1,279,037
Net cash inflow from operating activities		920,007,080	252,311,214
Cash flows from investing activities			
Net acquisition of investments		(1,248,743,388)	(787,891,315)
Additions to property and equipment		(886,850)	(1,460,416)
Proceeds on disposal of property and equipment		-	103,560
Net cash outflow from investing activities		(1,249,630,238)	(789,248,171)
Cash flows from financing activities			
Shares issued		298,348,375	589,813,350
Net increase in cash and cash equivalents		31,274,783	52,876,393
At the beginning of year		130,549,637	77,673,244
At the end of year	25.2	**99,274,855**	**130,549,637**

GIC RE SOUTH AFRICA LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

GIC Re South Africa Ltd ("Company") is a company domiciled in South Africa. The company is wholly owned by General Insurance Corporation of India (GIC Re) and authorised to write short-term and long-term insurance business.

1 Accounting policies

1.1 Statement of compliance

The financial statements of the company are prepared on the going concern basis and in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa. The accounting policies set out below have been applied consistently to all years presented in the financial statements.

1.2 Basis of preparation

The company is domiciled in South Africa and its reporting currency is Rand.

Basis of measurement

The financial statements are prepared on the historical cost basis, adjusted by the revaluation of investments to fair value.

Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The most significant judgements, estimates and assumptions relate to technical provisions and liabilities under insurance contracts detailed in note 4. In addition, assumptions are made about the recoverability of insurance receivables and credit control is strictly monitored.

1.3 Classification of contracts

Contracts under which the company accepts significant insurance risk from another party (the policyholder) through reinsurance inwards by agreeing to compensate the policyholder or other beneficiary if a specific uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts. The same definition is applied to reinsurance outwards. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specific interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Contracts that do not meet the above definition are classified as investment contracts and are deposit accounted.

1.4 Equipment

Equipment, furniture and motor vehicles are stated at cost less accumulated depreciation which is calculated to write off the cost of the assets to its residual value over their useful lives in a pattern that reflects their economic benefits.

The current estimated useful lives are as follows:

• Equipment	
Office Equipment	6 years
Computer equipment	3 years
• Furniture and fittings	6 years
• Motor vehicles	5 years

The useful lives and depreciation methods are reassessed annually. The residual values, if not insignificant, are also reassessed annually. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are included in profit or loss.

1.5 Outstanding and unintimated claims

Provisions are made for claims incurred up to the reporting date. The provisions exclude Value Added Tax but include an estimate for future claims handling costs.

1.6 Policyholder liabilities for life insurance contracts

The liabilities under life insurance contracts are valued in terms of the Financial Soundness Valuation ("FSV") basis contained in SAP104 issued by the Actuarial Society of South Africa and are reflected as policyholder liabilities under life insurance contracts in the statement of financial position. The operating surpluses or losses arising from insurance contracts are determined by the annual actuarial valuation. These surpluses or losses are arrived at after taking into account the movement in actuarial liabilities under unmatured policies, provisions for profit commissions accrued and adjustments to contingency and other reserves within the policyholder liabilities as well as recoveries under retrocession agreements.

1.7 Deposits

Deposits retained on retrocession placed are stated at amortised cost.

1.8 Revaluation reserve

The company has chosen to disaggregate equity into more classes than the minimum required by creating a revaluation reserve as an additional class within equity. This is to present unrealised gains and losses on investments separately from other profits or losses and is shown separately on the statement of financial position.

The revaluation reserve comprises of the revaluation of investments above or below their original cost, after deferred tax is recognised on the revaluation. A gain or loss arising from a change in fair value is recognised in net profit or loss for the period in which it arises and thereafter is transferred to a revaluation reserve. When investments are disposed of, the cumulative gain or loss previously recognised in the revaluation reserve is transferred to retained income.

1.9 Premiums

Premium income on insurance contracts is brought to account at the earlier of the date of notification or the date of receipt. At year end, an estimate is raised for premiums where notification has not been timeously received.

1.10 Unearned premium provision

The provision for unearned premium comprises the portion of premiums written which are estimated to be earned in future periods. The unearned premium provision is calculated at the balance sheet date using the 365th method for Facultative business, a blend of 8th method and 50% methods for Proportional treaty and 8th method for Non-proportional treaty business.

1.11 Commission expense

Acquisition costs comprise commission and other variable costs directly connected with the acquisition or renewal of insurance policies. Commission expenses are charged to profit or loss as incurred and include commission, brokerage, taxes, and profit commission which is paid to cedants based on the performance of the contracts underwritten.

1.12 Investment income

Interest income is recognised as it accrues, using the effective interest method. Dividends are recognised when the right of receipt is established.

1.13 Gain or loss on realisation of investments

Gains or losses on realisation of investments are calculated on a weighted average basis.

1.14 Income tax

Income tax on profit and loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity, or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.15 Provisions

A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

1.16 Impairment

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset is impaired, its recoverable amount is estimated. The recoverable amount is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. In assessing the value in use, the expected future cash flows from the asset 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.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of amortisation) had an impairment loss not been recognised in prior years.

1.17 Financial instruments

Financial assets are recognised when the company becomes a party to the contractual terms that comprise an asset. On initial recognition these instruments are recognised at fair value or for financial instruments not carried at fair value, the cost thereof, including transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:

Investments

Investments are classified at fair value through profit or loss. The investments are managed and their performance evaluated and reported internally on a fair value basis in terms of a documented investment strategy. The fair value of listed investments is measured with reference to their quoted bid prices at the reporting date.

Trade and other receivables/Other accounts payable

Trade and other receivables/payables (which includes amounts due from/to reinsurance contracts/ retrocessionaires) are stated at amortised cost using the effective interest rate method, less any impairement losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Cash and cash equivalents are stated at amortised cost.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations.

Derecognition

A financial asset is derecognised when the company loses control over the contractual rights that comprise an asset and consequently transfers the risks and benefits associated with the asset on trade date. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is legally extinguished.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.18 Foreign currencies

Assets and liabilities in foreign currencies are translated to South African Rand at rates of exchange ruling at the reporting date.

Foreign currency transactions during the year are recorded at rates of exchange ruling at the transaction date. Realised and unrealised gains or losses on exchange are accounted for in profit and loss during the period that they arise.

1.19 Retrocession

The company retrocedes insurance risk in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risk. Retrocession arrangements do not relieve the company from its direct obligation to cedants. Amounts recoverable under retrocession contracts are recognised in the same year as the related claim. Amounts recoverable under retrocession agreements are assessed for impairment at each reporting date. Such assests are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition that the company may not recover all amounts due.

Premiums retroceded, claims reimbursed and commission income are presented in the statement of comprehensive income and statement of financial position separately from the gross amounts. Deferred retrocession income is recognised on a basis consistent with the provision for earned premiums.

2 Reinsurance risk management

2.1 Non-life reinsurance contracts

2.1.1 Risk management objectives and policies for mitigating reinsurance risk

The company reactivated its underwriting non-life reinsurance business as of 1 January 2015 after having been in run off since 2002. The cover periods for all historical reinsurance contracts, which were annual in nature, had expired by the end of 2005. The company's exposure is therefore limited to the uncertainty surrounding the timing of payment and severity of claims already incurred under historical reinsurance contracts. This is commonly referred to as claims development risk.

Sound underwriting principles are applied when the reinsurance contracts are underwritten. In order to ensure that each contract was comprehensively evaluated for underwriting and rating purposes, strict underwriting guidelines, agreed to with the parent company, are followed. The underwriting guidelines stipulate the type of risks that could be underwritten, as well as the exposure per risk that was acceptable.

The reinsurance contracts underwritten by the company comprise:

- Property reinsurance: contracts that indemnify against physical loss or damage and the financial consequences from a loss or damage to land and buildings.
- Transport reinsurance: contracts that indemnify against losses from the possession, use or

ownership of a vessel, aircraft or other craft for the conveyance of persons or goods.

- Accident reinsurance: contracts that indemnify against losses from a variety of risks. These include:
  - Motor
  - Personal accident and health
  - Guarantee
  - Liability
  - Engineering
  - Miscellaneous

The claims liabilities recognised for each of these classes at year end are disclosed in note 6.

The largest claims development uncertainty is concentrated in those classes that are classified as long tail, such as liability and engineering. Long tail business is defined as reinsurance contracts under which claims are typically not settled within one year of the occurrence of the events giving rise to the claims. In long tail classes, there is still significant scope for future development, positive or negative, both in number of claims, as well as the value of the claims.

- GIC Re South Africa Limited commenced its operations from 01 January 2015 and is underwriting non-life reinsurance business emanating from Sub-Saharan Africa. In the month of October 2017, the company's territorial scope was widened to underwrite business from 5 North African Countries namely Algeria, Tunisia, Morocco, Sudan and South Sudan. As a result GIC Re South Africa has been underwriting business from the entire Africa continent except Egypt and Libya.
- The company has regarded its concentration in South Africa as a primary concern from the point of view of hailstorm and earthquake exposures. To mitigate the underwriting risk, it has in place a 70% Whole Account Quota Share Treaty from Sirius, Sweden. Further based on its internal assessment and a catastrophe model sourced from a third party, has calculated realistic disaster scenario in any one catastrophe and as a matter of abundant precaution procured an excess of loss protection from GIC Re, India for US$ 49 million Xs. US$ 1 million for the year 2018-19. The cover is currently in place. These arrangements will protect the capital of the company in any catastrophe event.
- The company had launched two new products last year namely (1) Stand-alone Political Violence and Terrorism (PVT) and (2) Retakaful business.
- For PVT business, the company has obtained an Excess of Loss Protection for 12 months beginning 01 August, 2018 from the Lloyd's Market.
- The Retakaful business has been protected under the existing Whole Account Quota Share Treaty and Whole Account Excess of Loss Cover.

2.1.2 Concentrations of reinsurance risk

Concentrations of risk may arise with a particular event or series of events for example in one geographical location.

2.1.3 Claims development information

Consistent with practice in the reinsurance industry, quarterly statements received from insurers under proportional reinsurance contracts, do not detail the date of loss of reinsurance claims. Proportional reinsurance contracts make up the largest part of the company's business. The majority of the business underwritten is classified as "short-tail" meaning that claims are settled within a year after the loss date. In terms of IFRS 4, an insurer need only disclose claims run-off information where uncertainty exists about the amount and timing of claim payments not resolved within one year.

Claims development is monitored in aggregate for all loss years. Note 6 provides details of the overall changes in estimates of claims liabilities created in earlier years.

2.2 Life reinsurance contracts

2.2.1 Risk management objectives and policies for mitigating reinsurance risk

The company ceased underwriting life reinsurance business during 2002, and entered into a run-off phase. The company has recaptured the entire life business in the year ended 2018 and no liabilities are remaining at the year end related to this business.

3 Financial risk

Transactions in financial instruments result in the company assuming financial risks. These include market risk, liquidity risk and credit risk. Each of these risks is described below, together with ways in which the company manages these risks.

3.1 Market risk

Market risk can be described as the risk of a change in the fair value of a financial instrument brought about by changes in interest rates, equity prices, or foreign exchange rates.

- Equity price risk

  The portfolio of listed equities, which are stated at fair value at reporting date, has exposure to price risk, being the potential loss in market value resulting from adverse changes in prices. The company's objective is to earn competitive relative returns by investing in a diverse portfolio of securities. Portfolio characteristics are analysed on a regular basis. The portfolio is invested in various industries as detailed in note 10, and the largest investment in any one company comprises 0.56% (2018: 0.48%) of the total assets.

  At 31 March 2019, the company's ordinary listed equities were recorded at their fair value of R141.63 million (2018: R89.10 million). A hypothetical 25% decline in each share's price would have decreased profit before taxation by R35.41 million (2018: R22.28 million).

- Interest rate risk

  Fluctuations in interest rates impact on the value of government securities and corporate bonds and the interest returns from these investments. The maturity profile of these instruments is set out in note 10.

- Foreign currency risk

  The company is exposed to foreign currency risk for transactions that are denominated in a currency other than Rand. The company is writing business from whole of Africa, except Egypt and Libya. Initially the company's focus is to build foreign currency reserves and match ZAR, USD and EUR Liabilities with ZAR, USD and EUR assets.

3.2 Liquidity risk

The company ensures that the solvency of the company meets the regulatory requirements at all times by maintaining a high level of liquidity.

The company follows the regulatory provisions, in conjuction with prudential norms laid out by the Board, with regard to the investment of its funds. The general investment strategy is to use cash as the default asset class. In the initial years of operations equity exposure will be maintained at lower levels.

Expected cashflows of liabilities:

	Carrying amount	1 year	2 years	More than 2 years
Deposits withheld from retrocessionaires	**1,746,437,984**	1,746,437,984	-	-
Amounts Payable to retrocessionaire contracts	**366,629,601**	366,629,601	-	-
Other accounts payable	**12,517,452**	12,517,452	-	-

Maturity of Technical liabilities under insurance contracts have been included in Note 6 - 9.

The company performs a currency-wise asset and liability management exercise every quarter and any decision on conversion of currencies is taken in ALCO (Asset Liability Committee).

For Rand funds, the fund managers are instructed to keep funds invested in such a way as to offer maximum flexibility and high liquidity.

Over and above these liquidity measures, a letter of comfort given by the parent company provides support to the company in order to maintain adequate capital, to meet solvency and policy holder liability requirements and financial obligations.

3.3 Credit risk

The company has several exposures to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:

- amounts due from reinsurance policyholders;
- amounts due from reinsurance contract intermediaries;
- investments excluding equities; and
- retroceded technical liabilities.

Exposure to individual policyholders and groups of policyholders are monitored as part of the credit control process. Reputable financial institutions are used for investing and cash handling purposes.

Under the terms of the retrocession agreements, retrocessionaires agree to reimburse the ceded amount in the event that a gross claim is paid. However, the company remains liable to its cedants regardless of whether the retrocessionaire meets the obligations it has assumed. Consequently, the company is exposed to credit risk.

GIC Re South Africa Ltd reinsures with Sirius International Insurance Corporation which has been rated A (excellent) by A.M.Best and A- (Strong) by S&P Ratings.

From April 2018, Sirius International Insurance Corporation arranged a 70% whole account quota share treaty whereby 70% of the claims are recovered from Sirius International Insurance Corporation. In addition to this GIC Re South Africa Ltd continues to withhold 40% of the premium as premium reserve deposit and retain 100% of the outstanding claims reserve as an outstanding claims reserve deposit.

None of the company's financial assets exposed to credit risk are past 182 days due and are not impaired.

Age analysis of amounts due from companies on reinsurance contracts

	Total	Current	30 days	60 days	90 days	More than 120 days
Amounts due	**1,298,174,290**	1,131,250,234	27,641,629	29,596,205	48,874,576	60,811,646

Analysis of the credit quality of the company's assets

	AAA R	AA R	A R	BBB and lower R	Not Rated R	Total R
2019						
Technical assets under insurance contracts	-	-	1,766,300,091	-	61,056,303	1,827,356,394
Investments						
Government securities	-	-	-	97,278,812	-	97,278,812
Negotiable Certificate of Deposit	-	217,861,752	-	111,318,860	88,152,934	417,333,546
Fixed Deposits	-	-		1,684,041,892	-	1,684,041,892
Accounts receivable (Net)	-	-	137,922,210	864,973,529	305,276,624	1,308,172,363*
Cash and cash equivalents		10,759,520	5,431,187	82,682,024	402,123	99,274,855
	-	**228,621,272**	**1,909,653,488**	**2,840,295,118**	**454,887,984**	**5,433,457,862**

	AAA R	AA R	A R	BBB and lower R	Not Rated R	Total R
2018						
Technical assets under insurance contracts	-	-	1,449,141,057	-	197,309,326	1,646,450,383
Investments						
Government securities	-	-	-	17,967,667	-	17,967,667
Negotiable Certificate of Deposit	-	213,060,682	-	143,427,439	-	356,488,121
Fixed Deposits	-	-	10,251,853	501,159,385	-	511,411,238
Accounts receivable (Net)	3,257,836	-	367,163,904	419,909,132	105,642,693	895,973,565*
Cash and cash equivalents	-	26,734,039	13,242,465	90,573,133	-	130,549,637
	3,257,836	**239,794,721**	**1,839,799,279**	**1,173,036,756**	**302,952,019**	**3,558,840,611**

The company's maximum exposure to credit risk is analysed in the tables above.

The assets as above are based on external credit ratings obtained from various reputable rating agencies like Fitch and Standard and Poor's. The international rating scales are based on long-term investment horizons under the following broad investment grade definitions:

AAA The financial instrument is judged to be of the highest quality, with minimal credit risk and indicates the best quality issuers that are reliable and stable.

AA The financial instrument is judged to be of high quality and is subject to very low credit risk and indicates quality issuers.

A The financial instrument is considered upper-medium grade and is subject to very low credit risk although certain economic situations can more readily affect the issuers' financial soundness adversely than those rated AAA or AA.

BBB The financial instrument is subject to moderate credit risk and indicate medium class issuers, which are currently satisfactory.

* Amount receivable is net of provision for doubtful debts of R19.72 million (2018 : R5.08 million).

Fair value hierarchy

The table below analyses assets carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1

Quoted market price in an active market for an identical instrument.

Level 2

Valuation techniques based on observable inputs, 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 where all significant inputs are directly observable from market data.

Level 3

Valuation techniques using significant unobservable inputs. This category includes all instruments where 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 where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

2019	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	97,278,812	-	-	97,278,812
Financial assets mandatory at fair value through profit or loss	154,832,643	236,329,368	-	391,162,011
	252,111,455	236,329,368	-	488,440,823
2018	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets designated at fair value through profit or loss	3,080,649	-	-	3,080,649
Financial assets mandatory at fair value through profit or loss	119,184,388	349,632,869	-	468,817,257
	122,265,037	349,632,869	-	471,897,906

Collective Investment schemes are valued based on its unit price or the net asset value (NAV), depending on the market value of the underlying investments in which the pool of money is invested. Its yield is calculated by taking the interest and income receivable of all the instruments in the fund divided by the net asset value, expressed as a nominal annual rate.

Capital management

The company recognises equity and reserves as capital and Management closely monitors the company's capital position relative to the economic and regulatory requirements. The company submits quarterly and annual returns to the Prudential Authority in terms of the Insurance Act, 2017. The company is required to at all times to maintain a minimum capital adequacy requirement as defined in the Insurance Act, 2017. The company with the assistance of its consulting actuary, has addressed the capital needs under the new Solvency Assessment and Management (SAM) regime (from July 2018) and have complied with the transitional reporting requirements as communicated by the Regulator.

4 Technical provisions and liabilities under insurance contracts

Insurance risks are unpredictable and the company recognises that it is impossible to forecast with absolute precision claims payable under insurance contracts. Over time, the company has developed a methodology that is aimed at establishing insurance provisions and liabilities that have a reasonable likelihood of being adequate to settle all its insurance obligations.

4.1 Non-life reinsurance contracts

4.1.1 Claim provisions

The outstanding claims provisions include notified claims as well as incurred but not yet reported claims. Outstanding claims provisions are not discounted.

Notified claims

Claims notified by cedants are assessed with due regard to the specific circumstances, information available from the cedant and/or loss adjuster and past experience with similar claims. The company employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment.

The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about current circumstances. Estimates are therefore reviewed regularly and followed up with the cedant to ensure that it is still current.

4.1.2 Premium provisions and deferred commission

Unearned premium provisions and deferred commission assets have been recognised. For Facultative 365th method is used, a blend of 8th method and 50% method is used for Proportional treaty business and for the Non-proportional treaty 8th method is used.

4.1.3 Assumptions

As a reinsurer it is necessary to estimate proportional premiums earned, but not yet reported by cedants (pipeline premiums estimates). The Pipeline premium is calculated separately for Facultative, Proportional Treaty and Non-proportional treaty business. For each, triangulation is done on an annual basis, separately for foreign and local business. The chain ladder method is then applied to determine the pipeline premium.

Assumptions based on actual claims experience to date have been used in determining the claim provisions.

Profit commissions are payable to cedants based on the performance of the contracts underwritten and are estimated with reference to premiums and claims recorded in the financial statements.

4.1.4 Recoverability of Insurance Receivables

Amounts due from cedants have been assessed for an indication of impairment due to significant financial difficulty, a breach of contract or other observable data indicating a measurable decrease in the future cash recoverable. This may include adverse changes in the payment status of cedants or economic conditions that may lead to default of amounts due.

The carrying amount of insurance receivables has been reduced by a provision for doubtful debts and the amount of the loss has been recognised in the statement of comprehensive income. If in future the amount becomes recoverable the previously recognised provisions for doubtful debts will be reversed through the statement of comprehensive income.

5 Equipment

Particulars	31 March 2019 R	31 March 2018 R
At cost		
Equipment	1,862,918	1,646,630
Furniture	766,151	749,463
Motor vehicles	2,256,564	1,602,689
	4,885,633	3,998,782
Accumulated depreciation		
Equipment	1,383,799	1,076,678
Furniture	522,143	426,172
Motor vehicles	1,116,992	665,679
	3,022,934	2,168,529
Net book value		
Equipment	479,119	569,952

Particulars	**31 March 2019 R**	**31 March 2018 R**
Furniture	244,008	323,291
Motor vehicles	1,139,572	937,010
	1,862,699	1,830,253
Equipment		
Net book value at beginning of year	569,952	485,960
Additions	216,288	464,225
Disposals	-	(24,999)
Depreciation	(307,121)	(355,234)
Net book value at end of year	479,119	569,952
Furniture		
Net book value at beginning of year	323,291	328,508
Additions	16,687	93,402
Disposals	-	(4,031)
Depreciation	(95,970)	(94,588)
Net book value at end of year	244,008	323,291
Motor vehicles		
Net book value at beginning of year	937,010	429,017
Additions	653,875	902,789
Disposals	-	(74,530)
Depreciation	(451,313)	(320,266)
Net book value at end of year	1,139,572	937,010
Total		
Net book value at beginning of year	1,830,253	1,243,485
Additions	886,850	1,460,416
Disposals	-	(103,560)
Depreciation	(854,404)	(770,088)
Net book value at end of year	1,862,699	1,830,253

GIC Re SA Ltd.

6 Provision for outstanding claims

	31 March 2019			31 March 2018		
	Non-Life R	Life R	Total R	Non-Life R	Life R	Total R
Balance at beginning of the period	**162,330,085**	**-**	**162,330,085**	**72,554,976**	**3,750**	**72,558,726**
Gross	983,586,426	-	983,586,426	478,383,281	5,000	478,388,281
Retroceded	(821,256,341)	-	(821,256,341)	(405,828,305)	(1,250)	(405,829,555)
Amounts transferred (to)/from profit or loss	**267,938,672**	**-**	**267,938,672**	**89,775,109**	**(3,750)**	**89,771,359**
Gross	847,249,843	-	847,249,843	505,203,145	(5,000)	505,198,145
Retroceded	(579,311,170)	-	(579,311,170)	(415,428,036)	1,250	(415,426,786)
Balance at end of the period	**430,268,757**	**-**	**430,268,757**	**162,330,085**	**-**	**162,330,085**
Gross	1,830,836,269	-	1,830,836,269	983,586,426	-	983,586,426
Retroceded	(1,400,567,511)	-	(1,400,567,511)	(821,256,341)	-	(821,256,341)
Transportation	8,215,379			5,327,227		
Property	246,795,618			88,336,327		
Engineering	11,854,601			4,297,336		
Guarantee	10,725,818			410,512		
Liability	1,971,206			974,739		
Motor	100,931,042			34,137,210		
Miscellaneous	41,933,336			20,778,793		
Accident/Health	7,841,758			8,067,941		
	430,268,757			**162,330,085**		
Estimated maturity profile:						
Gross	**1,830,836,269**	**-**	**1,830,836,269**	**983,586,426**	**-**	**983,586,426**
Within one year	1,332,557,925	-	1,332,557,925	712,623,566	-	712,623,566
Thereafter	498,278,344	-	498,278,344	270,962,860	-	270,962,860
Retroceded	**(1,400,567,511)**	**-**	**(1,400,567,511)**	**(821,256,341)**	**-**	**(821,256,341)**
Within one year	(1,022,414,283)	-	(1,022,414,283)	(599,517,129)	-	(599,517,129)
Thereafter	(378,153,228)	-	(378,153,228)	(221,739,212)	-	(221,739,212)
Net	**430,268,758**	**-**	**430,268,758**	**162,330,085**	**-**	**162,330,085**
Within one year	310,143,642	-	310,143,642	113,106,437	-	113,106,437
Thereafter	120,125,116	-	120,125,116	49,223,648	-	49,223,648

As the company obtains further data on loss run-off, further information will be provided in future periods on claim development.

7 Policyholder liabilities for life insurance contracts

Particulars	**31 March 2019 R**	**31 March 2018 R**
Balance at beginning of year	**-**	**13,835,338**
Gross	-	16,894,528
Retroceded	-	(3,059,190)
Amounts transferred (to)/from profit and loss	**-**	**13,835,338**
Gross		16,894,528
Retroceded		**(3,059,190)**
Balance at end of year	-	-
Gross	-	-
Retroceded	-	-
Estimated maturity profile:		
Gross	**-**	**-**
Within one year	-	-
Thereafter	-	-
Retroceded	**-**	**-**
Within one year	-	-
Thereafter	-	-
Net	**-**	**-**
Within one year	-	-
Thereafter	-	-

8 Unearned premium reserve

Particulars	31 March 2019 R	31 March 2018 R
Balance at beginning of year	**208,072,972**	**44,359,644**
Gross	835,957,690	332,164,908
Retroceded	(627,884,718)	(287,805,264)
Amounts transferred through profit and loss	**(48,764,573)**	**163,713,328**
Gross	(310,916,711)	503,792,782
Retroceded	262,152,138	(340,079,454)
Balance at end of year	**159,308,399**	**208,072,972**
Gross	525,040,979	835,957,690
Retroceded	(365,732,580)	(627,884,718)

9 Deferred acquisition costs

Particulars	31 March 2019 R	31 March 2018 R
Balance at beginning of year	**20,655,984**	**3,611,205**
Gross	197,309,324	79,739,841
Retroceded	(176,653,340)	(76,128,636)
Amounts transferred through profit and loss	**6,451,772**	**17,044,779**
Gross	(136,253,021)	117,569,483
Retroceded	142,704,793	(100,524,704)
Balance at end of year	**27,107,756**	**20,655,984**
Gross	61,056,303	197,309,324
Retroceded	(33,948,547)	(176,653,340)

For the year ended 31 March 2019, Actuarial Methodology has been used to calculate Unearned premium reserve and Deferred Acquisition costs.

10 Investments

Particulars	31 March 2019		31 March 2018	
	R Cost	R Carrying Value	R Cost	R Carrying Value
Negotiable certificates of deposits	404,000,000	417,333,546	351,000,000	356,488,121
Treasury bills	-	-	14,887,018	14,887,018
Fixed deposits	1,684,041,892	1,684,041,892	501,365,028	511,411,238
Ordinary shares - listed	148,543,371	141,631,994	88,837,213	89,098,766
Collective investment schemes - listed	235,077,052	236,329,368	347,556,413	349,632,869
Preference shares - listed	16,203,959	13,200,649	15,793,596	15,198,604
Government bonds - listed	86,000,000	97,278,812	2,877,241	3,080,649
Total investments at fair value through profit or loss	**2,573,866,274**	**2,589,816,261**	**1,322,316,509**	**1,339,797,265**

Listed ordinary shares portfolio analysis

	% 2019	% 2018
Basic materials	18	21
Consumer services	23	18
Financials	50	56
Industrials	9	5
	100	**100**

Maturity profile of fixed interest securities

	Less than one year R	One to five years R	More than five years R	Total R
2019				
Negotiable certificates of deposits	417,333,546	-	-	417,333,546
Treasury bills	-	-	-	-
Fixed deposits	1,431,435,608	252,606,284	-	1,684,041,892
Government bonds	-	97,278,812	-	97,278,812
2018				
Negotiable certificates of deposits	356,488,121	-	-	356,488,121
Treasury bills	14,887,018	-	-	14,887,018
Fixed Deposits	440,878,433	70,532,805	-	511,411,238
Government bonds	-	3,080,648	-	3,080,648

Presented below are the effective interest rates of the company's interest bearing investments:

	31 March 2019	31 March 2018
Negotiable certificates of deposits	8.14%	7.86%
Fixed deposits	5.22%	4.66%
Government bonds	10.17%	6.75%

11 Deferred taxation

	Non-Life R	Life R	Total R
31 March 2019			
Asset at beginning and end of year	**5,425,210**	**-**	**5,425,210**
The year-end deferred tax balance comprises:			
Unrealised loss on revaluation of investments	13,413,011	-	13,413,011
Provisions	(495,397)	-	(495,397)
S24 j interest adjustment	(13,037,094)	-	(13,037,094)
Calculated taxable profit	119,481	-	119,481
	-	-	-
31 March 2018			
Asset at beginning and end of year	**5,425,210**	**545,985**	**5,971,195**
The year-end deferred tax balance comprised:			
Unrealised gain on revaluation of investments	-	(249,729)	(249,729)
Provisions	138,711	-	138,711
S24 j interest adjustment	309,317	8,224	317,541
Calculated tax loss	4,977,182	241,505	5,218,687
	5,425,210	**-**	**5,425,210**

The deferred tax assets relating to tax losses raised in the prior year, and those tax credits previously unrecognised, have been utilised against current year profits

12 Other accounts payable

Particulars	31 March 2019 R	31 March 2018 R
Accrual for leave pay	625,074	495,397
Other	11,892,378	5,675,327
	12,517,452	**6,170,724**

13 Share capital

Particulars	31 March 2018 R	31 March 2017 R
Authorised		
1 500 000 000 ordinary shares of no par value		
Issued		
<u>At beginning of the year</u>		
421 856 675 ordinary shares of no par value	843,713,350	253,900,000
<u>Issued during the year</u>		
149 174 187 ordinary shares of no par value	298,348,375	589,813,350
<u>At end of the year</u>		
571 030 862 ordinary shares of no par value	1,142,061,725	843,713,350

The unissued shares are under the control of the directors.

14 Revaluation reserve

Particulars	31 March 2019 R	31 March 2018 R
Investments		
Opening Balance	141,956	1,733,310
Revaluation Gain/ (Loss)	(10,166,270)	(1,591,354)
Closing Balance	(10,024,314)	141,956

The revaluation reserve represents the revaluation of traded securities which is net of deferred tax.

15 Net investment income

	Non-Life R	Life R	Total R
31 March 2019			
Dividends received - listed	9,690,084	383,534	10,073,618
Interest income	106,834,264	1,679,648	108,513,912
Realised gain/ (loss) on disposal of investments	2,605,968	284,970	2,890,937
Net movement in unrealised gains and losses on revaluation and disposal of investments	(13,413,011)	(706,808)	(14,119,819)
	105,717,305	**1,641,344**	**107,358,649**
31 March 2018			
Dividends received - listed	1,138,913	140,124	1,279,037
Interest received	41,084,034	2,028,799	43,112,833
Realised gain/ (loss) on disposal of investments	2,423,901	(30,603)	2,393,298
Net movement in unrealised gains and losses on revaluation and disposal of investments	(2,544,031)	333,817	(2,210,214)
	42,102,817	**2,472,137**	**44,574,954**

16 Claims incurred

	Non-Life R	Life R	Total R
31 March 2019			
Claims paid	**(288,515,706)**	**-**	**(288,515,706)**
Gross	(1,172,817,195)	-	(1,172,817,195)
Retroceded	884,301,490	-	884,301,490
Change in provision for outstanding claims	**(267,938,673)**	**-**	**(267,938,673)**
Gross	(847,249,843)	-	(847,249,843)
Retroceded	579,311,170	-	579,311,170
Claims incurred	(556,454,378)	-	(556,454,378)

	Non-Life R	Life R	Total R
31 March 2018			
Claims paid	**(130,623,437)**	**(46,229)**	**(130,669,666)**
Gross	(740,056,477)	(61,639)	(740,118,116)
Retroceded	609,433,040	15,410	609,448,450
Change in provision for outstanding claims	**(89,775,110)**	**3,750**	**(89,771,360)**
Gross	(505,203,146)	5,000	(505,198,146)
Retroceded	415,428,036	(1,250)	415,426,786
Claims incurred	**(220,398,547)**	**(42,479)**	**(220,441,026)**

17 Commission

Particulars	31 March 2019 R	31 March 2018 R
Commission expense		
Gross commision and brokerage paid	(685,800,428)	(412,176,317)
Gross deferred acquisition cost	(136,253,022)	117,569,484
	(822,053,450)	**(294,606,833)**
Commission income		
Retrocession commision and brokerage received	535,890,480	366,734,485
Retroceded deferred commission revenue	142,704,794	(100,524,705)
	678,595,274	**266,209,780**

18 Profit before taxation

Particulars	**31 March 2019 R**	**31 March 2018 R**
Profit before taxation is stated after charging:		
Employee costs - salaries and bonuses	**8,636,189**	**8,069,659**
External auditor's remuneration		
– audit services	501,800	897,324
– non-audit services	-	15,000
	501,800	**912,324**
Consulting fees paid	**2,214,524**	**2,489,529**
Depreciation of equipment	**854,404**	**770,088**
Operating lease expense	**1,807,872**	**2,436,811**

19 Taxation

	Non-Life R	**Life R**	**Total R**
31 March 2019			
South African normal tax			
Current taxation			
– current year	(83,771,219)	(411,361)	(84,182,580)
– utilization of tax credit	29,810,867	-	29,810,867
Deferred taxation			
– current year	-	-	-
	(53,960,352)	(411,361)	(54,371,713)
Tax rate reconciliation:	%	%	
Standard tax rate	28	28	
Dividends received	(1)	(9)	

	Non-Life R	Life R	Total R
Return transfers previously not recognised and other four funds tax losses	-	-	
Assessed losses brought forward	(9)		
Other	0	15	
Effective tax rate	18	34	
31 March 2018			
South African normal tax			
Current taxation			
– current year	-	(545,985)	(545,985)
– utilization of tax credit		545,985	545,985
Deferred taxation	-		
– current year		545,985	545,985
	-	545,985	545,985
Tax rate reconciliation:	%	%	
Standard tax rate	28	28	
Dividends received	-	-	
Return transfers previously not recognised and other four funds tax losses	-	(18)	
Calculated tax loss for which no deferred tax asset is raised	(27)	(2)	
Other	(1)	(1)	
Effective tax rate	0	7	

Deferred tax has not been raised in respect of non-life business, Assessed losses of R 106.4 million (2017: R29.36 million & 2018: R77.1 million) have recognised and offset against 2019 tax on profit

20 Related party transactions

20.1 Identity of related parties

The current holding company is General Insurance Corporation of India (GIC Re India), which acquired 100% of the company's shares on 24 April 2014.

20.2 Transactions with key management personnel

The remuneration of the executive general management, who are key management personnel of the company, is set out below in aggregate.

Particulars		**2019 R**	**2018 R**
Directors emoluments are set out below:			
- Salaries and bonuses			
D Prasad	Managing director	-	1,948,542
CG Asirvatham	Managing director	2,027,698	
		2,027,698	**1,948,542**
- Fees			
S Bhikha	Non-executive director	380,000	360,000
CI Moosa	Non-executive director	300,000	255,000
J Bagg	Non-executive director	350,000	370,000
		1,030,000	985,000

Other non-executive directors of GIC Re South Africa Ltd are appointed by GIC Re India (parent company) and do not earn any remuneration for their services pertaining to the company.

Key personnel			
- Salaries and bonuses			
S Karmarkar	Chief Operating Officer	337,239 *	710,971
SK Jangir	Chief Finance Officer, Manager – HR	235,710 *	508,222
Z Ahmad	Chief Underwriting Officer	235,710 *	509,041
SKR Chintapalli	Chief Technology Officer	229,961 *	497,141
F Mosam	Chief Technical Accounts Officer	329,500	313,500
W Mwase	Public Officer, Company Secretary, Manager - Admin	325,000	310,500
S Shankar	Chief Operating Officer	341,239 **	
S Sapdhare	Chief Finance Officer, Manager – HR	312,803 ***	
C Verma	Chief Underwriting Officer	349,204 #	
A Tamhane	Chief Risk Officer	349,204 ##	
		3,045,570	**2,849,375**

Apart from above, R1,31 million (2018 : R1,23 million) was paid as rent for accommodation provided to executive officers.

* From April 2018 to September 2018

** Joined 18 July 2018

*** Joined 01 August 2018

Joined 28 June 2018

Joined 21 June 2018

20.3 Other related party transactions

The following transactions were entered with the current holding company:

	2019 R	2018 R
Statement of comprehensive income effects :		
Retroceded premiums to holding company	202,430,468	499,136,610
Retroceded claims from holding company	(358,281,105)	(512,458,497)
Retroceded commission from holding company	(41,945,973)	(152,513,943)
Interest paid on Reserve Deposits	(7,803,301)	(9,100,552)
Statement of financial position effects :		
Retroceded outstanding claims	581,408,674	490,038,499
Retroceded unearned premium provision	(22,378,180)	230,614,562
Retroceded deferred acquisition cost	6,704,898	(75,382,295)
Retroceded reserve deposit	383,492,862	653,274,462

21 Commitments and contingencies

Particulars	2019 R	2018 R
The company entered into a lease agreement for the rental of its premises for a period of three years with an escalation of 9% per annum. Future rentals payable under the operating lease as at year end is:		
Within one year	1,304,459	1,196,751
One to five years		1,304,459
	1,304,459	2,501,210

The operating lease expires on 31 March 2020.

22 Other company information

Business

The company is a composite reinsurer that was previously in run-off and as of 1 January 2015 began writing non-life reinsurance business. Company has recaptured the entire Life Run-off business in FY 2017-18.

Dividends

No dividends were paid during the year (2018 : Nil)

Going concern

The directors believe that the company will be a going concern in the future.

23 New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017, and have not been applied in preparing these ûnancial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

IFRS 9: Financial instruments - periods beginning on or after 1 January 2018

On 24 July 2014, the IASB issued the final IFRS 9 Financial instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company, which will include changes in the measurement bases of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company.

Considering that the wider GIC Re Group is not implementing IFRS 9 in 2018, GIC Re SA Ltd has the abililty to defer implementation of IFRS 9 until 2022 when IFRS 17 will also go live.While the deferral exemption has been applied, some indicative disclosure for new categories of fair value have been reflected in notes 3 and 26.

IFRS 17: Insurance Contracts - effective for the financial year commencing 1 January 2022

The standard supersedes IFRS 4 Insurance Contracts.

IFRS 17 addresses the recognition, measurement, presentation and disclosure of insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features. The standard contains guidance on when to separate components in an insurance contract and account for them in terms of another standard. The components that have to be separated (subject to certain criteria) are embedded derivatives, distinct investment components and distinct goods and non-insurance services.

The standard requires an entity to identify portfolios of insurance contracts and to group them into the following groups at initial recognition:

- Contracts that are onerous
- Contracts that have no significant possibility of becoming onerous subsequently and
- The remaining contracts in the portfolio.

Groups of insurance contracts should be measured at initial recognition at the total of the following:

- The fulfilment cash flows which comprise estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks and a risk adjustment for non-financial risk and

- The contractual service margin which represents the profit in the group of insurance contracts that will be recognised in future periods.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of:

- the liability for remaining coverage (fulfilment cash flows related to future service and the contractual service margin) and
- the liability for incurred claims (fulfilment cash flows related to past service).

An entity may simplify the measurement of a group of insurance contracts using the premium allocation approach if certain criteria is met.

The new standard will have a significant impact on the financial statements when it is initially applied which will include changes to the measurement of insurance contracts issued and the presentation and disclosure.

The standard is effective for annual periods beginning on or after 1 January 2022 and has to be applied retrospectively. Early adoption is permitted. The company is expecting to adopt IFRS 17 in its financial statements for the year ending 31 March 2023.

<u>IFRS 15: Revenue from Contracts with Customers – periods beginning on or after 1 January 2018</u>

IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018.

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

IFRS 15 replaces the following standards and interpretations:

IAS 11 *Construction contracts*

IAS 18 *Revenue*

IFRIC 13 *Customer Loyalty Programmes*

IFRIC 15 *Agreements for the Construction of Real Estate*

IFRIC 18 *Transfers of Assets from Customers*

SIC-31 *Revenue - Barter Transactions Involving Advertising Services*

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

Although the new revenue standard does not apply to Re/Insurance contracts , It may apply to other non Re/Insurance contracts like asset management, insurance broking, claims handling or custody services ,etc and impact the company. Insurance contracts, along with contractual rights or obligations in the scope of the financial instruments standard (IFRS 9), are fully or partly scoped out of the new revenue standard.

However, non -Re/insurance service contracts may fall entirely in the scope of the new standard.Contracts that are partly in the scope of another standards will be first subject to the requirements of the other standard (e.g. IFRS 9 Financial instruments), if that standard specifies how to separate and/or initially measure one or more parts of the project.

The impact of IFRS15 has not been material for the company for the year. Revenue caught within the scope of the standard is immaterial, and prior recognition and measurement practise for those revenues are in line with IFRS15.

<u>IFRS 16: Leases – periods beginning on or after 1 January 2019</u>

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019.

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 replaces the following standards and interpretations:

IAS 17 *Leases*

IFRIC 4 Determining whether an Arrangement contains a Lease

SIC-15 Operating Leases - Incentives

SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

The impact on GIC Re SA Ltd of this standard is unlikely to be material as there are few operating leases in place. Management are still assessing the most appropriate transition option.

24 Revenue account split between non-life and life reinsurance contracts

		Total		Non-life		Life	
	Note	**31 March 2019 R**	**31 March 2018 R**	**31 March 2019 R**	**31 March 2018 R**	**31 March 2019 R**	**31 March 2018 R**
Gross premiums written		2,935,603,723	1,641,253,719	2,935,603,723	1,649,181,344	-	(7,927,625)
Retroceded premiums		(2,120,305,206)	(1,267,664,011)	(2,120,305,206)	(1,269,884,198)	-	2,220,187
Gross UPR movement		310,916,711	(503,792,782)	310,916,711	(503,792,782)	-	-
Retro UPR movement		(262,152,138)	340,079,454	(262,152,138)	340,079,454	-	-
Net premiums written and earned		**864,063,090**	**209,876,380**	**864,063,090**	**215,583,818**	**-**	**(5,707,438)**
Claims incurred		**(556,454,378)**	**(220,441,026)**	**(556,454,378)**	**(220,398,547)**	**-**	**(42,479)**
Claims paid	16	(288,515,706)	(130,669,666)	(288,515,706)	(130,623,437)	-	(46,229)
Gross		(1,172,817,195)	(740,118,116)	(1,172,817,195)	(740,056,477)	-	(61,639)
Retroceded		884,301,490	609,448,450	884,301,490	609,433,040	-	15,410
Change in provision for outstanding claims	6	(267,938,672)	(89,771,360)	(267,938,672)	(89,775,110)	-	3,750
Gross		(847,249,843)	(505,198,146)	(847,249,843)	(505,203,146)	-	5,000
Retroceded		579,311,170	415,426,786	579,311,170	415,428,036		(1,250)
Net commission		**(143,458,176)**	**(28,397,053)**	**(143,458,176)**	**(28,514,414)**		**117,361**
Commissions (paid)/ received		(149,909,948)	(45,441,832)	(149,909,948)	(45,559,193)		117,361
Gross		(685,800,428)	(412,176,317)	(685,800,428)	(412,130,745)		(45,572)
Retroceded		535,890,480	366,734,485	535,890,480	366,571,552		162,933

	Note	Total		Non-life		Life	
		31 March 2019 R	31 March 2018 R	31 March 2019 R	31 March 2018 R	31 March 2019 R	31 March 2018 R
Net change in deferred acquisition cost	9	**6,451,772**	**17,044,779**	**6,451,772**	**17,044,779**		**-**
Gross		(136,253,021)	117,569,484	(136,253,021)	117,569,484		-
Retroceded		142,704,794	(100,524,705)	142,704,794	(100,524,705)		-
Change in provision for policyholder liabilities	7	**-**	**13,835,338**	**-**	**-**	**-**	**13,835,338**
Gross		-	16,894,528	-	-		16,894,528
Retroceded		-	(3,059,190)	-	-		(3,059,190)
Underwriting result		164,150,536	(25,126,361)	164,150,536	(33,329,143)	-	8,202,782
Gross		404,399,946	(385,567,630)	404,399,946	(394,432,322)	-	8,864,692
Retroceded		(240,249,410)	360,441,269	(240,249,410)	361,103,179	-	(661,910)
Management expenses		(31,283,486)	(25,991,898)	(31,052,821)	(23,948,387)	(230,666)	(2,043,511)
Net income/(loss) before other income and expenses		**132,867,049**	**(51,118,259)**	**133,097,715**	**(57,277,530)**	**(230,666)**	**6,159,271**
Net investment income	*	102,534,805	41,540,531	101,048,034	39,340,093	1,486,771	2,200,438
Interest paid on retrocession deposits		(35,531,226)	(9,953,112)	(35,531,226)	(9,953,112)	-	-
Increase in provision for doubtful debts		(14,639,867)	(3,168,950)	(14,639,867)	(3,168,950)	-	-
Foreign exchange gain/(loss)		123,742,368	(53,175,431)	123,742,368	(53,175,431)	-	-
Profit (Loss) before taxation	18	**308,973,129**	**(75,875,221)**	**307,717,024**	**(84,234,930)**	**1,256,105**	**8,359,709**
Taxation	19	(54,371,713)	(545,985)	(53,960,352)	-	(411,361)	(545,985)
Profit (Loss) after taxation		254,601,416	(76,421,206)	253,756,672	(84,234,930)	844,744	7,813,724

* Net of investment management fees

25 Notes to the statement of cash flows

25.1 Cash utilised by operations

Particulars	31 March 2019 R	31 March 2018 R
Profit/ (Loss) before taxation	308,973,129	(75,875,221)
Adjustments for:		
– depreciation of equipment	854,404	770,088
– realised gain on disposal of investments	(2,890,937)	(2,393,298)
– interest income	(108,359,340)	(43,112,833)
– dividends received	(10,073,618)	(1,279,037)
– interest paid	35,531,226	9,953,112
– Increase/(decrease) in net provision for unearned premium	(48,764,573)	163,713,328
– Increase/(decrease) in net deferred acquisition costs	(6,451,772)	(17,044,779)
– Increase/(decrease) in net provision for outstanding claims	267,938,672	89,771,359
– Increase/(decrease) in net policyholder liabilities for life insurance contracts	-	(13,835,338)
– unrealised gain on revaluation of investments	14,119,819	2,210,214
Cash generated by operations before working capital changes	**450,877,010**	**112,877,595**
Increase/(decrease) in amounts receivable from insurance companies	(64,411,050)	(565,429,850)
Increase/(decrease) in other accounts receivable	3,163,837	(1,608,021)
Increase/(decrease) in amounts payable to insurance companies	(1,731,625)	7,233,052
Increase/(decrease) in other accounts payable	6,320,317	5,731,239
Increase/(decrease) in deposits withheld from retrocessionaires	455,453,622	671,572,931
	849,672,112	230,376,946

25.2 Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts :

Cash on call and on deposit	17,692,677	43,320,138
Cash at bank	81,575,274	87,223,637
Cash on hand	6,904	5,862
	99,274,855	130,549,637

26. Categorisation of assets and liabilities

	Note	Total	Financial assets and liabilities			Other non - financial assets and liabilities	Current/non - current distinction	
			Financial assets at fair value through profit and loss	Financial Assets at amortised cost	Financial liabilities at amortised cost		Current assets and liabilities	Non - current assets and liabilities
2019		R	R	R	R	R	R	R
ASSETS								
Equipment	5	1,862,699	-	-	-	1,862,699	-	1,862,699
Technical assets under insurance contracts		1,827,356,394	-	-	-	1,827,356,394	1,449,561,276	377,795,118
Retroceded outstanding claims	6	1,400,567,511	-	-	-	1,400,567,511	1,022,772,393	377,795,118
Retroceded unearned premium reserve	8	365,732,580				365,732,580	365,732,580	-
Gross deferred acquisition costs	9	61,056,303				61,056,303	61,056,303	-
Retroceded policyholder liabilities	7	-	-	-	-	-	-	-
Investments		2,589,816,261	488,440,823	2,101,375,438	-	-	2,239,931,166	349,885,095
Government securities*1	10	97,278,812	97,278,812	-	-	-	-	97,278,812
Fixed deposits	10	1,684,041,892	-	1,684,041,892			1,431,435,608	252,606,284
Negotiable certificates of deposits	10	417,333,546	-	417,333,546	-	-	417,333,546	-
Treasury bills*2	10	-	-	-	-	-	-	
Listed ordinary shares*2	10	141,631,994	141,631,994	-	-	-	141,631,994	-
Listed preference shares*2	10	13,200,649	13,200,649				13,200,649	-
Listed collective investment schemes*2	10	236,329,368	236,329,368	-	-	-	236,329,368	-
Deferred tax	11	-	-	-	-	-	-	-
Amounts due under reinsurance contracts		1,298,174,290	-	1,298,174,290	-	-	1,131,250,233	166,924,056
Amounts due from retrocession contracts		9,662,590		9,662,590			8,420,138	1,242,452
Other accounts receivable		335,483	-	335,483	-	-	335,483	-
Cash on call and on deposit		17,692,677	-	17,692,677	-	-	17,692,678	-
Cash at bank and on hand		81,582,178	-	81,582,178	-	-	81,582,178	-
Total assets		5,826,482,572	488,440,823	3,508,822,656	-	1,829,219,093	4,928,773,153	897,709,420
LIABILITIES								
Technical liabilities under insurance contracts		2,389,825,794	-	-	-	2,389,825,794	1,891,547,451	498,278,344
Gross outstanding claims	6	1,830,836,269	-	-	-	1,830,836,269	1,332,557,925	498,278,344
Gross unearned premium reserve	8	525,040,979	-	-	-	525,040,979	525,040,979	-
Retroceded deferred acquisition cost	9	33,948,547	-	-	-	33,948,547	33,948,547	-
Gross policyholder liabilities	7	-	-	-	-	-	-	-
Deposits withheld from retrocessionaires		1,746,437,984	-	-	1,746,437,984	-	1,746,437,984	-
Amounts payable to retrocessionaire Contracts		366,629,601	-	-	366,629,601	-	366,629,601	-
Other accounts payable	12	12,517,452	-	-	11,892,378	625,074	12,517,452	-
Taxation		48,884,230			48,884,230		48,884,230	
Total liabilities		4,564,295,062	-	-	2,173,844,193	2,390,450,868	4066016,71849	498,278,344

*1 Designated at Fair Value
*2 Mandatory Fair Value
Note that these are indicative classifications under IFRS9 which has not been implemented in the current year.

GIC Re SA Ltd.

Categorisation of assets and liabilities

	Note	Total	Financial assets and liabilities			Other non-financial assets and liabilities	Current/non - current distinction	
			Financial assets at fair value through profit and loss	Financial Assets at amortised cost	Financial liabilities at amortised cost		Current assets and liabilities	Non-current assets and liabilities
2018		R	R	R	R	R	R	R
ASSETS								
Equipment	5	1,830,253	-	-	-	1,830,253	-	1,830,253
Technical assets under insurance contracts		1,646,450,383	-	-	-	1,646,450,383	1,424,711,171	221,739,212
Retroceded outstanding claims	6	821,256,341	-	-	-	821,256,341	599,517,129	221,739,212
Retroceded unearned premium reserve	8	627,884,718				627,884,718	627,884,718	-
Gross deferred acquisition costs	9	197,309,324				197,309,324	197,309,324	-
Retroceded policyholder liabilities	7	-	-	-	-	-	-	-
Investments		1,339,797,265	471,897,906	867,899,359	-	-	1,266,183,811	73,613,454
Government securities[*1]	10	3,080,649	3,080,649	-	-	-	-	3,080,649
Fixed deposits	10	511,411,238	-	511,411,238			440,878,433	70,532,805
Negotiable certificates of deposits	10	356,488,121	-	356,488,121	-	-	356,488,121	-
Treasury bills[*2]	10	14,887,018	14,887,018	-	-	-	14,887,018	
Listed ordinary shares[*2]	10	89,098,766	89,098,766	-	-	-	89,098,766	-
Listed preference shares[*2]	10	15,198,604	15,198,604				15,198,604	-
Listed collective investment schemes[*2]	10	349,632,869	349,632,869	-	-	-	349,632,869	-
Deferred tax	11	5,425,210	-	-	-	5,425,210	-	5,425,210
Amounts due under reinsurance contracts		668,969,046	-	668,969,046	-	-	668,969,046	
Amounts due from retrocession contracts		223,505,199		223,505,199			223,505,199	
Other accounts receivable		3,499,320	-	3,499,320	-	-	3,499,320	-
Cash on call and on deposit		43,320,138	-	43,320,138	-	-	43,320,138	-
Cash at bank and on hand		87,229,499	-	87,229,499	-	-	87,229,499	-
Total assets		4,020,026,313	471,897,906	1,894,422,561	-	1,653,705,846	3,717,418,184	302,608,129
LIABILITIES								
Technical liabilities under insurance contracts		1,996,197,456	-	-	-	1,996,197,456	1,725,234,596	270,962,860
Gross outstanding claims	6	983,586,426	-	-	-	983,586,426	712,623,566	270,962,860
Gross unearned premium reserve	8	835,957,690	-	-	-	835,957,690	835,957,690	-
Retroceded deferred acquisition cost	9	176,653,340	-	-	-	176,653,340	176,653,340	-
Gross policyholder liabilities	7	-	-	-	-	-	-	-
Deposits withheld from retrocessionaires		1,290,984,362	-	-	1,290,984,362	-	1,290,984,362	-
Amounts payable to retrocessionaire Contracts		17,436,052	-	-	17,436,052	-	17,436,052	-
Other accounts payable	12	6,170,724	-	-	5,675,327	495,397	6,170,724	-
Total liabilities		3,310,788,594	-	-	1,314,095,741	1,996,692,853	3,039,825,734	270,962,860

[*1] Designated at Fair Value
[*2] Mandatory Fair Value
Note that these are indicative classifications under IFRS9 which has not been implemented in the current year.

Particulars	31 March 2019 R	31 March 2018 R
27.1 Amounts due under reinsurance contracts	1,298,174,290	668,969,046
27.2 Amounts due from retrocessionaire Contracts		
Amounts due from retrocession contracts	-	208,803,484
Provisional profit commission recievable from retrocession	9,662,590	14,701,715
	9,662,590	**223,505,199**
27.3 Amounts Payable to retrocessionaires		
Amounts Payable to retrocessionaires	353,832,497	-
Provisional profit commission payable to retrocessionaires	12,797,104	17,436,052
	366,629,601	**17,436,052**

28 In the current year amounts reflected on the balance sheet in the prior year were grossed up to reflect balances payable to retrocessionaires separately from balances due from cedants.

The impact of these grossed up adjustments are shown below:

As disclosed in the prior year for March 18		As disclosed in the current year for March 18	
	R		R
Amounts due from companies on reinsurance contracts	909,050,084	Amounts due under reinsurance contracts	668,969,046
Amounts due to companies on reinsurance contracts	-34,011,891	Amounts due from retrocessionaire contracts	223,505,199
		Amounts payable to retrocessionaire contracts	-17,436,052
Net asset position remains consistent	875,038,193		875,038,193

The adjustments had no impact on the liquidity or solvency of the company nor were there any impacts on the profitability for that period.

आपत्काले रक्षिष्यामि
GIC Re SA Ltd.

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