आपत्काले रक्षिष्यामि
GIC Re SA Ltd.

POWERING THE MARKETS OF THE FUTURE

6th ANNUAL REPORT 2019-20

आपत्काले रक्षिष्यामि

GIC Re SA Ltd.

GIC RE SOUTH AFRICA LTD

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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:
N. Sarvanabhavan
Managing Director and Chief Excecutive Officer

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आपत्काले रक्षिष्यामि
GIC Re SA Ltd.

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 2020, and the statement 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.

The directors have noted that the previously issued financial statements for the year ended 31 March 2019 have been restated as per Note 27, Note 28 and Note 29.

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 24th November 2020 and are signed on their behalf by

Devesh Srivastava	**Jonathan Bagg**
Non Executive 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 2020, 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

In addition to having specific statutory responsibilities, the audit committee is a sub-committee of the board . 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	Member	Yes
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 six meetings during the year. Attendance at the meetings is shown below:

	3-May-19	21-May-19	18-Jul-19	21-Aug-19	25-Nov-19	6-Mar-20
Members						
S Bhikha	Yes	Yes	Yes	Yes	Yes	Yes
J Bagg	Yes	Yes	Yes	Yes	Yes	Yes
CI Moosa	Yes	Yes	Yes	Yes	Yes	Yes

Statutory duties

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

- Ensured the appointment on new auditor 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 audit 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 2020, 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 2020 and the results of operations and cash flows for the year then ended.

S Bhikha
Chairman of the Audit committee

GIC RE SOUTH AFRICA LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors have pleasure in presenting their report for the year ended 31 March 2020.

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. (holding 85.78% equity share). 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.

Global Economic Outlook:

As per The World Economic Outlook published by the International Monetary Fund in June 2020, global growth is projected at –4.9 % in 2020, 1.9 % points below the April 2020 forecast due to COVID 19 pandemic. Due to lockdown across the globe, various business activities were closed which affect adversely on earnings. Labour markets were worst affected and many countries reported high unemployment rates. Global economic growth in 2021 is projected to return to 5.4%. The rebound is expected due to release in lock down measures in various countries and hope for a COVID 19 vaccine which normalising the business operations after 2nd quarter of Financial year ending 31 March 2021. Various governments are giving stimulus package to boost economic activity. Reserve banks are issuing guidelines under monetary policy to increase liquidity in the market.

South Africa Economic Outlook:

The International Monetary Fund, in its World Economic Outlook publication June 2020, has projected Gross Domestic Product (GDP) growth rate for 2020 to -8 %, putting the country among the worst performers in sub-Saharan Africa. Economic activity in Sub Saharan Africa this year is now projected to contract by some 3.2 %, markedly worse than the 1.6 % contraction anitcipated in April 2020 . However, South Africa recorded decline in 1st quarter of 2020 as per Statstics SA. The Mining and manufacturing industry are dragging the economy due to lock down and social distancing norms, whereas the agriculture sector is contributing positively. 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 There were no new shares issued in 2020.

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 (2019: 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	31-Jul-19
J Bagg (Lead Independent, non-executive)	24-Apr-14	
D Srivastava (non-executive)	18-Jun-18	
C G Asirvatham (Managing Executive)	29-Mar-18	29-May-20
S Bhikha (Independent, non-executive)	24-Apr-14	
C I Moosa (Independent, non-executive)	24-Apr-14	
M Bhaskar (non-executive)	6-Mar-20	
N. Sarvanabhavan (executive)	17-Apr-20	

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

SizweNtsalubaGobodo Grant Thornton Inc.

Company registration number

1956/003037/06

Number of employees

The number of people employed by the company at 31 March 2020 is 31 (2019: 26).

Independent Auditor's Report

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 08 to 47 which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, as well as the 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 2020, 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 have 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 public entity 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. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethica requirements applicable to performing audits 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 audit opinion.

Other Information

The board of directors (directors) are responsible for the other information. The other information comprises the information included in the document titled "GIC Re South Africa Ltd annual financial statements for the year ended 31 March 2020", which includes the directors' report as required by the Companies Act of South Africa. 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, 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 in this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of matter

We draw attention to the matter below. Our opinion is not modified in respect of this matter

Restatement of prior year figures:

We refer to Note 27, Note 28 and Note 29 to the financial statements which indicates that the previously issued financial statements for the years ended 31 March 2019 have been restated. As described in Note 27, Note 28 and Note 29, the restatement is as a result of errors occurring in the prior year when reporting and presenting technical assets / technical liabilities under insurance contracts, amounts payable to retrocessionaire contracts, revaluation reserve, retained earnings and the related income and expenditure.

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,

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 skepticism 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.

Other reports

We draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

We were engaged to perform the following audit-related services:

- Quantitative Reporting Template in compliance with section Insurance Act, 2007 (the Act) for the year ended 31 March 2020

SizweNtsalubaGobodo Grant Thornton Inc.

Director : Nhlanhla Sigasa
Chartered Accountant (SA)
Registered Auditor
24 November 2020

20 Morris Street East,
Woodmead, 2191

GIC RE SOUTH AFRICA LTD

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

Particulars	Note	Year ended 31 March 2020 R	Year ended 31 March 2019 Restated R
ASSETS			
Cash and cash equivalents	24.2	250,868,962	99,274,855
Other accounts receivable		607,996	335,483
Investments	9	2,748,301,120	2,589,816,261
Technical assets under insurance contracts		1,847,084,599	2,091,376,547
Retroceded outstanding claims	6	1,534,141,623	1,418,268,367
Retroceded unearned premium reserve	7	246,450,224	543,940,189
Gross deferred acquisition costs	8	66,492,752	129,167,991
Amounts due under reinsurance contracts	26.1	715,544,954	1,298,174,290
Amounts due from retrocessionaire contracts	26.2	8,768,943	9,662,590
Equipment	5	1,995,476	1,862,699
Total assets		5,573,172,050	6,090,502,725
LIABILITIES AND SHAREHOLDER'S EQUITY			
Technical liabilities under insurance contracts		2,393,192,986	2,718,194,023
Gross outstanding claims	6	1,995,534,060	1,853,753,563
Gross unearned premium reserve	7	351,221,689	774,455,928
Retroceded deferred acquisition cost	8	46,437,237	89,984,532
Deposits withheld from retrocessionaires	13	1,228,694,253	1,746,437,984
Amounts payable to retrocessionaire contracts	26.3	560,990,177	350,133,325
Other accounts payable	11	39,008,687	12,517,452
Current tax payable	24.3	-	48,884,230
Total liabilities		4,221,886,103	4,876,167,014
SHAREHOLDER'S EQUITY			
Share capital	12	1,142,061,725	1,142,061,725
Retained earnings		209,224,222	72,273,986
Total shareholder's equity		1,351,285,947	1,214,335,711
Total liabilities and shareholder's equity		5,573,172,050	6,090,502,725

GIC RE SOUTH AFRICA LTD

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

Particulars	Note	Year ended 31 March 2020 R	Year ended 31 March 2019 Restated R
Gross premiums written	23	1,067,089,683	2,935,603,723
Retroceded premiums	23	(784,693,448)	(2,103,808,930)
Net premiums written		**282,396,235**	**831,794,793**
Change in provision for unearned premiums		125,744,274	(22,442,767)
Gross	7	423,234,239	61,501,762
Reinsured	7	(297,489,965)	(83,944,529)
Net premium earned	**23**	**408,140,509**	**809,352,026**
Commission income	16	383,984,387	622,559,287
Net investment income	14	164,168,924	107,358,649
Net income		**956,293,820**	**1,539,269,961**
Claims incurred, net of reinsurance	15	(363,462,257)	(561,670,815)
Commission expense	16	(487,981,529)	(753,941,760)
Interest paid	23	(79,196,681)	(35,531,226)
Investment management expenses	23	(5,132,399)	(4,823,844)
Management expenses	23	(37,384,433)	(31,283,486)
Increase in provision for doubtful debts	23	(19,877,267)	(14,639,867)
Foreign exchange gain	23	257,350,169	123,742,368
Profit before taxation	**23**	**220,609,423**	**261,121,332**
Taxation	18	(83,659,187)	(54,371,713)
Profit for the year		136,950,236	206,749,619
Other comprehensive income for the year, net of taxation		-	-
Total comprehensive income for the year		**136,950,236**	**206,749,619**

GIC RE SOUTH AFRICA LTD

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

Particulars	Share capital R	Revaluation reserve R	Retained earnings R	Total R
31 March 2020				
Balance as at 1 April 2019	1,142,061,725	(10,024,314)	130,150,099	1,262,187,510
Errors which resulted in restatements:	-	10,024,314	(57,876,113)	(47,851,799)
- Incorrect accounting of revaluation reserve (refer to note 29)	-	10,024,314	(10,024,314)	-
- Correction in technical reserves (refer to note 27 and 28)	-	-	(47,851,799)	(47,851,799)
Restated balance as at 31 March 2019	1,142,061,725	-	72,273,986	1,214,335,711
Balance as at 1 April 2019	1,142,061,725	-	72,273,986	1,214,335,711
Total comprehensive profit for the period	-	-	136,950,236	136,950,236
Non-life	-	-	137,666,336	137,666,336
Life	-	-	(716,100)	(716,100)
Balance as at 31 March 2020	**1,142,061,725**	**-**	**209,224,222**	**1,351,285,947**
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
Previously stated total comprehensive loss for the year:	-	-	254,601,416	254,601,416
Non Life	-	-	253,756,672	253,756,672
Life	-	-	844,744	844,744
Errors which resulted in technical restatements (incorrect accounting of technical reserves, refer to note 28):				
Total comprehensive loss for the year	-	-	(47,851,799)	(47,851,799)

Particulars	**Share capital R**	**Revaluation reserve R**	**Retained earnings R**	**Total R**
Non-life	-	-	(47,851,799)	(47,851,799)
Life	-	-	-	-
Restated total comprehensive profit for the year:			206,749,617	206,749,617
Non-life	-	-	205,904,873	205,904,873
Life	-	-	844,744	844,744
Previously stated transfer from reserves: Revaluation of investments	-	(10,166,270)	10,166,270	-
Errors which resulted in restatements (Incorrect accounting of revaluation reserve (refer to note 29)				
Revaluation of investments - opening at 1 April 2018	-	(141,956)	141,956	-
Revaluation of investments	-	10,166,270	(10,166,270)	-
Restated transfer from reserves Revaluation of investments	-	-	-	-
Restated balance as at 31 March 2019	1,142,061,725	-	72,273,986	1,214,335,711

GIC RE SOUTH AFRICA LTD

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

Particulars	Note	Year ended 31 March 2020 R	Year ended 31 March 2019 Restated R
Cash flows from operating activities			
Cash generated by operations	24.1	358,761,975	836,950,776
Interest received	24.1	220,793,662	108,513,912
Interest paid	23	(79,196,681)	(35,531,226)
Dividends received	24.1	4,924,694	10,073,618
Tax paid	24.3	(132,543,417)	
Net cash inflow from operating activities		372,740,233	920,007,080
Cash flows from investing activities			
Net acquisition of investments		(220,034,290)	(1,248,743,388)
Additions to property and equipment	5	(1,111,836)	(886,850)
Net cash outflow from investing activities		(221,146,126)	(1,249,630,238)
Cash flows from financing activities			
Shares issued		-	298,348,375
Net increase in cash and cash equivalents		151,594,107	(31,274,783)
At the beginning of year		99,274,855	130,549,637
At the end of year	24.2	**250,868,962**	**99,274,855**

GIC RE SOUTH AFRICA LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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 reinsurance business as per Insurance Act 2017.

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. The presentation of the financial statement is based on the descending order of liquidity.

Basis of measurement

The financial statements are prepared on the historical cost basis, adjusted by the revaluation of investments to fair value.The financial statements are prepared on a historical basis except for financial instruments, which are stated at fair value. All figures are rounded of to nearest one Rand.

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 — 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 Valu Added Tax (VAT) but include an estimate for future claims handling costs.

1.6 Share Capital

GIC Re South Africa Ltd is 100% owned by GIC of India. Shares are classified as equity shares and there is no obligation to transfer cash or other assets.

1.7 Deposits

Deposits retained on retrocession placed are stated at amortised cost.

1.7.1 Deposits withheld from retrocessionaires

Deposits retained on ceded business are collateral for technical provisions covering business ceded to retrocessionaires. Premium Reserve Deposits are retained at 40% of premium received and released on an annual basis. Outstanding Losses Reserves are retained at 100% of outstanding losses and released on a quarterly basis. Actual interest earned per annum on Premium Reserve Deposit and actual interest earned per quarter on Loss Reserve Deposit is paid to the retrocessionaire.

1.8 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.

1.8.1 Gross premiums written

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. All premiums are shown before deduction of commission payable to intermediaries.

1.8.2 Retroceded premiums

The retroceded premiums relating to earned premiums are recognised as expense in accordance with the retrocessionaire contract and services received. Retroceded premiums are written during the period in which the risks incept and are expensed over the contract period in proportion to the period of risk covered.

1.9 Unearned premium reserve (UPR)

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 and using 8th method for Proportional treaty and Non-proportional treaty business.

For Facultative business, both the start date and end date of cover were included, and it was assumed that risk emergence was not materially non-uniform over the coverage period, so the 365ths method was appropriate.

For both Proportional and Non-Proportional Treaty business, the 8ths method was applied on the assumption that a contract which starts within a quarter starts on average half-way through that quarter.

1.9.1 Change in provision for unearned premiums

The portion of gross written premium on short term insurance contracts, which is estimated to be earned in the following or subsequent years, is accounted for as unearned premium provision. The change in the provision is recognised through profit or loss.

1.10 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.

1.10.1 Gross deferred acquisition costs

Commissions that vary with and are related to securing new contracts and renewing existing contracts are deferred over the period in which the related premiums are earned, and recognised as an asset. All other costs are recognised as expenses when incurred.

1.11 Investment income

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

1.12 Gain or loss on realisation of investments

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

1.13 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.

1.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation of uncertain timing or amount as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are not recognized for future operating losses. When 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.

1.15 Increase in provision for doubtful debts

The increase in provision for doubtful debts is recognised through profit or loss.

1.16 Impairment of non-financial assets

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

Receivables under Insurance contract are carried at fair value therefore approximates the carrying amount. Amounts recoverable under insurance contracts are assessed for impairment losses at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after initial recognition such that the entity may not recover all amounts due and the event has a reliably measurable impact on the amounts that the company will receive from the debtors. The carrying amounts of the assets are reduced by the impairment losses. Impairment losses are recognised in the profit or loss account for the period.

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.

1.19.1 Retroceded outstanding claims

Outstanding claims represent the group's estimate of the cost of settlement of claims that have occurred and were reported by the reporting date, but that have not yet been finally settled. The provision for outstanding claims is initially estimated at a gross level and thereafter the retrocession recoveries are separately recognised based on the relevant retrocessionaire contract.

1.19.2 Retroceded unearned premium reserve

Unearned premiums represent the proportion of premiums written in the current year, which relate to risks that have not expired by the end of the financial year. The provision for unearned premiums is first determined on a gross level and thereafter the retroceded portion is separately recognised based on the relevant retrocessionaire contract.

1.19.3 Amounts due under reinsurance contracts

Trade and other receivables which includes amounts due from reinsurance contracts are stated at amortised cost using the effective interest rate method, less any impairment losses.

1.19.4 Amounts due from retrocessionaire contracts

Amounts recoverable from retrocessionaires are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each retrocessionaire contract.

1.19.5 Amounts payable to retrocessionaire contracts

Amounts that the company is required to pay under retrocessionaire contracts held are recognised as retrocessionaire liabilities.

1.20 Employee Benefit

Leave Pay: Employee entitlements to annual leave and recognized when they accrue to employees Provision is made for the estimated liability of this leave as a result of services rendered by employees up to the statement of financial position date.

Bonus: Employees are entitled to Christmas bonus as per the HR Policy.

Medical Aid: Employees are covered under by Medical Aid plan in which company contributes 50% of the premium.

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.

- The company 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 the company 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 2019-20. 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 in 2018 namely (1) Stand-alone Political Violence and Terrorism (PVT) and (2) Retakaful business.
- For PVT business, the company has obtained a Quota Share Protection for 12 months beginning 01 August, 2019 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.

2.3.4 Claims incurred, net of reinsurance

Claims incurred in respect of short-term insurance contracts consist of claims and claims handling expenses paid during the financial year as well as movements in provision for outstanding claims and claims incurred but not reported (IBNR).

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 9, and the largest investment in any one company comprises 1.23% (2019: 0.56%) of the total assets.

  At 31 March 2020, the company's ordinary listed equities were recorded at their fair value of R 124.25 million (2019: R 141.63 million). A hypothetical 25% decline in each share's price would have decreased profit before taxationPBT by R 31.06 million (2019: R 35.41 million).

- Interest rate risk

  Fluctuations in interest rates impact on the value of government securities and corporate bonds and inhouse fixed deposits from these investments. The maturity profile of these instruments is set out in note 9. Management is trying to find other instruments which gives good return to manage interest rate risk. The method for deriving sensitive information has not been change.

	ZAR (Million)	ZAR (Million)
Increase/decrease in interest rate	**Effect on PBT March 2020**	**Effect on PBT March 2019**
+1%	18.5	10.1
-1%	-18.5	-10.1

- 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(South African Rand), USD US Dollar) and EUR (EURO) assets. The method for deriving sensitive information has not been changed.

	ZAR (Million)	ZAR (Million)
Increase/decrease in Foreign currency	**Effect on PBT March 2020**	**Effect on PBT March 2019**
+5%	28	36
-5%	-28	-36

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. The company maintains liquid assets which can be used for immediate cashflow needs (refer note 24.2)

Expected cashflows of liabilities:

2020

	Carrying amount	1 year	2 years	More than 2 years
Deposits withheld from retrocessionaires	**1,228,694,253**	1,228,694,253	-	-
Amounts payable to retrocessionaire contracts	**560,990,177**	560,990,177	-	-
Other accounts payable	**39,008,686**	39,008,686	-	-

2019

	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 - 8.

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.

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. The compnay does not hold any collateral as security held for receivables.

<u>Age analysis of amounts due from companies on reinsurance contracts</u>

	Total	Current	30 days	60 days	90 days	More than 120 days
2020						
Amounts due under reinsurance contact	**715,544,954**	632,707,211	5,738,129	789,485	26,217,761	50,092,368
2019						
Amounts due under reinsurance contact	**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
2020						
Technical assets under insurance contracts			1,780,591,847		66,492,752	1,847,084,599
Investments						-
Government securities				232,090,034		232,090,034
Negotiable Certificate of Deposit		216,224,123		117,658,668	186,314,015	520,196,806
Fixed Deposits				1,846,466,774	-	1,846,466,774
Accounts receivable (Net)	14,182,724	22,228,484	10,096,836	13,800,657	655,236,252	715,544,954
Cash and cash equivalents		502,426	5,426,889	231,010,621	13,929,028	250,868,963
	14,182,724	238,955,033	1,796,115,571	2,441,026,754	921,972,047	5,412,252,130
2019						
Technical assets under insurance contracts	-	-	2,030,320,244	-	61,056,303	2,091,376,547
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	2,173,673,641	2,840,295,117	454,887,984	5,697,478,014

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 R 39.59 million (2019: R 19.72 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.

2020	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss	232,090,034	-	-	232,090,034
Financial assets mandatory at fair value through profit or loss	133,056,671	16,490,835		149,547,506
	365,146,705	16,490,835		381,637,540

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

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.

Particular	2020	2019
Total Equity	1,351,285,947	1,214,335,711
Cash & Cash equivalents	250,868,963	99,274,855
Capital	1,602,154,910	1,313,610,566
Total Equity	1,351,285,947	1,214,335,711
Leasing liabilities	1,411,153	1,304,459
Ovarall financiang	1,352,697,100	1,215,640,170
Capital to overall financing ratio	1.18	1.08

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.

The earned premium, UPR and Deferred Acquisition Cost (DAC) are calculated using the 365ths method for Facultative business, andusing the 8ths method for Proportional and Non-Proportional Treaty business In respect of IBNR, for most classes of business, the loss ratio method was used. It was assumed there was no IBNR beyond the point at which historically almost all development based on the Chain Ladder pattern had occurred.

There was no major impact of COVID 19 on the assumptions and no material effect on the financial statements.

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 2020 R	31 March 2019 R
At cost		
Equipment	2,057,112	1,862,918
Furniture	882,097	766,151
Motor vehicles	3,058,260	2,256,564
	5,997,469	4,885,633
Accumulated depreciation		
Equipment	1,729,467	1,383,799
Furniture	628,716	522,143

Particulars	31 March 2020 R	31 March 2019 R
Motor vehicles	1,643,810	1,116,992
	4,001,993	3,022,934
Net book value		
Equipment	327,645	479,119
Furniture	253,381	244,008
Motor vehicles	1,414,450	1,139,572
	1,995,476	1,862,699
Equipment		
Net book value at beginning of year	479,119	569,952
Additions	194,194	216,288
Depreciation	(345,668)	(307,121)
Net book value at end of year	327,645	479,119
Furniture		
Net book value at beginning of year	244,008	323,291
Additions	115,946	16,687
Depreciation	(106,573)	(95,970)
Net book value at end of year	253,381	244,008
Motor vehicles		
Net book value at beginning of year	1,139,572	937,010
Additions	801,696	653,875
Disposals		-
Depreciation	(526,818)	(451,313)
Net book value at end of year	1,414,450	1,139,572
Total		
Net book value at beginning of year	1,862,699	1,830,253
Additions	1,111,836	886,850
Depreciation	(979,059)	(854,404)
Net book value at end of year	1,995,476	1,862,699

6 Provision for outstanding claims

	31 March 2020		31 March 2019 Restated	
	Non-Life R	Total R	Non-Life R	Total R
Balance at beginning of the period	**435,485,196**	**435,485,196**	**162,330,085**	**162,330,085**
Gross	1,853,753,563	1,853,753,563	983,586,426	983,586,426
Retroceded	(1,418,268,367)	(1,418,268,367)	(821,256,341)	(821,256,341)
Amounts transferred (to)/from profit or loss	**25,907,241**	**25,907,241**	**273,155,111**	**273,155,111**
Gross	141,780,497	141,780,497	870,167,137	870,167,137
Retroceded	(115,873,256)	(115,873,256)	(597,012,026)	(597,012,026)
Balance at end of the period	**461,392,437**	**461,392,437**	**435,485,196**	**435,485,196**
Gross	1,995,534,060	1,995,534,060	1,853,753,563	1,853,753,563
Retroceded	(1,534,141,623)	(1,534,141,623)	(1,418,268,367)	(1,418,268,367)
Transportation	22,153,617		8,215,379	
Property	297,000,623		249,011,056	
Engineering	10,009,616		11,855,601	
Guarantee	6,715,286		11,725,818	
Liability	4,235,421		1,971,206	
Motor	85,512,157		102,931,042	
Miscellaneous	27,946,579		41,933,336	
Accident/Health	7,819,138		7,841,758	
	461,392,437		**435,485,196**	
Estimated maturity profile:				
Gross	**1,995,534,060**	**1,995,534,060**	**1,853,753,563**	**1,853,753,563**
Within one year	1,453,175,004	1,453,175,004	1,349,675,241	1,349,675,241
Thereafter	542,359,056	542,359,056	504,078,322	504,078,322
Retroceded	**(1,534,141,623)**	**(1,534,141,623)**	**(1,418,268,367)**	**(1,418,268,367)**
Within one year	(1,119,904,599)	(1,119,904,599)	(1,035,335,908)	(1,035,335,908)
Thereafter	(414,237,024)	(414,237,024)	(382,932,459)	(382,932,459)
Net	**461,392,437**	**461,392,437**	**435,485,196**	**435,485,196**
Within one year	333,270,405	333,270,405	314,339,333	314,339,333
Thereafter	128,122,032	128,122,032	121,145,863	121,145,863

7 Unearned premium reserve

Particulars	31 March 2020 R	31 March 2019 Restated R
Balance at beginning of year	230,515,739	208,072,972
Gross	774,455,928	835,957,690
Retroceded	(543,940,189)	(627,884,718)
Amounts transferred through profit and loss	(125,744,274)	22,442,767
Gross	(423,234,239)	(61,501,762)
Retroceded	297,489,965	83,944,529
Balance at end of year	104,771,465	230,515,739
Gross	351,221,689	774,455,928
Retroceded	(246,450,224)	(543,940,189)

8 Deferred acquisition costs

Particulars	31 March 2020 R	31 March 2019 R
Balance at beginning of year	39,183,459	20,655,983
Gross	129,167,991	197,309,323
Retroceded	(89,984,532)	(176,653,340)
Amounts transferred through profit and loss	(19,127,944)	18,527,476
Gross	(62,675,239)	(68,141,332)
Retroceded	43,547,295	86,668,808
Balance at end of year	20,055,515	39,183,459
Gross	66,492,752	129,167,991
Retroceded	(46,437,237)	(89,984,532)

9 Investments

Particulars	31 March 2020		31 March 2019	
	R Cost	R Carrying Value	R Cost	R Carrying Value
Negotiable certificates of deposits	497,000,000	520,196,806	404,000,000	417,333,546
Treasury bills	-	-	-	-
Fixed deposits	1,846,454,541	1,846,466,774	1,684,041,892	1,684,041,892
Ordinary shares - listed	174,174,477	124,256,238	148,543,371	141,631,994
Collective investment schemes - listed	16,179,052	16,490,835	235,077,052	236,329,368
Preference shares - listed	15,545,979	8,800,433	16,203,959	13,200,649
Government bonds - listed	224,000,000	232,090,034	86,000,000	97,278,812
Total investments at fair value through profitor loss	2,773,354,049	2,748,301,120	2,573,866,274	2,589,816,261

Listed ordinary shares portfolio analysis

	% 2020	% 2019
Basic materials	39	18
Consumer services	18	23
Financials	32	50
Industrials	11	9
	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
2020				
Negotiable certificates of deposits	520,196,806	-	-	520,196,806
Fixed deposits	1,846,454,541	-	-	1,846,454,541
Government bonds- Listed	-	-	232,090,034	232,090,034
2019				
Negotiable certificates of deposits	417,333,546	-	-	417,333,546
Fixed Deposits	1,431,435,608	252,606,284	-	1,684,041,892
Government bonds- Listed	-	97,278,812	-	97,278,812

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

	31 March 2020	31 March 2019
Negotiable certificates of deposits	5.84%	8.14%
Fixed deposits	2.35%	5.22%
Government bonds	10.28%	10.17%

10 Deferred taxation

	Non-Life R	Life R	Total R
31 March 2020			
Asset at beginning and end of year	-	-	-
The year-end deferred tax balance comprises:			
	-	-	-
Unrealised loss on revaluation of investments	-	-	-
Provisions	-	-	-
S24 j interest adjustment	-	-	-
Calculated taxable profit	-	-	-
	-	-	-
31 March 2019			
Asset at beginning and end of year	5,425,210	-	5,425,210
The year-end deferred tax balance comprised:			
Unrealised gain 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 tax loss	119,481	-	119,481
	-	-	-

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

11 Other accounts payable

Particulars	31 March 2019 R	31 March 2018 R
Accrual for leave pay	869,338	625,074
Other	38,139,348	11,892,378
	39,008,687	12,517,452
Other accounts payable consist of:	**2020**	**2019**
Expenses accrual	166,969	-
VAT payable	848,846	2,043,203
Unallocated premium received	21,637,230	6,242,375
Withholding tax on interest	15,486,303	3,606,800

12 Share capital

Particulars	31 March 2019 R	31 March 2018 R
Authorised		
1 500 000 000 ordinary shares of no par value		
Issued		
At beginning of the year		
421 856 675 ordinary shares of no par value	843,713,350	843,713,350
Issued during the year		
149 174 187 ordinary shares of no par value	298,348,375	298,348,375
At end of the year		
571 030 862 ordinary shares of no par value	1,142,061,725	1,142,061,725

The unissued shares are under the control of the directors.

13 Deposits withheld from retrocessionaires

Particulars	31 March 2019 R	31 March 2018 R
Retro Loss Reserve Deposits	880,354,276	773,524,998
Retro IBNR Reserve Deposits	51,880,422	144,901,928
RetroUPR Reserve Deposits	296,459,555	828,011,058
	1,228,694,253	1,746,437,984

14 Net investment income

	Life R	Total R	R
31 March 2020			
Dividends received - listed	4,716,840	207,854	4,924,694
Interest income	219,216,018	1,577,644	220,793,662
Realised loss on disposal of investments	(3,473,861)	(163,624)	(3,637,485)
Net movement in unrealised gains and losses on revaluation and disposal of investments	(56,059,250)	(1,852,697)	(57,911,947)
	164,399,747	(230,823)	164,168,924
31 March 2019			
Dividends received - listed	9,690,084	383,534	10,073,618
Interest received	106,834,264	1,679,648	108,513,912
Realised gain on disposal of investments	2,605,968	284,970	2,890,938
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

15 Claims incurred

	Non-Life R	Life R	Total R
31 March 2020			
Claims paid	(337,555,016)	-	(337,555,016)
Gross	(1,211,208,388)	-	(1,211,208,388)
Retroceded	873,653,372	-	873,653,372
Change in provision for outstanding claims	(25,907,241)	-	(25,907,241)
Gross	(141,780,497)	-	(141,780,497)
Retroceded	115,873,256	-	115,873,256
Claims incurred	(363,462,257)	-	(363,462,257)
31 March 2019			
Claims paid	(288,515,704)	-	(288,515,704)
Gross	(1,172,817,194)	-	(1,172,817,194)
Retroceded	884,301,490	-	884,301,490
Change in provision for outstanding claims	(273,155,111)	-	(273,155,111)
Gross	(870,167,137)	-	(870,167,137)
Retroceded	597,012,026	-	597,012,026
Claims incurred	(561,670,815)	-	(561,670,815)

16 Commission

Particulars	31 March 2020 R	31 March 2019 R
Commission expense		
Gross commision and brokerage paid	(425,306,289)	(685,800,428)
Gross deferred acquisition cost	(62,675,240)	(68,141,332)
	(487,981,529)	(753,941,760)

Particulars	**31 March 2020 R**	**31 March 2019 R**
Commission income		
Retrocession commision and brokerage received	340,437,092	535,890,480
Retroceded deferred commission revenue	43,547,295	86,668,807
	383,984,387	622,559,287
Net Commission	(103,997,142)	(131,382,473)

17 Profit before taxation

Particulars	**31 March 2020 R**	**31 March 2019 R**
Profit before taxation is stated after charging:		
Employee costs - salaries and bonuses	11,044,442	8,636,189
External auditor's remuneration		
– audit services	1,040,000	501,800
	1,040,000	501,800
Consulting fees paid	3,263,240	2,214,524
Depreciation of equipment	979,059	854,404
Operating lease expense	1,821,779	1,807,872

18 Taxation

	Non-Life R	**Life R**	**Total R**
31 March 2020			
South African normal tax			
Current taxation			
– current year	(80,879,669)	-	(80,879,669)
– utilisation of tax credit	(2,779,518)	-	(2,779,518)

	Non-Life R	Life R	Total R
Deferred taxation	-	-	-
– current year	-	-	-
	(83,659,187)	-	(83,659,187)
Tax rate reconciliation:	%	%	37.92%
Standard tax rate	28%	28	
Non-taxable income- dividend received	-0.53%		
Non-deductible expenditure	0.00%		
Accounting loss on disposal of investments	0.45%		
Other - Expenditure incurred in the production of exempt income	0.02%		
Miscellaneous expenses - Not incurred in the production of income	0.03%		
Unrealised loss/(profit) on equity and preference shares	7.35%		
CGT on capital gain included	0.00%		
Under/overprovision in prior years	2.60%		
Effective tax rate	**37.92%**		0
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)

	Non-Life R	Life R	Total R
Tax rate reconciliation:	%	%	
Standard tax rate	28	28	
Dividends received	(1)	(9)	
Return transfers previously not recognised and other four funds tax losses	-	-	
Calculated tax loss for which no deferred tax asset is raised	(9)		
Other	0	15	
Effective tax rate	18	34	

Deferred tax has not been raised in respect of non-life business, R 48.88 million has been booked as provision for taxation in Financial year ended 31 March 2019

19 Related party transactions

19.1 Identity of related parties

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

19.2 Transactions with Directors & Key Management Personnel

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

Name	Designation	Basic Remuneration*	Medical Benefits	Cash Incentive	Other allowances	Total
2020						
S Bhikha	Non Executive Director	531,197				531,197
CI Moosa	Non Executive Director	496,306				496,306
J Bagg	Non Executive Director	511,612				511,612
		Total				1,539,115
2019						
S Bhikha	Non Executive Director	380,000				380,000
CI Moosa	Non Executive Director	300,000				300,000
J Bagg	Non Executive Director	350,000				350,000
						1,030,000

*Basic Remuneration is referred as directors siting fees

Name	Designation	Basic Remuneration*	Medical Benefits	Cash Incentive	Other allowances	Total
2020						
CG Asrivatham	MD & CEO	3,384,817	153,300		532,603	**4,070,719**
2019						
CG Asrivatham	MD & CEO	2,293,270	72,582		370,146	**2,735,998**

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.

2020

KMP	Designation	Basic Remuneration	Medical Benefits	Cash Incentive	Other allowances	Total
S Karmarkar#	Chief Operating Officer					
SK Jangir#	Chief Finance Officer, Manager - Human Resource					
Z Ahmad#	Chief Underwriting Officer					
SKR Chintapalli#	Chief Technology Officer					
F Mosam##	Chief Technical Accounts Officer	120,334			12,365	132,699
W Mwase	Public Officer, Company Secretary, Manager - Admin	426,414			78,834	505,248
S Shankar	Chief Operating Officer	804,028	188,642		292,067	1,284,737
S Sapdhare	Chief Finance Officer, Manager - Human Resource	683,240	79,208		201,836	964,285
C Verma	Chief Underwriting Officer	791,626	120,391		325,945	1,237,962
A Tamhane	Chief Risk Officer	702,024	157,822		169,030	1,028,876
R Ugile*	Chief Technology Officer, Manager Human Resource	370,208	73,219		210,024	653,450
N Kasture**	Chief Finance Officer	351,196	42,063		237,028	630,287
B Zhawu***	Chief Technical Accounts Officer	339,625			45,158	384,783

2019

KMP	Designation	Basic Remuneration	Medical Benefits	Cash Incentive	Other allowances	Total
S Karmarkar	Chief Operating Officer	529,024	35,700		185,537	750,261
SK Jangir	Chief Finance Officer, Manager – HR	404,934	79,104		212,843	696,881
Z Ahmad	Chief Underwriting Officer	374,568	78,204		187,399	644,673
SKR Chintapalli	Chief Technology Officer	394,327	71,400		145,245	610,972
F Mosam	Chief Technical Accounts Officer	346,000	3,021		19,984	369,005
W Mwase	Public Officer, Company Secretary, Manager - Admin	342,000	20,631		8,636	371,266
S Shankar	Chief Operating Officer	360,937	42,832		128,841	532,610
S Sapdhare	Chief Finance Officer, Manager - HR	312,802	42,832		41,769	397,403
C Verma	Chief Underwriting Officer	352,564	54,732		86,921	494,217
A Tamhane	Chief Risk Officer	360,963	55,806		38,432	455,201
R Ugile	Chief Technology Officer, Manager HR					
N Kasture	Chief Finance Officer					
B Zhawu	Chief Technical Accounts Officer					

* Joined 6 August 2019

** Joined 07 August 2019

*** Joined 5 June 2019

\# From April 2018 to September 2018

\#\# Resigned 31 May 2019

19 Other related party transactions

The following transactions were entered with the current holding company:

Particulars	2020 R	2019 R
Statement of comprehensive income effects :		
Retroceded premiums	23,597,021	202,430,468
Retroceded claims	(136,717,923)	(358,281,105)
Retroceded commission	(2,498,727)	(41,945,973)
Interest paid on reserve deposits	(12,549,151)	(7,803,301)
Statement of financial position effects :		
Retroceded outstanding claims	494,982,621	581,408,674
Retroceded unearned premium provision	-	(22,378,180)
Retroceded deferred acquisition cost	-	6,704,898
Retroceded reserve deposit	216,950,436	383,492,862

20 Commitments and contingencies

The company entered into a lease agreement for the rental of its premises for a period of three years with an escalation of 8% per annum. Future rentals payable under the operating lease as at year end is:		
Within one year	1,411,153	1,304,459
One to three years	4,578,068	-
	5,989,221	1,304,459

The operating lease expires on 31 March 2020 and further renewed for three years.

21 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 during the 31 March 2018 Financial year end. Further, company received non-life reinsurance license on 30 June 2020.

Dividends

No dividends were paid during the year (2019 : Nil).

Going concern

GIC Re South Africa Ltd is regulated by Prudential Authority (PA) and is complying with all rules and regulations issued by PA. The company is being rated by S&P from its inception and continues to be rated by them. As GIC Re South Africa Ltd is wholly owned subsidiary of GIC of India, it has been given unconditional parental guarantee. The company has not borrowed from parent company and has adequate liquidity policy and is liquid enough to meet liabilities. COVID 19 has not adversely affetced the compnay in 2020 and is in position to pay claims/debit balances on time.The company has improved Solvency Capital Requirement (SCR) from March 2019 to March 2020. Considering the facts, the Directors believe that the company will be going concern in future.

Events after year end

Post year end, the company faced COVID 19 pandemic and subsequent nationwide lockdown. The company has given work from home facility to all employees and made sure that company's operations was not get affetced. In terms of business, the compnay was able to function smoothly with its strong IT team support and not affected adversely.

22 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 2018, and have not been applied in preparing these nancial 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 nal 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 signicant impact on the Company, which will include changes in the measurement bases of the Company's nancial assets to amortised cost, fair value through other comprehensive income or fair value through prot or loss. Even though these measurement categories are similar to IAS 39, the criteria for classication into these categories are signicantly 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 2020, GIC Re SA Ltd has the ability to defer implementation of IFRS 9 until 2023 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.

According to para 20B of IFRS 4 company has not applied IFRS 9 previously and its activities are predominantly connected with insurance only, so its eligible for temporary exemption from IFRS 9. Further as per para 20D if, the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all liabilities is

i) Greater than 90 percent or

ii) less than or equal to 90 percent but greater than 80 per cent and the insurer does not engage in a significant activity unconnected with insurance can go for temporary exemption for IFRS 9 implementation. GIC Re South Africa Ltd holds 99% of its total liabilities connected to insurance activities

IFRS 17: Insurance Contracts - effective for financial year commencing on/after 1 January 2023

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.

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

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 standard 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 contract.

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 IFRS 15.

IFRS 16: Leases – periods beginning on or after 1 January 2019

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 the company 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.

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

	Note	Total		Non-life		Life	
		31 March 2020 R	31 March 2019 Restated R	31 March 2020 R	31 March 2019 Restated R	31 March 2020 R	31 March 2019 Restated R
Gross premiums written		1,067,089,683	2,935,603,723	1,067,089,683	2,935,603,723	-	-
Retroceded premiums		(784,693,448)	(2,103,808,930)	(784,693,448)	(2,103,808,930)	-	-
Gross UPR movement		423,234,239	61,501,762	423,234,239	61,501,762	-	-
Retro UPR movement		(297,489,965)	(83,944,529)	(297,489,965)	(83,944,529)	-	-
Net premiums earned		408,140,509	809,352,026	408,140,509	809,352,026	-	-
Claims incurred	15	(363,462,257)	(561,670,815)	(363,462,257)	(561,670,815)	-	-
Claims paid		(337,555,016)	(288,515,704)	(337,555,016)	(288,515,704)	-	-
Gross		(1,211,208,388)	(1,172,817,194)	(1,211,208,388)	(1,172,817,194)	-	-
Retroceded		873,653,372	884,301,490	873,653,372	884,301,489	-	-
Change in provision for outstanding claims		(25,907,241)	(273,155,111)	(25,907,241)	(273,155,111)	-	-
Gross		(141,780,497)	(870,167,137)	(141,780,497)	(870,167,137)	-	-
Retroceded		115,873,256	597,012,026	115,873,256	597,012,026	-	-
Net commission	16	(103,997,143)	(131,382,473)	(103,997,142)	(131,382,474)	-	-
Commissions paid		(84,869,197)	(149,909,948)	(84,869,197)	(149,909,949)	-	-
Gross		(425,306,289)	(685,800,428)	(425,306,289)	(685,800,428)	-	-
Retroceded		340,437,092	535,890,480	340,437,092	535,890,479	-	-
Net change in deferred acquisition cost		(19,127,946)	18,527,475	(19,127,945)	18,527,475	-	-

	Note	Total		Non-life		Life	
		31 March 2020 R	31 March 2019 Restated R	31 March 2020 R	31 March 2019 Restated R	31 March 2020 R	31 March 2019 Restated R
Gross		(62,675,240)	(68,141,332)	(62,675,240)	(68,141,332)	-	-
Retroceded		43,547,295	86,668,807	43,547,295	86,668,807	-	-
Underwriting result		(59,318,890)	116,298,734	(59,318,890)	116,298,735	-	-
Gross		(350,646,492)	200,179,392	(350,646,492)	200,179,392	-	-
Retroceded		291,327,602	(83,880,658)	291,327,602	(83,880,658)	-	-
Investment and management expenses	*	(42,516,832)	(36,107,330)	(42,031,555)	(35,876,664)	(485,277)	(230,666)
Net (loss)/income before other income and expenses		(101,835,724)	80,191,408	(101,350,445)	80,422,074	(485,277)	(230,666)
Net investment income	14	164,168,924	107,358,649	164,399,747	105,717,305	(230,823)	1,641,344
Interest paid	**	(79,196,681)	(35,531,226)	(79,196,681)	(35,531,226)	-	-
Increase in provision for doubtful debts		(19,877,267)	(14,639,867)	(19,877,267)	(14,639,867)	-	-
Foreign exchange gain		257,350,169	123,742,368	257,350,169	123,742,368	-	-
Profit/(Loss) before taxation		220,609,423	261,121,332	221,325,523	259,710,654	(716,100)	1,410,678
Taxation		(83,659,187)	(54,371,713)	(83,659,186)	(53,960,352)	-	(411,361)
Profit/(Loss) after taxation		136,950,236	206,749,619	137,666,337	205,750,302	(716,100)	999,317

* Management expenses includes audit fees, consultancy fees ,office expenses, salaries of employees, etc.

** Interest paid is on retrocession deposit.

24 Notes to the statement of cash flows

24.1 Cash utilised by operations

Particulars	31 March 2020 R	31 March 2019 R
Profit before taxation	220,609,423	261,121,332
Adjustments for:		
– depreciation of equipment	979,059	854,404
– realised gain on disposal of investments	3,637,485	(2,890,937)
– interest income	(220,793,662)	(108,513,912)
– dividends received	(4,924,694)	(10,073,618)

Particulars	31 March 2020 R	31 March 2019 R
– interest paid	79,196,681	35,531,226
– Increase/(decrease) in net provision for unearned premium	(125,744,274)	(2,244,276)
– Increase/(decrease) in net deferred acquisition costs	19,127,944	(185,274)
– Increase/(decrease) in net provision for outstanding claims	25,907,241	27,315,511
– Increase/(decrease) in net policyholder liabilities for life insurance contracts		-
– unrealised gain on revaluation of investments	57,911,947	14,119,819
Cash generated by operations before working capital changes	55,907,150	215,034,275
Increase/(decrease) in amounts due under reinsurance contract	582,629,336	(64,411,050)
Increase/(decrease) in other accounts receivable	272,513	3,163,837
Increase/(decrease) in amounts payable to retrocessionaire	210,856,852	221,389,775
Increase/(decrease) in other accounts payable	26,839,855	6,320,317
Increase/(decrease) in deposits withheld from retrocessionaires	(517,743,731)	455,453,623
	358,761,975	836,950,776

24.2 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	58,859,455	17,692,677
Cash at bank	192,006,490	81,575,274
Cash on hand	3,018	6,904
	250,868,963	99,274,855

24.3 Taxation paid

Opening current tax payable	48,884,230	-
Taxation charged on the profit or loss	83,659,186	54,371,713
Utilisation of assessed loss recognised in deferred tax	-	(5,487,483)
Closing current tax payable	-	48,884,230
Taxation paid	132,543,416	-

25. 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
2020		R	R	R	R	R	R	R
ASSETS								
Equipment	5	1,995,476	-	-	-	1,995,476	-	1,995,476
Technical assets under insurance contracts		1,847,084,599	-	-	-	1,847,084,599	1,432,866,360	414,237,024
Retroceded outstanding claims	6	1,534,141,623	-	-	-	1,534,141,623	1,119,923,385	414,237,024
Retroceded unearned premium reserve	7	246,450,224	-	-	-	246,450,224	246,450,224	
Gross deferred acquisition costs	8	66,492,752		-	-	66,492,752	66,492,752	
Investments		2,748,301,120	381,637,540	2,366,663,580	-	-	2,516,211,086	232,090,034
Government securities[*1]	9	232,090,034	232,090,034				-	232,090,034
Fixed deposits	9	1,846,466,774	-	1,846,466,774	-	-	1,846,466,774	-
Negotiable certificates of deposits	9	520,196,806	-	520,196,806	-	-	520,196,806	-
Listed ordinary shares[*2]	9	124,256,238	124,256,238		-	-	124,256,238	-
Listed preference shares[*2]	9	8,800,433	8,800,433		-	-	8,800,433	-
Listed collective investment schemes[*2]	9	16,490,835	16,490,835		-	-	16,490,835	-
Amounts due under reinsurance contracts	26.1	715,544,954	-	715,544,954	-	-	715,544,954	-
Amounts due from retrocession contracts	26.2	8,768,943	-	8,768,943	-	-	8,768,943	-
Other accounts receivable		607,996	-	607,996	-	-	607,996	-
Cash on call and on deposit	24.2	58,859,455	-	58,859,455	-	-	58,859,455	-
Cash at bank and on hand	24.2	192,009,508	-	192,009,508	-	-	192,009,508	-
Total assets		5,573,172,050	381,637,540	3,342,454,436		1,849,080,075	4,924,868,302	648,322,534
LIABILITIES								
Technical liabilities under insurance contracts		2,393,192,986	-	-	-	2,393,192,986	1,850,833,930	542,359,056
Gross outstanding claims	6	1,995,534,060	-	-	-	1,995,534,060	1,453,175,004	542,359,056
Gross unearned premium reserve	7	351,221,689	-	-	-	351,221,689	351,221,689	
Retroceded deferred acquisition cost	8	46,437,237	-	-	-	46,437,237	46,437,237	
Deposits withheld from retrocessionaires	13	1,228,694,253	-	-	1,228,694,253	-	1,228,694,253	-
Amounts payable to retrocessionaire contracts	26.3	433,530,756	-	-	433,530,756	-	433,530,756	-
Other accounts payable	11	39,008,686	-	-	38,139,348	869,338	39,008,686	-
Total liabilities		4,221,886,103	-	-	1,827,823,777	2,394,062,324	3,679,527,047	542,359,056

[*1] Designated at Fair Value
[*2] Mandatory Fair Value

25. 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		2,091,376,548	-	-	-	2,091,376,548	1,708,444,089	382,932,459
Retroceded outstanding claims	6	1,418,268,367	-	-	-	1,418,268,367	1,035,335,908	382,932,459
Retroceded unearned premium reserve	7	543,940,189	-	-	-	543,940,189	543,940,189	-
Gross deferred acquisition costs	8	129,167,992	-	-	-	129,167,992	129,167,992	-
Investments		2,589,816,261	488,440,823	2,101,375,438	-	-	2,239,931,166	349,885,095
Government securities[*1]	9	97,278,812	97,278,812	-	-	-	-	97,278,812
Fixed deposits	9	1,684,041,892	-	1,684,041,892			1,431,435,608	252,606,284
Negotiable certificates of deposits	9	417,333,546	-	417,333,546	-	-	417,333,546	-
Treasury bills[*2]	9	-	-	-	-	-	-	-
Listed ordinary shares[*2]	9	141,631,994	141,631,994	-	-	-	141,631,994	-
Listed preference shares[*2]	9	13,200,649	13,200,649	-	-	-	13,200,649	-
Listed collective investment schemes[*2]	9	236,329,368	236,329,368	-	-	-	236,329,368	-
Deferred tax	10	-	-	-	-	-	-	-
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	-	-	17,692,677	-
Cash at bank and on hand		81,582,178	-	81,582,178	-	-	81,582,178	-
Total assets		6,090,502,725	488,440,823	3,508,822,656	-	1,829,219,093	5,187,655,964	902,846,761
LIABILITIES								
Technical liabilities under insurance contracts		2,718,194,023	-	-	-	2,718,194,023	2,217,680,561	500,513,462
Gross outstanding claims	6	1,853,753,563	-	-	-	1,853,753,563	1,353,240,101	500,513,462
Gross unearned premium reserve	7	774,455,928	-	-	-	774,455,928	774,455,928	-
Retroceded deferred acquisition cost	8	89,984,532	-	-	-	89,984,532	89,984,532	-
Deposits withheld from retrocessionaires	13	1,746,437,984	-	-	1,746,437,984	-	1,746,437,984	-
Amounts payable to retrocessionaire contracts	26.3	350,133,325	-	-	350,133,325	-	350,133,325	-
Other accounts payable	11	12,517,452	-	-	11,892,378	625,074	12,517,452	-
Taxation payable	24.3	48,884,230	-	-	-	48,884,230	48,884,230	-
Total liabilities								
		4,876,167,014	-	-	2,108,463,687	2,767,703,327	4,375,653,552	500,513,462

[*1] Designated at Fair Value

[*2] Mandatory Fair Value

Particulars	31 March 2020 R	31 March 2019 Restated R
26.1 Amounts due under reinsurance contracts	715,544,954	1,298,174,290
Amounts due under reinsurance contracts	**715,544,954**	**1,298,174,290**
26.2 Amounts due from retrocessionaire Contracts		
Provisional profit commission recivable from retrocession	8,768,943	9,662,590
	8,768,943	**9,662,590**
26.3 Amounts Payable to retrocessionaires		
Amounts payable to retrocessionaires	545,947,211	337,336,221
Provisional profit commission payable to retrocessionaires	15,042,966	12,797,104
	560,990,177	**350,133,325**

27 Restatement of statement of Financial Position items

Correction in technical reserves

In September 2020, the company discovered that there was an error in treating technical reserves (UPR, DAC and IBNR). The error resulted in understatement of DAC, UPR & IBNR for the financial year ended 31 March 2019.

The error has been corrected as follows:

ASSETS

	31March 2019 previously stated closing balances	Restatement	31 March 2019 restated balances
Other assets	3,999,126,178		3,999,126,178
Retroceded oustanding claims	1,400,567,511	17,700,856	1,418,268,367
Retroceded unearned premium reserve	365,732,580	178,207,609	543,940,189
Gross deferred acquisition costs	61,056,302	68,111,689	129,167,991
Total assets	**5,826,482,571**	**264,020,154**	**6,090,502,725**
LIABILITIES			
Other liabilities	1,758,955,436	-	1,758,955,436
Gross outstanding claims	1,830,836,269	22,917,294	1,853,753,563
Gross unearned premium reserve	525,040,979	249,414,949	774,455,928
Retroceded deferred acquisition cost	33,948,547	56,035,985	89,984,532
Amounts payable to retrocessionaire contracts	366,629,601	(16,496,276)	350,133,325
Taxation	48,884,230	-	48,884,230
Total liabilities	**4,564,295,062**	**311,871,951**	**4,876,167,014**
Share capital	1,142,061,725	-	1,142,061,725
Revaluation reserve	(10,024,314)	10,024,314	-

	31March 2019 previously stated closing balances	Restatement	31 March 2019 restated balances
Retained earnings	130,150,099	(57,876,113)	72,273,986
Total equity	**1,262,187,510**	**(47,851,799)**	**1,214,335,711**
Total liabilities and shareholders equity	**5,826,482,572**	**264,020,154**	**6,090,502,725**

28 Restatement of statement of comprehensive income items

Correction in technical reserve

In September 2020, the company discovered that there was an error in treating technical reservre (UPR, DAC and IBNR). The error resulted in understatement of DAC, UPR and IBNR for the financial year ended 31 March 2019.

The error has been corrected as follows

Restatement of statement of comprehensive income items

	31 March 2019 previously stated closing balances	Restatement	31 March 2019 restated balances
Gross premiums written	2,935,603,723		2,935,603,723
Retroceded premiums	(2,120,305,206)	16,496,276	(2,103,808,930)
Net premium written	**815,298,517**	**16,496,276**	**831,794,793**
Unearned premium reserve			
Balance at beginning of year	208,072,972		208,072,972
Gross	835,957,690		835,957,690
Retroceded	(627,884,718)		(627,884,718)
Amounts transferred through profit and loss	(48,764,573)	71,207,340	22,442,767
Gross	(310,916,711)	249,414,949	(61,501,762)
Retroceded	262,152,138	(178,207,609)	83,944,529
Balance at end of year	159,308,399	71,207,340	230,515,739
Gross	525,040,979	249,414,949	774,455,928
Retroceded	(365,732,580)	(178,207,609)	(543,940,189)
Net premium earned	**864,063,090**	**(54,711,064.39)**	**809,352,026**
Provision for outstanding claims			
	162,330,085		162,330,085
Balance at beginning of the period	983,586,426		983,586,426
Gross	(821,256,341)		(821,256,341)
Retroceded			
Amounts transferred through profit and loss	267,938,672	5,216,439	273,155,111
Gross	847,249,843	22,917,294	870,167,137
Retroceded	(579,311,170)	(17,700,856)	(597,012,026)

	31 March 2019 previously stated closing balances	Restatement	31 March 2019 restated balances
Balance at end of the period	430,268,757	5,216,439	435,485,196
Gross	1,830,836,269	22,917,294	1,853,753,563
Retroceded	(1,400,567,511)	(17,700,856)	(1,418,268,367)
Claims incurred	**(556,454,378)**	**(5,216,438)**	**(561,670,816)**
Deferred acquisition costs			
Balance at beginning of year	20,655,984		20,655,984
Gross	197,309,324		197,309,324
Retroceded	(176,653,340)		(176,653,340)
Amounts transferred through profit and loss	6,451,772	12,075,704	18,527,476
Gross	(136,253,021)	68,111,689	(68,141,332)
Retroceded	142,704,793	(56,035,985)	86,668,808
Balance at end of year	27,107,756	12,075,704	39,183,460
Gross	61,056,303	68,111,689	129,167,992
Retroceded	(33,948,547)	(56,035,985)	(89,984,532)
Net commission	**(143,458,176)**	**12,075,704**	**(131,382,472)**
Underwriting result	**164,150,536**	**(47,851,799)**	**116,298,737**
Management expenses	36,107,330	-	36,107,330
Net investment income	107,358,649	-	107,358,649
Interest paid	(35,531,226)	-	(35,531,226)
Increase in provison for doubtful debts	(14,639,867)	-	(14,639,867)
Foreign exchange gain/(loss)	123,742,368	-	123,742,368
Profit/(Loss) before taxation	308,973,129	(47,851,799)	261,121,330
Txation	(54,371,713)	-	(54,371,713)
Profit/ (Loss) after taxation	254,601,416	(47,851,799)	206,749,619

29 Restatement of Statement of Changes in Equity

Correction in Revaluation Reserves

Gains and losses from investments were incorrectly processed through the revaluation reserve in the statement of changes in equity. This has been corrected by reclassifying the revaluation reserve to retained earnings.

The impact on 2019 and the 2020 financial year due to the reclassification is as follows

Financial Year	Retained Earnings (Opening Balance)	Revaluation Reserve	Profit	Restatement	Retained Earnings (Closing Balance)
2019	(134,617,587)	141,956	254,601,416	(47,851,799)	72,273,986
2020	130,150,099	(10,024,314)	136,950,236	(47,851,799)	209,224,223

आपत्काले रक्षिष्यामि
GIC Re SA Ltd.

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