



KENYA REINSURANCE CORPORATION UGANDA-SMC LTD

INCORPORATION BACKGROUND AND INFORMATION

Kenya Reinsurance Corporation Uganda - SMC Limited was incorporated on 26th August 2019 and started operations in January 2020. It is a fully owned subsidiary of Kenya Reinsurance Corporation Limited, a Kenyan public Limited Liability Company (LLC). The parent company was established through an Act of the Kenyan Parliament in December 1970 and commenced business in January 1971 as Kenya Reinsurance Corporation. The Kenyan Government owns 60% of the parent company while the public through Nairobi Securities Exchange owns 40%. The registered office of the parent company is 15th Floor, Reinsurance Plaza, Taifa Road, Aga Khan Walk, Nairobi.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENYA REINSURANCE CORPORATION UGANDA - SMC LIMITED ON THE SUMMARY FINANCIAL STATEMENTS

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 December 2020 and the summary statement of comprehensive income for the period then ended, are derived from the audited financial statements of Kenya Reinsurance Corporation Uganda - SMC Limited for the year ended 31 December 2020.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the requirements in the Insurance Act, 2017 of Uganda.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards, the Insurance Act, 2017 and the Companies Act, 2012 of Uganda. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 31 March 2021. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

Directors' Responsibility for the Summary Financial Statements

The directors are responsible for the preparation of the summary financial statements in accordance with the requirements in the Insurance Act, 2017.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Ernst & Young

Ernst & Young
Certified Public Accountants
Plot 18 Clement Hill Road
Shimoni Office Village
P.O.Box 7215
Kampala, Uganda

30 May, 2021

The summary financial statements are extracts from the Company's audited financial statements for the year ended 31 December 2020, which are available at the Company's registered office, and have been presented in accordance with the Uganda insurance regulations and guidelines. The criteria applied entails presenting the specified statements as extracted from the audited financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31ST DECEMBER 2020

	31st December 2020
	Ushs '000
Income	
Gross premiums written	6,158,116
Less: change in unearned premiums	(2,522,484)
Retrocession premiums	(341,807)
Net earned premiums	3,293,825
Investment income	624,848
Total income	3,918,673
Claims and policy holders' benefits expenses	
Gross claims incurred and Policyholder benefits	(3,151,152)
Less: re-insurers share of claims and policy holder benefits	412,312
Net claims and benefits	(2,738,840)
Cedant acquisition costs	(1,152,258)
Operating and other expenses	(867,591)
Depreciation and amortisation	(120,011)
Expected credit losses	(9,835)
Finance cost on lease liabilities	(49,810)
Total claims, benefits and other expenses	(4,938,345)
Loss before tax	(1,019,672)
Income tax expense	(383,309)
Loss for the period	(1,402,981)
Other comprehensive income, net of tax	-
Total comprehensive income for the period, net of tax	(1,402,981)

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2020

	31st December 2020
	Ushs '000
EQUITY	
Share capital	10,000,000
Contingency reserve	123,227
Accumulated losses.	(1,526,208)
	8,597,019
ASSETS	
Property and equipment	357,541
Right of use asset	178,010
Deferred acquisition costs	789,186
Other receivables	37,225
Premiums receivable	4,343,905
Amounts due from other reinsurers	412,312
Amounts due from parent company	440,545
Deposits with financial institutions	8,512,361
Cash and bank balances	2,875,125
TOTAL ASSETS	17,956,210
LIABILITIES	
Provisions for unearned premiums	2,522,484
Insurance contract liabilities	3,149,091
Retrocession premiums payable	278,627
Lease liabilities	190,250
Amounts due to related parties	795,088
Income tax payable	293,496
Commissions payable	1,943,207
Other payables and accruals	108,259
Gratuity payable	78,689
TOTAL LIABILITIES	9,359,191
NET ASSETS	8,597,019

The financial statements were approved by the board of directors on 31st December 2020 and were signed on its behalf by:

Tadeo Nsubuga Ziggwa
Tadeo Nsubuga Ziggwa
Director / Principal Officer

Jadhah Mwarania
Jadhah Mwarania
Director

STATEMENT OF FINANCIAL RATIOS AS AT 31ST DECEMBER 2020

Ratios	
Solvency	121%
Claims	51%
Management expense	14%

