

Global Alliance Seguros, S.A.

Financial Statements 2019



Parte da família Absa



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1. DIRECTORS' REPORT

The directors are pleased to present their report for the year ended 31 December 2019.

1.1. CONSTITUTION AND NATURE OF BUSINESS ACTIVITIES

Global Alliance Seguros, S.A. (hereinafter 'GA', insurance company or company), incorporated and domiciled in Mozambique transacts life insurance, non-life insurance and pension fund management.

The company has its registered office and principal place of business at Av. Marginal, Parcela 141, Maputo.

COMPANY REGISTRATION NUMBER

12801/102-C/29

1.2. MATERIAL CHANGES IN THE COMPANY

There were no material changes in the Company for the financial year ended 31 December 2019.

1.3. BUDGET REVIEW AND HIGH-LEVEL OVERALL PERFORMANCE OF THE BUSINESS

Table 1: Year on Year Growth:

DESCRIPTION - MZN '000	Actuals 2019	Actuals 2018	YoY growth
NET WRITTEN PREMIUM (NPI)	917 166	820 743	12%
NET CLAIMS	(492 738)	(467 712)	5%
NET ACQUISITION COSTS	(87 664)	(68 451)	28%
OTHER INCOME	129 589	229 822	-44%
OPERATING EXPENSES	(505 804)	(502 190)	1%
LOSS/PROFIT BEFORE TAX	(39 451)	12 212	-383%

Table 2: Actuals vs. Budget

DESCRIPTION - MZN '000	Actuals 2019	Budget 2019	YoY growth
NET WRITTEN PREMIUM (NPI)	917 166	1 099 551	-17%
NET CLAIMS	(492 738)	(463 041)	6%
NET ACQUISITION COSTS	(87 664)	(81 229)	8%
OTHER INCOME	129 589	119 357	9%
OPERATING EXPENSES	(505 804)	(515 970)	-2%
LOSS/PROFIT BEFORE TAX	(39 451)	158 668	-125%

We had a deterioration in economic results for 2019 compared to the previous year and we were also significantly below budget.

1.3.1 NET INSURANCE PREMIUM INCOME

However, the premium net increased compared to 2018 due to the following factors:

- Increased new business and;
- Strong performance of the Credit Life portfolio.

The budget was not met as a result of the following factors:

- Low renewal retention;
- High claims relative to below budget NPI; and
- High premiums to reinsurers.

1.3.2 NET INSURANCE CLAIMS AND BENEFITS PAID

The claims line is higher than budget and prior year due to WCA actuarial reserving adjustment of MZN 65 million.

1.3.3 OTHER INCOME

Interest income on investments was low due to the decline of interest rates in the market and significant funds being utilised to manage cyclone claims payments.

Amount in MZN	2019	2018
	Allocated / Total	Allocated / Total
Income	113 314 186	134 507 807
<i>Interest on financial assets not carried at fair value through profit or loss</i>	<i>106 847 344</i>	<i>128 066 624</i>
On other issuers	-	-
On available-for-sale assets	98 442 867	79 236 499
Interest on Fixed term deposits	8 404 478	48 830 125
Other income	6 466 842	6 441 183
Rental income from buildings	6 466 842	6 441 183

1.3.4 OPERATING EXPENSES

Saving against budget and prior year was due to management focus on cost control in order to mitigate impact as revenue was not growing as expected.

Further information on the activities, performance and financial position of the company is presented in the annual financial statements and notes thereto.

1.4 HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

Holding Company	Absa Financial Services Africa Holdings Pty Ltd - 98%
Ultimate Holding Company	Absa Group Limited
Shareholders	Absa Financial Services Africa Holdings Pty Ltd - 98%
	Absa Insurance Company Ltd - 1%
	Absa Life Ltd - 1%

1.5 EVENTS AFTER THE BALANCE SHEET DATE

There have been no facts or circumstances of a material nature that have occurred between the year end and the date of these financial statements that could have a significant effect on the reported results and financial position.

1.6 GOING CONCERN

The financial statements presented were prepared based on the principle of going concern and the Board of Directors have every reason to believe that the insurance company will continue to operate in the foreseeable future.

1.7 DIVIDENDS

Management recommends that no dividends be declared.

1.8 BOARD MEMBERSHIP

L. Dias Diogo	Chair
R. Barros	Non-Executive
B. Ngwenya	Executive

1.9 AUDITORS

Ernst & Young Moçambique, Limitada.

1.10 ADDRESS

Avenida da Marginal, Parcela 141
Maputo
Mozambique



Luisa Dias Diogo
Chair of the Board of Directors



Busani Ngwenya
Managing Director

Maputo
24 March 2020

2. STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The Board of Directors are responsible for the preparation and fair presentation of the financial statements of Global Alliance Seguros, SA comprising the balance sheet at 31 December 2019, and the Income, statement of changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with the regulation issued by the Instituto de Supervisão de Seguros de Moçambique.

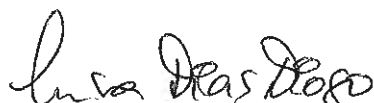
The Board of Directors are also responsible for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management as well as compliance with relevant laws and regulations of the Republic of Mozambique.

The Board of Directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the foreseeable future.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the regulation issued by the Instituto de Supervisão de Seguros de Moçambique.

Approval of the financial statements

The financial statements of Global Alliance Seguros, SA, as identified in the first paragraph, were approved by the Board of Directors on 13 March 2020 and signed on its behalf by:



Luisa Dias Diogo
Chair of the Board of Directors



Busani Ngwenya
Managing Director

Maputo
24 March 2020



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FISCAL COUNCIL REPORT

According to the legal and statutory requirement, the Fiscal Council examined the annual report presented by the Global Alliance Seguros SA for the financial year 2019 and presents to the Shareholders an opinion on the Balance Sheet, the Income Statement and the Report of the Board of Directors for the year ended 31 December of the referred year.

In carrying out its activities, the Fiscal Council monitored the company's business, appreciated the annual accounts, accompanied by the result of the work of the external auditor and maintained regular contact with the administration, having access to all information that was requested to the company management.

Based on our analysis of the report and accounts, the information provided and the report of external auditor (EY Mozambique), except of the issues disclosed on emphasis of matter paragraph, the opinion of the Fiscal Council is that the Balance Sheet and the Income Statement of Global Alliance Seguros SA meet the legal and statutory requirements and comply with the accounting policies normally adopted and that its financial statements have been prepared in accordance with General Acceptable Accounting Principles in force in Mozambique for insurance sector (Diploma Ministerial nº 222/2010 de 17 de Dezembro), adequately reflect the financial situation of the company as at 31 December 2019 and the results of its activity during the period. The proposal of application of result is duly formulated.

Taking into consideration the above stated, the Fiscal Council recommends that the General Meeting approve the Board of Directors' Report, the Financial Statements of Global Alliance Seguros SA, for the year ended 31 December 2019, and the proposal of application of the result.

 **BDO**
BDO (MOZAMBIQUE), LDA
Registered Auditor Firm, nº 02/SAC/OCAM/2012, represented by:
Engagement Partner: Abdul Satar A. Hamid
Registered Auditor: 01/CA/OCAM/2012

Maputo, 24 March 2020



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of

GLOBAL ALLIANCE SEGUROS, S.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Global Alliance Seguros, S.A.** (the Company), which comprise the Statement of financial position as at 31 December 2019 and the Statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, its financial performance and its cash flows for the year then ended, in accordance with the General Acceptable Accounting Principles in force in Mozambique for the Insurance Sector - Diploma Ministerial no. 222/2010, of 17 December.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Mozambique, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to Note 5 in the financial statements, which mentioned that, as at 31 December 2019, the assets held by the company to cover technical provisions according with Mozambican Insurance Supervisory Institute (ISSM) allocation requirements, was insufficient in the amount of 773,794,470 Meticals. According to article 26º of Decree-Law 1/2010, of 31 December, in conjunction with article 46º of Decree 30/2011, of 11 August, the technical provisions must at any time be represented entirely by equivalent assets, tangible or intangible. As such, and according to article 70º of Decree 30/2011, the Board of Directors shall be required to present an adequate plan to solve the referred insufficiency assets within the period to be established by the regulatory authorities.

Our opinion is not modified in respect of this matter.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with the General Acceptable Accounting Principles in force in Mozambique for the Insurance Sector - Diploma Ministerial no. 222/2010, of 17 December, and for such internal control as the Board of Directors determines 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 Board of Directors is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- ▶ Conclude on the appropriateness of the Board of 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 communicated with the Board of 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.

We also provided the Board of Directors a statement that we have complied with relevant ethical requirements regarding Independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our Independence, and where applicable, related safeguards.

From the matters communicated to the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

The engagement partner on the audit resulting in this independent auditor's report is Eduardo Caldas.

ERNST & YOUNG, LDA.

Certified Auditors Firm

Represented by:



Eduardo Jorge Creio da Costa Caldas (Certified Auditor nr. 33)

Maputo, 24 de March de 2020

5. FINANCIAL STATEMENTS

5.1 Statement of comprehensive income

Notes	Profit and Loss Account	FY 2019 – MZN				Previous 2018 MZN
		Technical Life	Technical Non-life	Non- Technical	Total	
6	Premiums Earned Net of Reinsurance	231 490 937	685 675 429	-	917 166 366	820 743 303
	Gross written premiums	381 702 272	1 191 724 828	-	1 573 427 100	1 465 824 759
	Premiums ceded to reinsurers	(150 211 335)	(478 622 229)	-	(628 833 564)	(656 346 060)
	Provision for unearned premiums (change)	-	(15 901 435)	-	(15 901 435)	10 752 564
	Provision for unearned premiums, reinsurers' part (change)	-	(11 525 735)	-	(11 525 735)	512 040
7	Costs of Claims, Net of Reinsurance	(51 001 079)	(543 413 346)	-	(594 414 425)	(477 100 162)
	Amounts paid	(54 034 000)	(495 061 169)	-	(549 095 169)	(344 297 004)
	Gross amount	(108 960 285)	(2 247 849 007)	-	(2 356 809 291)	(404 377 397)
	Reinsurers' part	54 926 285	1 752 787 837	-	1 807 714 122	60 080 394
	Provision for claims (change)	3 032 921	(48 352 176)	-	(45 319 256)	(132 803 158)
	Gross amount	37 388 519	(583 895 805)	-	(546 507 286)	(160 838 753)
	Reinsurers' part	(34 355 598)	535 543 629	-	501 188 030	28 035 595
14	Other technical provisions, net of reinsurance	136 931	(1 142 613)	-	(1 005 682)	(24 300 993)
8	Mathematical Provision - life, net of reinsurance	(30 841 258)	(65 432 470)	-	(96 273 726)	(52 341 492)
	Gross amount	(35 260 350)	(65 432 470)	-	(100 692 820)	(52 982 715)
	Reinsurers' part	4 419 095	-	-	4 419 095	641 223
14	Profit sharing, net of reinsurance	-	552 605	-	552 605	6 383 619
9	Net Operating Expenses	(131 353 692)	(260 837 569)	-	(392 191 262)	(441 269 045)
	Acquisition costs	(93 684 566)	(192 702 984)	-	(286 387 550)	(297 945 080)
	Deferred acquisition costs (change)	-	3 301 526	-	3 301 526	(280 880)
	Administrative costs	(49 706 753)	(153 120 530)	-	(202 827 283)	(221 605 428)
	Reinsurance commissions and profit sharing	12 037 627	81 684 419	-	93 722 045	78 562 343
10	Income	27 769 836	85 544 351	-	113 314 186	134 507 807
	Interest on financial assets not carried at fair value through profit or loss	26 185 011	80 662 334	-	106 847 344	128 066 624
	Other	1 584 825	4 882 017	-	6 466 842	6 441 183
11	Underwriting costs	(23 737 764)	(73 123 644)	-	(96 861 408)	(650 505)
	Others	(23 737 764)	(73 123 644)	-	(96 861 408)	(650 505)
12	Foreign exchange differences	-	-	106 869 141	106 869 141	80 751 741
13	Net losses/gains from non-financial assets	(1 657 239)	(5 105 089)	-	(6 762 328)	(267 880)
15	Other technical income/costs, net of reinsurance	9 485 581	29 220 118	-	38 705 699	11 906 861
14	Other provisions (Change)	364 001	1 121 296	-	1 485 297	2 524 853
15	Other expenses/income	-	-	(30 035 415)	(30 035 415)	(48 676 457)
	Net income before Tax	30 656 256	(146 940 932)	76 833 726	(39 450 951)	12 211 548
25	Corporation Tax for the period – Current Tax	-	-	-	-	-
25	Corporation Tax for the period – Deferred Tax	(8 550 189)	40 982 589	(21 429 325)	11 003 075	9 425 309
20	Net income for the Period	22 106 067	(105 958 343)	55 404 400	(28 447 875)	21 636 957

5.2 Statement of Other Comprehensive Income

Notes	Statement of comprehensive income	FY 2019 - MZN				FY 2018 - MZN			
		Technical Life	Technical Non-Life	Non Technical	Total	Technical Life	Technical Non-Life	Non Technical	Total
28	Net income for the year	22 007 326	(105 859 602)	55 404 400	(28 447 876)	50 717 166	68 549 633	(97 629 842)	21 636 957
	Total income tax not of taxes	22 007 326	(105 859 602)	55 404 400	(28 447 876)	50 717 166	68 549 633	(97 629 842)	21 636 957

5.3 Statement of financial position as at 31 December 2019

Notes	Asset	FY 2019 - MZN			FY 2018 Net Assets MZN
		Gross Assets	Impairment, depreciation / amortizations and adjustments	Net Assets	
17	Cash and cash equivalents and demand deposits	168 646 896	-	168 646 896	328 545 980
18	Assets Available-for-sale	502 510 742	-	502 510 742	524 126 000
19	Loans and receivables	551 538 734	-	551 538 734	615 560 383
20	Property	314 328 299	39 285 195	275 043 104	286 665 093
	Owner-occupied property	138 695 499	32 522 867	106 172 632	111 032 293
	Investment property	175 632 800	6 762 328	168 870 472	175 632 800
21	Other Tangible Assets	20 060 193	8 493 228	11 566 965	9 997 791
	Inventories	446 500	-	446 500	422 500
22	Other intangible assets	10 034 056	4 939 818	5 094 238	4 770 276
23	Technical provisions for reinsurance ceded	911 205 917	-	911 205 917	416 571 922
	Provision for unearned premiums	121 650 764	-	121 650 764	133 176 499
	Mathematical provision for Life- Insurance	6 409 958	-	6 409 958	1 990 863
	Provision for claims	771 862 237	-	771 862 237	270 674 206
	Profit share provision	11 282 958	-	11 282 958	10 730 353
24	Other debtors for insurance and other operations	1 189 166 680	7 191 592	1 181 975 088	743 383 369
	Accounts receivable from direct insurance operations	197 717 464	7 191 592	190 525 872	147 356 134
	Accounts receivable from other reinsurance operations	860 274 962	-	860 274 962	549 940 902
	Accounts receivable from other operations	131 174 253	-	131 174 253	46 086 333
25	Tax assets	530 672 288	-	530 672 288	270 279 031
	Current tax assets	110 422 467	-	110 422 467	194 456 189
	Deferred tax assets	420 249 822	-	420 249 822	75 822 842
26	Accruals and deferrals	14 144 369	-	14 144 369	26 134 175
	Total Asset	4 212 754 674	69 909 833	4 152 844 841	3 226 455 531

5.3 Statement of financial position as at 31 December 2019 (Continued)

Notes	Liabilities and Equity	FY 2019 - MZN	FY 2018 - MZN
	Liabilities		
23	Technical provisions	2 032 851 572	1 373 102 957
	Provision for unearned premiums	280 225 246	267 625 336
	Mathematical Provisions	289 983 118	190 347 381
	Provision for claims	1 401 267 365	854 760 079
	For Life Insurance	4 653 617	42 042 136
	From the field of occupational accidents and occupational diseases	383 676 338	378 455 349
	For other business lines	1 012 937 409	434 262 594
	Claims deviation reserve	1 499 430	1 499 430
	Unexpired risk reserve	59 876 413	58 870 731
27	Other creditors for insurance and other operations	745 902 996	803 969 225
	Accounts payable for direct insurance operations	117 892 669	111 340 124
	Accounts payable for other reinsurance operations	556 508 472	617 084 804
	Accounts payable for other operations	71 501 855	75 544 297
25	Tax Liabilities	518 649 480	259 396 999
	Current tax liabilities	105 661 385	179 832 808
	Deferred tax liabilities	412 988 095	79 564 191
26	Accruals and deferrals	424 642 161	326 852 798
	Other provisions	-	3 888 043
	Total Liabilities	3 722 046 209	2 767 210 023
	Equity Capital		
28	Share capital	242 090 000	242 090 000
28	Other reserves	151 066 755	133 903 059
28	Retained earnings	66 089 752	61 616 491
28	Net income for the period	(28 447 875)	21 636 957
	Total Equity	430 798 632	459 246 507
	Total Liabilities and Equity	4 152 844 841	3 226 456 531

5.4 Statement of Changes in Equity

Notes	Amounts in MZN	Share capital	Other reserves			Retained earnings	Net income for the year	Total
			Legal reserves	Share premium	Others			
	Balance as at 31 December 2016	242 090 000	131 932 181	1 970 879	-	308 802 292	(25 149 203)	743 728 149
	Restatement impact (IAS 8)	-	-	-	-	-	(84 842 397)	(84 842 397)
	Opening balance changed	242 090 000	131 932 181	1 970 879	-	308 802 292	(109 991 600)	657 833 752
	Increase of reserves by application of results (1)	-	-	-	-	(106 991 600)	106 991 600	-
	Net income for the period (2)	-	-	-	-	-	(255 446 529)	(255 446 529)
	Other comprehensive income of the period (3)	-	-	-	-	-	(255 446 529)	(255 446 529)
	Total comprehensive income for the period (4) = (2) + (3)	-	-	-	-	-	(255 446 529)	(255 446 529)
	Total changes in equity (1) + (4)	-	-	-	-	(106 991 600)	(148 454 929)	(255 446 529)
	Balance as at 31 December 2017 (restated)	242 090 000	131 932 181	1 970 879	-	201 810 692	(255 446 529)	437 529 550
	Restatement impact (IAS 8)	-	-	-	-	-	36 172 327	36 172 327
	Opening balance changed	242 090 000	131 932 181	1 970 879	-	201 810 692	(220 274 202)	437 529 550
	Increase of reserves by application of results (1)	-	-	-	-	(220 274 202)	220 274 202	-
	Net income for the period (2)	-	-	-	-	-	21 636 957	21 636 957
	Other comprehensive income of the period (3)	-	-	-	-	-	-	-
	Total comprehensive income for the period (4) = (2) + (3)	-	-	-	-	-	21 636 957	21 636 957
	Total changes in equity (1) + (4)	-	-	-	-	(220 274 202)	241 911 159	21 636 957
28	Balance as at 31 December 2018	242 090 000	131 932 181	1 970 879	-	81 016 490	21 636 957	459 240 507
28	Opening balance	242 090 000	131 932 181	1 970 879	-	81 016 490	21 636 957	459 240 507
28	Increase of reserves by application of results (1)	-	-	-	-	21 636 957	(21 636 957)	-
28	Net income for the period (2)	-	-	-	-	-	(28 447 875)	(28 447 875)
28	Other comprehensive income of the period (3)	-	-	-	-	-	-	-
28	Total comprehensive income for the period (4) = (2) + (3)	-	-	-	-	-	(28 447 875)	(28 447 875)
28	Transactions with equity holders (5)	-	2 163 696	-	15 000 000	(17 163 696)	-	-
28	Distribution of reserves	-	2 163 696	-	15 000 000	(17 163 696)	-	-
28	Total changes in equity (1) + (4) + (5)	-	2 163 696	-	15 000 000	4 473 261	(50 084 833)	(28 447 875)
	Balance as at 31 December 2019	242 090 000	134 095 877	1 970 879	15 000 000	60 509 752	(28 447 875)	430 708 632

5.5 Statement of Cash Flows

Statement of Cash Flows	2019 MZN	2018 MZN
Cash Flow from Operating Activities		
Net income for the period	(28 447 875)	21 636 957
Adjustments related to:		
Depreciation and amortization	11 155 353	9 376 182
Change in provision for claims	45 319 256	132 803 158
Change in other technical provision	121 405 052	20 058 762
Change in provision for premium receipts	(1 485 297)	(2 524 853)
Increase) / Decrease in debtors	(437 130 422)	18 057 290
Increase / (decrease) of creditors	197 298 208	(50 393 626)
Changes In Other Assets	(743 037 447)	45 624 405
Changes In Other Liabilities Accounts	590 813 670	(79 297 873)
Unrealized gains on investment property	6 762 328	267 880
Effect of exchange rate differences	1 647 727	33 087 692
Interest, income and similar income (see Note 10)	(113 314 186)	(134 507 807)
Total	(349 013 633)	14 188 167
Cash flows from investing activities		
Cash Flow from Investing Activities	85 636 907	(211 193 395)
Acquisition of investments (including Term Deposits)	(8 188 827)	(7 004 391)
Acquisition of Tangible and Intangible Assets (see Note 10)	113 314 186	134 507 807
Total	190 762 266	(83 689 979)
Total net increase/decrease in cash and cash equivalents	(158 251 367)	(69 501 812)
Currency translation differences	(1 647 727)	(33 087 692)
Cash and cash equivalents at the beginning of the period	328 545 990	431 135 494
Cash and cash equivalents at the end of the period	168 646 896	328 545 990

6 NOTES TO THE FINANCIAL STATEMENTS

Note 1 - General Information

Global Alliance Seguros, S.A. (hereinafter 'GA' or company), incorporated and domiciled in Mozambique transacts life assurance, non-life insurance and pension fund management. The company has its registered office and principal place of business at Av. Marginal, Parcela 141, Maputo.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Note 2 - Basis of preparation

The financial statements now presented refer to the year ended December 31, 2019 and have been prepared in accordance with the Insurance Companies Accounting Plan issued by Ministry of Finance and approved by Ministerial Decree 222/2010, and also in accordance with the rules governing the accounting of operations of insurance companies, as established by the Instituto de Supervisão de Seguros de Moçambique (ISSM).

Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are stated in Meticals (MZN).

These financial statements were approved at the General Assembly meeting held on the 24th of March 2020.

Main accounting policies:

a) Cash and cash equivalents

Cash and cash equivalent consist of cash at bank and in hand, deposits held at call with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant change in value. Such investments are those with less than three months maturity.

b) Financial assets

(i) Classification

The Company classifies its financial assets at the start of each transaction, taking into account the underlying intention, in accordance with the following categories:

▪ *Held-for-trading financial assets*

These are assets acquired with the main objective of being traded in the short-term.

▪ *Financial assets at fair value through profit and loss*

These are financial assets designated at the time of their initial recognition at fair value, with variations recognized in profit or loss.

▪ *Available-for-sale financial assets*

This category includes (i) non-derivative financial assets the intention of which is to be held for an undetermined period, (ii) financial assets that are designated as available-for-sale at the time of their initial recognition, (iii) financial assets that do not fall within the other categories.

▪ *Financial assets held to maturity*

Financial assets held to maturity, which includes non-derivative financial assets with fixed or determinable payments and fixed maturity for which the Company has the intent and ability to hold to maturity and were not assigned to any other category of financial assets. Any reclassification or sale of financial assets recognized in this category that is not undertaken close to maturity requires the Company to reclassify this entire portfolio as available-for-sale financial assets.

▪ *Loans and receivables*

Loans and receivables, which include amounts receivable, related with direct insurance operations, reinsurance ceded and transactions related with insurance contracts and other transactions.

(ii) Recognition, initial measurement and derecognition

Acquisitions and disposals of (i) financial assets at fair value through profit or loss; (ii) investments held to maturity; and (iii) available-for-sale financial assets are recognized on trade date, that is, on the date the Company undertakes to acquire or dispose of the asset.

Financial assets are initially recognized at their fair value plus trading costs, except where classified as financial assets at fair value through profit or loss, in which case the costs are recognized in profit or loss.

These are derecognized when:

- (i) the Company's contractual rights to receive their cash flows expire; or
- (ii) the Company has transferred substantially the whole of the risks and benefits associated with holding them.

(iii) Subsequent measurement

Following initial recognition, financial assets at fair value through profit or loss are carried at their fair value, and variations are recognised in profit or loss.

Held-for-sale financial assets are likewise carried at fair value, and variances are recognised in other comprehensive income. Currency fluctuations associated with these investments are recognised in profit or loss.

The fair value of quoted financial assets is their current bid price. In the absence of quotation, the Company estimates the fair value using (i) valuation methodologies such as the use of prices of recent similar transaction at arm's length, discounted cash-flow techniques and customised options valuation models designed to reflect the specifics and circumstances of the instrument, and (ii) valuation assumptions based on market information.

Loans and receivables are subsequently carried at amortised cost on the basis of the effective interest-rate method. Financial assets in respect of which fair value cannot be measured reliably are carried at acquisition cost.

(iv) Transfers amongst financial assets

In October 2008 the IASB issued a revision of IAS 39 - Classification of financial instruments Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7: Financial instruments Disclosures). This alteration came to allow an enterprise to transfer financial assets at fair value through profit or loss to the available-for-sale financial assets portfolio, to Loans and receivables or to financial assets held to maturity, provided such financial assets meet the characteristics of each category. Additionally, transfers of financial assets recognised in the available-for-sale financial assets category to the categories of Loans and advances to customers - Securitised credit and financial assets held to maturity are permitted in certain specific circumstances.

(v) Impairment

The Company regularly assesses whether there is objective evidence that a financial asset or group of financial assets shows signs of impairment. For those financial assets showing signs of impairment, the respective recoverable value is determined and impairment losses are recorded with a contra-entry in profit or loss.

A financial asset or group of financial assets is impaired where there is objective evidence of impairment as a result of one or more events occurring after its initial recognition, such as: (i) for securities representing equity capital, ongoing depreciation or significant reduction of their price, and (ii) for debt securities, where this event (or events) impact(s) on the estimated future cash flows of the financial asset or group of assets, which can be estimated reasonably.

(vi) Adjustments of premium receipts pending collection and doubtful debts

The amounts of these adjustments are calculated on the basis of the value of premiums pending collection and of doubtful debt.

c) Embedded derivatives

Derivatives embedded in other financial instruments are treated separately where their economic characteristics and their risks are not related with the principal instrument and the principal instrument is not carried at fair value through profit and loss. These embedded derivatives are recorded at fair value and variations are recognised in profit and loss.

d) Recognition of interest

Results in respect of interest on available-for-sale financial assets and financial assets at fair value through profit or loss are recorded under specific headings of gains and losses.

Calculation of the amortised cost is performed using the effective interest rate method; its impact recorded under returns on investments. The effective interest rate is the rate that discounts future payments or receipts estimated over the expected life of the financial instrument. In calculating the effective interest rate future cash flows are estimated considering all the contract terms of the financial instrument (e.g. put options), though possible future credit losses are not considered. The calculation includes commissions constituting an integral part of the effective interest rate, transaction costs and all premiums and discounts related with the transaction.

e) Investment property and building for own use

- *Investment property*

Investment property is held for long-term rental yields. Completed investment property is stated at its fair value. Changes in fair values are recorded in the income statement as investment income. Investment properties under construction are included within property and equipment, and are stated at cost less any impairment in their values until construction is completed of fair value becomes reliably measurable. The Company uses criteria in IAS 40.

- *Owner-occupied properties*

Owner-occupied properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated on the straight-line method to write down the cost of assets to their residual values over their estimated useful lives as follows:

	Useful life
Property at Av Marginal	36 years

Subsequent costs incurred with the tangible assets are recognized only if it is probable that they will generate future economic benefit for the Company. All maintenance and repair costs are recognised as a cost in accordance with the accrual accounting principle.

f) Tangible assets

The Company's tangible assets are carried at cost less accumulated depreciation and impairment losses.

Depreciation of tangible assets is calculated using the straight-line method at the following rates which reflect the expected useful lives of the assets:

	Annual rates
Furniture	10%
IT hardware	25%
Transport equipment	25%

g) Intangible assets

Intangible assets are carried at cost less accumulated depreciation and impairment losses.

Depreciation of intangible assets is calculated using straight-line method at the following rates which reflect the expected useful lives of the assets:

	Internally generated assets	Finite useful life	Annual rate
Softwares and licenses	No	Yes	25%

Where there is an indication that an asset might be impaired, IAS 36 requires that its recoverable value be estimated, and an impairment loss recognised in the event that the net value of an asset exceeds its recoverable value. Impairment losses are recognised in the statement of income.

h) Product classification

Insurance contracts are defined as those containing significant insurance risk if, and only if, an insured event could cause an insurer to make significant additional payments in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

Contracts can be reclassified as insurance contracts after inception if insurance risk becomes significant. Any contracts not considered to be insurance contracts under IFRS are classified as investment contracts.

Some insurance and investment contracts contain a discretionary participation feature, which is a contractual right to receive additional benefits. These are referred to as participating contracts.

The insurance contracts are measured according to the following principles:

(i) Premiums

Gross direct insurance, accepted reinsurance and ceded reinsurance premiums written are recorded respectively as income and costs during the year to which they refer, regardless of the moment of their receipt or payment.

Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience, and are included in premiums written.

GA cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets / liabilities represent balances due from / to reinsurance companies. Amounts recoverable / payable from / to reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

(ii) Provision for unearned premiums

The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods is deferred as a provision for unearned premiums. The change in this provision is taken to the income statement as recognition of revenue over the period of risk.

The unearned premium provision for ceded reinsurance is determined in accordance with the same criteria applied for direct businesses.

Reinsurance quota share in the claims provision is determined individually for each claim process, based on the conditions established in the reinsurance treaties.

(iii) Deferred acquisition costs

Costs relating to the acquisition of new business for insurance and participating investment contracts are deferred in line with existing local accounting practices, to the extent that they are expected to be recovered out of future margins in revenue on these contracts.

Deferred acquisition costs are amortised systematically over a period no longer than that in which they are expected to be recoverable out of these future margins. Deferrable acquisition costs for non-participating investment and investment fund management contracts are amortised over the period in which the service is provided.

General insurance deferred acquisition costs are amortised over the period in which the related revenue is earned. The reinsurers' share of deferred acquisition costs is amortised in the same manner as the underlying asset.

(iv) Provision for claims

The provision for claims corresponds to the cost of claims incurred pending settlement, the estimated liability for claims incurred but not yet reported (IBNR) and the direct and indirect costs associated with their settlement. The provision for reported and unreported claims is estimated by the Company on the basis of past experience, available information and application of actuarial methods.

(v) Mathematical provision

The aim of the mathematical provisions is to record the present value of the Company's future liabilities in respect of insurance contracts issued. They are calculated on the basis of recognised actuarial methods under applicable legislation.

(vi) Provision for profit sharing

The provision for profit sharing corresponds to the amounts attributed to the insured of the beneficiaries of the contracts, in the form of profit sharing not yet distributed.

(vii) Unexpired risk provision

The unexpired risk provision corresponds to the estimated amount to cover probable indemnities and costs to be borne following the year end in excess of the amount of unearned premiums, of enforceable premiums in respect of contracts in force and of those premiums to be renewed in January of the following year. This provision is being determined in accordance with the applicable law – Decree n°. 30/2011.

(viii) Provision for claims deviations

Provision for claims deviation is intended to cover exceptionally high claims rates in those lines of business which, by their nature, might represent significant losses. It is calculated on the basis of the specific rates established by the ISSM – Decree n° 30/2011.

i) Financial liabilities

An instrument is classified as a financial liability where there is a contractual obligation for its settlement to be made by paying cash or another financial asset, regardless of its legal form.

j) Employee benefits

▪ Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

▪ Pension obligations and other long-term benefits

The Company does not operate pension schemes for employees and other long-term benefits.

▪ *Performance bonus*

The Company grants bonus benefits to its employees in service and they are recorded as cost for the period to which they refer.

k) Income taxes

The current tax expense is based on the taxable profits for the year, after any adjustments in respect of the tax legislation in force. Tax expense is allocated over profits before taxation and amounts charged or credited to components of other comprehensive income and equity, as appropriate. The current income tax rate is 32%.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, on all material temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

l) Provisions and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more probable than not 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.

The amount recorded as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are not recognized for future operating losses where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

m) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- (i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- (ii) the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Company exchanging a fixed amount of cash or other assets for a fixed number of the Company's own equity instruments.

n) Leases

Leases, where a significant portion of the risks and rewards of ownership is retained by the lessor, are classified as operating leases. Where the company is the lessee, payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the term of the relevant leases.

Where the Company is the lessor, lease income from operating leases is recognised in the income statement on a straight-line basis over the lease term.

When assets are subject to finance leases, the present value of the lease payments, together with any unguaranteed residual value, is recognised as a receivable. The Company has not entered into any material finance lease arrangements either as lessor or lessee.

o) Non-current assets held for sale

Assets held for disposal as part of operations which are held for sale are shown separately in the statement of financial position. Operations held for sale are recorded at the lower of their carrying amount and their fair value less the estimated selling costs.

p) Report by operating segments

The Company determines and presents operating segments based on the management information produced in-house.

A business operating segment is an identifiable component of the Company that is intended to provide an individual product or service or a group of related products or services, within a specific economic environment, and is subject to risks and benefits that can be differentiated from others operating in different economic environments.

q) Transactions in foreign currency

The Company has Meticals (MZN) as its functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the settlement date or balance sheet date whichever occurs first. Exchange differences on the settlement or translation of monetary assets or liabilities are included in the profit or loss of the period in which they arise.

Note 3 - Changes in accounting policies, estimates and errors

There were no changes in accounting policies compared to previous year. There were no errors identified that resulted in the restatement of financial statements of previous year.

The financial statements for the year ended 31 December 2018 were adjusted after improvements made on the trial balance accounts' mapping to the financial statements, in order to give more clarity and reliability to the financial statements. The adjustments made were only reallocations between accounts with no impact on the Statement of Comprehensive income.

The adjustment made are presented as follows:

Notes	Profit and Loss Account	Previous 2018 MZN	Reclassifications	Opening 2019 MZN
7	Costs of Claims, Net of Reinsurance	(506 921 226)	29 821 065	(477 100 161)
	Amounts paid	(374 118 068)	29 821 065	(344 297 003)
	Gross amount	(434 198 462)	29 821 065	(404 377 397)
8	Mathematical Provision - life, net of reinsurance	(6 741 492)	(45 600 000)	(52 341 492)
	Gross amount	(7 382 715)	(45 600 000)	(52 982 715)
9	Net Operating Expenses	(370 002 308)	(71 266 737)	(441 269 045)
	Acquisition costs	(271 225 502)	(26 719 578)	(297 945 080)
	Administrative costs	(177 058 269)	(44 547 159)	(221 605 428)
11	Underwriting costs	(519 741)	(130 765)	(650 505)
	Others	(519 740)	(130 765)	(650 505)
15	Other expenses/income	(135 852 894)	87 176 437	(48 676 457)

Total adjustments in the Statement of Comprehensive income

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Notes	Asset	Previous 2018 Net Assets MZN	Reclassifications	Opening 2019 Net Assets MZN
23	Technical provisions for reinsurance ceded	459 343 492	42 771 571	416 571 922
	Provision for claims	313 445 777	42 771 571	270 674 206
24	Other debtors for insurance and other operations	182 961 713	(560 421 656)	743 383 369
	Accounts receivable from direct insurance operations	136 875 380	(10 480 754)	147 356 134
	Accounts receivable from other reinsurance operations	-	(549 940 902)	549 940 902
	Total Asset		(517 650 085)	

Notes	Liabilities and Equity	Prior 2018 - MZN	Reclassifications	Opening 2019 MZN
23	Technical provisions	1 373 102 957	-	1 373 102 957
	Mathematical Provisions	144 747 381	(45 600 000)	190 347 381
	Provision for claims	900 360 079	45 600 000	854 760 079
	For Life Insurance	42 123 406	81 270	42 042 136
	From the field of occupational accidents and occupational diseases	424 055 349	45 600 000	378 455 349
	For other business lines	434 181 324	(81 270)	434 262 594
27	Other creditors for insurance and other operations	286 319 140	(517 650 085)	803 969 225
	Accounts payable for other reinsurance operations	99 434 719	(517 650 085)	617 084 804
	Total Liabilities	2 249 559 938	(517 650 085)	2 767 210 023
	Total Equity	459 246 507	-	459 246 507
	Total Liabilities and Equity	2 708 806 445	(517 650 085)	3 226 456 531

Note 4 – Significant judgements, accounting estimates and assumptions

The preparation of financial statements requires from management to disclose the key judgments, estimates and assumptions made in the process of applying accounting policies that have the most significant effect on the amounts recognized in the financial statements.

The main accounting estimates and judgements used by the Company in the application of accounting principles are detailed as follows.

The Board of Directors considers the choices made are appropriate and that the financial statements adequately present the Company's financial position and the results of its operations in all materially relevant aspects.

The estimates and assumptions analysed hereunder are presented only to help readers to understand the financial statements and are not intended to suggest that other alternatives or estimates are more appropriate.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. *The ultimate liability arising from claims made under insurance contracts*

There are some sources of uncertainty that need to be considered in the estimate of the liability that GA, will ultimately pay for such claims.

The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as:

- (i) Uncertainty as to whether an event has occurred which would give rise to an insured loss;
- (ii) Uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring;
- (iii) Uncertainty as to the ultimate loss on events that have been reported and reserved for; and
- (iv) Uncertainty due to future exposure to which the company has already been committed.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks and the cost of a claim will be determined by the actual loss suffered by the policyholder.

The establishment of insurance liabilities is an inherently uncertain process and, as a consequence of the uncertainty, the eventual cost of settlement of outstanding claims and unexpired risks can vary substantially from the initial estimates, particularly for long tail lines of business.

The Company makes estimates and assumptions to provide appropriate levels of claims provision and provision for unexpired risks. Estimates and judgments are adjusted quarterly as changes in facts and experiences are identified.

Initial estimates are calculated based on the best estimate in respect of reported claims and claim development patterns. The Company makes estimates for IBNR and incurred but not enough reported (IBNER) claims.

Impairment for accounts receivable

GA, periodically reassesses evidence of impairment in order to assess the need to recognize additional impairment losses. In particular, for determining the level of potential loss estimates are used in the calculations of the Board of Directors of amounts related to future cash flows.

These estimates are based on assumptions, and as assumptions, the future values may change, resulting in changes to the amounts made to meet actual losses.

In addition to the analysis of individual impairment, GA performs an analysis of the collective impairment of receivables to deal with situations of loss of value. Although these situations may not be specifically identifiable, they may present a great risk of non-fulfilment at the moment in which they were recognized.

With regard to impairment on insurance receivables, the company, in respect of insurance premiums cancelled for non-payment, use the net revenue percentage method generated for each of the branches with pending billing receipts. GA considers that the impairment determined based on the methodology presented allows us to reflect adequately the risk associated with its customer portfolio.

Remaining useful life of property, plant and equipment and intangible assets

GA continually reassesses its estimates on the useful life of property, plant and equipment and intangible assets. Estimates of remaining useful lives are based on the experience, status and condition of the asset. If deemed necessary, these estimates are supported by technical opinions issued by qualified independent experts.

Impairment of property, equipment and intangible assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or circumstances exist that indicates that the carrying amount exceeds its recoverable amount.

Considering the uncertainty regarding the recoverable amount of these long-term assets, and once the estimates are based on the best information to date, changes in assumptions can result in an impact on determining the level of impairment and, consequently, on the financial results of GA.

Revaluation of investment property

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of investment property is based on its highest and best use from a market participant's perspective.

GA carries its investment properties at fair value, with changes in fair value being recognised in the statement of comprehensive income. In addition, after initial recognition owner-occupied properties are measured in accordance with the revaluation model with changes in fair value being recognised in other comprehensive income. GA engaged independent valuator specialists to determine fair value of its properties. For the investment properties the valuer used a valuation technique based on the income model.

Technical provisions

Technical provisions including provisions for claims correspond to future liabilities stemming from the contracts. The assumptions used were based on past experience of market values.

These assumptions may be reviewed in the event that future experience confirms their inadequacy.

Technical provisions stemming from insurance contracts include (i) provision for unearned premiums, (ii) mathematical provision, and (iii) provisions for claims reported and not reported, including the respective settlement costs.

In determining technical provisions arising from insurance contracts, the Company periodically evaluates its liabilities using actuarial methods and taking into account the respective reinsurance cover. The provisions are periodically reviewed by qualified actuaries.

The provisions for claims do not represent an exact calculation of the amount of the liabilities, rather an estimate resulting from application of actuarial valuation techniques. These estimated provisions correspond to the Company's expectation of the ultimate cost of settling claims based on an evaluation of the facts and circumstances known at the time, on a review of the historic settlement patterns, on an estimate of trends in terms of claims frequency and costs, and other factors.

Variables in the determination of the estimate of the provisions may be affected by internal and/or external events, especially alterations to claims management processes, inflation and legal alterations. Many of these events are not directly quantifiable, particularly on a prospective basis.

Additionally, there may be a significant time difference between the moment of occurrence of the insured event (claim) and the moment when this event is reported to the Company. The provisions are regularly reviewed through an ongoing process when additional information is received and the liabilities come to be settled.

Additionally, see Note 23.

Income taxes

Determination of income tax requires certain interpretations and estimates. Other interpretations and estimates could result in a different amount of corporate tax, current and deferred, recognized during the period.

In keeping with tax legislation in force, the Tax Authorities are entitled to review the calculation of the taxable income made by the Company, during a period of five years. There may therefore be corrections to the taxable income as a result of differences in the interpretation of tax legislation. Nevertheless, the Company's Board of Directors is convinced that there will be no significant corrections to the corporate tax recorded in the financial statements.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Additionally, see Note 25.

Provisions

Provisions that are not technical are raised to cover possible losses. This is determined by management and is subject to regular review of the estimates.

In addition, various assumptions are applied in arriving at the carrying value of provisions that are recognised in terms of the requirements of IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Note 5 – Business line reporting and allocation of investments and other assets

The company considers as primary segment, the business segment. Within this segment there is a split between life assurance and non-life insurance, and within each of these there is further detailed information by product classes (life and non-life insurance). In life insurance data submitted is split by product classes: Credit Life, Group Life, Individual Life, Group Funeral, Embedded Funeral, Hospital plan and Standalone Funeral. In Non-Life, the information is detailed by product classes of Workman compensation, Personal Accident, Fire, Motor, Marine, Aviation, Transportation, Civil responsibility and Miscellaneous. Regarding the geographical segment, all contracts are awarded in Mozambique.

Business line reporting

Business lines – Technical results on 31 December 2019 and 2018:

FY 2019 Amounts in MZN	Life insurance	Non-life insurance	Total
Earned premium, direct insurance	381 702 272	1 175 823 393	1 557 525 665
gross claims, direct insurance	(71 571 766)	(2 831 744 811)	(2 903 316 577)
Other technical costs	(39 136 758)	-	(39 136 758)
Technical margin direct insurance	270 993 748	(1 655 921 418)	(1 384 927 670)
Result – reinsurance ceded	(112 663 902)	1 879 867 920	1 767 204 018
Net technical margin	158 329 846	223 946 502	382 276 347
Operational expenses	(143 391 319)	(342 521 988)	(485 913 307)
Net operational result	14 938 527	(118 575 486)	(103 636 960)
Investment income	3 977 397	12 252 283	16 229 680
Others	9 617 236	30 341 414	39 958 650
Technical result	28 533 160	(75 981 789)	(47 448 629)

FY 2018 Amounts in MZN	Life insurance	Non-life insurance	Total
Earned premium, direct insurance	381 362 049	1 095 215 274	1 476 577 323
gross claims, direct insurance	(84 466 027)	(510 571 188)	(595 037 216)
Other technical costs	(223 801 197)	-	(223 801 197)
Technical margin direct insurance	73 094 824	584 644 086	657 738 910
Result – reinsurance ceded	(169 938 832)	(316 597 815)	(486 536 647)
Net technical margin	(96 844 008)	268 046 271	171 202 263
Operational expenses	(120 576 219)	(327 988 433)	(448 564 651)
Net operational result	(217 420 227)	(59 942 162)	(277 362 389)
Investment income	27 129 838	106 622 696	133 752 534
Others	2 807 237	11 504 442	14 311 679
Technical result	(187 483 151)	58 184 975	(129 298 176)

Life Insurance – Technical results on 31 December 2019 and 2018:

FY 2019 Amounts in MZN	Life					
	Credit Life	Group life	Individual Life	Group Funeral and Embeded Funeral	Standalone Funeral	Total
Earned premium, direct insurance	135 042 436	229 813 861	734 044	10 441 654	5 670 277	381 702 272
gross claims, direct insurance	(41 564 032)	(24 828 325)	(79 005)	(2 614 405)	(2 485 999)	(71 571 766)
Other technical costs	(37 432 466)	(3 522 270)	1 817 978	-	-	(39 136 758)
Technical margin direct insurance	56 045 938	201 463 266	2 473 017	7 827 249	3 184 278	270 993 748
Result – reinsurance ceded	5 578 182	(118 195 503)	-46 580.61	-	-	(112 663 902)
Net technical margin	61 624 120	83 267 763	2 426 436	7 827 249	3 184 278	158 329 846
Operational expenses	(71 268 089)	(63 068 433)	(372 759)	(5 858 426)	(2 823 612)	(143 391 319)
Net operational result	(9 643 968)	20 199 329	2 053 677	1 968 823	360 666	14 938 527
Investment income	2 224 193	1 463 763	12 612	179 405	97 425	3 977 397
Others	5 507 966	3 624 846	31 232	444 276	8 916	9 617 236
Technical result	(1 911 809)	25 287 938	2 097 522	2 592 504	467 006	28 533 160

FY 2018 Amounts in MZN	Life					
	Credit Life	Group life	Individual Life	Group Funeral and Embeded Funeral	Standalone Funeral	Total
Earned premium, direct insurance	345 649 899	14 868 749	863 877	11 819 088	8 160 455	381 362 049
gross claims, direct insurance	(63 627 035)	(16 294 277)	(66 930)	(2 493 663)	(1 984 122)	(84 466 027)
Other technical costs	(184 625 996)	(17 744 694)	(21 430 507)	0	0	(223 801 197)
Technical margin direct insurance	97 396 868	(19 170 222)	(20 633 559)	9 325 405	6 176 333	73 094 824
Result – reinsurance ceded	(168 201 213)	(1 961 484)	223 865	0	-	(169 938 832)
Net technical margin	(70 804 346)	(21 131 707)	(20 409 694)	9 325 405	6 176 333	(86 844 008)
Operational expenses	(103 389 907)	(5 443 389)	(459 734)	(7 004 973)	(4 278 216)	(120 576 219)
Net operational result	(174 194 253)	(26 575 095)	(20 869 427)	2 320 432	1 898 117	(217 420 227)
Investment income	22 169 883	1 515 939	142 741	1 952 899	1 348 376	27 129 838
Others	2 392 100	163 568	15 402	210 715	25 453	2 807 237
Technical result	(149 632 270)	(24 895 589)	(20 711 286)	4 484 047	3 271 946	(187 483 161)

Non-Life insurance – Technical results on 31 December 2019 and 2018:

FY 2019 Amounts in MZN	Non-Life						
	Workman compensation	Fire	Motor	Marine, Aviation, Transportation	Civil responsibility	Others	Total
Earned premium, direct insurance	134 203 585	170 707 696	352 949 659	38 190 390	103 746 711	376 023 373	1 175 823 393
gross claims, direct insurance	(286 592 690)	(1 562 449 165)	(227 057 563)	(29 137 179)	(93 971 682)	(632 536 533)	(2 831 744 811)
Other technical costs	-	-	-	-	-	-	-
Technical margin direct insurance	(152 389 125)	(1 391 741 469)	125 892 096	9 053 211	9 777 029	(256 513 160)	(1 655 921 419)
Result – reinsurance ceded	(30 248 746)	1 497 267 773	(5 698 188)	3 926 723	(10 869 810)	425 490 168	1 879 867 920
Net technical margin	(182 637 871)	105 528 304	120 193 907	12 979 935	(1 092 781)	168 977 008	223 945 502
Operational expenses	(64 877 392)	(33 434 246)	(146 326 294)	(5 305 491)	(39 575 741)	(53 002 824)	(342 521 988)
Net operational result	(247 515 263)	72 092 058	(26 132 387)	7 674 443	(40 668 522)	115 974 184	(118 575 486)
Investment income	2 301 122	823 864	6 280 582	144 740	1 569 526	1 132 459	12 252 283
Others	5 698 472	2 040 183	15 553 163	358 432	3 886 756	2 804 409	30 341 414
Technical result	(239 515 670)	74 956 095	(4 298 642)	8 177 618	(35 212 240)	119 911 052	(75 981 789)

FY 2018 Amounts in MZN	Non-Life						
	Workman compensation	Fire	Motor	Marine, Aviation, Transportation	Civil responsibility	Others	Total
Earned premium, direct insurance	136 349 363	147 928 861	305 316 646	40 395 634	132 859 085	332 365 705	1 095 215 274
gross claims, direct insurance	(137 943 186)	(12 975 779)	(192 801 194)	(12 004 978)	(74 441 693)	(80 404 362)	(510 571 188)
Other technical costs	-	-	-	-	-	-	-
Technical margin direct insurance	(1 693 824)	134 953 087	112 515 452	28 390 656	58 417 372	251 961 343	584 644 098
Result – reinsurance ceded	1 069 500	(88 852 981)	(598 770)	(17 912 544)	(10 773 405)	(199 531 614)	(316 597 816)
Net technical margin	(524 323)	46 100 106	111 918 682	10 478 112	47 643 966	52 429 729	268 046 271
Operational expenses	(68 646 487)	(24 280 738)	(134 271 522)	(4 234 398)	(54 093 164)	(42 462 124)	(327 988 433)
Net operational result	(69 170 810)	21 819 367	(22 352 840)	6 243 713	(6 449 198)	9 967 605	(59 942 162)
Investment income	22 533 479	5 744 882	50 647 347	1 029 324	17 556 015	9 111 649	106 622 696
Others	2 431 331	619 865	5 464 779	111 063	1 894 270	983 134	11 504 442
Technical result	(44 205 999)	28 184 114	33 759 286	7 384 100	13 001 066	20 062 389	58 184 975

Business lines – Financial position as at 31 December 2019 and 2018:

2019 Amounts in MZN	Life	Non-life	Total 2019
Cash and cash equivalents and demand deposits	24 057 218	139 497 892	168 646 896
Available-for-sale assets	71 682 377	415 656 564	502 510 742
Loans and receivables	78 676 144	456 210 536	551 538 734
Property	39 234 471	227 504 532	275 043 104
Other tangible and intangible assets and inventories	2 440 387	14 150 800	17 107 703
Technical provisions for reinsurance ceded	129 982 108	753 712 685	911 205 917
Other debtors and current tax assets	244 306 487	1 416 632 649	1 712 647 376
Accruals and deferrals	2 017 672	11 699 650	14 144 369
Total assets	592 396 865	3 435 065 309	4 152 844 841
Technical provisions	289 983 118	1 681 492 611	2 032 851 572
Other creditors and current tax liabilities	180 386 446	1 045 986 669	1 264 552 476
Accruals and deferrals	60 574 545	351 246 823	424 642 161
Total liabilities	530 944 109	3 078 726 103	3 722 046 209

% Technical provisions	14.26%	82.72%
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2018 Amounts in MZN	Life	Non-life	Total 2018
Cash and cash equivalents and demand deposits	45 544 923	268 556 138	328 545 990
Available-for-sale assets	72 657 342	428 424 813	524 126 000
Loans and receivables	85 332 499	503 164 014	615 560 383
Property	39 739 154	234 322 356	286 665 093
Other tangible and intangible assets and inventories	2 105 803	12 416 892	15 190 567
Technical provisions for reinsurance ceded	57 747 581	340 509 243	416 571 922
Other debtors and current tax assets	140 519 676	828 575 809	1 013 662 401
Accruals and deferrals	3 622 869	21 362 285	26 134 175
Total assets	285 552 249	2 304 158 188	3 226 456 531
Technical provisions	190 347 381	1 122 385 415	1 373 102 957
Other creditors and current tax liabilities	147 409 904	869 204 115	1 063 366 224
Accruals and deferrals	45 849 186	270 350 228	330 740 842
Total liabilities	383 606 471	2 261 939 758	2 767 210 023

% Technical provisions	13.86%	81.74%
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Representation / guaranteeing the technical reserves (assets to be represented on 31 December 2019:

MOZAMBICAN INSURANCE SUPERVISORY INSTITUTE (ISSM)

REPRESENTATION / GUARANTEEING THE TECHNICAL RESERVES
LIFE INSURANCEGLOBAL RESPONSIBILITIES (DIRECT INSURANCE AND REINSURANCE ACCEPTED)
Insurance company: Global Alliance Seguros, S.A.

RESPONSIBLE FOR INFORMATION: FINANCE

Mathematical provisions	178 950 648
Provisions for claims	4 653 617
Provision for profit sharing	-
Total	183 604 266

ASSETS TO BE REPRESENTED / CAUSED

NATURE OF THE ASSETS	LIMITS		Position as at:	31-12-2019 MZN
	%	MAXIMUM VALUES	AS PER THE LEDGER	REPRESENTATION / GUARANTEEING THE TECHNICAL
Treasury bills	100	183 604 266	116 933 800	116 933 800
Fixed deposits	35	64 261 493	155 695 000	64 261 493
Bonds	60	110 162 559	-	-
Shares	30	55 081 280	-	-
Buildings	45	82 621 920	106 172 632	82 621 920
Mortgage	25	45 901 066	-	-
Current deposits	20	36 720 853	33 310 228	33 310 228
Deposits with ceded companies	100	183 604 266	-	-
TOTAL			412 111 660	297 127 441

MOZAMBICAN INSURANCE SUPERVISORY INSTITUTE (ISSM)

REPRESENTATION / GUARANTEEING THE TECHNICAL RESERVES
NON - LIFE INSURANCEGLOBAL RESPONSIBILITIES (DIRECT INSURANCE AND REINSURANCE ACCEPTED)
Insurance company: Global Alliance Seguros, S.A.

RESPONSIBLE FOR INFORMATION: FINANCE

Provision for unearned premiums (UPP)	280 225 246
Provision for claims	1 396 613 748
WCA mathematical provisions	111 032 470
Provision for profit sharing	-
Provision for deviations accident	1 499 430
Unexpired risks provision	59 876 413
Total	1 849 247 306

ASSETS TO BE REPRESENTED / CAUSED

NATURE OF THE ASSETS	LIMITS		Position as at:	31-12-2019 MZN
	%	MAXIMUM VALUES	AS PER THE LEDGER	REPRESENTATION / GUARANTEEING THE TECHNICAL RESERVES
Treasury bills	100	1 849 247 306	385 576 942	385 576 942
Fixed deposits	45	832 161 288	387 764 510	387 764 510
Bonds	40	739 698 923	-	-
Shares	20	369 849 461	-	-
Buildings	40	739 698 923	168 870 472	168 870 472
Mortgage	25	462 311 827	-	-
Current deposits	30	554 774 192	133 240 912	133 240 912
Deposits with ceded companies	100	1 849 247 306	-	-
TOTAL			1 075 452 836	1 075 452 836

According to article 26° of Decree-Law 1/2010, of 31 December, in conjunction with article 46° of Decree 30/2011, of 11 August, the technical provisions must at any time be represented entirely by equivalent assets, tangible or intangible. However, in situations of insufficiency of assets according to article 70° of Decree 30/2011, management is required to present an adequate plan to resolve the referred insufficiency assets within the period established by the regulatory authorities.

As at 31 December 2019, the assets held by the company to cover technical provisions according with Instituto de Supervisão de Seguros de Moçambique (ISSM) allocation requirements were insufficient by MZN 773,794,470. This insufficiency was caused by the increase of Technical provisions as a result of the increase of claims due to Cyclones Idai and Kenneth.

In order to manage the impact of the cyclones, management has the following mitigating controls:

- Reinsurance protection for catastrophic and other losses;
- Regular engagement with reinsurers for cash calls and speedy claims settlement according to reinsurance agreements;
- Appointment skilled assessors to speedily resolve claims;
- Working with Absa Group technical underwriting team for technical support, where necessary.

The nature of the assets representing the technical provisions and the respective percentage limits, depending on the overall value of those provisions, are described in article 48° of Decree 30/2011, of 11 August. The provisions mentioned above, according to the model issued by the regulatory authorities for representation calculation purposes are Gross, i.e., not net of reinsurance recoveries on provisions. Management is therefore certain that the shortfall will be resolved through reinsurance recoveries.

Note 6 – Premiums earned net of reinsurance

This note gives details of premiums earned net of reinsurance:

	2019 MZN	2018 MZN
Gross Premium written	1 573 427 100	1 465 824 759
Ceded Reinsurance premiums	(628 833 564)	(656 346 060)
Premiums earned net of Reinsurance	944 593 536	809 478 699
Variation of unearned premiums	(15 901 435)	10 752 564
Variation of unearned premiums of ceded reinsurance	(11 525 735)	512 040
Net Variation of unearned premiums	(27 427 170)	11 264 604
Earned premiums, net reinsurance	917 166 366	820 743 303

The Variation of Unearned Premiums includes the non-realize foreign exchange gains in the amount of MZN 37 481 213 (MZN 14 210 483 in 2018), and losses in the amount of MZN 60 041 175 (MZN 8 821 578 in 2018), according to requirements of the Ministerial Decree 222/2010 (see Note 25).

Further details in the premiums earned net of reinsurance below:

Amounts in MZN	2019			2018		
	Direct Insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Gross premiums written:	1 573 427 100	(628 833 564)	944 593 536	1 465 824 759	(658 346 060)	809 478 699
Life Insurance	381 702 272	(150 211 335)	231 490 937	381 362 049	(217 170 574)	164 191 475
Credit Life	135 042 436	(5 590 826)	129 451 611	345 649 899	(211 476 381)	134 173 519
Group life	229 813 861	(144 620 509)	85 193 352	14 868 749	(5 694 193)	9 174 556
Individual life	734 044	-	734 044	863 877	-	863 877
Group Funeral	2 319 685	-	2 319 685	1 922 093	-	1 922 093
Embedded Funeral	8 121 969	-	8 121 969	9 896 975	-	9 896 975
Standalone Funeral	5 670 277	-	5 670 277	8 160 455	-	8 160 455
Non - Life Insurance	1 191 724 828	(478 622 229)	713 102 599	1 084 462 710	(439 175 486)	645 287 224
Workman compensation	137 523 566	(3 594 576)	133 928 990	135 781 440	592 586	136 374 026
Personal Accident	124 108 600	(104 025 345)	20 083 255	88 035 549	(76 856 122)	11 179 427
Fire	177 968 736	(130 019 101)	47 949 635	140 575 959	(105 807 577)	34 768 382
Motor	375 732 300	(10 192 292)	365 540 008	307 117 685	(596 770)	306 520 915
Marine	24 345 983	(21 600 087)	2 745 896	28 209 103	(25 970 491)	2 238 611
Aviation	7 047 280	(6 504 684)	542 596	4 657 063	(4 478 405)	178 658
Transportation	8 139 063	(3 003 455)	5 135 608	4 857 406	(1 045 142)	3 812 264
Civil responsibility	101 888 022	(10 539 093)	91 348 929	117 251 162	(11 001 064)	106 250 099
Miscellaneous	234 971 277	(189 143 595)	45 827 682	257 977 342	(214 012 501)	43 964 842
Changes in provision for unearned premiums:	(15 901 435)	(11 525 735)	(27 427 170)	10 752 564	512 040	11 264 604
Non - Life Insurance	(15 901 435)	(11 525 735)	(27 427 170)	10 752 564	512 040	11 264 604
Workman compensation	(3 320 001)	-	(3 320 001)	567 922	144 993	712 915
Personal Accident	2 110 770	(1 196 344)	914 427	(26 796 314)	(22 471 445)	(49 267 760)
Fire	(7 261 041)	3 970 369	(3 290 672)	7 352 902	6 833 667	14 186 569
Motor	(22 782 641)	171 949	(22 610 692)	(1 801 039)	0	(1 801 039)
Marine	994 747	(983 354)	11 393	1 629 731	1 697 055	3 328 786
Aviation	(2 346 341)	2 224 254	(122 087)	985 987	795 101	1 781 089
Transportation	9 657	5 683	15 340	56 344	20 615	76 959
Civil responsibility	1 860 689	(1 630 170)	230 520	15 607 903	(1 518 883)	14 089 020
Miscellaneous	14 832 725	(14 088 322)	744 403	13 149 127	15 010 937	28 160 064
Earned premiums:	1 557 525 665	(640 359 299)	917 166 366	1 476 577 323	(655 834 020)	820 743 303
Life Insurance	381 702 272	(150 211 335)	231 490 937	381 362 049	(217 170 574)	164 191 475
Credit Life	135 042 436	(5 590 826)	129 451 611	345 649 899	(211 476 381)	134 173 519
Group life	229 813 861	(144 620 509)	85 193 352	14 868 749	(5 694 193)	9 174 556
Individual life	734 044	-	734 044	863 877	-	863 877
Group Funeral	2 319 685	-	2 319 685	1 922 093	-	1 922 093
Embedded Funeral	8 121 969	-	8 121 969	9 896 975	-	9 896 975
Standalone Funeral	5 670 277	-	5 670 277	8 160 455	-	8 160 455
Non - Life Insurance	1 175 823 393	(490 147 964)	685 675 429	1 095 215 274	(438 663 446)	656 551 828
Workman compensation	134 203 565	(3 594 576)	130 608 989	136 349 363	737 579	137 086 941
Personal Accident	126 219 371	(105 221 689)	20 997 682	61 239 235	(99 327 568)	(38 088 333)
Fire	170 707 696	(126 048 732)	44 658 963	147 928 861	(98 973 910)	48 954 951
Motor	352 949 659	(10 020 342)	342 929 316	305 316 646	(596 770)	304 719 876
Marine	25 340 730	(22 583 441)	2 757 289	29 838 833	(24 273 436)	5 565 397
Aviation	4 700 940	(4 280 430)	420 509	5 643 050	(3 683 304)	1 959 746
Transportation	8 148 720	(2 997 573)	5 151 148	4 913 750	(1 024 527)	3 889 223
Civil responsibility	103 748 711	(12 169 263)	91 579 448	132 859 065	(12 519 946)	120 339 119
Miscellaneous	249 804 002	(203 231 917)	46 572 085	271 126 470	(199 001 564)	72 124 906

Note 7 – Costs of claims, net of reinsurance

The cost of claims, net of reinsurance is as follows:

	2019 MZN	2018 MZN
Claims Paid		
Gross amounts	(2 255 142 748)	(325 883 107)
Reinsurers' portion	1 807 714 122	60 080 394
Provision for claims (change)		
Gross amounts	(546 507 286)	(160 838 753)
Reinsurers' portion	501 188 030	28 035 595
Total before inputted costs (see Note 16)	(492 747 881)	(398 605 872)
Costs with Claims inputted	(101 666 543)	(78 494 290)
Total	(594 414 425)	(477 100 162)

Gross amounts of claims (changes in provisions for claims) includes the non-realize foreign exchange gains in the amount of MZN 1 063 284 130 (MZN 68 318 29 in 2018), and losses in the amount of MZN 1 153 181 126 (MZN 109 975 109 in 2018), according to requirements of the Ministerial Decree 222/2010 (see Note 25).

Further details in the cost of claims below:

Amounts in MZN	2019					
	Claims paid		Changes in provisions for claims		Inputted claims cost	Total
	Gross claims	Reinsurance portion	Gross change	Reinsurance portion		
Life Insurance	(84 044 930)	54 926 285	37 388 519	(34 355 598)	(24 915 355)	(51 001 079)
Credit Life	(26 295 491)	7 223 881	(1 335 672)	465 000	(13 932 889)	(33 875 151)
Group life	(54 444 091)	47 702 404	38 785 121	(34 820 598)	(9 169 355)	(11 946 518)
Individual life	-	-	-	-	(79 005)	(79 005)
Group Funeral	(330 240)	-	9 669	-	(249 668)	(570 238)
Embedded Funeral	(1 277 000)	-	107 000	-	(874 167)	(2 044 167)
Standalone Funeral	(1 698 108)	-	(177 600)	-	(610 292)	(2 485 998)
Non - Life Insurance	(2 171 097 818)	1 752 787 837	(583 895 805)	535 543 629	(76 751 188)	(543 413 346)
Workman compensation	(286 958 931)	9 898 719	(5 220 990)	(36 568 803)	(14 414 769)	(313 262 773)
Personal Accident	(15 367 170)	14 153 456	(1 085 767)	976 161	(2 161 559)	(3 464 880)
Fire	(1 107 415 504)	1 193 112 769	(449 872 845)	406 026 005	(5 160 816)	36 689 609
Motor	(200 072 533)	(2 330 433)	12 358 018	6 545 479	(39 343 048)	(222 842 518)
Marine	(14 211 028)	12 462 535	1 955 127	1 435 074	(295 541)	1 346 170
Aviation	(92 531 992)	82 161 348	79 262 869	(65 794 209)	(58 400)	3 039 617
Transportation	(3 088 094)	-	382 622	-	(552 745)	(3 258 217)
Civil responsibility	(54 707 970)	(8 015 017)	(29 431 833)	8 012 953	(9 831 879)	(93 973 746)
Miscellaneous	(416 746 598)	451 344 459	(192 263 008)	214 910 970	(4 932 431)	52 313 392
Total	(2 255 142 748)	1 807 714 122	(546 507 286)	501 188 030	(101 666 543)	(594 414 425)

Amounts in MZN	2018					
	Claims paid		Changes in provisions for claims		Inputted claims cost	Total
	Gross claims	Reinsurance portion	Gross change	Reinsurance portion		
Life Insurance	(52 021 490)	22 578 247	(19 723 601)	11 351 438	(15 921 473)	(53 736 879)
Credit Life	(34 683 581)	19 103 520	(18 548 193)	11 274 978	(13 010 664)	(35 883 943)
Group life	(14 854 627)	3 474 727	(728 840)	76 480	(889 847)	(12 921 927)
Individual life	-	-	-	-	(83 769)	(83 769)
Group Funeral	(89 707)	-	(41 026)	-	(186 383)	(317 117)
Embedded Funeral	(1 221 204)	-	(226 029)	-	(959 699)	(2 406 932)
Standalone Funeral	(1 172 370)	-	(179 510)	-	(791 311)	(2 143 192)
Non - Life Insurance	(273 861 617)	37 502 146	(141 115 152)	16 684 157	(62 572 817)	(423 363 283)
Workman compensation	(59 203 088)	445 608	(22 574 354)	49 530	(13 224 045)	(94 506 348)
Personal Accident	(9 571 440)	6 181 105	(3 084 543)	3 735 134	(1 084 057)	(3 833 800)
Fire	(6 399 564)	(4 503 173)	(3 882 488)	(1 610 841)	(3 371 453)	(19 767 519)
Motor	(107 340 160)	-	(61 712 950)	-	(29 723 008)	(198 776 118)
Marine	(8 229 166)	5 576 851	(1 049 308)	2 269 645	(217 076)	(1 649 053)
Aviation	-	-	-	-	(17 324)	(17 324)
Transportation	(1 605 738)	-	(638 126)	-	(369 671)	(2 613 535)
Civil responsibility	(32 597 392)	23 471	(23 128 476)	11 803	(10 302 959)	(65 993 553)
Miscellaneous	(48 915 070)	29 778 285	(25 034 906)	12 228 884	(4 263 224)	(36 206 033)
Total	(325 883 107)	60 080 394	(160 838 753)	28 035 595	(78 494 290)	(477 100 162)

Note 8 – Mathematical provision – net of reinsurance

The mathematical reserves for life insurance are as follows:

	2019 MZN		2018 MZN	
	Gross amounts	Reinsurers' portion	Gross amounts	Reinsurers' portion
Life Insurance	(35 260 350)	4 433 634	1 133 199	553 399
Credit Life	(37 432 466)	3 468 437	(184 625 996)	2 213 654
Group life	(3 522 270)	1 517 262	(17 744 694)	181 521
Individual life	1 817 978	(46 581)	(21 430 507)	223 865
Group Funeral	(1 685 951)	-	-	-
Embedded Funeral	(1 299 755)	(17 624)	(19 784 789)	199 425
Standalone Funeral	6 862 115	(487 861)	244 719 185	(2 265 067)
Non - Life Insurance	(65 432 470)	(14 539)	(54 115 914)	87 824
Workman compensation	(65 432 470)	-	(45 600 000)	-
Personal Accident	-	(14 539)	(8 515 914)	87 824
Total	(100 692 820)	4 419 095	(52 982 715)	641 223

Note 9 – Net Operating Expenses

At year end 2019 and 2018, net operating Expenses comprise:

	2019 MZN	2018 MZN
Acquisition Costs	(286 387 550)	(297 945 080)
Deferred Acquisition Costs (Change)	3 301 526	(280 880)
Administrative Costs	(202 827 283)	(221 605 428)
Reinsurance commissions and profit sharing	93 722 045	78 562 343
Total	(392 191 262)	(441 269 045)

Further details on the net operating expenses are as follows:

Net Operating Expenses	2019 MZN					
	Acquisition Costs		Deferred Acquisition Costs (Change)	Administrative Costs		Reinsurance commissions and profit sharing
	Imputed Costs (see Note 16)	Commissions		Imputed Costs (see Note 16)	Commissions	
Life Insurance	(25 597 119)	(68 087 447)	-	(49 706 753)	-	12 037 627
Credit Life	(14 314 116)	(29 157 552)	-	(27 796 420)	-	11 690
Group life	(9 420 258)	(35 355 084)	-	(18 293 092)	-	12 025 937
Individual life	(81 167)	(133 975)	-	(157 617)	-	-
Group Funeral	(256 499)	(342 302)	-	(498 093)	-	-
Embedded Funeral	(896 087)	(2 119 460)	-	(1 743 985)	-	-
Stand-alone Funeral	(626 991)	(979 074)	-	(1 217 547)	-	-
Non - Life Insurance	(78 851 345)	(113 851 639)	3 301 526	(153 120 530)	-	81 684 419
Workman compensation	(14 809 203)	(21 967 078)	656 711	(28 757 822)	-	15 914
Personal Accident	(2 220 707)	(6 472 187)	313 064	(4 312 365)	-	20 168 803
Fire	(5 302 033)	(19 142 006)	1 305 750	(10 295 957)	-	24 177 732
Motor	(40 419 599)	(28 811 722)	1 395 388	(78 490 360)	-	107 108.10
Marine	(303 628)	(1 411 675)	37 947	(589 611)	-	2 515 712
Aviation	(59 998)	(196 578)	77 807	(116 509)	-	287 500
Transport	(567 870)	(1 071 148)	(1 490)	(1 102 740)	-	720 207
Civil responsibility	(10 100 911)	(9 681 780)	(178 206)	(19 614 844)	-	1 301 517
Miscellaneous	(5 067 398)	(25 097 464)	(305 446)	(9 840 322)	-	32 389 927
Total	(104 448 464)	(181 939 087)	3 301 526	(202 827 283)	-	93 722 045
Total	(286 387 550)		3 301 526	(202 827 283)		93 722 045

Net Operating Expenses	2018 MZN					Reinsurance commissions and profit sharing
	Acquisition Costs		Deferred Acquisition Costs (Change)	Administrative Costs		
	Imputed Costs (see Note 16)	Commissions		Imputed Costs (see Note 16)	Commissions	
Life Insurance	(26 960 948)	(63 121 162)	-	(44 949 573)	-	10 683 015
Credit Life	(22 031 870)	(56 438 949)	-	(36 731 763)	-	10 683 015
Group life	(1 506 502)	(2 232 962)	-	(2 511 655)	-	-
Individual life	(141 852)	(157 439)	-	(236 496)	-	-
Group Funeral	(315 616)	(281 215)	-	(526 196)	-	-
Embedded Funeral	(1 625 126)	(2 587 945)	-	(2 709 427)	-	-
Standalone Funeral	(1 339 982)	(1 422 651)	-	(2 234 032)	-	-
Non - Life Insurance	(105 958 942)	(101 904 028)	(280 880)	(176 655 854)	-	67 879 328
Workman compensation	(22 393 203)	(20 886 357)	(39 154)	(37 334 181)	-	(163 216)
Personal Accident	(1 835 710)	(3 576 474)	1 017 175	(3 060 515)	-	14 892 278
Fire	(5 709 118)	(12 135 267)	20 930	(9 518 301)	-	16 234 943
Motor	(50 332 055)	(27 321 986)	310 457	(83 914 127)	-	-
Marine	(367 590)	(1 255 533)	59 095	(612 849)	-	2 619 529
Aviation	(29 336)	(32 051)	(12 391)	(48 910)	-	322 203
Transport	(625 990)	(805 308)	(8 328)	(1 043 657)	-	280 495
Civil responsibility	(17 446 724)	(13 379 923)	(3 533 446)	(29 087 360)	-	1 711 266
Miscellaneous	(7 219 216)	(22 511 128)	1 904 781	(12 035 953)	-	31 981 831
Total	(132 919 889)	(165 025 191)	(280 880)	(221 605 428)	-	78 562 343
Total	(297 945 080)		(280 880)	(221 605 428)		78 562 343

Note 10 – Income

At year end 2019 and 2018, the income per category of each financial assets are analysed as follows:

Amount in MZN	2019	2018
	Allocated / Total	Allocated / Total
Income	113 314 186	134 507 807
Interest on financial assets not carried at fair value through profit or loss	106 847 344	128 066 624
On other issuers	-	-
On available-for-sale assets	98 442 867	79 236 499
Interest on Fixed term deposits	8 404 478	48 830 125
Other income	6 466 842	6 441 183
Rental income from buildings (see Note 20)	6 466 842	6 441 183

Note 11 – Underwriting costs

At year end 2019 and 2018, the underwriting costs are presented below:

	Imputed Costs (see note 16)	
	2019 MZN	2018 MZN
Life Insurance	(23 737 764)	(131 946)
Credit Life	(13 274 350)	(107 823)
Group life	(8 735 978)	(7 373)
Individual life	(75 271)	(694)
Group Funeral	(237 867)	(1 545)
Embedded Funeral	(832 851)	(7 953)
Standalone Funeral	(581 447)	(6 558)
Non- Life Insurance	(73 123 644)	(518 559)
Workman compensation	(13 733 474)	(109 592)
Personal Accident	(2 059 396)	(8 984)
Fire	(4 916 897)	(27 940)
Motor	(37 483 551)	(246 323)
Marine	(281 572)	(1 799)
Aviation	(55 639)	(144)
Transportation	(526 620)	(3 064)
Civil responsibility	(9 367 189)	(85 384)
Miscellaneous	(4 699 306)	(35 331)
Total	(96 861 408)	(650 505)

Note 12 – Foreign exchange differences

Foreign exchange differences for the year 2019 and 2018 arise on the following items:

Exchange rate fluctuation	2019 MZN	2018 MZN
Receipts/payments of brokers and reinsurers	96 526 390	48 227 502
Debtors	8 355 408	-
Current and term deposits	1 647 727	33 087 692
Other	339 616	(563 453)
Total	106 869 141	80 751 741

In 2019 and 2018, this caption includes unrealized exchange rate gains in the amount of MZN 189 822 454 and MZN 166 109 31, losses in the amount of MZN 93 296 064 and MZN 117 881 815, respectively (see Note 25).

Exchange differences are due to the depreciation of the dollar against the metical that occurred during the year 2019.

The exchange rates were:

Currency	31.12.2019	Average 2019	31.12.2018	Average 2018
MZN/USD	61.41	62.53	61.41	60.21

Note 13 – Net losses/gains from non-financial assets

The value of MZN (6 762 328) registered on December 31, 2019 (MZN 267 880 in 2018), relates to the change in fair value of the properties assigned to technical provisions – Marginal Property (Headquarters). See also note 20.

	2019 MZN	2018 MZN
Life Insurance	(1 657 239)	(54 336)
Credit Life	(926 742)	(44 402)
Group life	(609 898)	(3 036)
Individual life	(5 255)	(286)
Group Funeral	(16 607)	(636)
Embedded Funeral	(58 145)	(3 275)
Standalone Funeral	(40 593)	(2 701)
Non - Life Insurance	(5 105 089)	(213 544)
Workman compensation	(958 795)	(45 130)
Personal Accident	(143 776)	(3 700)
Fire	(343 271)	(11 506)
Motor	(2 616 894)	(101 437)
Marine	(19 658)	(741)
Aviation	(3 884)	(59)
Transportation	(36 766)	(1 262)
Civil responsibility	(653 965)	(35 161)
Miscellaneous	(328 080)	(14 549)
Total	(6 762 328)	(267 880)

Note 14 – Other Technical Provisions, Net of Reinsurance (change) and Other Provisions (change)

The other technical provisions, net of reinsurance (variation) include the variation of claims deviation reserve and the unexpired risk reserve, net of reinsurance. See also note 23.

Other technical provisions, net of reinsurance (change)	2019 MZN			2018 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Claims deviation reserve	-	-	-	(451 637)	-	(451 637)
Unexpired risk reserve	(1 005 682)	-	(1 005 682)	(23 849 356)	-	(23 849 356)
Total	(1 005 682)	-	(1 005 682)	(24 300 994)	-	(24 300 994)

At year end 2019 and 2018, the details of the unexpired risk reserve are presented below:

Unexpired risk reserve	2019 MZN	2018 MZN
Life Insurance	136 931	(136 931)
Non - Life Insurance	(1 142 613)	(23 712 425)
Workman compensation	(38 558 382)	(16 760 126)
Personal Accident	26 424 759	(26 424 759)
Fire	0	27 593 287
Motor	6 301 451	(3 213 021)
Marine	-	-
Ferroviário	-	-
Aviation	-	-
Transportation	96 984	(96 984)
Civil responsibility	4 592 576	(4 810 823)
Miscellaneous	-	-
Total	(1 005 682)	(23 849 356)

The profit sharing, net of reinsurance as at 31 December 2019 is MZN 552 605 and as at 31 December 2018 is MZN 6 383 619.

The Other provisions (Change) include the variation of receipts adjustment for charging and variation adjustment for amounts receivable from reinsurers. See also note 24.

	Other Provisions (change)	
	2019 MZN	2018 MZN
Life Insurance	364 001	512 131
Credit Life	203 552	418 502
Group life	133 960	28 616
Individual life	1 154	2 695
Group Funeral	3 648	5 995
Embedded Funeral	12 771	30 870
Standalone Funeral	8 916	25 453
Non - Life Insurance	1 121 296	2 012 721
Workman compensation	210 593	425 366
Personal Accident	31 579	34 870
Fire	75 397	108 446
Motor	574 782	956 072
Marine	4 318	6 982
Aviation	853	557
Transportation	8 075	11 891
Civil responsibility	143 639	331 406
Miscellaneous	72 060	137 131
Total	1 485 297	2 524 853

Note 15 – Other income/ expenses

Analysis of other technical income/costs, net reinsurance, at year end 2019 and 2018:

	2019 MZN	2018 MZN
Management of pension funds	64 549 019	30 703 088
Asset management fees– Absa Investment Management Services (Pty) Ltd	(10 108 320)	-
Pension funds – ACA Employee Benefits (Pty) Ltd	(15 735 000)	(18 796 227)
Other technical income/costs net of reinsurance	38 705 699	11 906 861
Bank commission/charges	(30 639 583)	(11 301 734)
Other (individually immaterial)	604 168	(37 374 723)
Other expenses	(30 035 415)	(48 676 457)

Note 16 – Expenses by Nature

The analysis of expenses by function: acquisition of insurance contracts (acquisition costs and administrative costs), claims costs and investment costs, are presented as follows:

Amounts in MZN	2019			2018		
	Technical account	Non- Technical account	Total	Technical account	Non- Technical account	Total
Claims costs (see Note 7)	(101 666 543)	-	(101 666 543)	(78 494 290)	-	(78 494 290)
Acquisition costs (see Note 9)	(104 448 464)	-	(104 448 464)	(132 919 889)	-	(132 919 889)
Administrative costs (see Note 9)	(202 827 283)	-	(202 827 283)	(221 605 428)	-	(221 605 428)
Costs of investment management (see Note 11)	(96 861 408)	-	(96 861 408)	(650 505)	-	(650 505)
Total	(505 803 698)	-	(505 803 698)	(433 670 113)	-	(433 670 113)

The breakdown of costs by nature to be charged is presented as follows:

Costs by nature imputed	2019 MZN	2018 MZN
Staff Costs	236 258 102	177 662 803
Officers Remuneration	23 265 302	22 827 782
Staff Remunerations	146 789 433	124 574 053
Charges on Remuneration	9 700 132	7 865 043
Compulsory Insurance	2 715 986	2 095 754
Social welfare Costs	11 510 861	9 669 350
Other Staff Costs	42 276 388	10 630 821
Supplies and Services	232 266 551	213 835 718
Kindle Technologies – KIT	23 950 693	23 627 605
Audit, consulting, litigation and other	20 646 225	28 416 535
Integration costs – ABSA (Group Recharges)	100 949 001	74 073 193
Transfer pricing – ABSA	14 329 776	13 103 244
Advertising and Marketing	6 642 894	5 399 808
Communication	13 511 407	11 042 324
Technical Documentation	7 079 391	6 161 155
Rents	2 177 727	2 449 154
Maintenance and Repair	4 820 765	5 578 256
Stationery	2 198 036	1 170 635
Travel and accommodation	4 443 368	7 324 599
Entertainment expenses	3 557 415	1 217 651
Electricity, fuel and water	3 968 654	2 889 096
Others (i)	23 991 198	31 382 465
Taxes and fees	26 098 487	32 795 409
Depreciation for the period	11 180 558	9 376 182
Own use of buildings (see Note 20)	4 859 661	4 046 308
Intangible Asset (see Note 22)	2 351 092	1 632 036
Tangible Asset (see Note 21)	3 969 805	3 697 838
Total	505 803 698	433 670 113

- (i) Includes namely, costs for office security (MZN 1 519 774), postage and notary (MZN 1 289 812), Associação Moçambicana de Seguros membership fees (MZN 300 000), general administrative expenses (MZN 2 552 539) and other services (MZN 18 176 347).

During 2019 and 2018, GA had, on average, 102 workers at its service.

Average number of employees by professional category	2019	2018
Executive officers	8	8
Superior professionals	16	15
Middle professionals	28	29
Qualified professionals	40	40
Others	10	10
Total	102	102

Note 17 – Cash and cash equivalents

The description of the components of cash and cash equivalents and current deposits, reconciling the amounts included in the statement of cash flows with the corresponding amounts reported in the statement of financial performance at 31 December 2019 and 2018 is analysed as follows:

	2019 MZN	2018 MZN
Current deposits	168 646 896	328 545 990
Total	168 646 896	328 545 990

Note 18 – Available-for-sale assets

The asset amount of MZN 502 510 742 classified as available for sale assets at 31 December 2019 comprises:

Description	Bank	Currency	Start date	End date	Annual interest rate	Total MZN
Treasury Bonds - ABM	Banco Absa Moçambique, S.A.	MZN	4/25/2019	5/13/2020	14.13%	52 576 942
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	4/13/2019	10/13/2020	15.25%	25 000 000
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	4/13/2019	10/13/2020	15.25%	21 855 400
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	4/13/2019	10/13/2020	15.25%	3 144 600
Treasury Bonds - ABM	Banco Absa Moçambique, S.A.	MZN	4/25/2019	10/25/2020	14.13%	21 000 000
Treasury Bonds - ABM	Banco Absa Moçambique, S.A.	MZN	4/25/2019	10/25/2020	14.13%	50 000 000
Treasury Bonds - ABM	Banco Absa Moçambique, S.A.	MZN	5/22/2019	11/22/2020	13.44%	114 500 000
Treasury Bonds - ABM	Banco Absa Moçambique, S.A.	MZN	3/28/2019	3/28/2021	13.69%	50 000 000
Treasury Bonds - ABM	Banco Absa Moçambique, S.A.	MZN	4/25/2019	7/9/2021	14.13%	50 000 000
Treasury Bonds - ABM	Banco Absa Moçambique, S.A.	MZN	8/22/2019	8/22/2021	14.25%	35 000 000
Treasury Bonds - ABM	Banco Absa Moçambique, S.A.	MZN	9/27/2019	9/27/2021	13.69%	20 000 000
Treasury Bonds - ABM	Banco Absa Moçambique, S.A.	MZN	5/14/2019	11/14/2021	13.63%	25 000 000
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	4/13/2019	12/21/2021	15.25%	2 433 800
Treasury Bonds - ABM	Banco Absa Moçambique, S.A.	MZN	8/27/2019	2/27/2022	14.00%	17 000 000
Treasury Bonds - ABM	Banco Absa Moçambique, S.A.	MZN	9/13/2019	3/13/2022	14.00%	15 000 000
Total						502 510 742

The asset amount of MZN 524 126 0000 classified as available for sale assets at 31 December 2018 comprises:

Description	Bank	Currency	Start date	End date	Annual interest rate	Total MZN
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2017/08/21	2019/04/21	17.63%	25 000 000
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2017/02/27	2019/04/21	17.63%	21 855 400
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2017/03/31	2019/04/21	17.63%	3 144 600
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2017/08/14	2019/04/21	15.0%	15 300 000
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2018/02/23	2019/04/21	15.0%	10 706 600
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2017/08/14	2020/10/13	15.0%	8 126 000
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2017/10/25	2020/10/25	16.50%	21 000 000
Treasury Bonds - BBM	Barclays Bank Moçambique, S.A.	MZN	2018/04/30	2020/10/26	24.0%	50 000 000
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2018/04/30	2020/11/22	15.75%	114 500 000
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2018/03/28	2021/03/28	19.0%	50 000 000
Treasury Bonds - BBM	Barclays Bank Moçambique, S.A.	MZN	2018/07/09	2021/07/09	24.0%	50 000 000
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2018/08/22	2021/08/22	16.0%	35 000 000
Treasury Bonds - BBM	Barclays Bank Moçambique, S.A.	MZN	2018/09/28	2021/09/27	18.0%	20 000 000
Treasury Bonds - BIG	Standard Bank Moçambique, S.A.	MZN	2018/11/14	2021/11/14	16.0%	25 000 000
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2017/05/22	2021/12/21	17.63%	2 433 800
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2016/12/22	2021/12/21	15.0%	10 200 000
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2017/05/01	2021/12/21	15.0%	38 059 600
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2016/12/27	2021/12/26	15.0%	13 600 000
Treasury Bonds - BIG	Banco Big Moçambique, S.A.	MZN	2016/12/29	2021/12/28	15.0%	10 200 000
Total						524 126 000

Note 19 – Loans and Receivables

The loans and receivables at year end 2019 and 2018 comprise:

	2019 MZN	2018 MZN
Term Deposit in MZN – Principal & interest	238 460 534	57 587 230
Term Deposit in USD – Principle & interest	310 840 764	557 973 153
Term Deposit in ZAR – Principle & interest	2 237 436	-
Total	551 538 734	615 560 383

At year end 2019, term deposits were as below:

Bank	Currency	Start date	End date	Annual Interest rate	Capital MZN	Interest MZN	Total MZN
First National Bank, S.A.	USD	2019/01/09	2020/01/09	2.00%	61 410 000	1 197 916	62 607 916
Société Générale Moçambique, S.A.	MZN	2019/02/28	2020/02/28	9.30%	7 000 000	545 770	7 545 770
Standard Bank Moçambique, S.A.	ZAR	2019/03/21	2020/03/20	3.98%	2 170 000	67 436	2 237 436
First Capital Bank, S.A.	USD	2019/04/02	2020/04/01	3.75%	30 705 000	861 212	31 566 212
Standard Bank Moçambique, S.A.	MZN	2019/11/21	2020/05/21	7.50%	350 000	2 877	352 877
Standard Bank Moçambique, S.A.	MZN	2019/05/22	2020/05/22	4.00%	191 938	4 891	196 829
Standard Bank Moçambique, S.A.	MZN	2019/05/22	2020/05/22	4.00%	1 138 920	27 833	1 166 753
Standard Bank Moçambique, S.A.	MZN	2019/05/22	2020/05/22	4.00%	1 017 443	24 865	1 042 308
African Banking Corporation (Mozambique), S.A.	USD	2019/06/29	2020/06/28	3.85%	30 705 000	599 168	31 304 168
Standard Bank Moçambique, S.A.	MZN	2019/07/17	2020/07/16	2.00%	228 171	2 088	230 259
Société Générale Moçambique, S.A.	MZN	2019/07/30	2020/07/31	11.50%	45 000 000	2 183 425	47 183 425
Standard Bank Moçambique, S.A.	MZN	2019/08/24	2020/08/24	4.00%	2 982 013	42 157	3 024 170
Standard Bank Moçambique, S.A.	MZN	2019/08/27	2020/08/26	8.26%	230 000	6 558	236 558
Standard Bank Moçambique, S.A.	MZN	2019/07/08	2020/07/07	1.00%	2 089 672	10 076	2 099 748
African Banking Corporation (Mozambique), S.A.	USD	2019/10/21	2020/10/20	4.60%	61 410 000	549 493	61 959 493
UBA Moçambique, S.A.	USD	2019/11/08	2020/11/07	3.50%	61 410 000	312 097	61 722 097
First Capital Bank, S.A.	USD	2019/11/15	2020/11/14	3.50%	61 410 000	270 877	61 680 877
Société Générale Moçambique, S.A.	MZN	2019/11/18	2020/11/18	10.80%	63 000 000	801 567	63 801 567
Société Générale Moçambique, S.A.	MZN	2019/12/04	2020/12/04	10.80%	47 000 000	375 485	47 375 485
Standard Bank Moçambique, S.A.	MZN	2019/07/08	2020/07/07	1.00%	11 354	55	11 409
Standard Bank Moçambique, S.A.	MZN	2019/12/19	2020/12/20	9.20%	64 000 000	193 578	64 193 578
Total					643 459 510	8 079 224	651 538 734

At year end 2018, term deposits were as below:

Bank	Currency	Start date	End date	Annual Interest rate	Capital MZN	Interest MZN	Total MZN
Standard Bank Moçambique, S.A.	MZN	2017/08/28	2018/08/28	17.50%	100 000	23 493	123 493
Standard Bank Moçambique, S.A.	MZN	2018/11/21	2018/11/21	7.50%	350 000	2 877	352 877
First National Bank, S.A.	USD	2018/01/02	2019/01/02	3.00%	61 410 000	1 832 205	63 242 205
Standard Bank Moçambique, S.A.	MZN	2018/06/01	2019/06/01	4.50%	100 000	2 626	102 626
African Banking Corporation (Mozambique), S.A.	USD	2018/06/29	2019/06/29	3.50%	30 705 000	544 698	31 249 698
Standard Bank Moçambique, S.A.	MZN	2018/06/18	2019/06/29	2.00%	1 500 000	16 110	1 516 110
Standard Bank Moçambique, S.A.	MZN	2018/07/12	2019/07/12	4.00%	191 938	3 618	195 556
Standard Bank Moçambique, S.A.	MZN	2018/07/12	2019/07/12	4.00%	1 138 920	21 468	1 160 387
Standard Bank Moçambique, S.A.	MZN	2018/07/12	2019/07/12	4.00%	1 017 443	19 178	1 036 621
African Banking Corporation (Mozambique), S.A.	USD	2018/07/17	2019/07/31	4.20%	46 057 500	885 061	46 942 561
Société Générale Moçambique, S.A.	MZN	2018/07/30	2019/07/31	13.75%	45 000 000	2 610 616	47 610 616
Standard Bank Moçambique, S.A.	MZN	2018/08/24	2019/08/24	4.00%	2 982 013	42 157	3 024 170
African Banking Corporation (Mozambique), S.A.	USD	2018/10/20	2019/10/20	4.30%	61 410 000	520 891	61 930 891
Capital Bank, S.A.	USD	2018/11/07	2019/11/07	3.75%	122 820 000	681 399	123 501 399
UBA Moçambique, S.A.	USD	2018/11/09	2019/11/09	3.50%	122 820 000	612 418	123 432 418
Banco Moçambicano de Apoio aos Investimentos, S.A.	USD	2018/11/23	2019/11/23	4.25%	46 057 500	203 789	46 261 289
Standard Bank Moçambique, S.A.	MZN	2018/12/21	2019/12/21	3.50%	2 462 412	2 381	2 464 793
Barclays Bank Moçambique, S.A.	USD	2018/12/30	2019/12/30	1.60%	61 410 000	2 692	61 412 692
Total					607 532 726	8 027 656	615 560 383

Note 20 – Property■ **Owner-occupied property**

Movements in buildings occupied by the company during the 2019 and 2018 financial years are summarised in table below:

Amount in MZN	Balance at 31.12.2018			Transfers	Depreciation (see note 16)		Balance at 31.12.2019		
	Cost of the building	Accumulated Depreciation	Carrying Value		Transfer disposal	Depr For the year	Cost of the building	Accumulated Depreciation	Carrying Value
Own use of Building									
Property marginal	124 752 300	27 082 240	97 670 060	-	-	3 485 341	124 752 299	30 547 581	94 204 718
Property A9 Golden Sands	13 943 200	580 967	13 362 233	-	-	1 394 320	13 943 200	1 975 287	11 967 913
Total	138 695 500	27 663 207	111 032 293	-	-	4 859 661	138 695 499	32 522 867	106 172 632

Amount in MZN	Balance at 31.12.2017			Transfers	Depreciation (see note 16)		Balance at 31.12.2018		
	Cost of the building	Accumulated Depreciation	Carrying Value		Transfer disposal	Depr For the year	Cost of the building	Accumulated Depreciation	Carrying Value
Own use of Building									
Property marginal	124 752 300	23 585 994	101 166 305	-	-	3 485 342	124 752 300	27 082 240	97 670 060
Property A9 Golden Sands	-	-	-	13 943 200	-	580 967	13 943 200	580 967	13 362 233
Total	124 752 300	23 585 994	101 166 305	13 943 200	-	4 046 308	138 695 500	27 663 207	111 032 293

Direct operating expenses relating to buildings for own use is as follows:

Amount in MZN	2019			2018		
	Life Insurance	Non-Life Insurance	Total	Life Insurance	Non-Life Insurance	Total
Repairs , Maintenance and other expenses	1 201 985	3 329 500	4 531 485	1 134 375	4 343 095	5 477 470

■ **Investment Property**

The properties held by GA were valued in 2019 by a qualified independent property valuator, Zambujo & Associados Lda. The valuations of both properties were prepared based on the market model in order to determine the fair value.

The fair value of investment properties, as determined by the valuator which is based on comparable data market, and in accordance with IFRS 13, falls within the fair value hierarchy Level 2 - Fair value determined using valuation techniques supported by observable prices in tradable current markets for the same financial instrument.

Movements in the value of the properties are as follows:

Amounts in MZN	Fair value 31.12.2018	Additions		Disposals	Transfers	Revaluation (see note 13)	Fair value 31.12.2019
		Acquisition	Improvement				
Investment property							
Property marginal	175 632 800	-	-	-	-	(6 762 328)	168 870 472
Total	175 632 800	-	-	-	-	(6 762 328)	168 870 472

Amounts in MZN	Fair value 31.12.2017	Additions		Disposals	Transfers	Revaluation (see note 13)	Fair value 31.12.2018
		Acquisition	Improvement				
Investment property							
Property marginal	175 900 680	-	-	-	-	(267 880)	175 632 800
Property A9 Golden Sands	13 943 200	-	-	-	(13 943 200)	-	-
Total	189 843 880	-	-	-	(13 943 200)	(267 880)	175 632 800

In 2018 there was a transfer of A9 Golden Sands from investments property to owner-occupied property.

Investment income from buildings – rental income is as follows:

Amounts in MZN	2019			2018		
	Life Insurance	Non - Life Insurance	Total	Life Insurance	Non - Life Insurance	Total
Rent (see note 10)	1 715 342	4 751 500	6 466 842	1 333 958	5 107 225	6 441 183

Note 21 – Other tangible Assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses.

The movements during the 2019 and 2018 financial years were:

Amounts in MZN	Balance as at 31.12.2018			Addition Acquisition	Decreases Transfer and disposals	Depreciation (see note 16)		Balance as at 31.12.2019		
	Cost	Accumulated depreciation	Carrying value			Transfer and disposals	Depr for the year	Cost	Accumulated depreciation	Carrying value
Furniture	25 037 470	17 178 876	7 858 594	5 538 979	12 541 256	12 541 256	3 055 942	18 035 193	7 693 561	10 341 632
Transport equipment	4 054 166	1 914 969	2 139 197	-	2 029 166	2 029 166	913 864	2 025 000	799 667	1 225 333
Total	29 091 636	19 093 845	9 997 791	5 538 979	14 570 422	14 570 422	3 969 805	20 060 193	8 493 228	11 566 965

Amounts in MZN	Balance as at 31.12.2017			Addition Acquisition	Decreases Transfer and disposals	Depreciation (see note 16)		Balance as at 31.12.2018		
	Cost	Accumulated depreciation	Carrying value			Transfer and disposals	Depr for the year	Cost	Accumulated depreciation	Carrying value
Furniture	21 898 115	14 132 614	7 865 501	1 397 824	-	-	3 046 262	25 037 470	17 178 876	7 858 594
Transport equipment	2 654 166	1 263 393	1 390 773	1 400 000	-	-	651 576	4 054 166	1 914 969	2 139 197
Total	24 552 280	15 396 007	9 256 274	2 797 824	-	-	3 697 838	29 091 636	19 093 845	9 997 791

Note 22 – Other intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

An analysis of the movements that occurred during 2019 and 2018 is given below:

Amounts in MZN	Balance as at 31.12.2018			Addition Acquisition	Decreases Transfer and disposals	Amortization (see note 16)		Balance as at 31.12.2019		
	Cost	Accumulated depreciation	Carrying value			Transfer and disposals	Depr for the year	Cost	Accumulated depreciation	Carrying value
IT Application	9 410 515	4 640 239	4 770 276	2 675 054	2 051 513	2 051 513	2 351 092	10 034 056	4 939 818	5 094 238
Total	9 410 515	4 640 239	4 770 276	2 675 054	2 051 513	2 051 513	2 351 092	10 034 056	4 939 818	5 094 238

Amounts in MZN	Balance as at 31.12.2017			Addition Acquisition	Decreases Transfer and disposals	Amortization (see note 16)		Balance as at 31.12.2018		
	Cost	Accumulated depreciation	Carrying value			Transfer and disposals	Depr for the year	Cost	Accumulated depreciation	Carrying value
IT Application	6 845 479	3 008 203	3 837 276	3 026 736	461 701	461 701	2 093 737	9 410 515	4 640 239	4 770 276
Total	6 845 479	3 008 203	3 837 276	3 026 736	461 701	461 701	2 093 737	9 410 515	4 640 239	4 770 276

Note 23 – Technical Provisions

The summary of technical provisions in 2019 and 2018 is presented below:

Technical provisions	2019 MZN			2018 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Provision for unearned premium	280 225 246	121 650 764	158 574 482	267 625 336	133 176 499	134 448 837
Mathematical provision	289 983 118	6 409 958	283 573 161	190 347 381	1 990 863	188 356 518
Provision for Claims	1 401 267 365	771 862 237	629 405 128	854 760 079	270 674 206	584 085 872
For Life Insurance	4 653 617	1 052 966	3 600 651	42 042 136	35 408 564	6 633 572
For non-life Insurance	1 396 613 748	770 809 271	625 804 477	812 717 942	235 265 642	577 452 300
Profit share provision	-	11 282 958	(11 282 958)	-	10 730 353	(10 730 353)
Claims deviation reserve	1 499 430	-	1 499 430	1 499 430	-	1 499 430
Unexpired risk reserve	59 876 413	-	59 876 413	58 870 731	-	58 870 731
Total	2 032 851 572	911 205 917	1 121 645 655	1 373 102 957	416 571 922	956 531 035

Provisions for unearned premiums are as follows:

Provision for unearned premium (direct insurance and reinsurance accepted)	2019 MZN			2018 MZN		
	Unearned premium	Deferred acquisition cost	Net	Unearned premium	Deferred acquisition cost	Net
Non-life						
Workman compensation	29 612 696	4 693 598	24 919 098	26 292 695	4 036 887	22 255 808
Personal Accident	28 722 404	1 720 074	27 002 330	30 833 174	1 407 009	29 426 165
Fire	56 589 948	4 361 856	52 228 092	49 328 907	3 056 106	46 272 801
Motor	92 262 700	7 433 294	84 829 407	69 480 059	6 037 906	63 442 153
Marine	4 939 270	312 039	4 627 231	5 934 018	274 092	5 659 926
Aviation	2 673 321	84 161	2 589 160	326 980	6 353	320 627
Transportation	383 606	55 072	328 534	393 263	56 562	336 701
Civil responsibility	21 063 770	1 226 007	19 837 763	22 924 459	1 404 213	21 520 246
Miscellaneous	70 165 979	6 302 348	63 863 631	84 998 704	6 607 794	78 390 909
Total	306 413 694	26 188 448	280 225 246	290 512 259	22 886 923	267 625 336

Provision for unearned premium (reinsurance ceded)	2019 MZN			2018 MZN		
	Unearned premium	Deferred acquisition cost	Net	Unearned premium	Deferred acquisition cost	Net
Non-life						
Personal Accident	26 029 544	3 277 665	22 751 879	29 464 669	5 516 446	23 948 223
Fire	45 656 972	5 085 838	40 571 134	40 426 535	3 805 769	36 620 766
Motor	214 937	42 987	171 949	-	-	-
Marine	4 408 451	455 283	3 953 168	5 477 383	540 661	4 936 722
Aviation	2 607 764	87 122	2 520 642	302 741	6 353	296 388
Transportation	117 024	23 405	93 619	109 670	21 934	87 736
Civil responsibility	206 204	41 241	164 963	2 139 788	344 655	1 795 133
Miscellaneous	57 957 674	6 554 265	51 403 409	73 596 561	8 104 829	65 491 732
Total	137 198 571	15 547 806	121 650 764	151 517 347	18 340 848	133 176 499

The table below shows the Mathematical Provisions:

Mathematical provision	2019 MZN			2018 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Life Insurance	178 950 648	6 409 958	172 540 691	143 690 298	1 976 324	141 713 974
Credit Life	139 157 933	4 867 575	134 290 359	101 725 467	1 399 137	100 326 330
Group life	5 348 688	1 542 383	3 806 305	1 826 418	25 121	1 801 298
Individual life	1 568 705	-	1 568 705	3 386 683	46 581	3 340 102
Funeral benefit	1 685 951	-	1 685 951	-	-	-
Embedded Funeral	2 581 144	-	2 581 144	1 281 389	17 624	1 263 765
Standalone (Bancassurance)	28 608 226	-	28 608 226	35 470 341	487 861	34 982 480
Non - Life Insurance	111 032 470	-	111 032 470	46 657 083	14 539	46 642 544
Workman compensation	111 032 470	-	111 032 470	45 600 000	-	45 600 000
Personal Accident	-	-	-	1 057 083	14 539	1 042 544
Total	289 983 118	6 409 958	283 573 161	190 347 381	1 990 863	188 356 518

The table below summarises information about provisions for claims:

Provision for claims	2019 MZN			2018 MZN		
	Direct insurance and reinsurance accepted	Reinsurance ceded	Net	Direct insurance and reinsurance accepted	Reinsurance ceded	Net
Life Insurance	4 653 617	1 052 966	3 600 651	42 042 136	35 408 564	6 633 572
Credit Life	3 100 517	465 000	2 635 517	1 764 846	-	1 764 846
Group life	1 199 208	587 966	611 242	39 984 329	35 408 564	4 575 765
Funeral benefit	26 292	-	26 292	35 962	-	35 962
Embedded Funeral	150 000	-	150 000	257 000	-	257 000
Standalone (Bancassurance)	177 600	-	177 600	-	-	-
Non - Life Insurance	1 396 613 748	770 809 271	625 804 477	812 717 943	235 265 642	577 452 300
Workman compensation	383 676 338	431 178	383 245 161	378 455 349	36 999 980	341 455 368
Personal Accident	1 584 286	1 317 527	266 759	518 519	341 366	177 153
Fire	572 939 773	493 459 050	79 480 723	123 066 929	87 433 045	35 633 883
Motor	77 914 770	6 545 479	71 369 292	90 272 788	-	90 272 788
Marine	9 670 887	9 380 387	290 500	11 626 014	7 945 313	3 680 701
Aviation	8 290 350	8 290 350	-	87 553 219	74 084 559	13 468 660
Transportation	1 093 731	-	1 093 731	1 476 354	-	1 476 354
Civil responsibility	84 566 596	8 014 665	76 551 931	55 134 764	1 712	55 133 052
Miscellaneous	256 877 016	243 370 636	13 506 380	64 614 008	28 459 667	36 154 341
Total	1 401 267 365	771 862 237	629 405 128	854 760 079	270 674 206	584 085 873

The table below shows the unexpired risk reserve:

Unexpired risk reserve	2019 MZN	2018 MZN	Change (see Note 14)
Life Insurance	-	136 931	136 931
Non - Life Insurance	59 876 413	58 733 800	(1 142 613)
Workman compensation	55 318 508	16 760 126	(38 558 382)
Personal Accident	-	26 424 759	26 424 759
Motor	-	6 301 451	6 301 451
Transportation	-	96 984	96 984
Civil responsibility	4 557 905	9 150 481	4 592 576
Total	59 876 413	58 870 731	(1 005 682)

Note 24 - Other Debtors for Insurance & Other Operations

In 2019 and 2018 years, this account had the following composition:

	2019 MZN	2018 MZN
Accounts receivable from direct insurance operations		
Insurance holders	60 318 368	50 036 603
Insurance brokers	136 224 757	95 515 666
Co-insurance	1 174 340	10 480 754
	197 717 464	156 033 023
Adjustment: provision for bad debtors	(7 191 592)	(8 676 889)
	190 525 872	147 356 134
Accounts receivable from reinsurance operations		
Other reinsurers	860 274 962	549 940 902
	860 274 962	549 940 902
Accounts receivable from other operations		
Other debtors	131 174 253	46 086 333
	131 174 253	46 086 333
Total	1 181 975 088	743 383 369

This table gives details of the adjustment of pending premium receipts

Amount in MZN	Balance at 31.12.2017	Adjustments (see Note 14)	Balance at 31.12.2018	Adjustments (see Note 14)	Balance at 31.12.2019
Adjustment of provision for bad debtors	11 201 741	(2 524 853)	8 676 889	(1 485 297)	7 191 592
Total	11 201 741	(2 524 853)	8 676 889	(1 485 297)	7 191 592

Note 25 – Current and Deferred Tax

This note analyses tax assets and liabilities in 2019 and 2018:

	2019 MZN	2018 MZN
Stamp tax	16 028 939	104 501 438
Estimated tax	94 393 528	89 954 751
Current tax asset	110 422 467	194 456 189
Investment Properties	2 163 945	85 722
Unfavourable foreign exchange	418 085 877	75 737 121
Deferred tax Asset	420 249 822	75 822 842
Tax asset	530 672 288	270 279 031
Other tax		
Stamp Tax	8 867 542	82 766 643
Supervision Fee	1 906 981	1 076 842
Individual Income Tax	29 020 986	44 829 849
VAT	64 946 365	48 790 925
Other tax	919 510	2 368 548
Current Tax liability	105 661 385	179 832 808
Favourable Foreign Exchange	412 988 095	79 564 191
Deferred Tax Liability	412 988 095	79 564 191
Tax Liability	518 649 480	259 396 999

The income tax in the statement of comprehensive income is as follows:

	2019 MZN	2018 MZN
Current Tax	-	-
Deferred Tax	11 003 075	9 425 309
Total tax recognized in results	11 003 075	9 425 309

The estimated tax rate of the company for the year 2019 is about -27.89%. The reconciliation of the tax rate is presented below:

	2019 MZN		2018 MZN	
	Amount	Rate	Amount	Rate
Net Income before Tax	(39 450 951)		12 211 648	
Tax payable at nominal rate	-	0.00%	3 907 727	32.00%
Current tax cost / (income)	-		-	
Deferred tax cost / (income)	11 003 075		9 425 309	
Effective tax charge recognized in profit or loss	11 003 075		9 425 309	
Effective rate		-27.89%		77.18%
Differences to be reconciled				
Impact of non-deductible expenses	11 003 075	-27.89%	5 517 582	45.18%

Declarations of Self-Liquidity of the Insurance Company are subject to inspection and possible adjustment by the tax authorities during the period of five years. However, it is the conviction of the Board of the Directors, that there will be no significant corrections to taxes on profits recorded in the financial statements.

	31-Dec-2019		31-Dec-2018	
	Tax rate	Amount	Tax rate	Amount
Profit before taxation		(28 447 875)		21 636 957
Negative net worth variation		-		(94 101 675)
Income tax using domestic rate	32%	(9 103 320)	32%	(23 188 710)
Fiscal corrections:				
Exchange rate losses	-4568.90%	415 921 932	-104.63%	24 263 309
Non-deductible depreciations	-4.02%	366 299	-1.61%	372 221
Non deductible provisions and impairments	-10.05%	914 460	-52.26%	12 118 601
Impairments of financial assets	-23.77%	2 163 945	-0.37%	85 722
Non deductible fringe benefits	-5.61%	511 127	-22.75%	5 276 196
Donations non deductible for tax purposes	-0.62%	56 514	-2.01%	466 354
Taxes due by third parties	-2.90%	263 959	-0.47%	108 848
Penalties, compensatory interest and other legal infringements	-0.18%	16 428	-4.81%	1 115 592
50% of daily allowances and kilometres	-3.45%	314 131	-1.77%	411 400
80% of entertainment expenses	-10.56%	960 905	-7.87%	1 825 521
50% of expenses with passenger vehicles	-2.17%	197 597	-0.37%	85 963
Costs from previous years	-1.97%	179 440	-129.86%	30 112 536
Reduction of non-taxed exchange differences	-279.68%	25 460 541	-100.80%	23 374 434
Expenses incurred with trainees	-0.75%	68 141	-0.29%	67 739
Share expenses and bursaries	-2.05%	186 720	0.00%	-
Withholding tax - Interest on bonds	-58.46%	5 322 092	-38.71%	8 976 888
Exchange rate profits	4536.68%	(412 988 095)	97.41%	(22 588 310)
Reposition of taxed exchange differences	266.53%	(24 263 309)	82.63%	(19 161 103)
Deferred taxes	38.68%	(3 520 984)	0.13	(3 016 099)
Bond interest	292.32%	(26 610 460)	1.40	(32 363 136)
Current tax	259%	(23 581 937)	-36%	8 343 967
Tax losses carried forward	0.00%	-	622.29%	(144 300 488)
Tax payable / (recovered)		(23 581 937)		(135 956 521)

As at 31 December 2019, the company had an accumulated tax loss of MZN 448 446 066 which include an amount carried forward in 2018 of MZN 424 864 129. This amount will be recovered over 5 financial years. Management decided not to recognize the deferred tax assets associated with these losses until conditions established in IAS 12 are met.

Note 26 – Accruals and Deferrals

The accruals and deferrals in 2019 and 2018 comprised:

	2019 MZN	2018 MZN
Accruals and Deferred Assets		
Interest Receivable	14 058 660	20 202 065
Other accruals and deferrals	85 709	5 932 110
	14 144 369	26 134 175
Accruals and Deferred Liabilities		
Audit fees	1 957 254	3 826 685
Accrual leave pay	10 675 899	7 816 745
Absa Life Ltd	46 381 440	44 926 838
Absa Insurance Company Ltd	154 247 139	87 003 468
Absa Financial Services Africa Holdings Pty Ltd	154 298 683	151 072 122
Pension funds – ACA Employee Benefits (Pty) Ltd	1 314 000	2 550 000
Absa Investment Management Services (Pty) Ltd	10 108 320	-
Treaties premium	7 519 611	1 690 805
Others	38 139 815	27 966 136
	424 642 161	326 852 798

No provision has been recognised in respect of probable contingencies payable in the future.

Note 27 – Other creditors for insurance operations and other operations

Set out below is the detail of other creditors in 2019 and 2018:

	2019 MZN	2018 MZN
Payables for direct insurance operations		
Insurance brokers	19 915 506	22 850 140
Co-insurance	97 977 163	88 489 983
	117 892 669	111 340 124
Payables for reinsurance operation		
Other reinsurer	556 508 472	617 084 804
	556 508 472	617 084 804
Payables for other operations		
Other creditors	71 501 855	75 544 297
	71 501 855	75 544 297
Total	745 902 996	803 969 225

Note 28 – Share Capital, reserves, other reserve, retained earnings and net income for the period

The authorized and issued share capital of GA as at 31 December 2019, amounting to 242 090 000 MZN, represented by 242 090 000 shares with a nominal value of 1 MZN, is fully subscribed and paid.

	2019	2018
Number of shares at 1 January	242 090 000	242 090 000
Number of shares on 31 December	242 090 000	242 090 000

In 2019, GA maintained the same shareholding structure.

	Number of shares	Percentage of shareholding	Share capital	
			2019 MZN	2018 MZN
Absa Financial Services Africa Holdings Pty Ltd	237 248 200	98.00%	237 248 200	237 248 200
Absa Insurance Company Ltd	2 420 900	1.00%	2 420 900	2 420 900
Absa Life Ltd	2 420 900	1.00%	2 420 900	2 420 900
Total	242 090 000	100.00%	242 090 000	242 090 000

Retained Earnings

The retained earnings in 2019 and 2018 are presented as follows:

	2019 MZN	2018 MZN
As at 1 January	61 616 491	281 890 693
Application of the net income as per approval	4 473 261	(220 274 202)
As at 31 December	66 089 752	61 616 491

The application of the net profit for the financial year 2019 and 2018 was carried out as follows:

Application of Net Profit	2019 MZN	2018 MZN
Income for the year	(28 447 875)	21 636 957
Application:		
Fund legal reserve	-	2 163 696
Other Reserves	-	15 000 000
Retained earnings	(28 447 875)	4 473 261
Dividends per share	-	-

No dividend was declared or paid during 2019.

Description of the nature and purpose of each reserve of equity:

Other Reserves

It includes free reserves, which result from positive results, not necessary to provide the legal reserve or to cover losses brought forward and not distributed to shareholders. Legal reserve can only be used to cover accumulated losses or to increase the capital. Under Mozambican law, the legal reserve is based on the following minimum percentages of the profits of each year:

- (i) 20% until the cumulative amount of the reserve represents half of the minimum capital laid down under Article 15 of the Legal Insurance Scheme;
- (ii) 10% from the moment the amount referred to in the previous paragraph has been reached, until this reserve represents an amount equal to the capital.

Detail of other reserves:

	2019 MZN	2018 MZN
Legal Reserve	134 095 876	131 932 180
Share Premium	1 970 879	1 970 879
Other Reserves	15 000 000	-
Total	151 066 755	133 903 059

Note 29 – Transactions with related parties

As at 31 December 2019 and 2018 the value of Directors' remuneration and Leave balances is as follows:

	2019 MZN	2018 MZN
<i>Income statement information</i>		
Director's Remuneration	23 265 302	22 827 782
<i>Balance sheet information</i>		
Leave	10 675 899	7 816 745

Claims cost per product classes is as follows:

Amounts In MZN 2019	Amounts paid- costs (1)	Amounts paid- imputed costs (2)	Changes in Provision for claims (3)	Cost of claims (4)=(1)+(2)+(3)
Workman compensation	266 956 931	14 414 769	5 220 990	286 592 690
Personal accident	15 367 170	2 161 559	1 065 767	18 594 496
Fire	1 107 415 504	5 160 816	449 872 845	1 562 449 165
Motor	200 072 533	39 343 048	(12 358 018)	227 057 563
Marine	14 211 026	295 541	(1 955 127)	12 551 439
Aviation	92 531 992	58 400	(79 262 869)	13 327 523
Transportation	3 088 094	552 745	(382 622)	3 258 217
Civil responsibility	54 707 970	9 831 879	29 431 833	93 971 682
Miscellaneous	416 746 598	4 932 431	192 263 008	613 942 037
Total Non-life	2 171 097 818	76 751 188	583 895 805	2 831 744 811

Amounts In MZN 2018	Amounts paid- costs (1)	Amounts paid- imputed costs (2)	Changes in Provision for claims (3)	Cost of claims (4)=(1)+(2)+(3)
Workman compensation	104 803 088	10 565 745	22 574 354	137 943 186
Personal accident	9 128 362	598 832	3 085 664	12 812 858
Fire	6 399 564	2 693 723	3 882 488	12 975 775
Motor	107 340 160	23 748 084	61 712 950	192 801 194
Marine	8 229 166	173 439	1 049 308	9 451 913
Aviation	0	13 842	0	13 842
Transportation	1 605 738	295 360	638 126	2 539 224
Civil responsibility	32 597 392	4 901 618	23 128 476	60 627 486
Miscellaneous	48 915 070	6 736 468	25 034 908	80 686 446
Total Non-life	319 018 539	49 727 112	141 106 274	509 851 924

Additional information per product classes is as follows:

Amounts In MZN 2019	Gross premium written	Gross premium acquired	Gross claims	Operational costs brokers fees etc	Reinsurance portion
Workman compensation	137 523 566	134 203 565	286 592 690	64 877 392	(30 248 746)
Personal accident	124 108 600	126 219 371	18 594 496	12 692 195	(69 923 270)
Fire	177 968 736	170 707 696	1 562 449 165	33 434 246	1 497 267 773
Motor	375 732 300	352 949 659	227 057 563	146 326 294	(5 698 189)
Marine	24 345 983	25 340 730	12 551 439	2 266 966	(6 170 120)
Aviation	7 047 280	4 700 940	13 327 523	295 277	12 374 209
Transportation	8 139 063	8 148 720	3 258 217	2 743 248	(2 277 366)
Civil responsibility	101 888 022	103 748 711	93 971 682	39 575 741	(10 869 810)
Miscellaneous	234 971 277	249 804 002	613 942 037	40 310 629	495 413 438
Total Non-life	1 191 724 828	1 175 823 393	2 831 744 811	342 521 988	1 879 867 920

Amounts In MZN 2018	Gross premium written	Gross premium acquired	Gross claims	Operational costs brokers fees etc	Reinsurance portion
Workman compensation	135 781 440	136 349 363	137 943 186	68 646 487	1 069 500
Personal accident	84 585 358	57 789 044	12 812 858	4 662 093	(74 519 051)
Fire	140 575 959	147 928 861	12 975 775	24 280 738	(88 852 981)
Motor	307 117 685	305 316 646	192 801 194	134 271 522	(596 770)
Marine	28 209 103	29 838 833	9 451 913	1 979 789	(13 807 411)
Aviation	4 657 063	5 643 050	13 842	106 959	(3 361 100)
Transportation	4 857 406	4 913 750	2 539 224	2 147 650	(744 032)
Civil responsibility	74 267 160	71 119 054	60 627 486	26 647 910	(10 773 406)
Miscellaneous	300 961 345	332 866 480	80 686 446	63 436 094	(125 012 563)
Total Non-life	1 081 012 519	1 091 765 083	509 851 924	326 179 242	(316 597 815)

2) Investment Risk

The risk of investment is made up of five risks: credit, market, liquidity, foreign exchange and interest rate.

a) Credit risk

Credit risk is the risk that GA will incur a loss because counterparties fail to meet their obligations. The main areas in which the company is exposed to credit risk are:

- (i) re-insurers' share in liabilities for insurance contracts,
- (ii) share of re-insurers in claims costs,
- (iii) amounts receivable from policyholders for insurance contracts,

- (iv) receivables from insurance brokers,
- (v) counterparty risk in respect of debt instruments and balances at banks.

GA mitigates credit risk through diversifying its risk to more than one entity/counterparty. Each year the company reviews the risks to which it is exposed to make sure that it remains within the acceptable levels.

Despite the use of reinsurance companies as a strategy to manage the risks to which the company is exposed, GA will always be primarily responsible for covering the liabilities assumed with third parties. If a reinsurer for any reason fails to make payment of a claim, the insurance company continues to compensate the insured for the loss occurred. On renewal of reinsurance agreement, the counterparty risk is analysed.

The credit risk associated with the debt instruments held by the company is reduced since the company's investment policies stipulate that investments should be directed to the largest companies in Mozambique. The exposure to unrated parties is limited.

The credit risk associated with loans and accounts receivable is reduced as term deposits are contracted with entities with good credit quality. The exposure limit is as follows:

- Exposure to single rated counterparty (30%)
- Exposure to single unrated counterparty (5%)
- Total exposure to unrated counterparty (10%)
- Exposure to government bonds (100%)
- Exposure to corporate bonds (0%)
- Exposure to investment property (15%)

None of the assets were pledged as collateral at the year end

Amounts in MZN	2019		2018	
	Amount	%	Amount	%
Assets available for sale				
Bonds and other fixed income				
From public issuers	424 933 800	31%	477 270 600	29%
From private issuers	77 576 942	6%	46 855 400	3%
Loans and Receivables				
Term Deposits	551 538 734	40%	615 560 383	37%
Cash and cash equivalents and current deposits	168 646 896	12%	328 545 990	20%
Investment property	168 870 472	12%	175 632 800	11%
Total	1 391 566 844	100%	1 643 865 173	100%

b) Market risk

GA is exposed to financial risks arising from its financial assets and assets of reinsurance operations. In particular, the main financial risk that the insurance company faces is that its financial assets are not sufficient to cover the liabilities. The main components of financial risks are interest rate and credit risks associated with its investment assets.

The company's exposure is not material due to the nature of financial instruments held at year end.

c) Liquidity Risk

The company is exposed to liquidity risk through the daily requests of its assets, mainly to cover claims insured by GA. Liquidity risk is the financial incapacity of GA to meet its commitments. To control this risk, management uses different sources managing the assets based on their liquidity and periodically monitors the future cash flows and liquidity.

In insurance business it is not possible to foresee/estimate with certainty the amount necessary to cover the liabilities. Thus the insurance company assesses the value and maturity of its liabilities through statistical methods and previous experience.

The table below gives an indication of the Company's liquidity needs in respect of cash-flows required to meet its obligations:

	Less than 1 month	1-3 months	3-12 months	Total
LIQUIDITY RISK				
2019				
Amounts owing to related parties	-	396 708 281		396 708 281
Trade payables	-	741 814 583	-	741 814 583
	-	1 138 522 865	-	1 138 522 865
2018				
Amounts owing to related parties	-	298 539 299		298 539 299
Trade payables	-	790 982 354	-	790 982 354
	-	571 871 569	-	1 089 521 653

Appropriate assets back the Company's liabilities and it has adequate liquid resources.

Reconciliation of amounts owing to related parties and trade payables:

	2019	2018
Amounts owing to related parties		
Total related parties liabilities – Note 29	447 022 872	332 728 499
Provision for unearned premium – Note 29	(50 314 591)	36 739 201
Amounts in liquidity risk analysis	396 708 281	298 539 299
Trade payables		
Total trade and other payables – Note 27	745 902 996	803 969 225
Accounts payable from direct insurance – Note 29	(4 088 412)	(12 986 871)
Amounts in liquidity risk analysis	741 814 583	790 982 354

	Less than 1 month	1-3 months	3-12 months	Exceeding 1 year	Total
2019					
Amounts owed by related parties	-	58 503 740	-	-	58 503 740
Trade and other receivables	-	1 123 471 348	-	-	1 123 471 348
Loans and receivables	-	-	551 538 734	-	551 538 734
Available for sale assets	-	-	-	502 510 742	502 510 742
Cash and cash equivalents	168 646 896	-	-	-	168 646 896
	168 646 896	1 181 976 088	551 538 734	502 510 742	2 404 671 460
2018					
Amounts owed by related parties	-	32 886 932	-	-	32 886 932
Trade and other receivables	-	150 074 782	-	-	150 074 782
Loans and receivables	-	-	615 560 383	-	615 560 383
Available for sale assets	-	-	164 500 000	359 626 000	524 126 000
Cash and cash equivalents	328 545 990	-	-	-	328 545 990
	328 545 990	182 961 714	780 060 383	359 626 000	1 651 194 087

d) Foreign Exchange Risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates. GA conducts its business using USD and MZN. The main transactions occur in MZN and are still exposed to the risk of exchange rate variations for the USD or the South African Rand.

GA exposure to the risk of exchange rate is mainly related to investments denominated in USD. On December 31, 2019 and 2018 the projected cash flows (undiscounted) of financial instruments, according to the contractual maturity, were made up as follows:

Amounts in MZN 31.12.2019	Maturity					No maturity	Total
	<1 month	1-3 months	3-12 months	1-5 year	> 5 years		
Bonds and other fixed income	-	-	-	502 510 742	-	-	502 510 742
Term Deposits	-	-	393 986 411	33 634 175	-	-	427 620 586
Cash and cash equivalents and current deposits	-	-	-	-	-	168 646 896	168 646 896
Investment property	-	-	-	-	-	153 525 000	153 525 000
Total	-	-	393 986 411	536 144 916	-	322 171 896	1 252 303 223

Amounts in MZN 31.12.2018	Maturity					No maturity	Total
	<1 month	1-3 months	3-12 months	1-5 year	> 5 years		
Bonds and other fixed income	-	-	-	524 126 000	-	-	524 126 000
Term Deposits	-	-	519 138 219	96 069 287	-	-	615 207 506
Cash and cash equivalents and current deposits	-	-	-	-	-	328 545 990	328 545 990
Investment property	-	-	-	-	-	175 632 800	175 632 800
Total	-	-	519 138 219	620 195 287	-	504 178 790	1 643 512 296

e) Interest Rate Risk

The Company is exposed to interest rate on its investment portfolio. Interest rate risk is the risk that the value and future cash flows of a financial instrument will fluctuate because of changes in interest rates.

Interest-rate risk is the only financial risk that has a materially different impact across the assets. As most liabilities have a very short duration, and are largely unaffected by movements in interest rates. The Company manages and mitigates its exposure to interest rates through active portfolio management.

Note 31 – Solvency Margin Coverage

The company is subject to the solvency requirements set by Diploma nº 30/2011, issued by the Council of Ministers.

The solvency margin coverage in 2019 and 2018 is as follows:

Amounts in MZN	2019	2018	2019/2018
Share Capital	242 090 000	242 090 000	0.0%
Reserves	151 066 755	133 903 059	12.8%
Retained Earnings	66 089 752	61 616 491	7.3%
Loss/Profit for the year	(28 447 875)	21 636 957	-231.5%
Items to deduct	(5 094 238)	(4 770 276)	6.8%
Solvency Available Margin	425 704 394	454 476 231	-6.3%
Required Solvency Margin Non-life Insurance	179 057 925	255 469 553	-29.9%
Required Solvency Margin Life Insurance	48 418 000	48 418 000	0.0%
Excess/(Insufficiency) of Solvency Margin	198 228 469	150 588 679	31.6%
Coverage	187.1%	149.6%	25.1%

Note 32 – Off - Balance Sheet

The value of pension funds managed by the insurance company is detailed as follows:

Amounts MZN	Balance as at 31-12-2019	Balance as at 31-12-2018
Pension Funds		
Mozal Employees Pension Fund	1 238 107 254	940 079 821
Global Alliance Open Fund	558 674 405	405 073 046
Absa Bank Mozambique Pension Fund	3 839 735 485	3 423 868 395
Total	5 636 517 145	4 769 021 262

The company does not give guaranteed returns on managed pension funds.

Note 33 – Events after the balance sheet date not described in previous points

We acknowledge that COVID-19 has been declared Global Pandemic and it may affect several businesses with significant financial impacts. In this early stage of the COVID-19 outbreak, the high level of uncertainties due to unpredictable outcome of this disease makes it difficult for us to estimate the financial effects that the outbreak may have in Global Alliance Seguros, S.A. financial statements, but we don't expect it to be significant, nor to have relevant impact in the Going Concern assessment made.

Taking into consideration the IAS 10, and except the above mentioned, up to the date of authorization for issue of these financial statements no subsequent events involving additional adjustments or disclosures were identified.