

Audited results of the group for the year ended 31 December 2022



Group and Company statements of financial position as at 31 December 2022

KShs'000	Group		Company	
	2022	2021	2022	2021
Assets				
Intangible assets	1,414,370	1,415,357	-	-
Owners occupied	1,216,000	1,216,000	-	-
Equipment	215,838	183,423	-	-
Right-of-use-assets	96,274	62,964	-	-
Interests in subsidiaries	-	-	2,701,541	2,571,541
Deferred taxation	159,089	187,820	-	-
Deferred acquisition costs	180,454	147,548	-	-
Reinsurance assets	4,133,211	3,393,132	-	-
Short-term insurance	3,812,511	3,226,301	-	-
Long-term insurance	320,700	166,831	-	-
Financial investments	23,096,106	22,290,725	-	-
Policy and staff loans receivable	1,400,034	1,648,024	-	-
Intergroup balances with subsidiaries	-	-	10,204	-
Prepayments, insurance and other receivables	1,372,935	1,292,202	545	-
Current taxation	208,433	157,946	-	-
Investment property held for sale	118,420	625,263	-	-
Cash and cash equivalents	8,420,431	7,855,904	30,529	10,151
Total assets	42,031,595	40,476,308	2,742,819	2,581,692
Liabilities				
Long-term policyholder liabilities	19,997,334	20,375,024	-	-
Insurance contracts	6,456,721	6,791,125	-	-
Investment contracts with discretionary participation features	2,822,939	3,065,074	-	-
Financial liabilities under investment contracts	10,717,674	10,518,825	-	-
Deferred taxation	1,021,032	1,050,886	-	-
Short-term insurance liabilities	8,698,157	7,615,459	-	-
Lease liabilities	112,040	78,863	-	-
Employee benefits	174,339	145,301	-	-
Intergroup balances with subsidiaries	-	-	4,000	23,894
Insurance and other payables	2,767,513	2,396,051	21,502	15,755
Total liabilities	32,770,415	31,661,584	25,502	39,649
Equity				
Ordinary shareholders' equity	8,876,391	8,501,900	2,717,317	2,542,043
Share capital	535,707	535,707	535,707	535,707
Share premium	1,490,480	1,490,480	1,490,480	1,490,480
Retained surplus	4,876,418	4,478,329	691,130	515,856
Other reserves	1,973,786	1,997,384	-	-
Non-controlling interests	384,789	312,824	-	-
Total equity	9,261,180	8,814,724	2,717,317	2,542,043
Total equity and liabilities	42,031,595	40,476,308	2,742,819	2,581,692

Abridged Group and Company statements of changes in equity

KShs'000	Group							
	Share capital	Share premium	FCTR ⁽¹⁾	Statutory reserve	Owner-occupied properties	Retained surplus	Non-controlling interests	Total equity
Balance at 1 January 2021	535,707	1,490,480	(166,261)	2,072,438	217,433	4,255,321	300,067	8,705,185
Total comprehensive income	-	-	16,625	-	-	80,157	12,757	109,539
Transfer between reserves	-	-	14	(142,865)	-	142,851	-	-
Balance at 31 December 2021	535,707	1,490,480	(149,622)	1,929,573	217,433	4,478,329	312,824	8,814,724
Total comprehensive income	-	-	40,631	-	-	333,860	71,965	446,456
Transfer between reserves	-	-	-	(64,229)	-	64,229	-	-
Balance at 31 December 2022	535,707	1,490,480	(108,991)	1,865,344	217,433	4,876,418	384,789	9,261,180

⁽¹⁾ FCTR – Foreign currency translation reserve

KShs'000	Company			
	Share capital	Share premium	Retained surplus	Total equity
Balance at 1 January 2021	535,707	1,490,480	506,066	2,532,253
Total comprehensive income	-	-	9,790	9,790
Balance at 31 December 2021	535,707	1,490,480	515,856	2,542,043
Total comprehensive income	-	-	175,274	175,274
Balance at 31 December 2022	535,707	1,490,480	691,130	2,717,317

Abridged Group and Company statements of cash flows

KShs'000	Group		Company	
	2022	2021	2022	2021
Cash flows from operating activities	801,254	2,311,463	150,378	(168)
Cash flows from investing activities	(168,738)	(127,002)	-	-
Cash flows from financing activities	(33,715)	(33,306)	(130,000)	-
Net (decrease) increase in cash equivalents	598,801	2,151,155	20,378	(168)
Cash and cash equivalents at the beginning of the year	7,855,904	5,735,467	10,151	10,319
Foreign currency translation	(34,274)	(30,718)	-	-
Cash and cash equivalents at the end of the period	8,420,431	7,855,904	30,529	10,151

Group and Company statements of comprehensive income for the year ended 31 December 2022

KShs'000	Group		Company	
	2022	2021	2022	2021
Revenue				
Insurance premiums	12,359,616	11,411,462	-	-
Reinsurance premiums	(4,998,664)	(4,682,805)	-	-
Net insurance premiums	7,360,952	6,728,657	-	-
Revenue from contracts with customers	1,368,882	1,335,589	-	-
Investment and sundry income	41,033	46,649	350,000	200,000
Interest income on financial assets using the effective interest rate method	799,081	643,753	-	-
Fair value adjustments to assets held at fair value through profit and loss	896,726	2,158,708	-	-
Total income	10,466,674	10,913,356	350,000	200,000
Claims and policyholder benefits under insurance contracts	(7,172,622)	(8,201,331)	-	-
Insurance claims recovered from reinsurers	1,884,542	1,968,149	-	-
Change in long-term policyholder assets and liabilities	730,408	965,187	-	-
Liabilities under insurance contracts	334,404	(62,532)	-	-
Investment contracts with discretionary participation features	242,135	863,792	-	-
Applicable to reinsurers	153,869	163,927	-	-
Fair value adjustment to long-term policyholder liabilities under investment	(392,816)	(854,885)	-	-
Acquisition costs	(1,893,362)	(1,686,566)	-	-
General marketing and administration expenses	(2,946,450)	(2,781,576)	(174,726)	(190,210)
Finance costs	(10,757)	(10,788)	-	-
Profit before taxation	665,617	311,546	175,274	9,790
Taxation	(286,879)	(229,719)	-	-
Total earnings	378,738	81,827	175,274	9,790
Other comprehensive income	67,718	27,712	-	-
Items that may be reclassified subsequently to profit or loss	67,718	27,712	-	-
Foreign currency translation	67,718	27,712	-	-
Total comprehensive income	446,456	109,539	175,274	9,790
Total earnings attributable to:				
Shareholders' equity	333,860	80,157	175,274	9,790
Non-controlling interests	44,878	1,670	-	-
Total comprehensive income	378,738	81,827	175,274	9,790
Total comprehensive income attributable to:				
Shareholders' equity	374,491	96,782	175,274	9,790
Non-controlling interests	71,965	12,757	-	-
	446,456	109,539	175,274	9,790
Basic earnings per share	Cents	Shs		
Basic earnings per share	0.62	0.15		

Message from the directors

The directors are pleased to present extracts of the Group and Company audited financial statements for the year ended 31 December 2022. These are extracts from the financial statements as audited by Pricewaterhouse Coopers LLP, which received an unqualified opinion.

The group's operations have weathered several significant external pressures in recent times. Covid-19 and its impacts, as well as the Russia-Ukraine war, leading to disrupted world supply chains, have resulted in subdued and volatile investment markets, inflationary pressures, higher interest rate environments and Kenya Shilling currency pressure. The drought situation in Kenya has further added to a noticeable deterioration in the region's economic environment. Despite this, the Board and management have been able to sustainably manage the operations above targeted minimum solvency cover levels.

Results

The Group's earnings in 2022 reflect a partial recovery to levels pre Covid-19 and encouragingly, new business volumes are significantly higher than 2021. Subdued investment markets led to lower investment fee income. However, good customer retention and appropriate pricing of risk products has resulted in the profitability of the short-term insurance businesses improving, while there was a substantial reduction in the net loss emanating from the Group's long-term insurance business.

The Company and its subsidiaries have maintained a strong capital base and have sufficient liquidity to meet their ongoing obligations comfortably. Based on experience observed in 2022 and review of assumptions, no further short-term pandemic allowance was considered necessary at 31 December 2022. Consequently, all Covid reserves held have been released. The Group is proud to have stood by our customers at their most vulnerable moments, appreciates our business supporters and staff members who work tirelessly each day to make our customers' financial freedom possible.

Dividend

Taking into consideration the current Kenya economic and business outlook, the Board remains cautious around liquidity and capital resilience. Therefore, the Board has not recommended a 2022 final dividend.

Annual general meeting

The Annual General Meeting will be held on 19 May 2023.

The annual financial statements and reports are available on www.libertykenya.co.ke and were approved by the board on 16 March 2023 and signed on its behalf by:

P. Odera
Chairman

R. Shah
Director