Liberty Kenya Holdings Plc

Audited results of the group
for the year ended 31 December 2020

LIBERTY

Think Business Insurance 2020 Awards
Life Insurer of the year

Think Business Insurance 2020 Awards
General Insurer of the year

Group and Company statements of financial position as at 31 December 2020

	Group			Company	
KShs'000	2020	Restated 31 December 2019	Restated 1 January 2019	2020	2019
Assets					
Intangible assets	1 419 927	1 432 035	1 423 572	-	-
Owner-occupied properties	1 018 828	1 057 958	1 060 673	-	-
-	199 600	226 729	760 855	-	-
Equipment	183 363	131 128	157 939	-	-
Right-of-use-assets	86 928	112 158	125 344	-	-
Interests in subsidiaries	-	-	-	2 571 541	2 571 541
Deferred taxation	219 764	230 766	221 494	-	-
Deferred acquisition costs	117 389	128 529	72 268	-	-
Reinsurance assets	3 165 004	2 739 403	2 752 668	-	-
Short-term insurance	3 162 100	2 709 114	2 625 590	-	-
Long-term insurance	2 904	30 289	127 078	-	-
Financial investments	23 357 471	23 843 193	20 639 868	-	-
Policy and staff loans receivable	1 712 273	1 791 734	1 816 935	-	-
Prepayments, insurance and other receivables	1 344 148	1 418 261	1 320 341	16 733	-
Current taxation	107 817	30 882	94 922	-	-
Investment property held for sale	633 250	660 000	125 000	-	-
Cash and cash equivalents	5 735 467	4 419 078	6 132 504	10 319	12 859
Total assets	39 301 229	38 221 854	36 704 383	2 598 593	2 584 400
Liabilities					
Long-term policyholder liabilities	19 557 712	19 699 225	18 637 289	-	-
Insurance contracts	6 728 593	7 095 874	6 516 112	-	-
Investment contracts with discretionary participation features	3 928 866	4 889 658	5 860 977	-	-
Financial liabilities under investment contracts	8 900 253	7 713 693	6 260 200	-	-
Deferred taxation	1 117 704	1 043 078	1 059 984	-	-
Short-term insurance liabilities	7 111 631	6 593 696	6 298 521	-	-
Lease liabilities	99 501	109 792	125 344	-	-
Employee benefits	170 181	126 294	139 510	-	-
Intergroup balances with subsidiaries	-	-	-	44 469	12 252
Insurance and other payables	2 539 315	2 602 557	2 671 451	21 871	19 660
Current taxation	-	65 098	153 145	-	-
Total liabilities	30 596 044	30 239 740	29 085 244	66 340	31 912
Equity					
Ordinary shareholders' equity	8 405 118	7 717 490	7 338 093	2 532 253	2 552 488
Share capital	535 707	535 707	535 707	535 707	535 707
Share premium	1 490 480	1 490 480	1 490 480	1 490 480	1 490 480
Retained surplus	4 255 321	3 798 671	3 465 432	506 066	526 301
Other reserves	2 123 610	1 892 632	1 846 474	-	-
Non-controlling interests	300 067	264 624	281 046	-	-
Total equity	8 705 185	7 982 114	7 619 139	2 532 253	2 552 488
Total equity and liabilities	39 301 229	38 221 854	36 704 383	2 598 593	2 584 400

Abridged Group and Company statement of changes in equity

Group

KShs'000	Share capital	Share premium	FCTR[1]	Statutory reserve	Owner-occupied properties	Retained surplus	Non-controlling interests	Total equity
Balance at 1 January 2019	535 707	1 490 480	(191 734)	1 820 839	217 369	3 465 432	281 046	7 619 139
Total comprehensive income	-	-	(3 194)	-	20	650 425	36 746	683 997
Transfer between reserves	-	-	-	49 332	–	(49 332)	–	-
Dividends	-	-	-		–	(267 854)	(53 168)	(321 022)
Balance at 31 December 2019	535 707	1 490 480	(194 928)	1 870 171	217 389	3 798 671	264 624	7 982 114
Total comprehensive income	-	-	28 249	-	44	659 335	35 443	723 071
Transfer between reserves	-	-	418	202 267		- (202 685)	-	-
Dividends	-	-	-	-	-	-	-	-
Balance at 31 December 2020	535 707	1 490 480	(166 261)	2 072 438	217 433	4 255 321	300 067	8 705 185

1. *Foreign currency translation reserve*

Company

KShs'000	Share capital	Share premium	Retained surplus	Total equity
Balance at 1 January 2019	535 707	1 490 480	516 024	2 542 211
Total comprehensive income	-	-	278 131	278 131
Dividends	-	-	(267 854)	(267 854)
Balance at 31 December 2019	535 707	1 490 480	526 301	2 552 488
Total comprehensive income			(20 235)	(20 235)
Balance at 31 December 2020	535 707	1 490 480	506 066	2 532 253

Abridged Group and company statements of cash flows

	Group		Company	
KShs'000	2020	2019	2020	2019
Cash flows from operating activities	1 485 595	(1 234 324)	(2 540)	270 055
Distributions paid	-	(321 022)	-	(267 855)
Cash flows from investing activities	(166 318)	(114 298)	-	-
Cash flow from financing activities	(30 623)	(40 006)	-	-
Net increase/(decrease) in cash and cash equivalents	1 288 654	(1 709 650)	(2 540)	2 200
Cash and cash equivalents at the beginning of the year	4 419 078	6 132 504	12 859	10 659
Effects of exchange rates on cash and cash equivalents held	27 735	(3 776)	-	-
Cash and cash equivalents at the end of the year	5 735 467	4 419 078	10 319	12 859

Group and Company statements of comprehensive income for the year ended 31 December 2020

	Group		Company	
KShs'000	2020	Restated 31 December 2019	2020	2019
Revenue				
Insurance premiums	11 176 458	10 957 417	-	-
Reinsurance premiums	(4 490 596)	(4 048 265)	-	-
Net insurance premiums	6 685 862	6 909 152	-	-
Revenue from contracts with customers	1 110 002	1 112 411	-	-
Investment income	131 203	75 102	185 000	494 000
Interest income on financial assets using the effective interest rate method	506 922	350 840	-	-
Fair value adjustments to assets held at fair value through profit and loss	1 423 735	3 078 216	-	-
Total income	9 857 724	11 525 721	185 000	494 000
Claims and policyholder benefits under insurance contracts	(6 792 094)	(6 820 897)	-	-
Insurance claims recovered from reinsurers	1 840 201	1 676 359	-	-
Change in long-term policyholder assets and liabilities	1 263 759	297 567	-	-
Liabilities under insurance contracts	330 352	(576 965)	-	-
Investment contracts with discretionary participation features	960 793	971 319	-	-
Applicable to reinsurers	(27 386)	(96 787)	-	-
Fair value adjustment to long-term policyholder liabilities under investment contracts	(520 967)	(877 070)	-	-
Acquisition costs	(1 669 611)	(1 613 708)	-	-
General marketing and administration expenses	(2 922 819)	(3 047 868)	(205 235)	(215 869)
Finance costs	(12 296)	(13 272)	-	-
Profit before taxation	1 043 897	1 126 832	(20 235)	278 131
Taxation	(367 951)	(437 217)	-	-
Total earnings	675 946	689 615	(20 235)	278 131
Other comprehensive income	47 125	(5 618)	-	-
Items that may be reclassified subsequently to profit or loss	47 081	(5 638)	-	-
Foreign currency translation	47 081	(5 638)		
Items that may not be reclassified subsequently to profit or loss	44	20	-	-
Owner-occupied properties – fair value adjustment	(36 871)	2 826	-	-
Income and capital gains tax relating to owner-occupied properties fair value adjustment	(14)	(8)	-	-
Change in long-term policyholder insurance liabilities (application of shadow accounting)	36 929	(2 798)	-	-
Total comprehensive income	723 071	683 997	(20 235)	278 131
Total earnings attributable to:				
Shareholders' equity	659 335	650 425	(20 235)	278 131
Non-controlling interests	16 611	39 190		
	675 946	689 615	(20 235)	278 131
Total comprehensive income attributable to:				
Shareholders' equity	687 628	647 251	(20 235)	278 131
Non-controlling interests	35 443	36 746		
	723 071	683 997	(20 235)	278 131
Basic earnings per share	Shs	Shs		
Basic earnings per share	1.23	1.21		

Message from the directors

The directors are pleased to present the Group and Company statements of financial position, Group and Company statements of comprehensive income, Abridged Group and Company statement of changes in equity, and Abridged Group and Company Statements of cash flows for the year ended 31 December 2020. These are extracts from the financial statements as audited by KPMG Kenya which received an unqualified opinion.

The results demonstrate the group's resilience amid the unprecedented global crisis brought about by the spread of the coronavirus (COVID-19). At the date of reporting, there remains a high level of uncertainty to the ultimate impacts of COVID-19 to the international and country environments and consequently to the group's prospects. We are proud to note our achievements of being judged both the Life and General insurer of the year in the 2020 Think Business Awards.

The group assessed the likely impact of the pandemic and the restrictions implemented to contain the spread of the virus on the business early in 2020 and set up reserves to cater for COVID-19 related exposures and the cost of guarantees due to an expected adverse market impact. These reserves were reviewed at year end and found to be adequate.

In terms of capital adequacy, our businesses have remained well capitalised and above both the regulatory requirements and the group's minimum target.

Restatements of prior year comparatives

During 2020, a comprehensive review of the terms and conditions of all the group's policyholder contracts was finalised. This was done as part of the preparation work for adopting a new IFRS standard, namely IFRS 17 Insurance Contracts which is effective from 1 January 2023. The above, together with a change in presentation of foreign currency translation reserve, a correction of taxation presentation on retirement fund member withdrawals and presentation alignment to the group's immediate holding company's annual financial statements, are detailed in the Group annual financial statements for the year ended 31 December 2020. The group's integrated report and annual financial statements will be made available on our website www.libertykenya.co.ke by 15 May 2021.

Dividends

Taking into consideration the prevailing uncertain economic and market-related circumstances, the directors do not recommend any dividend.

Annual general meeting

The date for the 2021 Annual General Meeting will be advised in a notice to be published in due course.

The annual financial statements and reports were approved by the board on 15 April 2021 and signed on its behalf by:

P. Odera	**R. Shah**	**M. du Toit**	**C. Kioni**
Chairman	Director	Managing Director	Company Secretary