RELIANCE INSURANCE
COMPANY (T) LIMITED

Annual Report & Financial Statements 2015

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BOARD OF DIRECTORS

Mohamed H. Sumar

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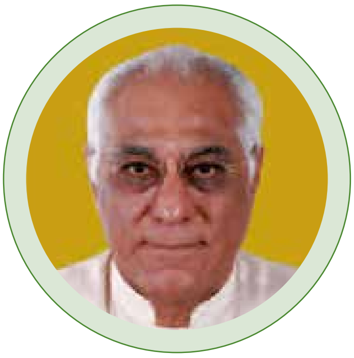
Munir A. Bharwani

Leonard C. Mususa

Pratul H. Shah

Murtaza G. Habib



Mr. Bharat K Ruparelia
(Alternate – to Pratul H. Shah)

Ashok K. M. Shah

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

COMPANY INFORMATION

Country of incorporation and domicile - United Republic of Tanzania
Company registration number - 34026

DIRECTORS
Mohamed H. Sumar
Munir A. Bharwani
Murtaza G. Habib
Ashok K. M. Shah
Pratul H. Shah (Alternate – Mr. Bharat K Ruparelia)
Leonard C. Mususa

PRINCIPAL BANKERS
I&M Bank (T) Limited
Habib African Bank Limited
Exim Bank (Tanzania) Limited
National Micro Finance Bank PLC

AUDITORS
Horwath Tanzania
Certified Public Accountants in Public Practice
P. O. Box 22731, Dar es Salaam

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KEY MANAGEMENT TEAM

Rajaram Parameswaran	Chief Executive Officer
Ramana Imandi	Deputy Director Technical – Appointed 03rd October 2015
Aristark Mboya	Director Finance and Administration
Mark Lyimo	Deputy Director Operations – Resigned 17th February 2016
Rukia Goronga	Manager Underwriting & Reinsurance
Upendo Minja	Manager Human Resources
Clifford Mkandala	Manager Finance – Appointed 03rd August 2015
Raymond Edson	Internal Auditor
Michael Mshanga	Branch Manager – Arusha
Joyce Kasege	Branch Manager – Mbeya
Monica Kijuu	Branch Manager – Mwanza

REGISTERED & HEAD OFFICE
4th Floor, Reliance House,
Plot 356, United Nations Road, Upanga,
P. O. Box 9826, Dar es Salaam

BRANCHES

DAR ES SALAAM	ARUSHA	MWANZA	MBEYA
Reliance House 3rd Floor,	Subzali Building, 1st Floor,	Plot 42, Block -L, 1st Floor B,	Block 'C' Market Square,
Plot 356, UN Road, Upanga,	Goliondoi Road,	Uhuru Road,	Uhindini,
P. O. Box 9826,	P. O. Box 15241,	P. O. Box 1490,	P. O. Box 554,
Dar es Salaam	Arusha	Mwanza	Mbeya
Tel: (22) 2120088/89/90	Tel: (27) 2501553	Tel: (28) 2500838	Tel: (26) 2502726
Fax: (22) 2112903	Fax: (27) 2501552	Fax: (28) 2500706	Fax: (26) 2502725

www.reliancetz.com

CHAIRMAN'S REPORT

Dear Shareholders,

I have pleasure in presenting the Annual Report and Audited Financial Statements for the year ended 31st December 2015.

TANZANIA ECONOMIC OUTLOOK

The country's economy has continued to perform strongly, with GDP growth of 7.1%. Activities of information and communication recorded the fastest growth (23.0 percent), followed by financial and insurance (13.6 percent) and mining and quarrying (10.6 percent). Annual average inflation (CPI index) declined to 6.4% in 2015.

Tanzanian shilling has depreciated at a rate of 20% against dollar since January 2015. Despite the fluctuations in exchange rates, Tanzania's balance of trade remains stable at 10% of GWP. This was possible due to fall in oil prices and improved export performance.

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INSURANCE BUSINESS

As per the latest available data from TIRA's Annual Report 2014, Tanzanian general insurance market grew at an annual growth rate of 19% during the last five years. There was also marginal improvement in the underwriting results as insurers could contain their underwriting losses to TZS 1.3 billion in 2014 as against the underwriting loss of TZS 3.5 billion in 2013. Further improvements in underwriting results are expected in 2015 as the industry has adopted actuarially evaluated technical rates for all lines of business.

Tanzania Insurance Regulatory Authority has successfully implemented Risk Based Supervision model and carried out on-site inspection of insurers to ensure that appropriate operational and financial shortfalls are addressed in a timely manner. To enhance the insurance penetration in our country, the Government and the Regulator have come out with several measures. These include the formulation of a National Policy on Insurance and introduction of various Regulations on (i) Micro-Insurance Business (ii) Takaful Insurance etc.
The Government has also introduced VAT on insurance services during the year under review.

BUSINESS PERFORMANCE DURING THE YEAR:

The focus of the Company continued to be on growth with profitability during the year 2015. The Company's gross written premium grew from TZS 32,434 million in 2014 to TZS 34,109 million in 2015, which is an increase of 5.2%. The Company is expected to retain its 4th position amongst General Insurers excluding Health with a market share of over 6.5%. The Company continues to pursue efforts to retain renewal business, without compromising on profitability benchmarks, while reinforcing the customer's faith in the Company's service.

UNDERWRITING RESULTS:

The Company recorded an underwriting profit of TZS 1,752 million during 2015 as against an underwriting profit of TZS 1,215 million in the previous year.

CHAIRMAN'S REPORT (continued)

PROFIT

The profit before tax (PBT) for the year is TZS 4,740 million compared with TZS 3,644 million in the previous year, an increase by 30%. The profit after tax (PAT) for the year was TZS 3,380 million as against TZS 2,516 Million the previous year, an increase of 34.34%.

INVESTMENT INCOME

Company's investment philosophy is based on strong cash generation, backed by prudent investment of surpluses keeping in mind the obligation to pay claims promptly when they arise. The investment income for the year under review was TZS 2,295 million as against TZS 2,072 million generated in the previous year, an increase of 10.8%.

CREDIT RATING:

The Company maintained its credit rating of "A" awarded by Global Credit Rating Agency

DIVIDEND

The Board of Directors has recommended a dividend of TZS 100 per share.

PROSPECTS FOR 2016

The Company has budgeted for a GWP growth of over 21% in 2016. This will be achieved by strengthening of Branches & Direct Sales Force and by further nurturing our broker relationships. The company has already implemented the new IT system which will be deployed as an efficient tool for management decision. The Company is in the process of finalizing the Strategic Business Plan for 2016-19 which will be focused on enhancing our customer confidence through IT enabled services.

CORPORATE GOVERNANCE

The Company has in place a Board approved 'Strategic documents' related to all functional areas as mandated by the Regulator. Audit Committee, Investment Committee, Information & Communication Technology Committee, and Human Resources & Remuneration Committee also meet at regular intervals to monitor and guide the Management in achieving the highest level of Corporate Governance.

APPRECIATION AND ACKNOWLEDGEMENT

The Board is grateful to TIRA and other regulatory authorities for their continued support. Your Company's performance during the year would not have been possible without passion, commitment and hard work from the employees and management. My special thanks to all our staff and management for their excellent teamwork. On behalf of the Board of Directors we thank all the shareholders, policyholders, intermediaries and reinsurers for reposing their unstinted faith in your Company. We are confident of continuing to deliver value to all our stakeholders. I would also like to thank my fellow Directors for providing valuable guidance and leadership to the Company.

Mohamed H. Sumar
Chairman

RELIANCE INSURANCE COMPANY (TANZANIA) LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31st December 2015, which disclose the state of affairs of the company and group

1. Incorporation

The company is incorporated in the United Republic of Tanzania under the Companies Act 2002 as a private company limited by share and is domiciled in Tanzania.

2. Principal activities

The company is a licensed insurer and underwrites general insurance business.

3. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Position	Nationality	
Mr. Mohamed H. Sumar	Chairman	Tanzanian	
Mr. Munir A. Bharwani	Director	Canadian	
Mr. Murtaza G. Habib	Director	Tanzanian	
Mr. Ashok K. M. Shah	Director	British	
Mr. Pratul H. Shah	Director	Kenyan	(Alternate - Mr. Bharat K. Ruparelia)
Mr. Leonard C. Mususa	Director	Tanzanian	

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Mr. Mahboob Fazal ceased to be the director on 23rd December 2015 upon his death.

4. Company secretary

The company secretary is Mr. Rajaram Parameswaran.

5. Shareholders of the company

The total number of shareholders during the year are 17 shareholders (2014: 17 shareholders).

Directors holding shares are listed below;

Name	Nationality	Number of ordinary shares	% shareholding
Mr. Mohamed H. Sumar	Tanzanian	252,450	4.5

6. Corporate governance

The current Board of Directors consists of six directors. No director holds executive position in the company. Overall responsibility for the company rests with the board, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters, and reviewing the performance of management business plans and budgets. The board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles.

The board met five times during the year. The board delegates the day-to-day management of the business to the Chief Executive Officer assisted by senior management. Senior management is invited to attend board meetings and facilitates the effective control of all the company's operational activities, acting as a medium of communication and coordination between all the various business units.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS' REPORT (continued)

The company is committed to the principles of effective corporate governance. The directors also recognize the importance of integrity, transparency and accountability.

Board committees

During the year the Board of Directors had the following board committees to ensure a high standard of corporate governance throughout the company.

- **Board Investment Committee**
  Mr. Munir A. Bharwani - Chairman
  Mr. Bharat K. Ruparelia
  Mr. Mahboob Fazal

- **Board Audit Committee**
  Mr. Pratul H. Shah - Chairman
  Mr. Murtaza G. Habib
  Mr. Leonard Mususa
  Mr. Mahboob Fazal

- **Board Human Resource and Remuneration Committee**
  Mr. Leonard Mususa - Chairman
  Mr. Ashok K.M Shah
  Mr. Mahboob Fazal

- **Board Information Communication Technology (ICT) Committee**
  Mr. Munir A. Bharwani - Chairman
  Mr. Bharat K. Ruparelia
  Mr. Murtaza G. Habib
  Mr. Rajaram Parameswaran

The board committees report to the Board of Directors. All the committees met on a regular basis during the year.

7. Risk management and internal control

The company's objectives expose it to a variety of risks, including financial risk, credit risk, underwriting risk and the effect of changes in debt and equity market prices, foreign currency exchange rates and interest rates.

The company's risk management policies include the use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers.

Investment policies are in place, which helps manage liquidity and maximize returns.

Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company system is designed to provide the board with reasonable assurance that the procedures in place are operating effectively.

RELIANCE INSURANCE
COMPANY (TANZANIA) LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS' REPORT (continued)

The board assessed the internal control systems throughout the financial year ended 31 December 2015 and is of the opinion that they met accepted criteria.

8. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year except as disclosed in note 36 to these financial statements.

9. Capital structure

The capital structure of the company for the year under review is shown below:

Authorized shares

10,000,000 ordinary shares of TZS 1,000 each

Issued and fully paid up

2015: 5,610,000 ordinary shares of TZS 1,000 each
2014: 2,880,000 ordinary shares of TZS 1,000 each

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A resolution was passed at the AGM held on 16th June 2015 to increase the paid up share capital of the company to 5,610,000 shares of TZS 1,000 each by way of a bonus issue of 11 shares out of 12 shares held in the company by capitalizing reserves and a bonus issue of 1 share out of 32 shares held in company by capitalizing share premium of TZS 90,000,000.

10. Results for the year

During the year, Reliance Insurance Group had net profit after tax before other comprehensive income of TZS 3,097 million.

11. Dividend

The directors propose a dividend of TZS 100 per share on the current issued capital of 5,610,000 shares for the year ended 31 December 2015 (2014: TZS 150 per share on 2,880,000 paid up shares).

12. Transfer to reserves

Contingency reserve

An amount of TZS 676 million (2014: TZS 583 million) was transferred to contingency reserve in accordance with Regulation 27 (2) (b) of the Insurance Act 2009. The amount represents 20% of profit after tax.

Capital reserve

During the year an amount of TZS 676 million (2014: TZS 503 million) was transferred to capital reserve in accordance with Regulation 13 (3) of the Insurance Act 2009. The amount represents 20% of profit after tax.

13. Related party transactions

Transactions with related parties during the year were in the normal course of business. Details of transactions and balances with related parties for the year ended 31 December 2015 are disclosed in note 33 to these financial statements.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS' REPORT (continued)

14. Solvency

The company has met the solvency requirement as stipulated in Regulation 21(i) of the Insurance Act 2009 and the Insurance Regulations 2009.

15. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Board of Directors has reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

16. Employees' welfare

The relationship between the employees and management continues to be cordial. The company is committed to providing equal opportunities to all employees and gives opportunity to disabled persons whenever possible.

Valuing diversity and respect at work are a fundamental part of the company's culture. These commitments extend to recruitment and selections, training, career development and promotion and performance appraisal. Also, the employment terms are reviewed regularly to ensure that they meet statutory and market conditions.

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The average number of staff as at 31st December 2015 was 80 (2014: 77).

17. Auditors

The auditors, Horwath Tanzania have expressed their willingness to continue in office and will be recommended for reappointment in accordance with the Companies Act 2002.

The financial statements set out on pages 11 to 46, which have been prepared on the going concern basis, were Approved by the board of directors on the date of this report and were signed on its behalf by:

....	....
Leonard C. Mususa	**Murtaza G. Habib**
Director	**Director**

Date: 23rd March 2016

RELIANCE INSURANCE
COMPANY (TANZANIA) LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act 2002 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and Group as at the end of the financial year and of their profit or loss. It also requires the directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for these financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act 2002.

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The directors are of the opinion that the financial statements give a true and fair view of the state of affairs of the company and Group as at the end of the financial year and the results of their operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

The financial statements set out on pages 11 to 46, which have been prepared on the going concern basis, were approved by the board of directors on the date of this statement and were signed on its behalf by:

………………………….. ……………………………..

Leonard C. Mususa **Murtaza G. Habib**

Director **Director**

Date: 23rd March 2016

Crowe Horwath

Horwath Tanzania
Member of Crowe Horwarth International

13 Zanaki Street
2nd Floor, Osman Towers
P.O. Box 27731,
Dar es Salaam, Tanzania
Tel: +255 22 2115251 - 3
Fax: +255 22 2130519
www.crowehorwath.co.tz

REPORT OF THE INDEPENDENT AUDITORS

To the members of Reliance Insurance Company (Tanzania) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Reliance Insurance Company (Tanzania) Limited (the company) and its subsidiary, Reliance Investment Company (T) Limited (together, 'the Group') which comprise, the statements of financial position as at 31 December 2015 of the Group and Company and their statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 46.

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Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial Statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act 2002. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Crowe Horwath

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Group and Company as of 31 December 2015, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act 2002

Report on other legal and regulatory requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act 2002 and for no other purposes.

As required by the Companies Act 2002, we are also required to report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if the financial statements are not in agreement with the accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

In respect of the foregoing requirements, we have no matter to report.

Horwath Tanzania
Certified Public Accountants in Public Practice **Date:23rd March 2016**
Dar es Salaam

Signed by Christopher Msuya

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
Gross written premium		**34,108,764**	**32,434,364**	**34,108,764**	**32,434,364**
Gross earned premium	4	34,030,631	30,346,214	34,030,631	30,346,214
Less: outward reinsurance		(14,406,238)	(12,572,074)	(14,406,238)	(12,572,074)
Net earned premium		**19,624,393**	**17,774,140**	**19,624,393**	**17,774,140**
Investment income	5	2,294,880	2,071,557	2,294,880	2,071,557
Exchange gain		560,989	187,655	560,989	187,655
Other income	6	132,387	169,593	132,387	169,593
Commission earned		3,502,115	3,524,751	3,502,115	3,524,751
Total income		**26,114,764**	**23,727,696**	**26,114,764**	**23,727,696**
Commission expense		(5,113,402)	(4,772,757)	(5,113,402)	(4,772,757)
Claims incurred	7	(9,665,197)	(10,015,768)	(9,665,197)	(10,015,768)
Operating and other expenses	8	(6,920,260)	(5,295,005)	(6,596,000)	(5,295,005)
Profit before tax		**4,415,905**	**3,644,166**	**4,740,165**	**3,644,166**
Taxation	10	(1,319,026)	(1,127,995)	(1,359,457)	(1,127,995)
Profit for the year		**3,096,879**	**2,516,171**	**3,380,708**	**2,516,171**
Other comprehensive income					
(Loss)/ gain on fair valuation of available for sale financial assets	17	(621,713)	554,984	(621,713)	554,984
Transfer to profit or loss of fair value gain on disposal of shares		-	(27,114)	-	(27,114)
Total change in fair value of available for sale financial assets		(621,713)	527,870	(621,713)	527,870
Total comprehensive income for the year attributable to the owners of the company		**2,475,166**	**3,044,041**	**2,758,995**	**3,044,041**
		TZS	**TZS**	**TZS**	**TZS**
Earnings per share-basic and diluted	35	552	449	603	449

The accounting policies and notes on pages 16 to 46 form an integral part of these financial statements.

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RELIANCE INSURANCE COMPANY (TANZANIA) LTD

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Notes	Group 2015	Group 2014	Company 2015	Company 2014
CAPITAL EMPLOYED		**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**
Share capital	**11**	5,610,000	2,880,000	5,610,000	2,880,000
Share premium		-	90,000	-	90,000
Contingency reserve		3,511,773	2,835,632	3,511,773	2,835,632
Capital reserve		771,930	1,195,789	771,930	1,195,789
Revaluation surplus	**12**	803,259	1,424,972	803,259	1,424,972
Retained earnings		1,903,300	2,424,036	2,187,129	2,424,036
		12,600,262	**10,850,429**	**12,884,091**	**10,850,429**
REPRESENTED BY					
ASSETS					
Property, plant and equipment	**13**	319,270	279,682	318,580	279,682
Investment property	**14**	2,113,651	576,369	-	-
Intangible assets	**15**	413,859	20,199	413,859	20,199
Investment in subsidiary	**16**	-	-	1,284,000	576,369
Available for sale assets – Listed equity	**17**	1,795,042	2,416,755	1,795,042	2,416,755
Available for sale assets – Unlisted equity	**18**	316,022	316,022	316,022	316,022
Receivables arising out of reinsurance arrangement		2,574,405	1,803,430	2,574,405	1,803,430
Receivables arising out of direct insurance arrangement		6,525,906	5,740,341	6,525,906	5,740,341
Reinsurers' share of liabilities	**19**	13,051,589	11,904,586	13,051,589	11,904,586
Deferred acquisition costs		851,895	930,697	851,895	930,697
Other receivables	**20**	1,923,539	1,789,940	1,701,897	1,789,940
Current tax		251,431	-	251,431	-
Deferred tax	**26**	802,494	649,197	762,063	649,197
Corporate bonds	**17**	489,347	133,094	489,347	133,094
Government securities	**21**	1,963,754	1,044,334	1,963,754	1,044,334
Deposits with financial institutions	**22**	15,385,661	15,335,876	15,385,661	15,335,876
Cash and bank balances	**23**	963,280	1,046,025	963,280	1,046,025
TOTAL ASSETS		**49,741,145**	**43,986,547**	**48,648,731**	**43,986,547**
LIABILITIES					
Unearned premium		16,405,483	16,327,350	16,405,483	16,327,350
Outstanding claims	**25**	13,864,794	12,487,817	13,864,794	12,487,817
Creditors arising out of reinsurance arrangement		2,755,832	2,060,436	2,755,832	2,060,436
Creditors arising out of direct insurance arrangement		251,701	235,547	251,701	235,547
Bank loan	**27**	1,289,278	-	-	-
Other payables	**28**	2,273,795	1,232,218	2,186,830	1,232,218
Bank overdraft	**29**	300,000	590,000	300,000	590,000
Current tax		-	202,750	-	202,750
TOTAL LIABILITIES		**37,140,883**	**33,136,119**	**35,764,640**	**33,136,119**
NET ASSETS		**12,600,262**	**10,850,429**	**12,884,091**	**10,850,429**

The financial statements on pages 11 to 46 were approved for issue by the Board of Directors on 23rd March 2016 and signed on its behalf by:

……………………..

Leonard C. Mususa
Director

……………………….

Murtaza G. Habib
Director

The accounting policies and notes on pages 16 to 46 form an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015-GROUP

	Note(s)	Share Capital	Share Premium	Capital Reserve	Contingency Reserve	Revaluation Reserve	Retained Earnings	Total
2014		**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**
At 1st **January**		**1,800,000**	**1,170,000**	**692,555**	**2,252,614**	**897,102**	**1,264,117**	**8,076,388**
Profit for the year		-	-	-	-	-	2,516,171	**2,516,171**
Other comprehensive income	**12**	-	-	-	-	527,870	-	**527,870**
Transfer to contingency reserve		-	-	-	583,018	-	(583,018)	-
Transfer to capital reserve		-	-	503,234	-	-	(503,234)	-
Transactions with owners								
Bonus issue of shares		1,080,000	(1,080,000)	-	-	-	-	-
Dividends		-	-	-	-	-	(270,000)	**(270,000)**
Total changes		1,080,000	(1,080,000)	503,234	583,018	527,870	1,159,919	**2,774,041**
At 31st December		**2,880,000**	**90,000**	**1,195,789**	**2,835,632**	**1,424,972**	**2,424,036**	**10,850,429**
2015								
At 1st January		**2,880,000**	**90,000**	**1,195,789**	**2,835,632**	**1,424,972**	**2,424,036**	**10,850,429**
Profit for the year		-	-	-	-	-	3,096,879	**3,096,879**
Other comprehensive loss	**12**	-	-	-		(621,713)	-	**(621,713)**
Transfer to contingency reserve		-	-	-	676,141	-	(676,141)	-
Transfer to capital reserve		-	-	676,141	-	-	(676,141)	-
Transactions with owners								
Bonus issue of shares		2,730,000	(90,000)	(1,100,000)	-	-	(1,833,333)	**(293,333)**
Dividends		-	-	-	-	-	(432,000)	**(432,000)**
Total changes		2,730,000	(90,000)	(423,859)	676,141	(621,713)	(520,736)	**1,749,833**
At 31st December		**5,610,000**	**-**	**771,930**	**3,511,773**	**803,259**	**1,903,300**	**12,600,262**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015-COMPANY

	Note(s)	Share Capital	Share Premium	Capital Reserve	Contingency Reserve	Revaluation Reserve	Retained Earnings	Total
2014		**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**
At 1st January		**1,800,000**	**1,170,000**	**692,555**	**2,252,614**	**897,102**	**1,264,117**	**8,076,388**
Profit for the year		-	-	-	-	-	2,516,171	**2,516,171**
Other comprehensive income	**12**	-	-	-	-	527,870	-	**527,870**
Transfer to contingency reserve		-	-	-	583,018	-	(583,018)	-
Transfer to capital reserve		-	-	503,234	-	-	(503,234)	-
Transactions with owners								
Bonus issue of shares		1,080,000	(1,080,000)	-	-	-	-	-
Dividends		-	-	-	-	-	(270,000)	**(270,000)**
Total changes		1,080,000	(1,080,000)	503,234	583,018	527,870	1,159,919	**2,774,041**
At 31st December		**2,880,000**	**90,000**	**1,195,789**	**2,835,632**	**1,424,972**	**2,424,036**	**10,850,429**
2015								
At 1st January		**2,880,000**	**90,000**	**1,195,789**	**2,835,632**	**1,424,972**	**2,424,036**	**10,850,429**
Profit for the year		-	-	-	-	-	3,380,708	**3,380,708**
Other comprehensive loss	**12**	-	-	-	-	(621,713)	-	**(621,713)**
Transfer to contingency reserve		-	-	-	676,141	-	(676,141)	-
Transfer to capital reserve		-	-	676,141	-	-	(676,141)	-
Transactions with owners								
Bonus issue of shares		2,730,000	(90,000)	(1,100,000)	-	-	(1,833,333)	**(293,333)**
Dividends		-	-	-	-	-	(432,000)	**(432,000)**
Total changes		2,730,000	(90,000)	(423,859)	676,141	(621,713)	(236,907)	**2,033,661**
At 31st December		**5,610,000**	-	**771,930**	**3,511,773**	**803,259**	**2,187,129**	**12,884,091**

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STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
Cash flows from operating activities					
Cash generated from operations	**32**	2,439,780	3,928,487	2,898,716	3,928,487
Interest income	**5**	2,209,137	1,976,691	2,209,137	1,976,691
Dividends received	**5**	85,743	72,271	85,743	72,271
Gain on sale of shares		-	22,595	-	22,595
Tax paid		(1,926,506)	(1,188,313)	(1,926,506)	(1,188,313)
Net cash from operating activities		**2,808,154**	**4,811,731**	**3,267,090**	**4,811,731**
Cash flows from investing activities					
Purchase of property plant and equipment	**13**	(137,701)	(449,375)	(137,011)	(149,375)
Purchase of investment property	**14**	(1,537,282)	(576,369)	-	-
Disposal of property, plant and equipment	**13**	5,490	8,833	5,490	8,833
Purchase of intangible assets	**15**	(459,893)	(22,275)	(459,893)	(22,275)
Purchase of listed equity		-	(363,741)	-	(363,741)
Purchase of corporate bond		(491,000)	-	(491,000)	-
Liquidation of corporate bond		134,747	50,000	134,747	50,000
(Increase)/ decrease in government securities		(1,013,307)	259,141	(1,013,307)	259,141
Increase in fixed deposits		(4,824,011)	(1,684,267)	(4,824,011)	(1,684,267)
Purchase of shares in subsidiary	**16**	-	-	(707,631)	(576,369)
Proceeds from disposal of listed shares		-	105,071	-	105,071
Net cash used in investing activities		**(8,322,957)**	**(2,372,982)**	**(7,492,616)**	**(2,372,982)**
Cash flows from financing activities					
Tax paid on bonus issue of shares		(293,333)	-	(293,333)	-
Dividends paid		(432,000)	(270,000)	(432,000)	(270,000)
Proceeds from a bank loan		1,289,277	-	-	-
Net cash used in financing activities		**563,945**	**(270,000)**	**(725,333)**	**(270,000)**
Decrease in cash and cash equivalents		**(4,950,859)**	**2,168,749**	**(4,950,859)**	**2,168,749**
Movement in cash and cash equivalents					
Cash and cash equivalents at 1st January		**9,922,604**	**7,753,855**	**9,922,604**	**7,753,855**
(Decrease)/ increase during the year		**(4,950,859)**	**2,168,749**	**(4,950,859)**	**2,168,749**
Cash and cash equivalents at 31st December	**31**	**4,971,745**	**9,922,604**	**4,971,745**	**9,922,604**

The accounting policies and notes on pages 16 to 46 form an integral part of these financial statements.

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ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2015

a) Reporting entity

The Group financial statements comprise the company and its subsidiary, Reliance Investment Company (Tanzania) Ltd, together referred to as the 'group'. The Company's financial statements are those of Reliance Insurance Company (T) Limited.

b) Basis of preparation

The financial statements have been prepared on historical basis, with the exception of available for sale financial assets and investment property that are carried at fair value. The consolidated financial statements are prepared in Tanzanian Shilling and all values are rounded to the nearest thousand (TZS '000') except otherwise indicated.

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. These financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act 2002.

Basis of Consolidation

The Group financial statement comprise the financial statements of the company and its subsidiary for the year ended 31st December 2015. The subsidiary is fully consolidated from the date of acquisition being the date on which the group obtains control, and continue to be consolidated until the date such control ceases.

The financial statements of the subsidiary is prepared for the same reporting period as the parent company, using consistent accounting policies

All intragroup balances, transactions unrealized gain and losses resulting from intragroup transaction and dividend are eliminated in full.

The Group presents its statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current), presented in the notes.

c) Revenue recognition

Revenue is recognized to the extent that it is probable those future economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at fair value of the consideration received excluding discount rebate and Value Added Tax.

Premium income is recognized on assumption of risks, and includes estimates of premiums due but not yet received, less an allowance for cancellations, and less unearned premium. Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the statement of financial position date, and is computed using the 1/24th method or as per Insurance Regulations 22(2)(a) under the Insurance Act 2009. Commissions receivable are recognized as income in the period in which they are earned.

Interest income is recognized on a time proportion basis that takes into account the effective yield on the asset. Dividends are recognized as income in the period in which the right to receive payment is established.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

c) Revenue recognition (continued)

Rental income comprises the fair value of the consideration received or receivable for letting commercial property in the ordinary course of the company's activities. Rental income is accrued on a monthly basis and is shown net of value added tax.

d) Claims incurred

Claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the statement of financial position date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed, and include provisions for claims incurred but not reported ("IBNR") calculated at the rate of 20% of the outstanding claims, as prescribed in Insurance Regulations 27 (2) (a) under the Insurance Act 2009. Outstanding claims are not discounted unless the actual experience shows higher amount.

e) Commissions payable and deferred acquisition costs

A proportion of net commission expense is deferred and amortized over the period in which the related premium is earned.

Deferred acquisition costs represent a proportion of acquisition costs that relate to policies that are in force at the year end.

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f) Contingency and capital reserves

The statutory reserve represents contingency and capital reserves.

A contingency reserve is created in line with Insurance Regulations 27(2) (b) under the Insurance Act 2009. The regulations requires an insurer to establish a contingency reserve into which a transfer representing the greater of 3% of the net premium written or 20% of the net profit after tax before dividend is made each year until the reserve reaches the greater of the minimum paid up capital or 50% of the net premium written.

Capital reserve is made up of transfers from the net profit in line with Insurance Regulations 13(3) under the Insurance Act 2009, which requires an insurer to designate 20% of the net profit after tax to the paid up share capital before the dividend for each year is paid.

g) Property, plant and equipment

Property plant and equipment are stated at cost less depreciation.

Depreciation is calculated on the straight-line basis to write down the cost of each asset, to its residual value over its estimated useful life as follows:

	%
Office equipment	12.50
Motor vehicles	25.00
Computer equipment	33.33
Furniture and fittings	12.50
Office partition costs	20.00
Buildings	2.86

RELIANCE INSURANCE COMPANY (TANZANIA) LTD

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

g) Property, plant and equipment (continued)

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of equipment are determined by reference to their carrying amounts.

h) Intangible assets

Computer software is stated at cost less amortization.

Amortization is calculated on the straight-line basis to write down the cost of software to its residual value over its estimated useful life as follows:

	%
Computer software	33.33

i) Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

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The investment property is initially recognized at cost. Transaction costs are included in the initial measurement. It is subsequently measured at valued fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains or losses arising from the disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised in statement of comprehensive income in the period of disposal.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

j) Investments

The Group classifies its investments in the following categories: loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Investments with fixed maturity that the company has the intent and ability to hold to maturity are classified as held-to maturity Non-equity investments purchased in the primary market (i.e. directly from the issuer) are classified as loans and receivables.. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

j) Investments (continued)

i. Equity investments are classified as available-for-sale financial assets.
ii. Securities issued by the Tanzanian Government are classified as Held to Maturity.
iii. Corporate bonds are classified as Held to Maturity
iv. Fixed deposits are classified as loans and receivables category

Recognition and measurement

All purchases and sales of investments are recognized on the trade date, which is the date the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transactions costs. Available for sale financial assets are subsequently carried at fair value.

Loans and receivables and held to maturity financial assets are subsequently carried at amortised cost using the effective interest method

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognized in other comprehensive income and accumulated in investment revaluation reserve in the statement of changes in equity, until the financial asset is derecognized or impaired, at which time the cumulative gain or loss previously recognized in equity is recognized in the statement of profit or loss

Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. The reversal of impairment losses cannot result in the amortised cost balances exceeding what these balances would have been, at the reversal date, if no impairment losses were recognised in the past. Any subsequent reversal of an impairment loss is recognised in profit or loss.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the contract. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

j) Investments (continued)

Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset of group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is evidence the assets are impaired. If any such evidence exists the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recognized in profit or loss, is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity investments are not reversed through profit or loss.

k) Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

l) Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

m) Translation of foreign currencies

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates. (the Functional Currency). The consolidated financial statements are presented in Tanzanian Shillings, which is the Group's functional and presentation currency.

Transactions in foreign currencies during the year are converted into Tanzanian Shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into Tanzanian Shilling at rates ruling at that date. The resulting differences from conversion and translation are dealt with in Profit or Loss in the year in which they arise.

n) Receivables

Outstanding premiums and amounts due from reinsurers are carried at amortized cost less provision for impairment. A provision for impairment is established when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount.

o) Employee benefits

The Group has a statutory requirement to contribute to the Parastatal Pension Fund (PPF) which is a defined contribution scheme. The Group contributes to the fund a minimum of 10% of the employee's basic salary and is recognized as an expense in the period to which they relate. The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognized as an expense accrual.

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

p) Tax

Current tax assets and liabilities

Tax expense/ (income) comprise current tax and deferred tax. Tax is recognized as an expense/ (income) and included in the Statement of Profit or Loss and Other Comprehensive Income, except to the extent that the tax arises from a transaction, which is recognized directly in equity.

Current tax is computed in accordance with the Tanzanian income tax laws applicable to insurance companies. Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax rates enacted or substantively enacted at the Statement of Financial Position date are used to determine deferred tax. Deferred tax assets are recognized only to the extent that it probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/ (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/ (tax loss).

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A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in statement of profit or loss and other comprehensive income for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

q) Dividends

Dividends are accounted for only when declared.

RELIANCE INSURANCE COMPANY (TANZANIA) LTD

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)

r) Comparatives

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

s) Critical judgments in applying the entity's accounting policies

In the process of applying the entity's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key areas of judgment in applying the entity's accounting policies are dealt with below:-

The ultimate liability arising from claims made under insurance contracts

The main assumption underlying techniques applied in the estimation of this liability is that a group's past claims experience can be used to project future claims development and hence ultimate claim costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios.

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Historical claims development is mainly analysed by accident years. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking accounts of all the uncertainties involved. A margin for adverse deviation may also be included in the liability valuations.

Impairment losses

At each balance sheet date the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

Property, plant and equipment

Critical estimates are made by the company's management in determining depreciation rates for property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

1. Incorporation and registered office

The company is incorporated in the United Republic of Tanzania under the Companies Act 2002 and is domiciled in Tanzania. The address of its registered office is Reliance House, Plot number 356, United Nations Road, Upanga, Dar es Salaam.

2. New standards and interpretations

(a) Standards and interpretations effective and adopted in the current year including IFRS, IAS and IFRIC

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendment to IAS 24: Related Party Disclosures: Annual improvements project

The definition of a related party has been amended to include an entity, or any member of a group of which it is a part, which provides key management personnel services to the reporting entity or to the parent of the reporting entity ("management entity"). Disclosure is required of payments made to the management entity for these services but not of payments made by the management entity to its directors or employees.

The effective date of the amendment is for years beginning on or after 1 July 2014.
The Group has adopted the amendment for the first time in the 2015 financial statements.
The impact of the amendment is not material.

Amendment to IAS 40: Investment Property: Annual improvements project

The amendment requires an entity to determine whether the acquisition of investment property is the acquisition of an asset or a business combination, in which case the provisions of IFRS 3 Business Combinations applies.
The effective date of the amendment is for years beginning on or after 1 July 2014.
The Group has adopted the amendment for the first time in the 2015 financial statements.

The impact of the amendment is not material

Amendment to IFRS 13: Fair Value Measurement: Annual improvements project

The amendment clarifies that references to financial assets and financial liabilities in paragraphs 48–51 and 53–56 should be read as applying to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 Financial Instruments: Presentation.

The effective date of the amendment is for years beginning on or after 1 July 2014.
The Group has adopted the amendment for the first time in the 2015 financial statements.
The impact of the amendment is not material.

Amendment to IAS 38: Intangible Assets: Annual improvements project

The amendment adjusts the option to proportionately restate accumulated amortisation when an intangible asset is revalued. Instead, the gross carrying amount is to be adjusted in a manner consistent with the revaluation of the carrying amount. The accumulated amortisation is then adjusted as the difference between the gross and net carrying amount.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The effective date of the amendment is for years beginning on or after 1 July 2014.
The Group has adopted the amendment for the first time in the 2015 financial statements.
The impact of the amendment is not material.

A number of new standards and amendments to standards and interpretations are effective for periods beginning on or after 1 January 2016 and have not been applied in preparing these financial statements. None is expected to have a significant effect on the financial statements of the Company, except the following:

Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its financial statements. It also provides amended guidance concerning the order of presentation of the notes in the financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

The effective date of the company is for years beginning on or after 1 January 2016.
The Group expects to adopt the amendment for the first time in the 2016 financial statements.
It is unlikely that the amendment will have a material impact on the company's financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for de-recognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the

NOTES TO THE FINANCIAL STATEMENTS (continued)

effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 1 January 2018.
The Group expects to adopt the standard for the first time in the 2018 financial statements.
It is unlikely that the standard will have a material impact on the company's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property or equipment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

IFRS 15 is effective for annual periods beginning on or after 1 January 2017 and has no impact to the company's financial statement.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019 and has no impact to the company's financial statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Financial risk management objectives and policies

The group activities expose it to a variety of financial risks, including insurance risk, liquidity risk, credit risk, liquidity risk and the effects of changes in property values, debt and equity market prices, foreign currency exchange rates and interest rates. The company's overall risk management programme focuses on the identification and management of risks and seeks to minimize potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place, which help manage liquidity, and seek to maximize return within an acceptable level of interest rate risk.

The disclosures below summarize the way the company manages key risks:
The risk under any one insurance contract arises from the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated.

Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability of the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Financial risk

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

These risks arise from open positions in interest rates, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Group overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group financial performance. For each policy, the senior management team is responsible for overseeing compliance of that policy.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Financial risk (continued)

The Group has not changed the processes used to manage its risks from previous periods.

The notes below explain how financial risks are managed:

(a) Short-term insurance contracts

The Group engages in short term insurance contracts and funds the insurance liabilities with a portfolio of equity and debt securities exposed to market risk. During the year, the group increased the portion of financial assets invested in debt securities to mitigate the impact of the volatility of equity prices experienced in recent years. An analysis of the group's financial assets and its short term insurance liabilities is presented below:

	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
Financial Assets				
Debt Securities				
Held to maturity				
- Treasury bills	1,963,754	1,044,334	1,963,754	1,044,334
- Listed corporate bonds	443,940	87,687	443,940	87,687
- Unlisted corporate bonds	45,407	45,407	45,407	45,407
- Unlisted securities	15,385,661	15,335,876	15,385,661	15,335,876
Financial Securities Available for sale				
- Listed securities	1,795,042	2,416,755	1,795,042	2,416,755
- Unlisted securities	316,022	316,022	316,022	316,022
Loans and Receivables				
- Receivables from insurance and reinsurance contracts	9,100,309	7,543,771	9,100,309	7,543,771
- Cash and bank balances	963,280	1,046,025	963,280	1,046,025
Total	**30,013,415**	**27,835,877**	**30,013,415**	**27,835,877**

Short term insurance liabilities at amortized cost	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
Insurance contracts – short term	33,277,810	31,111,150	33,277,810	31,111,150
Less: assets arising from short-term reinsurance contracts	(13,051,588)	(11,904,586)	(13,051,588)	(11,904,586)
Total	**20,226,222**	**19,206,564**	**20,226,222**	**19,206,564**

Short-term insurance liabilities are not directly sensitive to the level of market interest rates, as they are undiscounted and contractually noninterest bearing. However, due to the time value of money and the impact of interest rates on the level of bodily injury incurred by the group policyholders (where a reduction of interest rate would normally produce a higher insurance liability), the group matches the cash flows of assets and liabilities in this portfolio by estimating their mean duration.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

Liquidity risk

The table below shows the contractual timing of cash flows arising from assets and liabilities include in the Group Asset Liability Management framework for management of short term insurance contracts as of 31 December 2015:

	Total Amount	No stated Maturity	0 – 1 Year	1 – 2 years	2 – 3 years	3 – 4 years	Over 5 years
2015	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**
Financial Assets							
Debt Securities held to maturity							
Treasury bills	1,963,754	-	372,113	-	-	-	1,591,641
Deposits with financial institutions	15,385,661	-	15,385,661	-	-	-	-
Corporate bonds	489,347	-	92,437	47,030	47,030	47,030	255,820
Equity available for sale - listed securities	1,795,042	1,795,042	-	-	-	-	-
Equity available for sale - unlisted securities	316,022	316,022	-	-	-	-	-
Receivables from insurance and reinsurance contracts	9,100,309	-	9,100,309	-	-	-	-
Cash and bank balances	663,280	-	663,280	-	-	-	-
Total	**29,713,415**	**2,111,064**	**25,613,800**	**47,030**	**47,030**	**47,030**	**1,847,461**
Short Term Liabilities							
Outstanding claims	13,864,794	-	13,864,794	-	-	-	-
Unearned premium	16,405,483	-	16,405,483	-	-	-	-
Payables from insurance and reinsurance arrangement	3,007,533	-	3,007,533	-	-	-	-
Less: Assets arising from reinsurance contracts	(13,051,588)	-	(13,051,588)	-	-	-	-
Total	**20,226,222**	**-**	**20,226,222**	**-**	**-**	**-**	**-**
Difference in contractual cash flows	**9,487,193**	**2,111,064**	**5,387,578**	**47,030**	**47,030**	**47,030**	**1,847,461**

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Liquidity risk (continued)

2015	Total Amount TZS 000	No stated Maturity TZS 000	0 – 1 Year TZS 000	1 – 2 years TZS 000	2 – 3 years TZS 000	3 – 4 years TZS 000	Over 5 years TZS 000
Financial Assets							
Debt Securities held to maturity							
Treasury bills	1,044,334	-	411,880	372,113	-	-	260,341
Deposits with financial institutions	15,335,876	-	15,335,876	-	-	-	-
Corporate bonds	133,094	-	87,687	-	45,407	-	-
Equity available for sale - listed securities	2,416,755	2,416,755	-	-	-	-	-
Equity available for sale - unlisted securities	316,022	316,022	-	-	-	-	-
Receivables from insurance and reinsurance contracts	7,543,771	-	7,543,771	-	-	-	-
Cash and bank balances	456,025	-	456,025	-	-	-	-
Total	**27,245,877**	**2,732,777**	**23,835,239**	**372,113**	**45,407**	**-**	**260,341**
Short Term Liabilities							
Outstanding claims	12,487,817	-	12,487,817	-	-	-	-
Unearned premium	16,327,350	-	16,327,350	-	-	-	-
Payables from insurance and reinsurance arrangement	2,295,983	-	2,295,983	-	-	-	-
Less: Assets arising from reinsurance contracts	(11,904,586)	-	(11,904,586)	-	-	-	-
Total	**19,204,586**	**-**	**19,204,586**	-	-	-	-
Difference in contractual cash flows	**8,041,291**	**2,732,777**	**8,041,291**	**372,113**	**45,407**	**-**	**260,341**

NOTES TO THE FINANCIAL STATEMENTS (continued)

(b) Market risk

(i) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. For financial instruments and insurance contracts described in this note, the sensitivity is solely associated with the former, as the carrying amounts of the latter are not directly affected by changes in market risks.

Premium is retained locally to support business growth, to meet local and regulatory market requirements and to maintain sufficient assets in the local currency to match local currency liabilities. The company is therefore not exposed to currency risks.

(ii) Equity price risk

The Group is exposed to equity securities price risk as a result of its holdings in equity investments, classified as financial assets at fair value through profit or loss. Exposures to equity shares in aggregate are monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the Dar es Salaam Stock Exchange.

The Group has a defined investment policy, which sets limits on the company's exposure to equities both in aggregate terms and by industry. This policy of diversification is used to manage the company's price risk arising from its investments in equity securities.

If at the end of the year the equity indexes had increased/decreased by 5% other comprehensive income would increase/decrease by TZS120.8 m as result of gains/losses on equity securities classified as available for sale.

Investment management meetings are held monthly.

(iii) Currency risk

Foreign currency exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group primarily transacts in Tanzanian Shilling and US Dollar and its assets and liabilities are denominated in the same currencies. The Group is therefore exposed to currency risk.

The Group does not hedge foreign exchange fluctuations.

The Group is exposed to foreign exchange risk arising from currency exposures, primarily in respect to the United States (US) dollar. The Group primarily transacts in Tanzanian Shilling and US dollar. The Group also has receivables, payables and deposits with banks denominated in the US dollar.

Currency exposure arising from assets and liabilities denominated in the US dollar is managed primarily through the holding of deposits and bank balances in the same currency.

NOTES TO THE FINANCIAL STATEMENTS (continued)

(iii) Currency risk (continued)

The Group reviews its foreign currency exposure, including commitments on an ongoing basis. The Group has a policy on management of exposure to foreign currency risks, which sets limits on the Group's exposure to foreign currency.

At 31 December 2015, if the Tanzania Shilling had weakened/strengthened by 10% against the US dollar with all the other variables held constant, the recalculated post-tax profit for the year would have been TZS 390.8m (2014 TZS 359.4 m) higher/lower, as a result of exchange gains/losses on assets denominated in USD 2,337,482.

(c) Credit risk

The Group has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Group is exposed to credit risk are:

- reinsurers' share of insurance liabilities and reserves;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries;
- amounts due from corporate bond issuers; and
- counter party risk with respect to derivative transactions

The Group manages the levels of credit risk it accepts by placing limits on its exposure to a single counter party, or groups of counter party and to geographical and industry segments. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge the group liability as primary insurer. If a reinsurer fails to pay a claim, the group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on annual basis by reviewing their financial strength prior to finalization of any contract.

In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. In certain circumstances, deposits from reinsurers are also held as collateral.

The exposure to individual counterparties is also managed through other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. Management information reported to the directors include details of provisions for impairment on receivables and subsequent write offs. Management makes regular reviews to assess the degree of compliance with the group procedures on credit. Exposures to individual policyholders and groups policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the management.

The amount that best represents the Group maximum exposure to credit risk at 31 December 2015 is made up as follows;

NOTES TO THE FINANCIAL STATEMENTS (continued)

	Fully Performing	Past due 4 to 6 Months	Past due 6 to 12 Months	Impaired	Total
	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000
Receivable from: Insurance and reinsurance contracts	5,968,699	1,525,667	1,605,945	628,950	**9,729,261**
Less provision for bad debts	-	-	-	-	--
Balance 1st January	-	-	-	(321,080)	(321,080)
Provision during the year	-	-	-	(307,870)	(307,870)
Total provision 31st December	-	-	-	**(628,950)**	**(628,950)**
Net balance	**5,968,699**	**1,525,667**	**1,605,945**	-	**9,100,311**

Debtor's amount falling under impairment represents specific debtors' balances provided for as bad debts under the Group policy on bad debts provision. The amount under past due represents debtor's balances outstanding balance over 90 days not impaired due to the fact that management is certain to collect the outstanding amount.

The amount that best represents the group maximum exposure to credit risk at 31 December 2014 is made up as follows;

	Fully Performing	Past due 4 to 6 Months	Past due 6 to12 Months	Impaired	Total
	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000
Receivable from: Insurance and Reinsurance contracts	4,901,094	1,356,861	1,285,816	321,080	**7,864,851**
Less provision for bad debts	-	-	-	-	-
Balance 1st January	-	-	-	(251,131)	(251,131)
Provision during the year	-	-	-	(69,949)	(69,949)
Total provision 31st December	-	-	-	**(321,080)**	**(321,080)**
Net balance	**4,901,094**	**1,356,861**	**1,285,816**	-	**7,543,771**

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The customers under the fully performing category of receivables under insurance and reinsurance contracts are paying their debts as they continue trading. Receivables in the impaired category are fully provided for and they continue being pursued for settlement.

(d) Liquidity risk

Maintaining sufficient available liquid assets to meet Group's obligations as they fall due is an important part of the group financial management practice. The Group manages liquidity risk through continuously monitoring forecasts and matching the maturity profiles of financial liabilities and ongoing review of future commitments and credit facilities available to the Group.

The table below provides a contractual maturity analysis of the Group financial liabilities:

NOTES TO THE FINANCIAL STATEMENTS (continued)

	31 December 2015				31 December 2014			
	On demand & 6 months	**Between 6 months & 1 year**	**More than 1 year**	**Total**	**On demand & 6 months**	**Between 6 months & 1 year**	**More than 1 year**	**Total**
	TZS 000	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**
Insurance contracts	3,069,894	2,709,925	8,084,975	**13,864,794**	4,712,555	2,833,877	4,941,385	**12,487,817**
Payables arising from								
- Reinsurance arrangements	3,007,533	-	-	**3,007,533**	2,295,983	-	-	**2,295,983**
Other payables	2,486,829	-	-	**2,486,829**	2,024,969	-	-	**2,024,968**
Total	**8,564,256**	**2,709,925**	**8,084,975**	**19,559,156**	**9,033,506**	**2,833,877**	**4,941,385**	**16,808,768**

(e) Capital management

The Group maintains an efficient capital structure from a combination of equity shareholders' funds consistent with the Group risk profile and the regulatory and market requirements of its business.

The Group objectives in managing its capital are:

- o To match the profile of its assets and liabilities, taking account of the risks inherent in the business
- o To maintain financial strength to support new business growth
- o To satisfy the requirement of its policyholders, regulators and rating agencies
    - To retain financial flexibility by maintaining strong liquidity and access to a range of capital market;
    - To allocate capital efficiently to support growth;
    - To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
    - To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

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Fair value estimation

IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy for financial instruments that are measured at fair value:

- Quoted prices (unadjusted)in active markets for identical assets or liabilities (level1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the assets or liability that are not based on the observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE FINANCIAL STATEMENTS (continued)

The following table presents the Group's assets that are measured at fair value as at 31 December 2015.

	Group				Company			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
As at 31 December 2015	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**
Assets								
Financial assets								
Quoted shares	1,795,042	-	-	1,795,042	1,795,042	-	-	1,795,042
Unquoted shares	-	-	316,022	316,022	-	-	316,022	316,022
Investment property	-	1,284,000	-	1,284,000	-	1,284,000	-	1,284,000
Total assets	**1,795,042**	**1,284,000**	**316,022**	**3,395,064**	**1,795,042**	**1,284,000**	**316,022**	**3,395,064**

	Group				Company			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
As at 31 December 2014	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**
Assets								
Financial assets								
Quoted shares	2,416,755	-	-	2,416,755	2,416,755	-	-	2,416,755
Unquoted shares	-	-	316,022	316,022	-	-	316,022	316,022
Investment property	-	576,369	-	576,369	-	576,369	-	576,369
Total assets	**2,416,755**	**576,369**	**316,022**	**3,309,146**	**2,416,755**	**576,369**	**316,022**	**3,,309,146**

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Gross earned premium

The Group underwrites only general insurance. This has been analyzed into general sub class of business based on the nature of the assumed risk as shown below:

	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
Motor	17,804,149	16,334,326	17,804,149	16,334,326
Fire	7,176,589	5,692,995	7,176,589	5,692,995
Personal accident	199,730	198,968	199,730	198,968
Other	8,850,163	8,119,925	8,850,163	8,119,925
	34,030,631	**30,346,214**	**34,030,631**	**30,346,214**

5 Investment income

Interest on government securities	257,557	103,590	257,557	103,590
Interest on bank deposits	1,906,466	1,851,814	1,906,466	1,851,814
Interest from corporate bonds	45,114	21,286	45,114	21,286
Dividends received	85,743	72,272	85,743	72,272
Gain on sale of equity	-	22,595	-	22,595
	2,294,880	**2,071,557**	**2,294,880**	**2,071,557**

	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
6 Other income				
Gain on disposal of property, plant and equipment	5,490	8,833	5,490	8,833
Interest on staff vehicle loan scheme	11,068	13,727	11,068	13,727
Sublease rental income	115,829	147,033	115,829	147,033
	132,387	**169,593**	**132,387**	**169,593**

7 Claims incurred

Gross	13,864,794	12,487,817	13,864,794	12,487,817
Less: Reinsurers' share	(5,165,062)	(4,884,202)	(5,165,062)	(4,884,202)
Net claims payable as at 31st December	8,699,732	7,603,615	8,699,732	7,603,615
Net claims payable as at 01st January	(7,603,615)	(5,464,905)	(7,603,615)	(5,464,905)
Net claims paid	8,569,080	7,877,059	8,569,080	7,877,059
Net claims incurred for the year	**9,665,197**	**10,015,768**	**9,665,197**	**10,015,768**

8 Operating and other expenses

Staff costs (note 9)	2,950,690	2,516,149	2,950,690	2,516,149
Auditors' remuneration	45,529	37,380	39,079	37,380
Depreciation and amortization (notes 13 & 15)	164,345	155,269	164,345	155,269
Other operating expenses	3,451,826	2,491,197	3,134,016	2,491,197
Provision for doubtful receivables	307,870	95,010	307,870	95,010
	6,920,260	**5,295,005**	**6,596,000**	**5,295,005**

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 Staff costs

	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
Salaries and other benefits	2,759,325	2,389,816	2,759,325	2,389,816
Social security benefit costs	191,365	126,333	191,365	126,333
	2,950,690	**2,516,149**	**2,950,690**	**2,516,149**

10 Taxation

Current tax				
Current period	1,471,298	1,285,663	1,471,298	1,285,663
Current tax for prior periods	1,026	5,829	1,026	5,829
Deferred tax (note 26)	(153,298)	(163,497)	(112,867)	(163,497)
	1,319,026	**1,127,995**	**1,359,457**	**1,127,995**
Reconciliation of the tax charge is shown below;				
Profit before tax	4,740,165	3,644,166	4,740,165	3,644,166
Tax @ 30%	1,422,049	1,093,250	1,422,049	1,093,250
Tax effect of:				
Income not subject to tax	(25,680)	(24,331)	(25,680)	(24,331)
Expenses not deductible for tax purposes	(142,032)	(8,702)	(101,601)	(8,702)
Timing difference	(21,734)	16,863	(21,734)	16,863
Other timing difference	85,397	45,086	85,397	45,086
Prior period	1,026	5,829	1,026	5,829
Tax charge	**1,319,026**	**1,127,995**	**1,359,457**	**1,127,995**

No provision has been made for 2015 tax for Reliance Investment Company Limited, as the subsidiary has no taxable income. The estimated tax loss available for set off against future taxable income is TZS 135,461,000.

11 **Share capital**	**Group 2015**	**Group 2014**	**Company 2015**	**Company 2014**
Authorized	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**
10,000,000 ordinary shares of TZS 1,000/= each	10,000,000	10,000,000	10,000,000	10,000,000
Issued and fully paid				
5,610,000 ordinary shares of TZS 1,000/= each	5,610,000	2,880,000	5,610,000	2,880,000
(2014 - 2,880,000 ordinary shares of TZS 1,000/= each)				

At the 17th Annual General Meeting held on 16th June 2015, a resolution was passed to increase the paid up share capital of the company from TZS 2,880,000,000/= divided into 2,880,000 shares of TZS 1,000/= each to TZS 5,610,000,000/= divided into 5,610,000 shares of TZS 1,000/= each by way of bonus issue of 11 shares out of 12 shares held by capitalizing share capital reserve and retained profit amounting to TZS 2,640,000,000/= net of taxes and by way of bonus issue of 1 share out of 32 shares held by capitalizing share premium of TZS 90,000,000/=.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Revaluation reserve	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2015 TZS 000
At January	1,424,972	897,102	1,424,972	897,102
Revaluation gain/(loss)	(621,713)	527,870	(621,713)	527,870
	803,258	**1,424,972**	**803,258**	**1,424,972**

The revaluation surplus represents solely the surplus on the revaluation of listed shares.

Movements in the revaluation surplus are shown on page 12 and 13 of these financial statements.

13 Property, plant and equipment-Group

2015	Office equipment	Motor vehicles	Computer equipment	Furniture and fittings	Office partition	Total
Cost	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**
At 1st January	134,504	165,894	182,902	158,407	429,333	**1,071,040**
Additions	34,033	13,000	80,222	-	10,446	**137,701**
Disposals	-	(20,800)	(1,084)	-	-	**(21,884)**
At 31 December	**168,537**	**158,094**	**262,040**	**158,407**	**439,779**	**1,186,857**
Depreciation						
At 1st January	69,933	147,319	141,134	88,030	344,942	**791,358**
Charge for the year	17,726	8,214	34,359	18,217	19,597	**98,113**
Disposals	-	(20,800)	(1,084)	-	-	**(21,884)**
At 31 December	**87,659**	**134,733**	**174,409**	**106,247**	**364,539**	**867,587**
Net book amount						
At 31st December	**80,878**	**23,361**	**87,631**	**52,160**	**75,240**	**319,270**

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13 Property, plant and equipment-Company

2015	Office equipment	Motor vehicles	Computer equipment	Furniture and fittings	Office partition	Total
Cost	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**
At 1st January	134,504	165,894	182,902	158,407	429,333	**1,071,040**
Additions	33,343	13,000	80,222	-	10,446	**137,011**
Disposals	-	(20,800)	(1,084)	-	-	**(21,884)**
At 31 December	**167,847**	**158,094**	**262,040**	**158,407**	**439,779**	**1,186,167**
Depreciation						
At 1st January	69,933	147,319	141,134	88,030	344,942	**791,358**
Charge for the year	17,726	8,214	34,359	18,217	19,597	**98,113**
Charge on disposal	-	(20,800)	(1,084)	-	-	**(21,884)**
At 31 December	**87,659**	**134,733**	**174,409**	**106,247**	**364,538**	**867,587**
Net book amount						
At 31st December	**80,188**	**23,361**	**87,631**	**52,160**	**75,241**	**318,580**

NOTES TO THE FINANCIAL STATEMENTS (continued)

2014	Office equipment	Motor vehicles	Computer equipment	Furniture and fittings	Office partition	Total
Cost	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**
At 1st January	129,973	187,337	147,187	143,223	339,688	**883,202**
Additions	4,531	4,300	35,715	15,184	89,645	**149,375**
Disposals	-	(25,743)	-	-	-	**(25,743)**
At 31 December	**134,504**	**165,894**	**182,902**	**158,407**	**429,333**	**1,071,040**
Depreciation						
At 1st January	54,584	164,035	118,929	71,048	264,419	**673,012**
Charge for the year	15,349	9,027	22,205	16,982	80,523	**144,086**
Charge on disposal	-	(25,743)	-	-	-	**(25,743)**
At 31 December	**69,933**	**147,319**	**141,134**	**88,030**	**344,942**	**791,358**
Net book amount						
At 31st December	**64,571**	**18,575**	**41,768**	**70,377**	**84,391**	**279,682**

14 Investment Property

2015	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
Cost				
At 1st January	576,369	-	-	-
Additions	1,537,282	576,369	-	-
At 31 December	**2,113,651**	**576,369**	**-**	**-**
Depreciation				
At 1st January	-	-	-	-
Charge for the year	-	-	-	-
At 31 December	**-**	**-**	**-**	**-**
Net book amount as at 31st December	**2,113,651**	**576,369**		

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Land and building comprises property at floor number ten (10) on the TAN house building located on plot 34/1, Bagamoyo road, Victoria area, Dar es Salaam; owned by Reliance Investment Company (Tanzania) Limited.

15 Intangible assets – Computer software

	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
Cost				
At 1st January	209,850	187,575	209,850	187,575
Additions	459,893	22,275	459,893	22,275
At 31st December	**669,744**	**209,850**	**669,744**	**209,850**
Amortization				
At 1st January	189,651	178,472	189,651	178,472
Charge for the year	66,234	11,179	66,234	11,179
At 31st December	**255,885**	**189,651**	**255,885**	**189,651**
Net book amount				
At 31st December	**413,859**	**20,199**	**413,859**	**20,199**

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Investment in subsidiary

Investment in Reliance Investment Company (T) Limited

	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
At 1st January	-	-	576,369	-
Addition	-	-	707,631	576,369
As at 31st December	-	-	**1,284,000**	**576,369**
% of Equity held			**100%**	

The subsidiary company is a real estate company which was incorporated on 02nd October 2014 in the United Republic of Tanzania. The subsidiary company purchased a property at the 10th floor TAN house building for TZS 2,494 million. The amount was financed through equity of TZS 1,284 million and the balance through a 6 year 7% bank loan which is secured over Reliance Insurance Company (T) Ltd's fixed deposits of USD 767,247.

17. Listed securities and corporate bonds

	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
(a) Listed shares				
At 1st January	2,416,755	1,607,619	2,416,755	1,607,619
Additions	-	363,741	-	363,741
Sale of shares	-	(105,071)	-	(105,071)
Gain on sale taken to profit or loss	-	22,596	-	22,596
Fair value (loss)/ gain	(621,713)	527,870	(621,713)	527,870
At 31st December	**1,795,042**	**2,416,755**	**1,795,042**	**2,416,755**

(b) Corporate bonds				
At 1st January	133,094	183,094	133,094	183,094
Liquidation	(87,687)	(50,000)	(87,687)	(50,000)
Addition	491,000	-	491,000	-
Redemption	(47,060)	-	(47,060)	-
At 31st December	**489,347**	**133,094**	**489,347**	**133,094**

The addition represents purchase at equal amount of fixed rate and floating rate notes issued by the Eastern and Southern African Trade and Development Bank (PTA Bank). The fixed interest rate is 15.75% per annum payable semi-annually. The floating interest is 182 treasury bill rate plus 2%.

18 Unlisted shares

At 1st January	316,022	316,022	316,022	316,022
At 31st December	**316,022**	**316,022**	**316,022**	**316,022**

The company holds 316,022 shares of TZS 1,000/= par value in Tanzania Reinsurance Company Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19 Reinsurers' share of liabilities

	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
Unearned premium	7,886,527	7,020,384	7,886,527	7,020,384
Claims outstanding	5,165,062	4,884,202	5,165,062	4,884,202
Total	**13,051,589**	**11,904,586**	**13,051,589**	**11,904,586**
Current	**13,051,589**	**11,904,586**	**13,051,589**	**11,904,586**

20 Other receivables

Prepayments - Current	122,143	86,009	122,143	86,009
Accrued income from investments - Current	1,211,941	1,317,869	1,211,941	1,317,869
Staff debtors - Current	89,407	71,717	89,407	71,717
Other receivables - Non-current	119,436	314,345	278,406	314,345
VAT	380,612	-	-	-
	1,923,539	**1,789,940**	**1,701,897**	**1,789,940**

21 Government securities

Treasury billws maturing:

- Within 90 days (note 31)	165,254	259,141	165,254	259,141
- 91 days-1 year	206,859	152,739	206,859	152,739
- 1-5 years	-	372,113	-	372,113
- Over 5 years	1,591,641	260,341	1,591,641	260,341
	1,963,754	**1,044,334**	**1,963,754**	**1,044,334**

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22 Deposits with banks and other financial institutions

Deposits maturing:

- Within 90 days of placement (note 31)	3,843,212	8,617,438	3,843,212	8,617,438
- 91 days-1 year	11,542,449	6,718,438	11,542,449	6,718,438
	15,385,661	**15,335,876**	**15,385,661**	**15,335,876**

Fixed deposits amounting to TZS 505m/= are held against overdraft facility of TZS 300m/= taken at I&M Bank (T) Ltd.

Fixed deposits amounting to USD 762,822/= are temporarily held against loan facility of USD 636,750/= taken by Reliance Investment Company (Tanzania) Limited at I&M Bank (T) Limited while the title deed for the property purchased by the subsidiary is under process.

23 Cash and bank balances

	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
Cash at bank	959,174	1,044,677	959,174	1,044,677
Cash in hand	4,106	1,348	4,106	1,348
	963,280	**1,046,025**	**963,280**	**1,046,025**

NOTES TO THE FINANCIAL STATEMENTS (continued)

24 Weighted average effective interest rates

The following table summarizes the weighted average effective interest rates at the year-end on the principal interest-bearing investments:

	Company 2015	Company 2014
	%	%
Government securities	17.1	9.9
Deposits with financial institutions (TZS)	13.2	14.3
Deposits with financial institutions (US $)	4.1	4.1
Corporate bonds	14.5	13.5

25 Outstanding Claims

Claims reported and claims handling expenses:	Group 2015	Group 2014	Company 2015	Company 2014
	TZS 000	TZS 000	TZS 000	TZS 000
- At 1st January	12,487,817	10,090,069	12,487,817	10,090,069
- Claims notified during the year	14,527,207	17,238,568	14,527,207	17,238,568
- Payments for claims and claims handling expenses	(14,600,185)	(16,108,089)	(14,600,185)	(16,108,089)
- At 31st December	12,414,839	11,220,548	12,414,839	11,220,548
Claims incurred but not reported (IBNR)	1,449,955	1,267,269	1,449,955	1,267,269
Total	**13,864,794**	**12,487,817**	**13,864,794**	**12,487,817**
Current	**13,864,794**	**12,487,817**	**13,864,794**	**12,487,817**

Movement in claims	2015			2014		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000
At 1st January						
Notified claim	11,220,548	4,884,202	6,336,346	9,179,252	4,625,164	4,554,088
Incurred but not reported (IBNR)	1,267,269	-	1,267,269	910,817	-	910,817
Total at 1st January	**12,487,817**	**4,884,202**	**7,603,615**	**10,090,069**	**4,625,164**	**5,464,905**
Cash paid for settled claims in the year	(14,600,185)	(6,031,105)	(8,569,080)	(16,108,089)	(8,231,031)	(7,877,058)
Increase in liabilities:						
Arising from current year claims	12,613,794	4,817,089	7,796,705	16,246,061	7,841,669	8,404,391
Arising from prior year claims	3,363,368	1,494,876	1,868,492	2,259,776	648,399	1,611,377
Total at the end of the year	**13,864,794**	**5,165,062**	**8,699,732**	**12,487,817**	**4,884,202**	**7,603,615**
Notified claims	12,414,889	5,165,062	7,249,777	11,220,548	4,884,202	6,336,346
Incurred but not reported (IBNR)	1,449,955	-	1,449,955	1,267,269	-	1,267,269
Total	**13,864,794**	**5,165,062**	**8,699,732**	**12,487,817**	**4,884,202**	**7,603,615**

RELIANCE INSURANCE COMPANY (TANZANIA) LTD

NOTES TO THE FINANCIAL STATEMENTS (continued)

26 Deferred tax

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 30% (2014: 30%). The movement on the deferred tax account is as follows:

	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
At 1st January	(649,197)	(485,699)	(649,197)	(485,699)
Income statement charge/ (credit)	(153,297)	(163,497)	(112,867)	(163,497)
At 31st December	**802,494**	**(649,197)**	**(762,063)**	**(649,197)**

Deferred tax liabilities and deferred tax charge in the Statement of Profit or Loss and Other Comprehensive Income are attributable to the following items:

2015 - Group	**1st January**	**Charged to Profit or Loss & Other Comprehensive Income**	**31-Dec**
Property and equipment	**TZS 000**	**TZS 000**	**TZS 000**
On historical cost basis	(55,563)	23,390	(32,173)
Other deductible temporary differences	(593,634)	(176,687)	(770,321)
Net deferred tax liability	**(649,197)**	**(153,297)**	**(802,494)**

2015 -Company	**1st January**	**Charged to Profit or Loss & Other Comprehensive Income**	**31-Dec**
Property and equipment	**TZS 000**	**TZS 000**	**TZS 000**
On historical cost basis	(55,563)	23,390	(32,173)
Other deductible temporary differences	(593,634)	(136,257)	(729,890)
Net deferred tax liability	**(649,197)**	**(112,867)**	**(762,063)**

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27 Bank loan

Bank loan	**Group 2015**	**Group 2014**	**Company 2015**	**Company 2014**
Held at amortised cost	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**
I&M Bank loan	1,289,277	-	-	-

Terms and conditions:

Facility: Maximum amount of USD$ 636,750 as term loan facility

Purpose: Term loan facility is to be used to part finance purchase of the property/ office space at the 10th floor of TAN house building

NOTES TO THE FINANCIAL STATEMENTS (continued)

Bank loan (continued)

Tenor:

Repayable over 72 monthly principal payments of USD$ 8,844 plus interest, commencing three months from the date of first draw down. Interest will be serviced on monthly basis during the grace period

Interest:

During the absence of legal mortgage security, the company is offering cash collateral to the tune of USD$ 747,668 to secure the facility. During this time, the interest rate will be charged at a margin of 3% above the average fixed deposit rates effective 7% per annum

After releasing the cash collateral, the interest on the term loan facility will be charged at the bank's USD prime lending rate effective 9% per annum

The bank reserves the right to vary the interest rate as and when required by giving 7 days' notice

Security:

Lien over fixed deposits worth USD$ 747,668 from Reliance Insurance Company (Tanzania) Ltd

Legal mortgage over property purchased in the name of Reliance Investment Company (T) Limited located on the 10th floor of TAN house building on Plot no. 34/1, New Bagamoyo Road, Victoria area, Dar es Salaam Corporate guarantee of Reliance Insurance Company (Tanzania) Limited.

28 Other payables	**Group 2015 TZS 000**	**Group 2014 TZS 000**	**Company 2015 TZS 000**	**Company 2014 TZS 000**
Amounts due to related parties	2,434	2,434	2,434	2,434
Accrued expenses	1,363,358	1,135,529	1,363,358	1,135,529
Other liabilities	908,003	94,255	821,038	94,255
Total	**2,273,795**	**1,232,218**	**2,186,830**	**1,232,218**
Current	**2,273,795**	**1,232,218**	**2,186,830**	**1,232,218**

29 Bank overdraft	**Group 2015 TZS 000**	**Group 2014 TZS 000**	**Company 2015 TZS 000**	**Company 2014 TZS 000**
Bank overdraft	300,000	590,000	300,000	590,000
	300,000	**590,000**	**300,000**	**590,000**

The company has a 12 months overdraft facility of up to TZS 300m/= with I&M Bank (T) Ltd to meet arising urgent obligations. The facility is secured against an equivalent amount of fixed deposits placed with the bank. The rate of interest is charged at a margin of 4% over the fixed deposit rate.

30 Contingent liabilities

In common with the insurance industry in general, the company is subject to litigation arising in the normal course of insurance business. The company has issued a guarantee in favor of I & M Bank (T) Ltd for a mortgage loan to the subsidiary Reliance Investment Company (T) Ltd. A liability may arise in the event of non-payment by the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:

	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
Cash and bank balances	963,280	1,046,025	963,280	1,046,025
Deposits with financial institutions - maturing in 90 days (note 22)	3,843,212	8,617,438	3,843,212	8,617,438
Government securities - maturing in 90 days (note 21)	165,253	259,141	165,253	259,141
	4,971,745	**9,922,604**	**4,971,745**	**9,922,604**

32 Cash generated from operations

	Group 2015 TZS 000	Group 2014 TZS 000	Company 2015 TZS 000	Company 2014 TZS 000
Reconciliation of profit before tax to cash generated from operations:				
Profit before tax	4,415,905	3,644,166	4,740,165	3,644,166
Adjustments for:				
Depreciation and amortization	164,346	155,269	164,346	155,269
Investment income	(2,294,880)	(2,071,557)	(2,294,880)	(2,071,557)
Gain on sale of property and equipment	(5,490)	(8,833)	(5,490)	(8,833)
Change in fair value of listed equity	-	(22,596)	-	(22,596)
	2,279,881	**1,696,449**	**2,604,140**	**1,696,449**
Changes in working capital:				
Increase in trade and other receivables	(2,758,338)	(2,224,476)	(2,536,696)	(2,224,476)
Increase in technical provision	1,455,110	4,485,898	1,455,110	4,485,898
Increase in trade and other payables	1,463,127	(29,384)	1,376,162	(29,384)
Cash generated from operations	**2,439,780**	**3,928,487**	**2,898,716**	**3,928,487**

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NOTES TO THE FINANCIAL STATEMENTS (continued)

33 Related parties

	Group	Group	Company	Company
(i) Reliance Investment Company (T) Ltd	**2015**	**2014**	**2015**	**2014**
	TZS 000	**TZS 000**	**TZS 000**	**TZS 000**
Loan due from Reliance Investment	158,970	-	158,970	-

The company is controlled by Reliance Insurance Company (T) Ltd which holds 100% of the total shares. A total amount equivalent to TZS 708m (2014 - TZS 576m) was transferred from Reliance Insurance company to Reliance Investment Company

(ii) Related party reinsurance transactions				
Reinsurance premium ceded (net of deductions) to APA Insurance Limited*	17,478	-	17,478	-

*A company incorporated in Kenya; holding 34% share capital of the company

(iii) Insurance premiums from companies related to directors	555,170	519,776	555,170	519,776
(iv) Insurance claims paid to companies related to directors	9,217	191,704	9,217	191,704
(v) Insurance claims paid to staff	10,475	1,394	10,475	1,394
(vi) Consultation fees				
Sumar Varma Associates*	5,008	5,240	5,008	5,240

* Mr. Mohamed Sumar, Chairman of the company is the Managing Director of Sumar Varma Associates

vii) Bank deposits				
I&M Bank (T) Limited*	2,717,263	4,127,092	2,717,263	4,127,092

* Mr. Pratul Shah, is a director of I&M Bank (T) Limited

(viii) Key management remuneration				
Key management staff remuneration	1,619,853	1,451,078	1,619,853	1,451,078
(ix) Directors' expenses				
Directors' fees	95,415	66,155	95,415	66,155
Board meetings' sitting fees	95,556	66,929	95,556	66,929
Travelling expenses	10,826	11,449	10,826	11,449
	201,797	**144,533**	**201,797**	**144,533**
(x) Purchases from companies related to directors				
Computer hardware and IT related services	111,216	37,190	111,216	37,190

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NOTES TO THE FINANCIAL STATEMENTS (continued)

34 Dividend payment

The dividends declared during the year 2014 and paid in 2015 was TZS 432m/=.
Payment of dividend is subject to withholding tax of 10% in line with the prevailing laws.

35 Earnings per share

	Group	Group	Company	Company
	2015	2014	2015	2014
	TZS 000	TZS 000	TZS 000	TZS 000
Profit for the year	3,096,879	2,516,171	3,308,708	2,516,171
Weighted average shares in issue	5,610,000	5,610,000	5,610,000	5,610,000
	TZS	TZS	TZS	TZS
Basic earnings per share	552	449	603	449

36. Events after the reporting period

Since the reporting date the subsidiary company viz. Reliance Investment Company (T) Ltd has entered into a contract of purchase of a commercial property valued at TZS 2,494 million at Tan House property located at plot number 34/1 along New Bagamoyo road, Dar es Salaam.

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The process of registering the company with Tanzania Investment Center (TIC) is going on. The delay in registration of the subsidiary with TIC may impact the process of acquiring a derivative title for the property purchased as required under the Land Rent Act.

37. Currency

These financial statements are presented in Tanzanian Shillings (TZS) rounded to the nearest thousand.

38. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Board of Directors has reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

39. Comparative figures

For the company financial statements; where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015 - GROUP

Class of insurance Business	Fire	Motor	Motor TP	Personal Accident	Liability	Workmen's Comp	Bond/ Fidelity Guarantee	Marine Aviation	Contractors All Risks	Miscella-neous	2015 Total
	TZS 000	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**	**TZS 000**
Gross written premiums	8,544,395	14,731,949	2,591,630	152,656	661,523	314,817	1,484,220	2,736,989	1,112,491	1,778,093	34,108,764
Change in gross UPR	(1,367,806)	199,290	281,280	47,074	(56,378)	14,798	89,111	756,388	130,770	(171,859)	(78,133)
Gross earned premiums	7,176,589	14,931,239	2,872,910	199,730	605,145	329,614	1,573,332	3,493,377	1,243,261	1,606,234	34,031,432
Less: reinsurance payable	5,262,767	3,850,158	377,757	56,539	371,464	49,947	428,307	2,315,110	1,081,514	613,323	14,406,886
Net earned premiums	**1,913,822**	**11,081,081**	**2,495,154**	**143,191**	**233,681**	**279,667**	**1,145,025**	**1,178,267**	**161,747**	**992,912**	**19,624,546**
Gross claims paid	3,102,099	7,284,896	353,981	119,852	3,914	18,740	543,960	1,749,798	569,232	853,712	14,600,185
Change in gross o/s claims	(401,782)	1,937,746	489,547	36,480	(1,616)	13,905	(36,963)	(361,522)	(1,029,734)	730,915	1,376,977
Less: Reinsurance recoverable	1,340,366	3,091,561	246,312	64,892	4,509	3,872	226,628	841,469	(455,309)	947,664	6,311,965
Net claims incurred	**1,359,952**	**6,131,081**	**597,217**	**91,441**	**(2,211)**	**28,773**	**280,368**	**546,807**	**(5,194)**	**636,963**	**9,665,197**
Commissions receivable	1,928,299	536,114	35,230	4,186	91,628	10,056	80,494	409,169	250,247	156,671	3,502,093
Commissions payable	1,910,408	1,688,997	230,426	24,805	93,104	48,262	222,127	434,660	186,223	274,391	5,113,402
Management Expenses	615,811	3,556,317	760,815	42,832	82,644	88,265	355,524	362,537	47,414	346,365	6,258,523
Statutory expenses	43,954	253,539	52,951	2,953	6,139	6,245	24,960	25,342	3,237	25,587	444,906
Total expenses and commissions	**641,874**	**4,962,715**	**1,008,961**	**66,404**	**90,259**	**132,716**	**522,118**	**413,371**	**(13,374)**	**489,672**	**8,314,716**
Underwriting profit/(loss)	**(88,004)**	**(12,715)**	**888,975**	**(14,654)**	**145,633**	**118,178**	**342,539**	**218,089**	**180,161**	**(133,723)**	**1,644,480**

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RELIANCE INSURANCE COMPANY (TANZANIA) LTD

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REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015 - COMPANY

Class of insurance Business	Fire	Motor	Motor TP	Personal Accident	Liability	Workmen's Comp	Bond/ Fidelity Guarantee	Marine Aviation	Contractors All Risks	Miscella-neous	2015 Total	2014 Total
	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000
Gross written premiums	8,544,395	14,731,949	2,591,630	152,656	661,523	314,817	1,484,220	2,736,989	1,112,491	1,778,093	34,108,764	32,434,364
Change in gross UPR	(1,367,806)	199,290	281,280	47,074	(56,378)	14,798	89,112	756,388	129,969	(171,859)	(78,133)	(2,088,150)
Gross earned premiums	7,176,589	14,931,239	2,872,910	199,730	605,145	329,614	1,573,332	3,493,377	1,243,460	1,606,234	34,030,631	30,346,214
Less: reinsurance payable	5,262,767	3,850,158	377,756	56,539	371,464	49,947	428,307	2,315,110	1,080,867	613,323	14,406,238	12,572,074
Net earned premiums	**1,913,822**	**11,081,081**	**2,495,154**	**143,191**	**233,681**	**279,668**	**1,145,025**	**1,178,267**	**161,593**	**992,912**	**19,624,393**	**17,774,140**
Gross claims paid	3,102,099	7,284,896	353,981	119,852	3,914	18,740	543,960	1,749,798	569,232	853,712	14,600,185	16,108,089
Change in gross o/s claims	(401,782)	1,937,746	489,547	36,480	(1,616)	13,905	(36,963)	(361,522)	(1,029,734)	730,915	1,376,977	2,397,748
Less: Reinsurance recoverable	1,340,366	3,091,561	246,312	64,892	4,509	3,872	226,628	841,469	(455,309)	947,664	6,311,965	8,490,069
Net claims incurred	**1,359,952**	**6,131,081**	**597,217**	**91,441**	**(2,211)**	**28,773**	**280,368**	**546,807**	**(5,194)**	**636,963**	**9,665,197**	**10,015,768**
Commissions receivable	1,928,299	536,136	35,230	4,186	91,628	10,056	80,494	409,169	250,247	156,671	3,502,115	3,524,751
Commissions payable	1,910,408	1,688,997	230,426	24,805	93,104	48,262	222,127	434,660	186,223	274,391	5,113,402	4,772,757
Management Expenses	607,286	3,507,142	750,545	42,259	81,453	87,054	350,683	357,622	46,786	341,402	6,172,232	4,872,978
Statutory expenses	41,866	241,493	50,435	2,813	5,847	5,948	23,775	24,138	3,083	24,372	423,768	422,024
Total expenses and commissions	**631,261**	**4,901,496**	**996,176**	**65,691**	**88,776**	**131,208**	**516,091**	**407,251**	**(14,155)**	**483,493**	**8,207,287**	**6,543,008**
Underwriting profit/(loss)	**(77,391)**	**48,504**	**901,761**	**(13,941)**	**147,115**	**119,686**	**348,565**	**224,209**	**180,943**	**(127,545)**	**1,751,907**	**1,215,364**

RELIANCE INSURANCE COMPANY (TANZANIA) LTD

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REVENUE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014 - COMPANY

Class of insurance Business	Fire	Motor	Motor TP	Personal Accident	Liability	Workmen's Comp	Bond/ Fidelity Guarantee	Marine Aviation	Contractors All Risks	Miscella-neous	2014 Total	2013 Total
	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000
Gross written premiums	6,402,349	14,457,359	3,067,956	199,031	446,548	353,109	1,365,563	3,319,427	1,274,367	1,548,655	32,434,364	27,620,500
Change in gross UPR	(709,354)	(637,712)	(553,277)	(64)	(47,083)	24,433	(28,835)	(187,971)	118,533	(66,820)	(2,088,150)	(3,411,804)
Gross earned premiums	5,692,995	13,819,647	2,514,679	198,968	399,465	377,542	1,336,728	3,131,456	1,392,900	1,481,834	30,346,214	24,208,696
Less: reinsurance payable	3,978,113	3,677,965	378,942	58,528	185,308	65,310	257,296	2,136,493	1,205,192	628,927	12,572,074	11,736,072
Net earned premiums	**1,714,882**	**10,141,682**	**2,135,737**	**140,439**	**214,157**	**312,232**	**1,079,432**	**994,963**	**187,708**	**852,908**	**17,774,140**	**12,472,624**
Gross claims paid	4,907,504	7,422,765	426,523	51,682	248	12,485	314,703	662,103	1,193,851	1,116,225	16,108,089	10,553,938
Change in gross o/s claims	677,571	1,118,178	156,048	35,041	22,800	39,270	(183,363)	569,660	99,470	(136,927)	2,397,748	3,053,610
Less: Reinsurance recoverable	4,293,531	2,121,429	99,164	42,449	6,235	6,887	38,583	550,471	1,136,845	194,475	8,490,069	6,685,403
Net claims incurred	**1,291,544**	**6,419,513**	**483,407**	**44,274**	**16,813**	**44,868**	**92,757**	**881,292**	**156,476**	**784,823**	**10,015,768**	**6,922,144**
Commissions receivable	1,522,096	579,328	54,177	13,418	68,375	10,654	56,627	665,283	402,882	151,911	3,524,751	3,132,215
Commissions payable	1,484,765	1,715,650	301,321	28,469	63,056	51,457	196,234	500,872	213,222	217,711	4,772,757	4,130,985
Management Expenses	475,897	2,755,350	637,288	35,848	56,621	79,279	276,622	274,539	43,577	237,957	4,872,978	3,907,085
Statutory expenses	41,501	237,379	57,766	2,972	4,799	6,551	22,996	23,864	3,382	20,814	422,024	321,999
Total expenses and commissions	**480,067**	**4,129,051**	**942,198**	**53,871**	**56,101**	**126,633**	**439,225**	**133,992**	**(142,701)**	**324,751**	**6,543,008**	**5,227,854**
Underwriting profit/(loss)	**(56,729)**	**(406,883)**	**710,132**	**42,294**	**141,243**	**140,731**	**547,450**	**179,679**	**173,933**	**(256,486)**	**1,215,364**	**322,626**

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Most preferred insurer

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