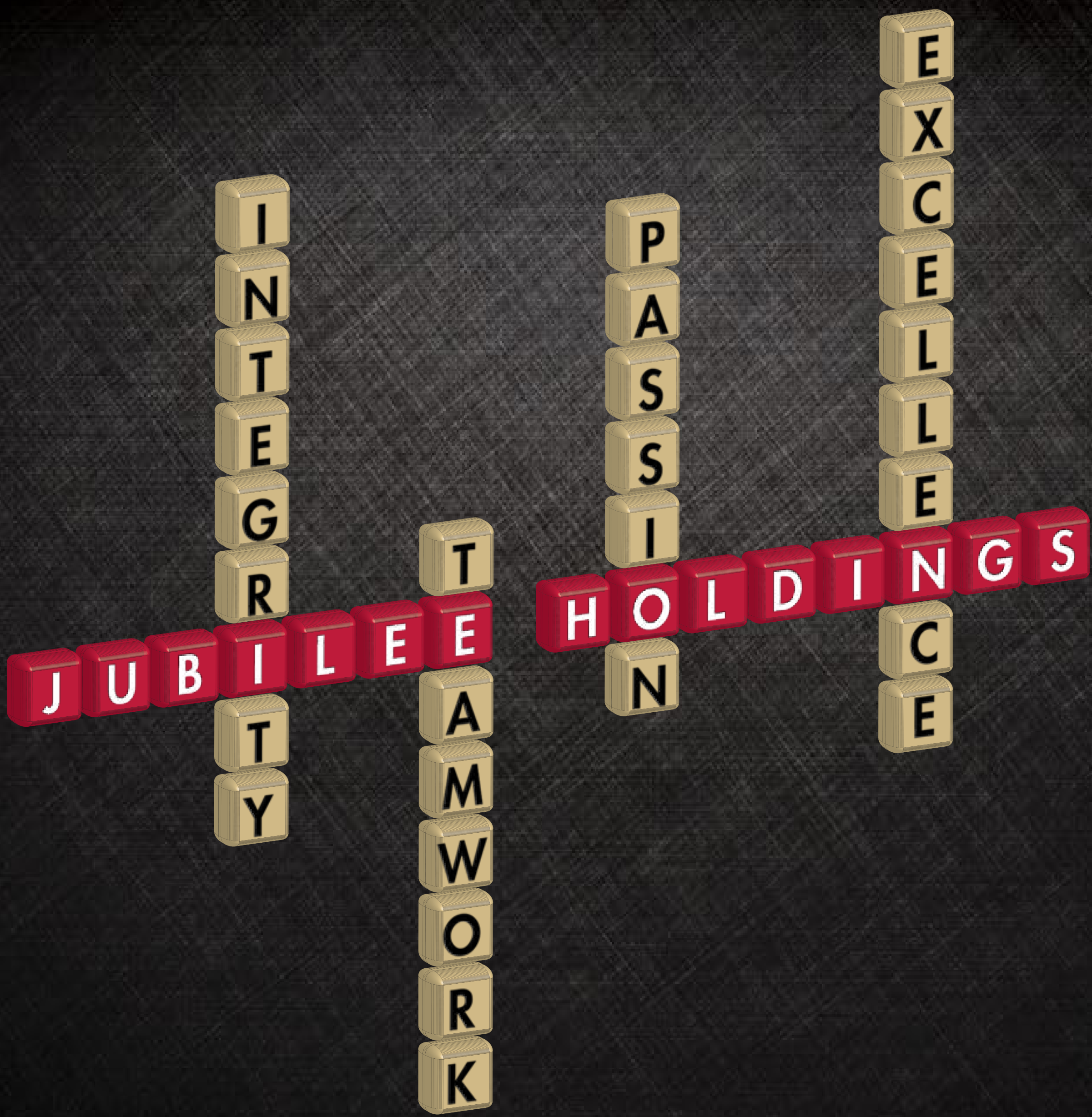
Jubilee HOLDINGS

LIVE FREE

BRINGING OUR VALUES TO LIFE



Annual Report & Financial Statements 2015

INTEGRITY

At Jubilee we act with honesty and adhere to the highest standards of moral and ethical principles through our personal and professional conduct. We uphold these principles in every action and decision. In acting in an accountable, transparent and socially conscious manner, we achieve our ultimate goal: our customers' trust and therefore their peace of mind.

LIVE FREE

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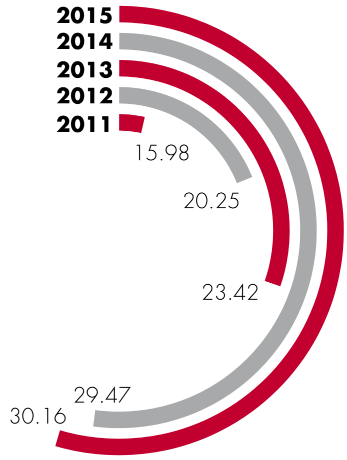
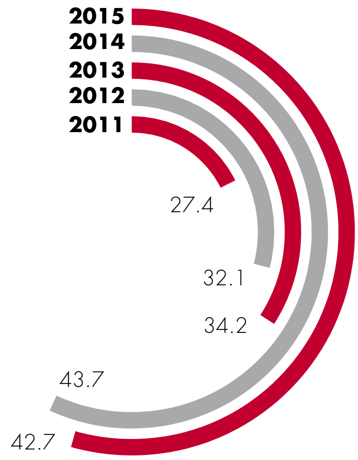
GROSS WRITTEN PREMIUM (Kshs BILLIONS)



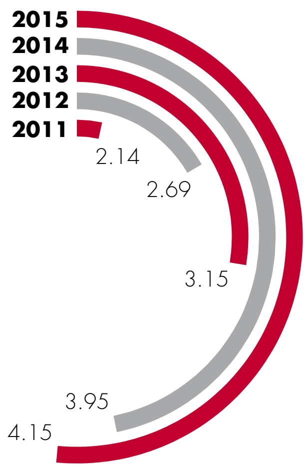
Gross Written Premiums grew by 2% to Kshs 30.16 billion. This growth was mainly supported by the medical and individual life lines of business which grew by 32% and 14% respectively.

EARNINGS PER SHARE (Kshs PER SHARE)



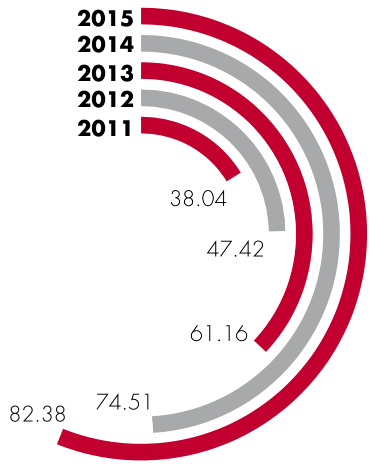
Earnings per share dropped by 2% to Kshs 42.71 from Kshs 43.71 explained by the slight reduction in the earnings attributable to equity holders recorded over 2014.

PROFIT BEFORE TAX (Kshs BILLIONS)



Profit before tax grew by 5% to Kshs 4.15 billion attributed to growth in returns from the investments in associates, underwriting profits as well as better returns to shareholders from the life business.

TOTAL ASSETS (Kshs BILLION)



Total assets grew by 11% to Kshs 82.38 billion mainly as a result of increased funds generated by the business and growth in deposit investments.

Capital and reserves	2015 Kshs' 000	2014 Kshs' 000
Authorised Capital	350,000	350,000
Issued Capital	329,423	299,475
Paid-up Capital	329,423	299,475
Retained Earnings	13,759,189	11,484,875

Registered Office

Jubilee Insurance House
Wabera Street
P O Box 30376–00100 GPO
Nairobi, Kenya
Telephone: 3281000
Telefax: 3281150
E-mail: jic@jubileekenya.com
Website: www.jubileeinsurance.com

Subsidiaries
The Jubilee Insurance Company of Kenya Limited (100%)
The Jubilee Insurance Company of Uganda Limited (65%)
Jubilee Life Insurance Company of Uganda Limited (65%)
The Jubilee Insurance Company of Tanzania Limited (51%)
Jubilee Life Insurance Corporation of Tanzania Limited (51%)
The Jubilee Insurance Company of Burundi S.A. (70%)
Jubilee Insurance (Mauritius) Limited (80%)
Jubilee Financial Services Limited (100%)
Jubilee Investments Company Limited (Uganda) (100%)
Jubilee Investments Tanzania Limited (100%)
Jubilee Investments Burundi Limited (100%)
Jubilee Center Burundi Limited (80%)

Associates
PDM (Holdings) Limited (37.1%)
IPS Cable Systems Limited (33.3%)
FCL Holdings Limited (30.0%)
IPS Power Investment Limited (27.0%)
Bujagali Holding Power Company Limited (25.0%)

Auditors
KPMG Kenya

Corporate Lawyers
Daly & Inamdar Advocates

Share Registrar
Jubilee Holdings Limited

Principal Bankers
Diamond Trust Bank Kenya Limited
Barclays Bank of Kenya Limited
Standard Chartered Bank Kenya Limited
Citibank N.A.
Diamond Trust Bank Uganda Limited
Diamond Trust Bank Tanzania Limited
Diamond Trust Bank Burundi Limited
Habib Bank Limited
Barclays Bank Plc

NOTICE IS HEREBY GIVEN that the **78TH ANNUAL GENERAL MEETING** of the Shareholders will be held at the Nairobi Serena, Kenyatta Avenue, on Tuesday 31 May 2016 at 11:00 a.m. to transact the following business:

1. To consider and, if thought fit, to adopt the Consolidated Financial Statements for the year ended 31 December 2015, the Report of the Directors and the Report of the Auditors thereon.
2. To confirm the payment of the interim dividend of Kshs. 1.00 per share made on 6 October 2015 and approve the payment of a final dividend of Kshs. 7.50 per share to be paid on or about 25 July 2016 to Shareholders registered as at 31 May 2016.
3. To elect the following Directors:
    a) Mr. Nizar Juma retires by rotation in accordance with Article 86 of the Company's Articles of Association and being eligible, offers himself for re-election.
    b) Mr. Shabir Abji retires by rotation in accordance with Article 86 of the Company's Articles of Association and being eligible, offers himself for re-election.
    c) Mr. Juma Kisaame retires by rotation in accordance with Article 86 of the Company's Articles of Association and being eligible, offers himself for re-election.
4. To approve the Directors' remuneration for the year ended 31 December 2015, as provided in the Annual Report and Audited Financial Statements.
5. To note that the auditors, KPMG Kenya, will continue in office and to authorize the Directors to set their remuneration.

By Order of the Board

Margaret M. Kipchumba (Mrs.)

Company Secretary

31 March 2016

Note:

1. A member entitled to attend and vote at this meeting and who is unable to attend may appoint a proxy to attend and vote on his/her behalf and such proxy need not be a member of the Company.
2. To be valid, a proxy must be duly completed by a member and should be returned to the Company by hand delivery or by post to P.O. Box 30376 Nairobi to arrive no later than 48 hours before the meeting. If the member is a corporate body, the proxy must be given under its Common Seal or under the hand of a duly authorised attorney of such corporation.

TEAMWORK

The glue that binds us together and the oil that makes our teams work. Teamwork creates synergy, empowers people, encourages flexibility and responsiveness, and fosters camaraderie and motivation. This means that our customers enjoy an efficient and positive experience when dealing with any member of our valued team.

LIVE FREE

BOARD OF DIRECTORS

NIZAR JUMA
CHAIRMAN

SULTAN ALLANA

LUTAF KASSAM

JANE MWANGI

JOHN METCALF

JUMA KISAAME

SHABIR ABJI

ZUL ABDUL

RAMADHANI DAU

MOEZ JAMAL

SULTAN KHIMJI

- Board Audit and Compliance Committee
- Board Finance Committee
- Board Nominating and Human Resource Committee
- Board IT Committee
- Board Regional Technical Committee
- Board Property Committee

DEAR SHAREHOLDERS,

I am pleased to introduce Jubilee Holding Limited's 2015 Annual report and financial statements. The Group has delivered another strong, broad-based performance in 2015, delivering value to our customers, contributing to the development of the insurance industry in the markets where we operate and producing record profits for our shareholders. The sustained growth over the past decade and Jubilee's reputation as the most trusted insurer in the region has been built on our solid values and unyielding ethical practices, a strong and growing balance sheet and a commitment to fair settlement of claims and customer service. We are indeed very proud of these accomplishments and strive to continue to build on this foundation.

Jubilee's performance resulted in Gross Written Premium, including Deposit Administration contributions, of Kshs 30.2 billion, with strong contributions from all five territories in which Jubilee operates. The Group reported a Pre-tax profit of Kshs 4.1 billion, a growth of 5% over 2014, which was supported by a 25% increase in insurance results to Kshs. 1.7 billion, despite the pressures of an increasingly competitive insurance market across the region. Jubilee has maintained its position as the largest composite insurance company in Kenya and overall in East Africa for seven consecutive years, retaining the No.1 position in Kenya, Uganda and Tanzania.

These excellent results were achieved against the backdrop of a difficult year for the insurance industry. In particular, the NSE 20 index declined by 21% over 2015 resulting in significant fair value losses for the majority of insurance companies. Jubilee was able to absorb the declines in quoted securities, as in recent years the Group has implemented a strategy to diversify its investment portfolio by increasing its holdings in government bonds and real estate in addition to investing in projects that generate US Dollar returns, such as Tsavo Power and Bujagali, in the energy sector and in other infrastructure projects such as SEACOM. This investment strategy has proven sound during a period of stock market volatility for the benefit of both the shareholders and life insurance and pension clients. In addition, the major swings in currency values and depreciation of all the regional currencies versus the US Dollar generated significant foreign exchange gains.

EAST AFRICA'S ECONOMY

The East African economy continued to show strong growth across the region in 2015 averaging over 5% growth for the year. Continued investments in infrastructure projects and increase in trade contributed to this growth, as did the lower price of oil which significantly reduced the import bill. East Africa's growing recognition as a trade hub for the Sub-Saharan region is also contributing to the rapid economic growth.

The Kenyan economy grew by 5.8% during the third quarter of 2015, an improvement over the 5.3% gross domestic product (GDP) growth rate recorded in 2014. Economic prospects for 2016 and beyond remain strong, with lower inflation and stable interest rates. The economies of Uganda and Tanzania grew 8.2% and 6.3% respectively in the third quarter of 2015 and continue to be equally important to Jubilee. Both countries are expected to continue strong growth in the near future.

INSURANCE INDUSTRY

The regional insurance market continues to face numerous challenges including very low insurance penetration, high risk and increasing incidence and cost of fraud and increased competition due to the arrival of new entrants in an already crowded industry, including an increasing number of global players. A number of market participants have responded to these developments by reducing premiums and as a result underwriting results have deteriorated with a consequent impact on industry profitability and service standards. Jubilee is committed to matching the highest international standards of product and service delivery and believes that the quality of our people and the focus on meeting the needs of our customers will enable the Group to continue to outperform both regional peers and new entrants. Despite these challenges, Jubilee has been able to consolidate its market leadership in Kenya, Uganda and Tanzania and also made important market share gains in Burundi.

In 2015, the Kenyan Insurance Act was amended through the Finance Act, 2015 to require insurance companies to compute their capital adequacy ratios using a new Risk Based Capital (RBC). Insurance companies are required to be fully compliant with the new regulations by 30 June 2018. Risk Based Capital measures the minimum amount of capital that an insurance company needs to support its overall business operations taking into consideration the actual level and degree of risk taken by each individual insurer. The Risk Based Capital model is based on four major categories of risk: asset/market risk, credit risk, insurance underwriting risk and operational risk, and the capital required increases in line with the Regulator's assessment of underlying risk. Jubilee welcomes this development as the RBC framework resonates well with best practice in supervision of the insurance industry globally, and will provide higher levels of stability and consumer protection in the industry.

Jubilee experienced strong growth in Bancassurance and Micro-insurance throughout the region following the establishment of structures and initiatives to take a leadership role in the development of these important business segments. The growth of insurance penetration is expected to increase with the development of new regulations, growth in the middle class income earners, the on-going revolution in retail payment and growth in financial inclusion. Kenya has fully embraced the opportunities afforded by technology in enhancing financial inclusion, and has the highest share of population with access to financial services in Sub-Saharan Africa (more than 70 percent).

FINANCIAL PERFORMANCE

Jubilee Holdings Limited reported Gross Written Premium (including Deposit Administration contributions) of Kshs 30.16 billion (2014: Kshs 30.35 billion). Profit before tax stood at Kshs 4.15 billion an increase of 5% (2014: Kshs 3.95 billion). The Group posted insurance results of Kshs 1.72 billion which saw contribution from all lines of business and is significantly higher than those of our key peers. This performance was achieved despite the challenges faced in our local markets and underlines our capability to deliver superior value and returns for our shareholders and other stakeholders even under difficult circumstances.

Based on this impressive 2015 performance, I am pleased to report that the Board has recommended a cash dividend of 170% for the year 2015 (2014: 170%), on the share capital of Kshs 329.4 million. An interim dividend of 20% (Kshs 1.00 per share) was paid on 6th October 2015. The Board is seeking approval for a final cash dividend of Kshs 7.50 per share. In addition, I am pleased to note that the Jubilee Holdings Limited's share price increased from Kshs 450 to Kshs 484 per share during the year, an increase of 7.6% making it one of the best performing investments on the Nairobi Securities Exchange, which fell by 21% during this period.

MEDICAL INSURANCE

Medical insurance business achieved a strong growth in premiums of 32% to reach Kshs 10.03 billion (2014: Kshs 7.62 billion). Jubilee continues to penetrate new markets and client segment to consolidate and enlarge its market leadership in medical insurance business throughout the region and retain market leadership. Jubilee's retail medical product, J-Care, tailored for families continued to do well during the year under review and this contributed towards the positive medical business performance. Sound underwriting and provider relationship management enabled Jubilee to report excellent underwriting profitability of Kshs 437 million in 2015, and once again, Jubilee is one of the very few companies to report underwriting profitability in medical insurance business in the region.

GENERAL INSURANCE

General insurance Gross Written Premium recorded growth of 3% in 2015 to reach Kshs 10.52 billion, as several large infrastructure projects in the region were delayed and Jubilee took steps to withdraw from unprofitable segments until regional premium rates return to sustainable levels. Jubilee is extremely proud that the combined ratio has been maintained at 90%, which reflects our continued and strong focus on claims control and risk management, and which resulted in an underwriting profit of Kshs 604 million in 2015. The Group continues to implement strategies to improve operating efficiency and launch innovative new products, especially those targeted towards Small and Medium Enterprises, and to make insurance more accessible to rural communities

LIFE INSURANCE AND PENSION

Life insurance business Gross Written Premium and Deposit Administration inflows registered a drop to Kshs 9.61 billion (2014: Kshs 11.59 billion) as the exceptionally strong growth in annuity business in 2014 was not repeated in 2015 as expected. Individual life business registered a growth of 14% as new business continued to grow through Jubilee's expanding agency network. This is in line with the Group's strategy to expand its individual and group life insurance portfolio penetration and the success of the company's asset building products, which are built around the long term saving, education and protection needs of Jubilee's customers.

OPERATIONS

Jubilee continues to strengthen its senior management team to consolidate its position as the leading insurance franchise in the region and provide the capacity and competence base to pursue further growth. Significant investments continue to be made in Information Communication and Technology (ICT) in order to support our growing business portfolio, and ensure that Jubilee's service delivery is second to none.

To support and sustain robust growth, Jubilee will continue to expand its agency office network across East Africa, targeting developing commercial hubs that are being created by the devolved governance implementation that is currently underway. Various strategic initiatives to grow the retail medical business, Bancassurance and Micro-insurance products are underway and an online sales platform has been developed which will see Jubilee strive to continue to lead the market in product innovation, distribution channels and customer service.

BOARD OF DIRECTORS

The Directors who held office in 2015 are listed on page 6 & 7 of this report. As we continue to expand our horizons, the Board continues to reflect your Company's regional and growth related outlook, while drawing from the Company's Vision, Mission and Values which continue to steer your Company to greater heights in achieving its strategic objectives.

CORPORATE SOCIAL RESPONSIBILITY

During the year under review, Jubilee Insurance continued to commit resources towards key Corporate Social Responsibility (CSR) initiatives that go towards supporting critical needs of the local communities, through partnerships with like-minded organizations, as well as implementing its trademark CSR projects. Jubilee Insurance has contributed to sustainable development in its CSR initiatives through integration of CSR programs that ensure compliance in reporting, exhibiting a good image as corporate citizens through its philanthropic initiatives both at organizational level and staff level and we are therefore very proud to have won the Company of the Year CSR and Environmental Focus award.

With the overwhelming support from the Jubilee family, The Jubilee Children's Fund (JCF) continues to grow in supporting health and education initiatives to orphaned and bright children from poor families. The fund donated heart surgery beds to Kenyatta Hospital's Pediatric Patients' Ward 4 B, which is a children's heart surgery Critical Care Unit. The Unit admits 208 children on average annually, aged between 4 months to 3 years. Additionally, Jubilee continued the partnership of its staff participating in key impacting projects that include the Standard Chartered Marathon and Mater Heart Run, which target health-related afflictions of cardiac illness and blindness respectively.

MARKET PRESENCE AND RECOGNITION

Jubilee was very pleased to be recognized by the business community and the insurance industry for the excellence of our business practices by winning several awards. During 2015, Jubilee scooped 25 awards in total including the 2015 Overall Company of the Year Award (COYA) award in Kenya. Our major awards are listed on page 90 of this Annual Report.

2016 OUTLOOK

Whilst the regional economy is expected to grow at around 6% in 2016, the business and regulatory environment is expected to remain challenging influenced by global economic trends and local events. Potential risks arising from the volatility of the global markets and exchange rates could have a negative impact on capital flows. Other risks include uncertainty over sustainability of the expected growth in tourism, El Nino's effect on agriculture and continued delays in the development of oil and gas infrastructure projects. Recent bank closures in Kenya has undermined confidence in the financial sector and resulted in increased lending rates putting pressure on economic growth. Interest rates are expected to come down in the latter part of the year which may spur growth in the region's economy which is expected to be supported by lower energy costs, investment in infrastructure, growth in financial services, telecommunications, manufacturing and other industries. These factors and growth in the economy will continue to generate growth in the insurance industry.

Jubilee will continue to focus on risk selection and best management practices so as to balance our entrepreneurial approach to business opportunities whilst protecting profitability. Key strategic initiatives for 2016 include implementation of new and enhanced IT infrastructure and systems to increase presence in the growing digital economy, innovation of new products, improved renewal retention, enhanced product mix, continued development of new agency networks and reinvigorated producer incentive schemes that will help us drive our top line.

It is this quality and financial stability that will continue to strengthen our customer relationships and grow business.

We continue to be optimistic as we focus on our strategic goals to ensure that Jubilee continues to perform strongly in 2016 and generate sustainable and stable returns for our shareholders.

APPRECIATION

The contributions of Jubilee's various stakeholders have ensured that continued strong performance is achieved. These are none other than our business partners, intermediaries and customers. I would like to thank you for your continued support and loyalty, which have been instrumental in reinforcing Jubilee's position as the invincible market leader in Kenya and in East Africa.

I also thank all our staff across the region who continue to show dedication and provide superior service to our customers. I would also like to acknowledge with appreciation my colleagues in the Board and those on the Boards of the subsidiaries for their diligence, guidance and support that has ensured that we achieve superior and excellent results during the year.

Nizar Juma
Chairman
31 March 2016

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2015 which disclose the state of affairs of Jubilee Holdings Limited (the "Company") and its subsidiary companies (together the "Group").

Country of incorporation

The Company is incorporated in the Republic of Kenya and is domiciled in Kenya. The Company is also registered as a foreign company in the Republic of Uganda and in the United Republic of Tanzania.

Principal activities

The Company is an investments holding company. The Company, through its subsidiaries, The Jubilee Insurance Company of Kenya Limited, The Jubilee Insurance Company of Uganda Limited, Jubilee Life Insurance Company of Uganda Limited, The Jubilee Insurance Company of Tanzania Limited, Jubilee Life Insurance Corporation of Tanzania Limited and The Jubilee Insurance Company Burundi (SA), transacts all classes of general and long term insurance business as defined by the Kenyan Insurance Act while Jubilee Insurance (Mauritius) Limited transacts all classes of general insurance. It also owns investment companies in Kenya, Uganda, Tanzania and Burundi, as well as a fund management company in Kenya (Jubilee Financial Services Limited).

Results

The following is the summary of the results for the year ended 31 December 2015:

	2015	2014
Profit analysis	**Kshs '000**	**Kshs '000**
Group profit before income tax	4,145,139	3,949,285
Income tax expense	(1,024,046)	(845,632)
Group profit after income tax	**3,121,093**	**3,103,653**
Non controlling interest	(307,037)	(224,081)
Profit attributable to equityholders of the company	**2,814,056**	**2,879,572**

Dividend

An interim dividend of Kshs 1.00 per share amounting to Kshs 65.885 million (2014:Kshs 59.895 million) was paid on 6 October 2015. The Directors recommend a final dividend of Kshs 7.50 per share amounting to Kshs 494.133 million (2014: Kshs. 449.212 million). The total dividend for the year represents 170% of the issued share capital as at 31 December 2015 (2014: 170%).

Directors

The Directors who held office during the year under review and up to the date of this report were:

Nizar N Juma (Chairman)
Sultan A Allana *
Ramadhani K Dau **
Juma Kisaame***
Lutaf R Kassam
Sultan K Khimji
John J Metcalf ****
Shabir Abji**
Jane S Mwangi
Moez Jamal ****
Zul Abdul

* Pakistani ** Tanzanian ***Ugandan **** British

Auditors

The Company's independent auditors, KPMG Kenya, continue in office in accordance with Section 159(2) of the Companies Act (Cap. 486).

On behalf of the Board

Nizar Juma, Chairman
31 March 2016

The Directors are responsible for the preparation and fair presentation of the Group and Company financial statements of Jubilee Holdings Limited set out on page 20 to 85 which comprise consolidated and company statements of financial position at 31 December 2015, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs and the operating results of the Group and the Company.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with International Financial Reporting Standards and the Kenyan Companies Act and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act the Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the operating results of the Group for that year. It also requires the Directors to ensure the Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and Company.

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

The Directors have made an assessment of the Group and the Company's ability to continue as a going concern and have no reason to believe the Group and the Company will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Group and Company financial statements, as indicated above, were approved by the Board of Directors on 31 March 2016 and were signed on its behalf by:

Nizar N Juma
Chairman

Zul Abdul
Director

PASSION

We're passionate about our customers and our company. We care about our products and are courageous in pursuing their full potential. And we're innovative, continuously searching for new ideas that drive growth and customer satisfaction. Jubilee's recent investment in a suite of digital tools is a testament to this culture of continuous growth and improvement.

LIVE FREE

EXCELLENCE

We strive to be the best but we are always learning and always improving. We set high standards and then ensure we surpass them. We deliver results, win where we compete and celebrate our successes. We are delighted to have been voted East Africa's most Trusted Insurer and Company of the Year 2015. However, the Jubilee team is not content with achieving No. 1, we will only be content if we remain No. 1.

LIVE FREE

The Board of Directors, duly cognisant of its role in safeguarding shareholders' assets and ensuring a decent return on investment, reaffirms its commitment to upholding policies and strategies that enhance transparency and accountability as part of the Company's continuing listing obligations and as advocated by the Capital Markets Authority guidelines for good corporate governance practices by public listed companies in Kenya. The Company is reviewing the new Code of Corporate Governance Practices For Issuers of Securities To the Public 2015 (Code), with a view to reporting on the same and the status of application at the next reporting period.

Board of Directors

The Directors represent diverse skills and experience to provide the necessary stewardship to the Company. The Board draws from its considerable collective experience in finance, insurance, investment, law, strategic management and human resource management in order to provide overall strategic guidance to the Group.

The Board currently comprises eleven Directors, out of whom eight are independent. The strong contingent of independent Directors ensures that no individual or small group of individuals can dominate the Board's decision-making processes. The Chairman and Directors adhere to the rules of multiple directorships set under CMA's guidelines for good corporate governance to ensure effective participation by all Directors. At the Annual General Meeting in every year, one-third of the Directors or, if their number is not a multiple of three, the number nearest to one-third retire from office. A Director retiring at a meeting is eligible for re-election.

In accordance with the Company's Articles of Association, the Board meets at regular intervals to, amongst others things:

- Agree on the Company's strategic objectives, as well as plans to achieve these;
- Review and approve the Company's annual budget;
- Review the Company's performance against agreed goals and strategies;
- Review the Company's policies and procedures;
- Consider and approve the annual and interim financial statements;
- Review and if thought fit recommend dividends to the shareholders for approval; and
- Approve other matters of fundamental significance.

Senior management attend Board Meetings by invitation to ensure informed and efficient decision-making by the Board of Directors. In addition, the Board invites independent professionals to attend meetings and provide opinions and advice as necessary to enable the Board discharge its fiduciary mandate.

The Directors' attendance of Board Meetings for the year 2015 is as follows:

Name	March	June	August	November
Nizar Juma (Chairman)	√	√	√	√
Sultan Allana	x	√	x	√
Ramadhani Dau	√	√	√	x
Lutaf Kassam	√	x	√	√
Sultan Khimji	√	√	√	√
Juma Kisaame	√	√	√	√
John Metcalf	√	√	√	√
Shabir Abji	x	x	x	√
Jane Mwangi	√	√	x	√
Moez Jamal	√	√	√	x
Zul Abdul	√	√	√	√

***Key:** √ Present x Absent with apologies

Role of the Chairman and Chief Executive Officer (CEO)

The roles and responsibilities of the Chairman and CEO are clear and distinct. The primary role of the Chairman is to provide leadership to the Board and ensure that the Board is effective in its task of setting and implementing the Company's direction and strategy. The CEO is principally responsible for implementing Board decisions and overseeing the day to day running of the Company.

Board Committees

Pursuant to the Company's Articles of Association, the Board of Directors has delegated authority to the Committees as listed below. These committees operate under clearly articulated terms of reference (summarized below) which clarify their responsibilities and scope of authority. The Committees have unrestricted access to Group information and are authorized by the Board to obtain independent professional advice in the discharge of their functions. All Committees report to the Board at each meeting highlighting matters discussed at their respective meetings and recommended actions.

The mandates of the Committees and their membership are as follows:

(a) Board Audit and Compliance Committee:

The committee oversees the financial reporting process, internal controls, and compliance issues in the Company, including any legislative and regulatory changes that impact on the Company's operations. The members are:

i. Mr. Zul Abdul (Chairman)
ii. Mr. Sultan Khimji
ii. Mr. Juma Kisaame
iii. Mr. John Metcalf

(b) Board Finance Committee:

The Committee supervises the financial and investment business of the Company, and provides guidelines and limits for investment of the Company's funds. The members are:

i. Mr. Lutaf Kassam (Chairman)
ii. Mr. John Metcalf
iii. Mr. Sultan Khimji
iv. Mr. Shabir Abji
v. Mr. Moez Jamal

(c) Board Nominating and Human Resource Committee:

This Committee reviews all new nominees to the Board and is mandated to assess the performance and effectiveness of Directors. The Committee also reviews and approves the HR strategy in the Company. The members are:

i. Mr. Nizar Juma (Chairman)
ii. Mr. John Metcalf
iii. Mrs. Jane Mwangi

(d) Board IT Committee:

The Committee approves the IT strategy. The Committee also reviews IT investments, such as new system recommendations from a technical and operational perspective. The members are:

i. Mr. Shabir Abji (Chairman)
ii. Mr. John Metcalf
iii. Mr. Juma Kisaame

(e) Board Regional Technical Committee:

This is a technical committee that reviews and approves new products, sets the underwriting and claims authority limits, reviews the business performance, and reviews the technical business recommendations. The members are:

i. Mr. John Metcalf (Chairman)
ii. Mr. Amin Datoo
iii. Mr. Patrick Tumbo

(f) Board Property Committee:

The committee deals with the Company's property portfolio and makes recommendations to the Board. The members are:

i. Mr. Nizar Juma (Chairman)
ii. Mr. Lutaf Kassam
iii. Mr. Sultan Khimji

For services on the Board and its Committees, the Directors receive remuneration approved by shareholders at the Annual General Meeting. In 2015, the aggregate amount of emoluments received by the Directors is shown under note 10 (iii). No loans were advanced to the Directors during the year under review.

Directors' interest in the shares of the company as at 31 December 2015

Name	Number of shares held	% Shareholding
Mr Sultan K Khimji *(including shares held by his family and company in which he has an interest)*	12,420	0.02%

Distribution of Shareholders as at 31 December 2015

Number of shares	Number of shareholders	Number of shares held	% Shareholding
Less than 500 shares	1,732	271,369	0.41%
500 – 5,000 shares	3,336	6,403,164	9.72%
5,001 – 10,000 shares	762	5,005,266	7.60%
10,001 – 100,000 shares	565	13,413,209	20.36%
100,001 – 1,000,000 shares	33	5,635,161	8.55%
Over 1,000,000 shares	5	35,156,331	53.36%
Total	**6,433**	**65,884,500**	**100.00%**

List of 10 largest shareholders as at 31 December 2015

	Names	Number of shares held	% Shareholding
1	Aga Khan Fund for Economic Development SA	25,026,127	37.98%
2	Pyrus Investments Limited	6,471,255	9.82%
3	Freight Forwarders Kenya Limited	1,286,423	1.95%
4	United Housing Estates Limited	1,195,407	1.81%
5	Adam's Brown and Company Limited	1,177,119	1.79%
6	Pulin Mahendrakumar & Mita Pulin Gandhi	348,480	0.53%
7	Gulshan Noorali Sayani	329,552	0.50%
8	Ariff Aziz Shamji & Farah Bahadur Alibhai Ukani	324,602	0.49%
9	Ameerali K. Abdulrasul Somji	250,140	0.38%
10	Gulzar Shamshudeen Somji	227,410	0.35%
Total		**36,636,515**	**55.61%**

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Report on the financial statements

We have audited the financial statements of Jubilee Holdings Limited set out on pages 20 to 85 which comprise the consolidated and company statements of financial position at 31 December 2015, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

As stated on page 13, the Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Kenyan Companies Act, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 relevant 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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.

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

Opinion

In our opinion, the financial statements give a true and fair view of the consolidated and company financial position of Jubilee Holdings Limited at 31 December 2015, and the consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

Report on other legal requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion, proper books of account have been kept by the Company, in so far as appears from our examination of those books; and
- The statement of financial position of the Company is in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditors' report is FCPA Eric Aholi P/NO:1471.

KPMG Kenya
Certified Public Accountants
P. O. Box 40612
00100, Nairobi

31 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 Kshs '000	2014 Kshs '000
Gross earned premium revenue	6	23,029,932	24,782,043
Outward reinsurance	6	(8,153,775)	(8,450,822)
Net insurance premium revenue		**14,876,157**	**16,331,221**
Investment and other income	7	6,093,468	4,833,582
Net fair value (losses)/gains on financial assets at fair value through profit or loss	19 & 20	(1,109,494)	1,234,767
Commission earned	8	1,837,783	1,976,315
Total income		**21,697,914**	**24,375,885**
Claims and policy holders benefits payable	9	(16,355,448)	(20,482,024)
Claims recoverable from re-insurers	9	4,790,173	4,611,545
Net insurance benefits and claims		**(11,565,275)**	**(15,870,479)**
Operating and other expenses	10	(3,870,544)	(3,106,716)
Commission payable	8	(3,134,107)	(2,881,228)
Total expenses and commissions		**(7,004,651)**	**(5,987,944)**
Result of operating activities		**3,127,988**	**2,517,462**
Finance costs	32	(34,861)	(49,745)
Share of result of associates	18 (i)	1,052,012	1,481,568
Group profit before income tax		**4,145,139**	**3,949,285**
Income tax expense	11	(1,024,046)	(845,632)
Profit for the year		**3,121,093**	**3,103,653**
Attributable to:			
Equityholders of the company		2,814,056	2,879,572
Non-controlling interest	18 (iii)	307,037	224,081
Total		**3,121,093**	**3,103,653**
Earnings Per Share (Kshs)			
Basic and diluted	12	42.7	43.7

The notes on pages 26 to 85 are an integral part of these financial statements.

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

	Note	2015 Kshs '000	2014 Kshs '000
Profit for the year		**3,121,093**	**3,103,653**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net fair value (losses)/gains on financial assets	19 & 20	(362,297)	225,399
Deferred Tax on other comprehensive income	28	(7,963)	-
Items that are or/may be reclassified subsequently to profit or loss			
Net translation gains/(losses)		242,776	(503,913)
Associate share of other comprehensive income	18 (i)	(27,085)	515,239
Total other comprehensive income, net of tax		**(154,569)**	**236,725**
Total comprehensive income for the year		**2,966,524**	**3,340,378**
Attributable to:			
Equityholders of the Company		2,723,772	3,209,242
Non-controlling interest	18 (iii)	242,752	131,136
Total comprehensive income for the year		**2,966,524**	**3,340,378**

The notes on pages 26 to 85 are an integral part of these financial statements.

	Note	2015 Kshs '000	2014 Kshs '000
ASSETS			
Property and equipment	16(i)	226,341	184,548
Intangible assets	16(ii)	64,950	23,082
Investment properties	17	5,535,330	5,073,192
Investment in associates	18 (i)	8,735,980	7,733,043
Deferred tax asset	28	73,331	76,149
Unquoted equity investments at fair value through profit or loss	19	2,675,147	2,344,998
Unquoted equity investments at fair value through other comprehensive income	19	104,445	96,868
Quoted equity investments at fair value through profit or loss	20	6,446,523	8,002,990
Quoted equity investments at fair value through other comprehensive income	20	1,377,303	1,721,076
Mortgage loans receivables	21 (i)	67,524	44,102
Loans on life insurance policies	21 (ii)	495,153	361,981
Government securities at armortised cost	22	29,604,698	21,923,229
Commercial bonds at amortised cost	23	1,859,070	1,696,519
Deferred acquisition costs	24	264,081	189,248
Current tax recoverable	11	45,840	27,725
Receivables arising out of direct insurance arrangements	4(c)	4,214,950	3,653,899
Receivables arising out of reinsurance arrangements	4(c)	2,179,849	1,713,259
Reinsurers' share of insurance contract liabilities	25	6,641,579	6,833,940
Other receivables	26	1,035,593	659,145
Deposits with financial institutions	27	10,029,209	11,022,305
Cash and bank balances	27	701,114	1,124,076
Total assets		**82,378,010**	**74,505,374**
LIABILITIES			
Deferred tax liability	28	196,841	158,618
Insurance contract liabilities	29	18,709,163	19,644,653
Payable under deposit administration contracts	30	30,958,100	26,864,350
Unearned premium reserve	31	7,760,661	6,608,846
Dividends payable		269,627	265,928
Borrowings	32	-	1,373,680
Other payables	33	2,287,144	1,600,892
Current tax payable	11	228,195	192,229
Creditors arising out of direct insurance arrangements		137,591	130,325
Creditors arising out of reinsurance arrangements		1,449,481	1,186,822
Total liabilities		**61,996,803**	**58,026,343**
EQUITY			
Share capital	13	329,423	299,475
Reserves	14	4,515,296	3,205,055
Retained earnings		13,759,189	11,484,875
Proposed dividends	15	494,133	449,212
Equity attributable to owners of the Company		**19,098,041**	**15,438,617**
Non-controlling interest (NCI)	18 (iii)	1,283,166	1,040,414
Total equity		**20,381,207**	**16,479,031**
Total liabilities and equity		**82,378,010**	**74,505,374**

The financial statements on pages 20 to 85 were approved by the Board of Directors on 31 March 2016 and signed on its behalf by:

Nizar N Juma
Chairman

Zul Abdul
Director

The notes on pages 26 to 85 are an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	2015 Kshs '000	2014 Kshs '000
ASSETS			
Property and equipment	16(i)	26,625	23,790
Investment in associates	18 (i)	838,251	838,251
Investment in subsidiaries	18 (ii)	1,810,627	1,782,129
Deferred income tax asset	28	2,505	316
Unquoted equity investments at fair value through other comprehensive income	19	23,565	12,007
Quoted equity investments at fair value through other comprehensive income	20	16,056	12,785
Current income tax recoverable	11	8,811	9,218
Due from related parties	35	148,080	153,367
Other receivables	26	12,159	24,439
Deposits with financial institutions	27	23,731	1,961
Cash and bank balances	27	93,818	66,686
Total assets		**3,004,228**	**2,924,949**
LIABILITIES			
Due to related parties	35	435,158	538,857
Dividends payable		269,627	265,928
Other payables	33	13,324	14,634
Total liabilities		**718,109**	**819,419**
EQUITY			
Share capital	13	329,423	299,475
Reserves	14	76,995	64,981
Retained earnings		1,385,568	1,291,862
Proposed dividends	15	494,133	449,212
Total equity		**2,286,119**	**2,105,530**
Total liabilities and equity		**3,004,228**	**2,924,949**

The financial statements on pages 20 to 85 were approved by the Board of Directors on 31 March 2016 and signed on its behalf by:

Nizar N Juma
Chairman

Zul Abdul
Director

The notes on pages 26 to 85 are an integral part of these financial statements.

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

	Note	Share Capital Kshs '000	Fair Value Reserves Kshs '000	General Reserves Kshs '000	Translation Reserves Kshs '000	Contingency Reserves Kshs '000	Statutory Reserve Kshs '000	Retained Earnings Kshs '000	Proposed Dividends Kshs '000	Equity Attributable to Owners Kshs '000	Non Controlling Interest Kshs '000	Total Equity Kshs '000
Year ended 31 December 2014												
At start of year		**299,475**	**231,436**	**70,000**	**(136,871)**	**654,862**	**1,741,173**	**9,212,032**	**359,370**	**12,431,477**	**909,278**	**13,340,755**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**2,879,572**	**-**	**2,879,572**	**224,081**	**3,103,653**
Other comprehensive income												
Other fair value gains on share of associates through OCI		-	515,239	-	-	-	-	-	-	515,239	-	515,239
Change in fair value of financial assets through OCI	14 (a)	-	228,251	-	-	-	-	-	-	228,251	(2,852)	225,399
Transfer to retained earnings on disposal	14 (a)	-	(48)	-	-	-	-	48	-	-	-	-
Net translation loss	14 (c)	-	-	-	(413,820)	-	-	-	-	(413,820)	(90,093)	(503,913)
Transfer to contingency reserves	14 (d)	-	-	-	-	97,670	-	(97,670)		-	-	-
Transfer from life fund	14 (e)	-	-	-	-	-	217,163	-	-	217,163	-	217,163
Total comprehensive income for the year		**-**	**743,442**	**-**	**(413,820)**	**97,670**	**217,163**	**2,781,950**	**-**	**3,426,405**	**131,136**	**3,557,550**
Transactions with owners:												
Dividends: Final for 2013 paid	15	-	-	-	-	-	-	-	(359,370)	(359,370)	-	(359,370)
Interim for 2014 paid	15	-	-	-	-	-	-	(59,895)	-	(59,895)	-	(59,895)
Final for 2014 proposed	15	-	-	-	-	-	-	(449,212)	449,212	-	-	-
Total transactions with owners		**-**	**-**	**-**	**-**	**-**	**-**	**(509,107)**	**89,842**	**(419,265)**	**-**	**(419,265)**
At end of year		**299,475**	**974,878**	**70,000**	**(550,691)**	**752,532**	**1,958,336**	**11,484,875**	**449,212**	**15,438,617**	**1,040,414**	**16,479,031**
Year ended 31 December 2015												
At start of year:		**299,475**	**974,878**	**70,000**	**(550,691)**	**752,532**	**1,958,336**	**11,484,875**	**449,212**	**15,438,617**	**1,040,414**	**16,479,031**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**2,814,056**	**-**	**2,814,056**	**307,037**	**3,121,093**
Other comprehensive income												
Other fair value gains on share of associates through OCI	18 (i)	-	(27,085)	-	-	-	-	-	-	(27,085)	-	(27,085)
Change in fair value of financial assets through OCI		-	(370,474)	-	-	-	-	-	-	(370,474)	8,177	(362,297)
Deferred tax on other comprehensive income	28	-	(2,967)	-	-	-	-	-		(2,967)	(4,996)	(7,963)
Transfer to retained earnings on disposal		-	(45,864)	-	-	-	-	45,864	-	-	-	-
Net translation gains/(loss)	14 (c)	-	-	-	310,242	-	-	-	-	310,242	(67,466)	242,776
Transfer to contingency reserves	14 (d)	-	-	-	-	76,881	-	(76,881)	-	-	-	-
Transfer from life fund	14 (e)	-	-	-	-	-	1,369,508	-	-	1,369,508	-	1,369,508
Transfer from subsidiary group life		-	-	-	-	-	-	81,241	-	81,241	-	81,241
Total comprehensive income for the year		**-**	**(446,390)**	**-**	**310,242**	**76,881**	**1,369,508**	**2,864,240**	**-**	**4,174,521**	**242,752**	**4,417,273**
Transactions with owners:												
Bonus issue		29,948	-	-	-	-	-	(29,948)	-	-	-	-
Dividends: Final for 2014 paid	15	-	-	-	-	-	-		(449,212)	(449,212)	-	(449,212)
Interim for 2015 paid	15	-	-	-	-	-	-	(65,885)	-	(65,885)	-	(65,885)
Final for 2015 proposed	15	-	-	-	-	-	-	(494,133)	494,133	-	-	-
Total transactions with owners		**29,948**	**-**	**-**	**-**	**-**	**-**	**(589,966)**	**44,921**	**(515,097)**	**-**	**(515,097)**
At end of year		**329,423**	**528,488**	**70,000**	**(240,449)**	**829,413**	**3,327,844**	**13,759,189**	**494,133**	**19,098,041**	**1,283,166**	**20,381,207**

The notes on pages 26 to 85 are an integral part of these financial statements.

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

	Note	Share Capital Kshs '000	Fair Value Reserves Kshs '000	General Reserves Kshs '000	Retained Earnings Kshs '000	Proposed Dividends Kshs '000	Total Equity Kshs '000
Year ended 31 December 2014							
At start of year		**299,475**	**3,951**	**70,000**	**1,296,635**	**359,370**	**2,029,431**
Profit for the year		**-**	**-**	**-**	**504,333**	**-**	**504,333**
Other comprehensive Income							
Change in fair value of financial assets through other comprehensive income	14 (a)	-	(8,970)	-	-	-	(8,970)
Total comprehensive income for the year		**-**	**(8,970)**	**-**	**504,333**	**-**	**495,363**
Transactions with owners:							
Dividends: Final for 2013 paid	15	-	-	-	-	(359,370)	(359,370)
Interim for 2014 paid	15	-	-	-	(59,895)	-	(59,895)
Final for 2014 proposed	15	-	-	-	(449,212)	449,212	-
Total transactions with owners		**-**	**-**	**-**	**(509,107)**	**89,842**	**(419,265)**
At end of year		**299,475**	**(5,019)**	**70,000**	**1,291,861**	**449,212**	**2,105,529**
Year ended 31 December 2015							
At start of year		**299,475**	**(5,019)**	**70,000**	**1,291,861**	**449,212**	**2,105,529**
Profit for the year		**-**	**-**	**-**	**683,673**	**-**	**683,673**
Other comprehensive Income							
Change in fair value of financial assets through other comprehensive income	14 (a)	-	12,014	-	-	-	12,014
Total comprehensive income for the year		**-**	**12,014**	**-**	**683,673**	**-**	**695,687**
Transactions with owners:							
Bonus issue		29,948	-	-	(29,948)	-	-
Dividends: Final for 2014 paid	15	-	-	-	-	(449,212)	(449,212)
Interim for 2015 paid	15	-	-	-	(65,885)	-	(65,885)
Final for 2015 proposed	15	-	-	-	(494,133)	494,133	-
Total transactions with owners		**29,948**	**-**	**-**	**(589,966)**	**44,921**	**(515,097)**
At end of year		**329,423**	**6,995**	**70,000**	**1,385,568**	**494,133**	**2,286,119**

The notes on pages 26 to 85 are an integral part of these financial statements.

		GROUP	
		2015	2014
	Note	Kshs '000	Kshs '000
Cash flow from operating activities			
Profit before income tax		4,145,139	3,949,285
Adjustments for: -			
Depreciation and amortisation	16	116,081	84,701
Impairment of insurance receivables	4 (c)	138,583	123,247
Fair value gains on equity investments at fair value through profit and loss	19 & 20	1,109,494	(1,234,767)
Investment income and other income	7	(6,093,468)	(4,833,582)
Share of result of associates after income tax	18 (i)	(1,052,012)	(1,481,568)
Operating profit before changes to receivables and payables		**(1,636,183)**	**(3,392,684)**
Change in deposit administration contracts	30 & 14(e)	4,334,110	6,362,350
Change in insurance contract liabilities and reserves	29, 31 & 14(e)	1,215,181	4,488,552
Change in premium, reinsurance and other receivables		(1,286,558)	(982)
Change in reinsurance and other payables		956,177	(578,928)
Cash generated from operations		**3,582,727**	**6,878,308**
Income tax paid	11	(888,044)	(657,445)
Net cash inflow from operating activities		**2,694,683**	**6,220,863**
Cash flow from investing activities			
Rent, interest and dividend received		5,247,934	4,234,650
Dividends received from associates	18 (i)	740,889	213,445
Proceeds from sale of quoted shares		368,332	151,465
Proceeds from disposal of property and equipment		812	3,204
Proceeds from (additions)/redemption of shares in investment in associate	18 (i)	(108,932)	492,016
Purchase of property and equipment and intangible assets	16	(205,984)	(134,564)
Net additions of investment properties	17	(84,699)	(106,031)
Purchase of quoted shares	20	(330,745)	(1,297,005)
Purchase of unquoted shares	19	(11,784)	(6,862)
Mortgage loans advanced	21 (i)	(34,307)	(26,011)
Mortgage loans repaid	21 (i)	8,498	11,630
Loans on life insurance policies advanced	21 (ii)	(232,528)	(117,281)
Loans on life insurance policies repaid	21 (ii)	99,028	268,087
Net purchase of government securities	22	(7,665,194)	(2,855,596)
Net purchase of commercial bonds	23	(163,269)	(809,102)
Net cash (outflow)/inflow from investing activities		**(2,371,949)**	**22,045**
Cash flow from financing activities			
Settlement of borrowings	32	(1,373,680)	-
Dividends paid		(515,097)	(419,265)
Net cash outflow from financing activities		**(1,888,777)**	**(419,265)**
(Decrease)/Increase in cash and cash equivalents		(1,566,043)	5,823,643
Cash and cash equivalents at start of year	27	12,146,381	6,736,558
Exchange gain/(loss) on translation of cash and cash equivalents in foreign currencies	14(c)	310,242	(413,820)
Cash and cash equivalents at end of year	27	**10,890,580**	**12,146,381**

The notes on pages 26 to 85 are an integral part of these financial statements.

1. GENERAL INFORMATION

Jubilee Holdings Limited is a limited liability company incorporated and domiciled in Kenya. The address of its registered office is: Jubilee Insurance House, Wabera Street, Nairobi, Kenya. The Company has a primary listing on the Nairobi Securities Exchange and is cross-listed on the Uganda Securities Exchange and Dar es Salaam Stock Exchange.

The Company through its subsidiaries and associates (together forming the Group) underwrites Life and non-life insurance risks, such as those associated with death, disability, health, property and liability. The Group also issues a diversified portfolio of investment contracts to provide its customers with asset management solutions for their savings and retirement needs. All these products are offered to both domestic and foreign markets. It has operations in Kenya, Uganda, Tanzania, Burundi and Mauritius and employs over 878 (2014:750) people through its subsidiaries.

The insurance business of the Group is organized into two main divisions, short-term (general) business and long-term (life) business. Long-term business relates to the underwriting of life risks relating to insured persons, the issue of investment contracts and the administration of pension funds. Short-term business relates to all other categories of insurance business written by the Group, analyzed into several sub-classes of business based on the nature of the assumed risks.

With a view to diversifying the Group's income base, operational activities have been extended to include fund management, property development and management, power generation and international fibre optic broadband cable connectivity.

For purposes of the Kenya Companies Act reporting purposes, the balance sheet is represented by the statement of financial position while the profit and loss account is represented by the statement of profit or loss and other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out in Note 38 and apply to the Group and the Company. These policies have been consistently applied to all years presented, unless otherwise stated.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical accounting estimates and assumptions applied in the year are:

a) Insurance contracts liabilities

The estimation of future benefit payments from long-term insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims. Management applies judgment in the estimation of incurred but not yet reported claims (IBNR) whereby the Group uses historical experience to estimate the ultimate cost of claims and the IBNR provision. This involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to claims data for each accident year that is not fully developed to produce an estimated ultimate claims cost for each accident year. Note 29 contains further details on the estimation of insurance liabilities.

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims.

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Group. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard mortality tables that reflect historical mortality experience. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums. The main source of uncertainty is that epidemics such as AIDS could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed to longevity risk.

For contracts without fixed terms, the Group will be able to increase mortality risk charges in future years in line with emerging mortality experience.

Under certain contracts, the Group has offered guaranteed annuity options. In determining the value of these options, estimates have been made as to the percentage of contract holders that will exercise them. There is not enough historical information available on which to base these estimates. Changes in investment conditions could result in significantly more contract holders exercising their options than has been assumed.

Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

b) Income tax

The Group is subject to income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

c) Measurement of fair value

Valuation of investment property

Investment property comprises freehold land and buildings carried at fair value. Fair value is based on valuation performed by an independent valuation expert. In performing the valuation the valuer uses discounted cash flow projections which incorporate assumptions around the continued demand for rental space, sustainability of growth in rent rates as well as makes reference to recent sales. The change in these assumptions could result in a significant change in the carrying value of investment property.

Valuation of unquoted equity investments

The Group uses valuation techniques for valuing unquoted shares that are not based on observable market data. The Group reviewed several valuation techniques and selected a value that is based on discounted cash flow. The critical management judgment is in the selection of the discount rate and the growth rate applied and the determination of normalized earnings for the underlying investments.

d) Receivables

Critical estimates are made by the Directors in determining the recoverable amount of the impaired receivable. The process is set out in Note 38.10. The carrying amount of the receivables are shown on Note 4 (c) and Note 26.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Group's activities expose it to a variety of risks, including insurance risk, financial risk, credit risk, and the effects of changes in property values, debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the identification and management of risks and seeks to minimise 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 maximise return within an acceptable level of interest rate risk.

This section summarises the way the Group manages key risks:

(i) Insurance risk

The risk under any one insurance contract is 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 contracts without fixed terms, it is assumed that the Group will be able to increase mortality risk charges in future years in line with emerging mortality experience.

Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments. The average estimated rate of investment return is 12% p.a. In Kenya, were the average future investment returns to decrease by 1% from management's estimates, the insurance liability would increase by Kshs 42.4 million (2014: Kshs 35 million) while significant enough deterioration in estimates is immediately recognized to make the liabilities adequate.

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 about 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 Group 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.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(i) Insurance risk (continued)

The following tables disclose the maximum insured risk (sum assured) by the class of business in which the contract holder operates and included in the terms of the policy. The amounts are the carrying amounts of the insurance liabilities (gross and net of reinsurance) arising from insurance.

Year ended 31 December 2015 Class of business		Maximum insured loss				
General Insurance business		**Kshs 0 m - Kshs 15m**	**Kshs 15m - Kshs 250m**	**Kshs 250m - Kshs 1000m**	**Kshs 1000m +**	**Total**
		Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Motor	Gross	52,200,394	10,421,380	5,119,087	1,204,820	68,945,681
	Net	40,125,762	10,421,380	5,119,087	1,204,820	56,871,049
Fire	Gross	21,577,613	112,269,155	85,561,036	184,646,563	404,054,367
	Net	17,347,822	66,692,651	12,540,980	4,500,000	101,081,453
Personal accident	Gross	3,774,980	45,370,406	8,366,345	2,569,142	60,080,873
	Net	2,987,447	45,370,406	8,366,345	2,569,142	59,293,340
Other	Gross	49,673,831	236,943,002	135,879,500	588,540,806	1,011,037,139
	Net	34,838,073	143,471,829	83,580,772	254,540,566	516,431,240
Life assurance business		-	-	-	-	
Ordinary life	Gross	18,367,649	431,044	-	-	18,798,693
	Net	17,794,116	115,755	-	-	17,909,871
Group life	Gross	898,744,542	247,369,430	793,073	-	1,146,907,045
	Net	659,820,253	115,605,041	531,080	-	775,956,374
Total	**Gross**	**1,044,339,009**	**652,804,417**	**235,719,041**	**776,961,331**	**2,709,823,798**
	Net	**772,913,473**	**381,677,062**	**110,138,264**	**262,814,528**	**1,527,543,327**

Year ended 31 December 2014 Class of business		Maximum insured loss				
General Insurance business		**Kshs 0 m - Kshs 15m**	**Kshs 15m - Kshs 250m**	**Kshs 250m - Kshs 1000m**	**Kshs 1000m +**	**Total**
		Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Motor	Gross	46,058,765	10,441,576	5,078,625	1,503,986	63,082,952
	Net	34,045,790	10,441,576	5,078,625	1,503,986	51,069,977
Fire	Gross	20,749,734	109,490,017	108,305,393	287,540,660	526,085,804
	Net	16,541,542	58,912,204	13,638,728	4,880,000	93,972,474
Personal accident	Gross	3,909,530	41,590,397	4,442,235	10,939,515	60,881,677
	Net	3,126,019	18,233,255	780,000	180,000	22,319,274
Other	Gross	44,950,457	212,084,786	96,110,426	374,742,620	727,888,289
	Net	32,085,883	122,545,250	58,810,877	131,127,884	344,569,894
Life assurance business						
Ordinary life	Gross	16,197,680	383,429	-	-	16,581,109
	Net	15,921,908	27,000	-	-	15,948,908
Group life	Gross	885,783,841	222,241,508	1,987,408	-	1,110,012,757
	Net	679,272,292	25,425,000	15,000	-	704,712,292
Total	**Gross**	**1,017,650,007**	**596,231,713**	**215,924,087**	**674,726,781**	**2,504,532,588**
	Net	**780,993,434**	**235,584,285**	**78,323,230**	**137,691,870**	**1,232,592,819**

(ii) Financial risk

The Group is exposed to financial risk through its financial assets, financial liabilities (investment contracts and borrowings), 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 its insurance and investment contracts.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

These risks arise from open positions in interest rate, 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 manages these positions within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the Group's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders.

For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Group has exposure to the following risks arising from financial instruments:

(a) Market risk

(i) Foreign exchange risk

The Group operates regionally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Uganda shilling and Tanzania Shilling. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

The Group manages foreign exchange risk arising from future commercial transactions and recognized assets and liabilities using forward contracts, but has not designated any derivative instruments as hedging instruments. Currency exposure arising from the net assets of foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The Group had the following significant foreign currency positions (all amounts expressed in Kenya Shillings thousands):

GROUP

Exchange Risk	US Dollar	Uganda Shillings	Tanzania Shillings	Mauritius Rupees	Burundi Francs	Total
As at 31 December 2015:	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
ASSETS						
Receivables arising out of reinsurance arrangements	-	155,807	63,731	54,970	62,723	337,231
Deferred acquisition costs	-	151,033	-	9,620	7,688	168,341
Deposit with financial institutions	850,337	834,323	190,996	28,309	-	1,903,965
Cash and bank balances	-	58,959	12,606	96,435	-	168,000
Total assets	**850,337**	**1,200,122**	**267,333**	**189,334**	**70,411**	**2,577,537**
LIABILITIES						
Provision for unearned premium	-	1,394,951	21,886	368,739	34,439	1,820,015
Insurance contract liabilities	-	1,590,990	122,409	262,604	36,526	2,012,529
Deferred acquisition costs	-	-	-	-	-	-
Creditors arising out of reinsurance arrangements	-	275,089	90,691	87,575	-	453,355
Borrowings	-	-	-	-	-	-
Total liabilities	**-**	**3,261,030**	**234,986**	**718,918**	**70,965**	**4,285,899**
Net position	**850,337**	**(2,060,908)**	**32,347**	**(529,584)**	**(554)**	**(1,708,362)**

	US Dollar	Uganda Shillings	Tanzania Shillings	Mauritius Rupees	Burundi Francs	Total
As at 31 December 2014:	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
ASSETS						
Receivables arising out of reinsurance arrangements	-	134,318	343,420	93,240	62,462	633,440
Deferred acquisition costs	-	-	13,829	92,295	-	106,124
Deposit with financial institutions	505,401	2,773,160	1,219,986	55,275	299,636	4,853,458
Cash and bank balances	-	164,930	135,013	32,052	44,313	376,308
Total assets	**505,401**	**3,072,408**	**1,712,248**	**272,862**	**406,411**	**5,969,330**
LIABILITIES						
Provision for unearned premium	-	1,008,566	820,789	531,032	161,215	2,521,602
Insurance contract liabilities	-	1,801,825	1,247,252	370,919	105,274	3,525,270
Deferred acquisition costs	-	31,121	-	-	8,555	39,676
Creditors arising out of reinsurance arrangements	-	327,374	329,271	50,234	119,461	826,340
Borrowings	1,373,680	-	-	-	-	1,373,680
Total liabilities	**1,373,680**	**3,168,886**	**2,397,312**	**952,185**	**394,505**	**8,286,568**
Net position	**(868,279)**	**(96,478)**	**(685,064)**	**(679,323)**	**11,906**	**(2,317,238)**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(a) Market Risk Continued

(i) Foreign exchange risk (continued)

Company

Exchange Risk	US Dollar	Uganda Shillings	Tanzania Shillings	Mauritius Rupees	Burundi Francs	Total
As at 31 December 2015:	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
ASSETS						
Due from Related parties	-	-	2,137	44,785	101,159	148,081
Deposit with financial institutions	2,268	-	-	-	-	2,268
Cash and bank balances	-	4,036	-	1	-	4,037
Total assets	**2,268**	**4,036**	**2,137**	**44,786**	**101,159**	**154,386**
LIABILITIES						
Due to related parties	-	187,017	21,045	-	-	208,062
Total liabilities	**-**	**187,017**	**21,045**	**-**	**-**	**208,062**
Net position	**2,268**	**(182,981)**	**(18,908)**	**44,786**	**101,159**	**(53,676)**

	US Dollar	Uganda Shillings	Tanzania Shillings	Mauritius Rupees	Burundi Francs	Total
As at 31 December 2014:	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
ASSETS						
Due from Related parties	-	-	641	72,439	80,287	153,367
Deposit with financial institutions	1,961	-	-	-	-	1,961
Cash and bank balances	-	3,366	-	84	-	3,450
Total assets	**1,961**	**3,366**	**641**	**72,523**	**80,287**	**158,778**
LIABILITIES						
Due to related parties	-	211,707	14,990	-	-	226,697
Total liabilities	**-**	**211,707**	**14,990**	**-**	**-**	**226,697**
Net position	**1,961**	**(208,341)**	**(14,349)**	**72,523**	**80,287**	**(67,919)**

At 31 December 2015, if the Shilling had weakened/strengthened by 10% against the US dollar with all other variables held constant, the post-tax profit for the year would have been Kshs 36.2 million (2014: Kshs 15.2 million) higher/lower, mainly as a result of US dollar receivables and bank balances in the Kenyan entity.

	Average Rate		Closing Rate	
	2015	**2014**	**2015**	**2014**
	Kshs	**Kshs**	**Kshs**	**Kshs**
US Dollar	98.5946	88.4538	102.3114	90.5978
Ugandan Shilling	31.7354	29.8745	32.9876	30.5748
Tanzanian Shilling	20.0532	18.8573	21.1121	19.0954
Mauritian Rupee	2.7152	2.7122	2.7221	2.7086
Burundi Franc	16.0269	17.5144	15.0228	17.1749

(ii) Price risk

The Group is exposed to equity securities price risk because of investments in quoted and unquoted shares classified either as financial assets at fair value through other comprehensive income or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity and debt securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group. All quoted shares held by the Group are traded on the Nairobi Securities Exchange (NSE), the Uganda Securities Exchange (USE) and Dar es Salaam Stock Exchange (DSE).

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

(ii) Financial risk (continued)

(b) Market Risk Continued

(ii) Price risk (continued)

Group
At 31 December 2015, if the NSE, indices had increased/decreased by 8% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation to the index, the post-tax profit would have been Kshs 70.8 million (2014: Kshs 74.9 million) higher/lower and equity would have been Kshs 613.4 million (2014: Kshs 767.3 million) higher/lower. The Group also has investment in the USE and DSE. The change of price in these stock exchanges would not materially affect the Group.

Company
At 31 December 2015 the Company did not hold any shares in the Nairobi Securities Exchange. If the USE and DSE indices had increased/ decreased by 8% with all other variables held constant, all the companies' equity instruments moved according to the historical correlation to the index, than equity movement would not have been significant.

(iii) Cash flow and fair value interest rate risk

Fixed interest rate financial instruments expose the Group to fair value interest rate risk. Variable interest rate financial instruments expose the Group to cash flow interest rate risk.

The Group's fixed interest rate financial instruments are government securities, deposits with financial institutions and corporate bonds.

The Group's variable interest rate financial instruments are some of the quoted corporate bonds.

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 liabilities under long-term insurance contracts with fixed and guaranteed terms, changes in interest rate will not cause a change to the amount of the liability, unless the change is severe enough to trigger a liability adequacy test adjustment. The level of the reduction of the level of interest rate that will trigger an adjustment is an interest rate of 1%. An additional liability of Kshs 261 million (2014: Kshs 250 million) would be required as a result of a further worsening of 20% in mortality, in the Jubilee Kenya portfolio, which contributes ninety-five percent of the long-term insurance business.

Investment contracts with fixed and guaranteed terms, government securities and deposits with financial institutions held to maturity are accounted for at amortized cost and their carrying amounts are not sensitive to changes in the level of interest rates.

At 31 December 2015, if interest rates on quoted corporate bonds at that date had been 5% higher/lower with all other variables held constant, post-tax profit for the year would have been Kshs 7.4 million (2014: Kshs 8.5 million) higher/lower, mainly as a result of higher/ lower interest income on floating rate quoted corporate bonds. The majority of quoted corporate bonds are held in the Kenyan insurance entity, and is the basis of sensitive applied above.

(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:

- Receivables arising out of direct insurance arrangements;
- Receivables arising out of reinsurance arrangements; and
- Reinsurers' share of insurance liabilities.

Other areas where credit risk arises include cash and cash equivalents, corporate bonds and deposits with banks and other receivables.

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

The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Group. Management information reported to the Group includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal audit makes regular reviews to assess the degree of compliance with the Group procedures on credit. Exposures to individual policyholders and groups of 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 Group risk department.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

ii) Financial risk (continued)

(c) Credit risk (continued)

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings if available or historical information about counterparty default rates. None of the Group's credit risk counter parties are rated except the some Governments of countries we operate in, the issuer of the Group's government securities which has B+ and B rating for the Government of Kenya and the Government of Uganda respectively. The Group classifies counterparties without an external credit rating as below:

Group 1 - new customers/related parties.
Group 2 - existing customers/related parties with no defaults in the past.
Group 3 - existing customers/related parties with some defaults in the past. All defaults were fully recovered.

The amount that best represents the Group's and Company's maximum exposure to credit risk at 31 December 2015 is made up as follows:

		Group		Company	
Maximum exposure to credit risk before collateral held	**Credit rating/ Classification**	**2015 Kshs '000**	**2014 Kshs '000**	**2015 Kshs '000**	**2014 Kshs '000**
Receivables arising out of reinsurance arrangements	Group 2	2,179,849	1,713,259	-	-
Receivables arising out of direct insurance arrangements	Group 2	4,214,950	3,653,899	-	-
Reinsurers' share of insurance liabilities	Group 2	6,641,579	6,833,940	-	-
Government securities at armortised cost	Group 2	29,604,698	21,923,229	-	-
Commercial bonds	Group 2	1,859,070	1,696,519	-	-
Cash and bank balances	Group 2	701,114	1,124,076	93,818	66,686
Loans on life insurance policies	Group 2	495,153	361,981	-	-
Mortgage loans	Group 2	67,524	44,102	-	-
Deposits with financial institutions	Group 2	10,029,209	11,022,305	23,731	1,961
Other receivables	Group 2	1,035,593	659,145	12,159	24,439
Totals		**56,828,739**	**49,032,455**	**129,708**	**93,086**

Surrender values of the life insurance policies and title documents are held as collateral for loans on life policies and mortgage loans respectively. All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

None of the above assets are past due or impaired except for the following amounts in;

- Receivables arising out of direct insurance arrangements (which are due on inception of insurance cover); and
- Receivables arising out of reinsurance arrangements.

Receivables arising out of direct insurance and re-insurance arrangements are summarized as follows:

	Direct Insurance Arrangements		Reinsurance Arrangements	
	2015 Kshs '000	**2014 Kshs '000**	**2015 Kshs '000**	**2014 Kshs '000**
Neither past due nor impaired	1,882,724	1,561,997	295,395	254,427
Past due but not impaired	2,332,226	2,091,902	1,174,282	641,276
Impaired	565,788	427,205	719,782	827,166
Gross	**4,780,738**	**4,081,104**	**2,189,459**	**1,722,869**
Less: allowance for impairment	(565,788)	(427,205)	(9,610)	(9,610)
Net	**4,214,950**	**3,653,899**	**2,179,849**	**1,713,259**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

ii) Financial risk (continued)

(c) Credit risk (continued)

Movements on the provision for impairment of receivables are as follows:

	Direct Insurance Arrangements		Reinsurance Arrangements	
	2015	2014	2015	2014
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
At start of year	427,205	303,958	9,610	9,675
Increase/(decrease) in the year	138,583	123,247	-	(65)
At end of year	**565,788**	**427,205**	**9,610**	**9,610**

Receivables arising out of insurance arrangements past due but not impaired:

	Direct Insurance Arrangements		Reinsurance Arrangements	
	2015	2014	2015	2014
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Past due but not impaired:				
- by up to 30 days	659,786	628,848	773,379	346,289
- by 31 to 60 days	581,203	591,925	1,973	179,557
- by 61 to 150 days	672,034	517,154	35,442	51,302
- by 151 to 360 days	419,203	353,975	363,488	64,128
Total past due but not impaired	**2,332,226**	**2,091,902**	**1,174,282**	**641,276**

All receivables past due by more than 360 days are considered to be impaired, and are carried at their estimated recoverable value. No collateral is held in respect of receivables arising out of direct or reinsurance arrangements.

Receivables arising out of direct insurance arrangements individually impaired:

Of the total gross amount of impaired receivables, the following amounts have been individually assessed:

	Direct Insurance Arrangements		Reinsurance Arrangements	
	2015	2014	2015	2014
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Individually assessed impaired receivables				
- brokers	262,405	198,645	-	88,991
- agents	45,168	13,058	-	-
- insurance companies	234,304	191,591	719,782	738,175
- direct clients	23,911	23,911	-	-
Total	**565,788**	**427,205**	**719,782**	**827,166**

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdraw.

The Group is exposed to daily calls on its available cash for claims settlement and other administration expenses. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Board sets limits on the minimum level of bank overdraft facilities that should be in place to cover expenditure at unexpected levels of demand.

The table below presents the cash flows payable by the Group under financial liabilities by remaining contractual maturities (other than insurance contract liabilities which are based on expected maturities) at the financial reporting date. The amounts disclosed are the contractual undiscounted cash flows.

5. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

ii) Financial risk (continued)

(c) Liquidity risk (continued)

GROUP

Year ended 31 December 2015	Up to 1 month Kshs '000	1 to 3 months Kshs '000	3 to 12 months Kshs '000	1 to 5 years Kshs '000	Total Kshs '000
Insurance contract liabilities	30,753	6,992	122,808	18,548,610	18,709,163
Payable under deposit administration contracts	-	-	201,260	30,756,840	30,958,100
Creditors arising out of direct insurance arrangements	-	-	-	137,591	137,591
Creditors arising out of reinsurance arrangements	-	-	-	1,449,481	1,449,481
Dividend and other payables	265,928	13,326	-	2,277,517	2,556,771
Borrowings	-	-	-	-	-
Totals	**296,681**	**20,318**	**324,068**	**53,170,039**	**53,811,106**

Year ended 31 December 2014	Up to 1 month Kshs '000	1 to 3 months Kshs '000	3 to 12 months Kshs '000	1 to 5 years Kshs '000	Total Kshs '000
Insurance contract liabilities	-	-	-	19,644,653	19,644,653
Payable under deposit administration contracts	-	-	-	26,864,350	26,864,350
Creditors arising out of direct insurance arrangements	-	-	-	130,325	130,325
Creditors arising out of reinsurance arrangements	-	-	-	1,186,822	1,186,822
Dividend and other payables	275,711	27,495	-	1,563,614	1,866,820
Borrowings	-	-	1,408,541	-	1,408,541
Totals	**275,711**	**27,495**	**1,408,541**	**49,389,764**	**51,101,511**

COMPANY

Year ended 31 December 2015	Up to 1 month Kshs '000	1 to 3 months Kshs '000	3 to 12 months Kshs '000	1 to 5 years Kshs '000	Total Kshs '000
Due to related parties	435,158	-	-	-	435,158
Dividend and other payables	269,627	13,324	-	-	282,951
Totals	**704,785**	**13,324**	**-**	**-**	**718,109**

Year ended 31 December 2014	Up to 1 month Kshs '000	1 to 3 months Kshs '000	3 to 12 months Kshs '000	1 to 5 years Kshs '000	Total Kshs '000
Due to related parties	538,857	-	-	-	538,857
Dividend and other payables	265,928	14,634	-	-	280,562
Totals	**804,785**	**14,634**	**-**	**-**	**819,419**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

ii) Financial risk (continued)

(e) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as fair value through profit or loss and fair value through other comprehensive income. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

GROUP

	Carrying Amount					Fair value hierarchy			
31 December 2015	**Designated at fair value through profit or loss**	**Amortised cost**	**Designated at fair value through OCI**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	Kshs '000	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
Financial assets measured at fair value									
Equity securities	9,121,670	-	1,481,748	-	10,603,418	7,823,826	-	2,779,592	10,603,418
Financial assets not measured at fair value									
Mortgage loans	-	67,524	-	-	67,524	-	67,524	-	67,524
Loans on life insurance policies	-	495,153	-	-	495,153	-	495,153	-	495,153
Government securities	-	29,604,698	-	-	29,604,698	27,850,027	-	-	27,850,027
Commercial bonds	-	1,859,070	-	-	1,859,070	229,072	1,629,998	-	1,859,070
Other receivables	-	1,035,593	-	-	1,035,593	-	1,035,593	-	1,035,593
Insurance and reinsurance receivables	-	6,394,799	-	-	6,394,799	-	6,394,799	-	6,394,799
Deposits in financial institutions and cash and bank balances	-	10,730,323	-	-	10,730,323	-	10,730,323	-	10,730,323
	9,121,670	**50,187,160**	**1,481,748**	**-**	**60,790,578**	**35,902,925**	**20,353,390**	**2,779,592**	**59,035,907**
Financial liabilities not measured at fair value									
Other payables	-	-	-	(2,287,144)	(2,287,144)	-	(2,287,144)	-	(2,287,144)
Dividend payable	-	-	-	(269,627)	(269,627)	-	(269,627)	-	(269,627)
Borrowings	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**(2,556,771)**	**(2,556,771)**	**-**	**(2,556,771)**	**-**	**(2,556,771)**

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

ii) Financial risk (continued)

(e) Fair value estimation (continued)

GROUP

31 December 2014	Carrying Amount					Fair value hierarchy			
	Designated at fair value through profit or loss	Amortised cost	Designated at fair value through OCI	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Financial assets measured at fair value									
Equity securities	10,347,988	-	1,817,944	-	12,165,932	9,724,066	-	2,441,866	12,165,932
Financial assets not measured at fair value									
Mortgage loans	-	44,102	-	-	44,102	-	44,102	-	44,102
Loans on life insurance policies	-	361,981	-	-	361,981	-	361,981	-	361,981
Government securities	-	21,923,229	-	-	21,923,229	21,926,284	-	-	21.926,284
Commercial bonds	-	1,696,519	-	-	1,696,519	229,072	1,467,447	-	1,696,519
Other receivables	-	659,145	-	-	659,145	-	659,145	-	659,145
Insurance and reinsurance receivables	-	5,367,158	-	-	5,367,158	-	5,367,158	-	5,367,158
Cash and cash equivalents	-	12,146,381	-	-	12,146,381	-	12,146,381	-	12,146,381
	10,347,988	**42,198,515**	**1,817,944**	**-**	**54,364,447**	**31,879,422**	**20,046,214**	**2,441,866**	**54,367,502**
Financial liabilities not measured at fair value									
Other payables	-	-	-	(1,600,892)	(1,600,892)	-	(1,600,892)	-	(1,600,892)
Dividend payable	-	-	-	(265,928)	(265,928)	-	(265,928)	-	(265,928)
Borrowings	-	-	-	(1,373,680)	(1,373,680)	-	(1,373,680)	-	(1,373,680)
	-	**-**	**-**	**(3,240,500)**	**(3,240,500)**	**-**	**(3,240,500)**	**-**	**(3,240,500)**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

ii) Financial risk (continued)

(e) Fair value estimation (continued)

COMPANY

31 December 2015	Carrying Amount					Fair value hierarchy			
	Designated at fair value through profit or loss Kshs '000	Amortised cost Kshs '000	Designated at fair value through OCI Kshs '000	Other financial liabilities Kshs '000	Total Kshs '000	Level 1 Kshs '000	Level 2 Kshs '000	Level 3 Kshs '000	Total Kshs '000
Financial assets measured at fair value									
Equity securities	-	-	39,622	-	39,622	16,056	-	23,566	39,622
Financial assets not measured at fair value									
Other receivables	-	12,159	-	-	12,159	-	12,159	-	12,159
Cash and cash equivalents	-	117,549	-	-	117,549	-	117,549	-	117,549
	-	**129,708**	**39,622**	**-**	**169,330**	**16,056**	**129,708**	**23,566**	**169,330**
Financial liabilities not measured at fair value									
Other payables	-	-	-	(13,324)	(13,324)	-	(13,324)	-	(13,324)
Dividend payable	-	-	-	(269,627)	(269,627)	-	(269,627)	-	(269,627)
	-	**-**	**-**	**(282,951)**	**(282,951)**	**-**	**(282,951)**	**-**	**(282,951)**

31 December 2014	Carrying Amount					Fair value hierarchy			
	Designated at fair value through profit or loss Kshs '000	Amortised cost Kshs '000	Designated at fair value through OCI Kshs '000	Other financial liabilities Kshs '000	Total Kshs '000	Level 1 Kshs '000	Level 2 Kshs '000	Level 3 Kshs '000	Total Kshs '000
Financial assets measured at fair value									
Equity securities	-	-	24,792	-	24,792	12,785	-	12,007	24,792
Financial assets not measured at fair value									
Other receivables	-	24,439	-	-	24,439	-	24,439	-	24,439
Cash and cash equivalents	-	68,647	-	-	68,647	-	68,647	-	68,647
	-	**93,086**	**24,792**	**-**	**117,878**	**12,785**	**93,086**	**12,007**	**117,878**
Financial liabilities not measured at fair value									
Other payables	-	-	-	(14,634)	(14,634)	-	(14,634)	-	(14,634)
Dividend payable	-	-	-	(265,928)	(265,928)	-	(265,928)	-	(265,928)
	-	**-**	**-**	**(280,562)**	**(280,562)**	**-**	**(280,562)**	**-**	**(280,562)**

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

ii) Financial risk (continued)

(e) Fair value estimation (continued)

Specific valuation techniques used to value financial and non-financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Note that all of the resulting fair value estimates are included in level 2 except for certain unquoted shares and investment property as explained below.

Valuation of unquoted shares
The Group uses valuation techniques for valuing unquoted shares that are not based on observable market data. The Group reviewed several valuation techniques and selected a value that is based on discounted cash flow. The critical management judgment is in the selection of the discount rate and the growth rate applied and the determination of normalized earnings for the underlying investments.

In accordance with the transitional provisions of IFRS 13, the Group has applied the Level 3 fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. The table below shows the valuation techniques used in measuring fair vales as well as significant unobservable inputs used:

Valuation technique	Significant unobservable inputs	Inter-relationships between unobservable inputs and fair value measurements
(a) Unquoted Shares *Discounted cash flows:* The valuation model considers the present value of net cash flows to be generated by the unquoted entities. The net cash flows are discounted using the risk adjusted discount rate.	1. Expected growth rate of the earnings of 7% 2. Discount rate used on the expected cashflow – 12.5% - 13.5%	The estimated fair values would increase / (decrease) if: 1. Expected earnings and cash flows growth were higher /(lower) 2. Risk-adjusted discount rate was lower / (higher)
(b) Investment property *Discounted cash flows:* The valuation model considers the present value of net cash flows to be generated from the property taking into account expected rental growth, occupancy rates and other costs not paid by tenants. The net cash flows are discounted using the risk adjusted discount rate.	1. Expected market rental growth – 3.75% - 6% 2. Occupancy rates (90% - 95%) 3. Risk-adjusted discount rate (9%)	The estimated fair values would increase / (decrease) if: 1. Expected rental growth were higher / (lower) 2. Occupancy rates were higher / (lower) 3. Risk-adjusted discount rate was lower / (higher)
(c)Leasehold land held for value appreciation and development *Market approach*: The valuation model uses prices and other relevant information generated by market transactions involving identical or similar assets. The fair value is determined as the price that would be paid to sell the land in an orderly transaction to market participants.	1. Property prices in the locality 2. Infrastructure developments	The estimated fair values would increase / (decrease): 1. If property prices were higher / (lower) 2. Increase with improvements in infrastructure.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

ii) Financial risk (continued)

(e) Fair value estimation (continued)

Please refer to Note 17 on investment property

The following table presents the changes in level 3 financial instruments for the year ended 31 December 2015:

Group

	Unquoted shares 2015 Kshs '000	Unquoted shares 2014 Kshs '000
Opening balance	2,441,866	2,161,843
Additions	11,784	6,862
Gains recognised in other comprehensive income	8,742	1,420
Gains recognised in profit or loss	328,012	273,739
Exchange differences	(10,812)	(1,998)
Closing balance (Note 19)	**2,779,592**	**2,441,866**
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period (Note 19)	328,012	273,739

Company

	Unquoted equity investments 2015 Kshs '000	Unquoted equity investments 2014 Kshs '000
Opening balance	12,007	12,007
Additions	2,816	-
Gains recognised in other comprehensive income	8,742	-
Closing balance (Note 19)	**23,565**	**12,007**
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period (Note 19)	8,742	-

(f) Capital risk management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the statement of financial position, are to:

- Comply with the capital requirements as set out in the regulations of the jurisdictions in which the Group entities operate;
- Comply with regulatory solvency requirements as set out in the Insurance Act;
- Safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders; and
- Provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The table below summarises the minimum required capital across the Group and the capital held against each of them. These figures are an aggregate number, being the sum of the statutory capital and surplus for each insurance company in each country subject to local regulatory requirements, which may differ from jurisdiction to jurisdiction. The current year is, in general, an estimate that is updated once calculations prepared for the regulators are final.

4. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONTINUED)

ii) Financial risk (continued)

(f) Capital risk management (continued)

	Kenya	Uganda	Tanzania	Burundi	Mauritius	Total
2015	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Amount of paid up capital	2,500,000	392,706	214,958	92,969	310,465	3,511,098
Regulatory capital requirements	1,000,000	228,947	117,442	92,969	275,561	1,714,919
2014	**Kenya**	**Uganda**	**Tanzania**	**Burundi**	**Mauritius**	**Total**
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Amount of paid up capital	2,500,000	392,706	127,690	30,574	140,234	3,191,204
Regulatory capital requirements	450,000	228,947	108,553	19,380	75,000	881,880

The Group has different requirements depending on the country in which it operates. The three main countries are Kenya, Uganda and Tanzania.

In Kenya the capital adequacy margins are calculated based on the Insurance Act Cap 487 which requires the application of the higher of:

- in the case of general insurance, six hundred million, risk based capital determined from time to time or 20% of the net earned premiums of the preceding financial year.
- in the case of life insurance, six hundred million, risk based capital determined from time to time or 20% of the net earned premiums of the preceding financial year.

In terms of solvency, general insurance businesses are required to keep a solvency margin, admitted assets less admitted liabilities, equivalent to the higher of Kshs 10 million or 15% of the net premium income during the preceding financial year, while that for life insurance businesses is equivalent to the higher of Kshs 10 million or 5% of total admitted liabilities.

In Uganda, required capital is determined to be the 'company action level risk based capital', based on Section 6 of the Insurance Statute 1996.

In Tanzania, capital requirement is regulated by regulations 27 (2) (a) of the Insurance Regulations and 27 (2) (b) on contingency reserve.

General insurance businesses are required to transfer 20% of their net profit to the capital reserve and 3% on the net premium or 20% of net profit, whichever is higher, to the contingency reserve.

Long term insurance businesses are required to transfer 1% on premium to the contingency reserve.

5. SEGMENT INFORMATION

OPERATING SEGMENTS

Below is the break-down in profit or loss and financial balances in the operating segments:

	GROUP			
2015:	Kshs '000			
For the year ended 31 December 2015	**General**	**Ordinary, Group Life & Pensions**	**Investments**	**Total**
Gross earned premium revenue	19,374,636	3,655,296	-	23,029,932
Outward reinsurance	(7,759,035)	(394,740)	-	(8,153,775)
Net insurance premium revenue	**11,615,601**	**3,260,556**	**-**	**14,876,157**
Investment and other income	1,460,372	4,203,560	429,536	6,093,468
Net fair value gains on financial assets	(194,964)	(914,530)	-	(1,109,494)
Commission earned	1,786,574	51,209	-	1,837,783
Total income	**14,667,583**	**6,600,795**	**429,536**	**21,697,914**
Claims and policy holders benefits payable	(11,886,764)	(4,468,684)	-	(16,355,448)
Claims recoverable from re-insurers	4,519,667	270,506	-	4,790,173
Net insurance benefits and claims	**(7,367,097)**	**(4,198,178)**	**-**	**(11,565,275)**
Operating and other expenses	(2,789,815)	(963,875)	(116,854)	(3,870,544)
Commission payable	(2,198,782)	(935,325)	-	(3,134,107)
Total expenses and commissions	**(4,988,597)**	**(1,899,200)**	**(116,854)**	**(7,004,651)**
Result of operating activities	**2,311,889**	**503,417**	**312,682**	**3,127,988**
Finance costs	-	-	(34,861)	(34,861)
Share of result of associates	68,494	170,633	812,885	1,052,012
Group profit before income tax	**2,380,383**	**674,050**	**1,090,706**	**4,145,139**
Income tax expense	(755,203)	(202,756)	(66,087)	(1,024,046)
Profit for the year	**1,625,180**	**471,294**	**1,024,619**	**3,121,093**
2014:				
For the year ended 31 December 2014				
Gross earned premium revenue	18,341,964	6,440,079	-	24,782,043
Less: outward reinsurance	(8,065,604)	(385,218)	-	(8,450,822)
Net insurance premium revenue	**10,276,360**	**6,054,861**	**-**	**16,331,221**
Investment and other income	971,742	3,269,356	592,483	4,833,582
Net fair value gains on financial assets	175,742	1,059,025	-	1,234,767
Commission earned	1,853,692	122,623	-	1,976,315
Total income	**13,277,536**	**10,505,865**	**592,483**	**24,375,885**
Claims and policy holders benefits payable	(11,090,551)	(9,391,473)	-	(20,482,024)
Claims recoverable from re-insurers	4,400,238	211,307	-	4,611,545
Net insurance benefits and claims	**(6,690,313)**	**(9,180,166)**	**-**	**(15,870,479)**
Operating and other expenses	(2,116,741)	(818,826)	(171,149)	(3,106,716)
Commission payable	(2,089,762)	(791,466)	-	(2,881,228)
Total expenses and commissions	**(4,206,503)**	**(1,610,292)**	**(171,149)**	**(5,987,944)**
Result of operating activities	**2,380,720**	**(284,593)**	**421,334**	**2,517,462**
Finance costs	-	-	(49,745)	(49,745)
Share of result of associates	256,773	424,552	800,243	1,481,568
Group profit before income tax	**2,637,493**	**139,959**	**1,171,832**	**3,949,285**
Income tax expense	(714,668)	(41,894)	(89,070)	(845,632)
Profit for the year	**1,922,825**	**98,065**	**1,082,762**	**3,103,653**

5. SEGMENT INFORMATION (CONTINUED

OPERATING SEGMENTS (CONTINUED)

		Kshs '000		
2015: **As at 31 December 2015**	**General**	**Ordinary, Group Life & Pensions**	**Investments**	**Total**
Property and equipment	138,888	59,691	27,762	226,341
Intangible assets	61,778	3,172	-	64,950
Investment properties	290,038	3,930,000	1,315,292	5,535,330
Investment in associates	1,536,823	1,725,518	5,473,639	8,735,980
Deferred income tax asset	67,581	1,837	3,913	73,331
Investment in shares	2,565,169	7,869,456	168,793	10,603,418
Mortgage loans	67,524	-	-	67,524
Loans on life insurance policies	958	494,195	-	495,153
Government securities at armortised cost	5,042,347	24,562,351	-	29,604,698
Commercial bonds	230,538	1,628,532	-	1,859,070
Insurance and reinsurance receivables	6,055,082	339,717	-	6,394,799
Reinsurers' share of insurance contract liabilities receivables	6,459,626	181,953	-	6,641,579
Deferred acquisition costs	264,081	-	-	264,081
Other receivables	830,155	190,331	15,107	1,035,593
Current income tax recoverable	18,022	18,330	9,488	45,840
Deposits with financial institutions	3,442,770	6,205,648	380,791	10,029,209
Cash and bank balances	390,339	141,861	168,914	701,114
Total assets	**27,461,719**	**47,352,592**	**7,563,699**	**82,378,010**
Deferred income tax liability	83,687	63,508	49,646	196,841
Insurance contract liabilities	7,330,210	11,378,953	-	18,709,163
Unearned premium reserve	7,760,661	-	-	7,760,661
Payable under deposit administration contracts	-	30,958,100	-	30,958,100
Creditors arising out of direct insurance arrangements	84,864	52,727	-	137,591
Creditors arising out of reinsurance arrangements	1,331,501	117,980	-	1,449,481
Other payables	1,450,025	789,330	317,416	2,556,771
Current income tax payable	239,751	6,243	(17,799)	228,195
Total liabilities	**18,280,699**	**43,366,841**	**349,263**	**61,996,803**
Net assets	**9,181,020**	**3,985,751**	**7,214,436**	**20,381,207**
2014: **As at 31 December 2014**				
Property and equipment	109,175	50,031	25,342	184,548
Intangible assets	18,650	4,432	-	23,082
Investment properties	257,606	3,577,000	1,238,586	5,073,192
Investment in associates	1,478,431	1,606,762	4,647,850	7,733,043
Deferred income tax asset	72,131	-	4,018	76,149
Investment in shares	3,238,135	8,739,714	188,083	12,165,932
Mortgage loans	4,503	39,599	-	44,102
Loans on life insurance policies	-	361,981	-	361,981
Government securities at armortised cost	3,127,382	18,795,847	-	21,923,229
Commercial bonds	147,381	1,549,138	-	1,696,519
Insurance and reinsurance receivables	4,801,690	565,468	-	5,367,158
Reinsurers' share of insurance contract liabilities receivables	6,728,940	105,000	-	6,833,940
Deferred acquisition costs	189,248	-	-	189,248
Other receivables	408,688	223,891	26,566	659,145
Current income tax recoverable	17,133	-	10,592	27,725
Deposits with financial institutions	3,504,958	6,208,562	1,308,785	11,022,305
Cash and bank balances	558,414	467,514	98,148	1,124,076
Total assets	**24,662,465**	**42,294,939**	**7,547,970**	**74,505,374**
Deferred income tax liability	56,094	63,508	39,016	158,618
Insurance contract liabilities	7,857,416	11,787,237	-	19,644,653
Unearned premium reserve	6,608,846	-	-	6,608,846
Payable under deposit administration contracts	-	26,864,350	-	26,864,350
Creditors arising out of direct insurance arrangements	93,966	36,359	-	130,325
Creditors arising out of reinsurance arrangements	1,091,739	95,083	-	1,186,822
Other payables	851,459	669,666	345,695	1,866,820
Borrowings	-	-	1,373,680	1,373,680
Current income tax payable	147,965	-	44,264	192,229
Total liabilities	**16,707,485**	**39,516,203**	**1,802,655**	**58,026,343**
Net assets	**7,954,980**	**2,778,736**	**5,745,315**	**16,479,031**

5. SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL SEGMENTS

The Group's geographical segments are Kenya, Uganda, Tanzania, Burundi and Mauritius. Kenya is the home country of the parent Company. The Group has investments in these geographical segments.

			Kshs '000			
2015: For the year ended 31 December 2015	**Kenya**	**Uganda**	**Tanzania**	**Mauritius**	**Burundi**	**Total**
Gross earned premium revenue	14,417,172	3,228,414	3,922,695	1,063,648	398,003	23,029,932
Outward reinsurance	(3,414,380)	(1,680,123)	(2,268,776)	(503,600)	(286,896)	(8,153,775)
Net insurance premium revenue	**11,002,792**	**1,548,291**	**1,653,919**	**560,048**	**111,107**	**14,876,157**
Investment and other income	4,289,800	1,413,611	297,790	22,224	70,043	6,093,468
Net fair value gains on financial assets	(1,109,494)	-	-	-	-	(1,109,494)
Commission earned	722,591	360,872	552,697	142,011	59,612	1,837,783
Total income	**14,905,689**	**3,322,774**	**2,504,406**	**724,283**	**240,762**	**21,697,914**
Claims and policy holders benefits payable	(11,410,238)	(1,613,958)	(2,396,369)	(738,505)	(196,378)	(16,355,448)
Claims recoverable from re-insurers	2,267,082	738,998	1,340,576	322,816	120,701	4,790,173
Net insurance benefits and claims	**(9,143,156)**	**(874,960)**	**(1,055,793)**	**(415,689)**	**(75,677)**	**(11,565,275)**
Operating and other expenses	(2,537,800)	(460,240)	(618,367)	(154,220)	(99,917)	(3,870,544)
Commission payable	(2,123,692)	(342,871)	(516,727)	(126,806)	(24,011)	(3,134,107)
Total expenses and commissions	**(4,661,492)**	**(803,111)**	**(1,135,094)**	**(281,026)**	**(123,928)**	**(7,004,651)**
Result of operating activities	**1,101,041**	**1,644,703**	**313,519**	**27,568**	**41,157**	**3,127,988**
Finance costs	-	(34,861)	-	-	-	(34,861)
Share of result of associates	357,012	695,000	-	-	-	1,052,012
Group profit before income tax	**1,458,053**	**2,304,842**	**313,519**	**27,568**	**41,157**	**4,145,139**
Income tax expense	(634,372)	(239,993)	(127,650)	-	(22,031)	(1,024,046)
Profit for the year	**823,681**	**2,064,849**	**185,869**	**27,568**	**19,126**	**3,121,093**
2014: For the year ended 31 December 2014						
Gross earned premium revenue	16,021,325	3,161,907	4,082,245	1,217,070	299,496	24,782,043
Less: outward reinsurance	(3,049,642)	(1,920,634)	(2,631,088)	(634,133)	(215,325)	(8,450,822)
Net insurance premium revenue	**12,971,683**	**1,241,273**	**1,451,157**	**582,937**	**84,171**	**16,331,221**
Investment and other income	3,716,430	853,326	207,803	8,216	47,807	4,833,582
Net fair value gains on financial assets	1,234,767	-	-	-	-	1,234,767
Commission earned	742,537	401,143	615,342	170,098	47,195	1,976,315
Total income	**18,665,417**	**2,495,742**	**2,274,302**	**761,251**	**179,173**	**24,375,885**
Claims and policy holders benefits payable	(15,596,326)	(1,474,042)	(2,266,264)	(961,123)	(184,269)	(20,482,024)
Claims recoverable from re-insurers	1,883,519	850,350	1,280,711	472,832	124,133	4,611,545
Net insurance benefits and claims	**(13,712,807)**	**(623,692)**	**(985,553)**	**(488,291)**	**(60,136)**	**(15,870,479)**
Operating and other expenses	(2,005,641)	(370,664)	(497,141)	(168,285)	(64,985)	(3,106,716)
Commission payable	(1,882,611)	(311,527)	(530,700)	(136,806)	(19,584)	(2,881,228)
Total expenses and commissions	**(3,888,252)**	**(682,191)**	**(1,027,841)**	**(305,091)**	**(84,569)**	**(5,987,944)**
Result of operating activities	**1,064,359**	**1,189,858**	**260,908**	**(32,131)**	**34,468**	**2,517,462**
Finance costs	-	(49,745)	-	-	-	(49,745)
Share of result of associates	1,046,587	434,981	-	-	-	1,481,568
Group profit before income tax	**2,110,946**	**1,575,094**	**260,908**	**(32,131)**	**34,468**	**3,949,285**
Income tax expense	(422,638)	(320,375)	(95,269)	-	(7,350)	(845,632)
Profit for the year	**1,688,308**	**1,254,719**	**165,639**	**(32,131)**	**27,118**	**3,103,653**

5. SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL SEGMENTS (CONTINUED)

	Kshs '000					
2015: **As at 31 December 2015**	**Kenya**	**Uganda**	**Tanzania**	**Mauritius**	**Burundi**	**Total**
Property and equipment	126,327	34,378	45,508	8,933	11,195	226,341
Intangible assets	49,254	-	10,226	5,470	-	64,950
Investment properties	3,930,001	1,216,278	290,037	-	99,014	5,535,330
Investment in associates	6,297,954	2,438,026	-	-	-	8,735,980
Deferred income tax asset	58,038	14,609	45	-	639	73,331
Investment in shares	10,385,584	164,309	53,525	-	-	10,603,418
Mortgage loans	64,709	2,815	-	-	-	67,524
Loans on life insurance policies	480,008	9,328	4,664	-	1,153	495,153
Government securities at armortised cost	27,326,312	2,014,829	187,007	-	76,550	29,604,698
Commercial bonds	1,854,523	4,547	-	-	-	1,859,070
Insurance and reinsurance receivables	3,683,546	1,267,851	1,072,018	269,297	102,087	6,394,799
Reinsurers' insurance contract liabilities	3,081,294	1,677,735	1,387,684	278,427	216,439	6,641,579
Deferred acquisition costs	332,949	(32,748)	(9,048)	(11,611)	(15,461)	264,081
Other receivables	720,372	73,035	88,505	109,019	44,662	1,035,593
Current income tax recoverable	9,488	888	35,464	-	-	45,840
Deposits with financial institutions	7,139,257	1,231,106	1,212,149	22,708	423,989	10,029,209
Cash and bank balances	346,737	157,579	44,835	94,557	57,406	701,114
Total assets	**65,886,353**	**10,274,565**	**4,422,619**	**776,800**	**1,017,673**	**82,378,010**
Deferred income tax liability	78,958	53,322	64,561	-	-	196,841
Insurance contract liabilities	15,423,397	1,753,650	1,195,746	213,562	122,808	18,709,163
Unearned premium reserve	4,631,562	1,329,931	1,325,452	287,750	185,966	7,760,661
Payable under deposit administration contracts	30,162,589	208,354	385,897	-	201,260	30,958,100
Creditors arising out of direct insurance	126,037	5,449	-	6,105	-	137,591
Creditors arising out of reinsurance	553,319	348,243	348,434	37,535	161,950	1,449,481
Other payables	1,987,253	367,538	99,370	23,138	79,472	2,556,771
Current income tax payable	209,470	(547)	-	-	19,272	228,195
Total liabilities	**53,172,585**	**4,065,940**	**3,419,460**	**568,090**	**770,728**	**61,996,803**
Net assets	**12,713,768**	**6,208,625**	**1,003,159**	**208,710**	**246,945**	**20,381,207**
2014: **As at 31 December 2014**						
Property and equipment	104,096	18,303	44,890	7,516	9,743	184,548
Intangible assets	1,968	-	14,702	6,412	-	23,082
Investment properties	3,577,000	1,152,320	257,607	-	86,265	5,073,192
Investment in associates	5,813,937	1,919,106	-	-	-	7,733,043
Deferred income tax asset	64,124	11,070	-	-	955	76,149
Investment in shares	11,731,365	376,717	57,850	-	-	12,165,932
Mortgage loans	39,599	4,503	-	-	-	44,102
Loans on life insurance policies	354,352	3,071	3,389	-	1,169	361,981
Government securities at armortised cost	20,809,635	809,085	304,509	-	-	21,923,229
Commercial bonds	1,686,707	9,812	-	-	-	1,696,519
Insurance and reinsurance receivables	3,355,480	971,158	721,473	255,958	63,089	5,367,158
Reinsurers' insurance contract liabilities	3,361,596	1,487,947	1,445,017	383,075	156,305	6,833,940
Deferred acquisition costs	266,554	(34,277)	(14,475)	(12,721)	(15,833)	189,248
Other receivables	421,959	40,047	34,065	117,677	45,397	659,145
Current income tax recoverable	10,592	-	17,133	-	-	27,725
Deposits with financial institutions	6,588,056	2,859,887	1,219,986	49,674	304,702	11,022,305
Cash and bank balances	730,005	163,677	134,881	43,549	51,964	1,124,076
Total assets	**58,917,025**	**9,792,426**	**4,241,027**	**851,140**	**703,756**	**74,505,374**
Deferred income tax liability	79,003	37,157	42,458	-	-	158,618
Insurance contract liabilities	16,512,506	1,663,314	1,101,776	287,692	79,365	19,644,653
Unearned premium reserve	3,702,736	987,471	1,407,417	378,865	132,357	6,608,846
Payable under deposit administration contracts	26,214,963	181,412	342,988	-	124,987	26,864,350
Creditors arising out of direct insurance	90,053	-	40,272	-	-	130,325
Creditors arising out of reinsurance	360,615	327,374	329,138	50,234	119,461	1,186,822
Other payables	1,439,951	288,971	44,449	22,175	71,274	1,866,820
Borrowings	-	1,373,680	-	-	-	1,373,680
Current income tax payable	84,203	102,884	-	-	5,142	192,229
Total liabilities	**48,484,030**	**4,962,263**	**3,308,498**	**738,966**	**532,586**	**58,026,343**
Net assets	**10,432,995**	**4,830,163**	**932,529**	**112,174**	**171,170**	**16,479,031**

6. GROSS EARNED PREMIUM

GROUP

Short-Term business

Premium earned by principal class of business:	2015			2014		
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
	Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Motor	4,436,205	(909,250)	3,526,955	4,444,057	(912,138)	3,531,919
Fire	2,454,865	(1,884,518)	570,347	2,640,923	(2,032,060)	608,863
Accident	3,157,354	(1,515,165)	1,642,189	3,046,384	(1,935,386)	1,110,998
Medical	8,816,291	(3,195,027)	5,621,264	7,441,256	(2,699,857)	4,741,399
Other	509,920	(255,075)	254,845	769,344	(485,849)	283,495
Total Short-Term	**19,374,635**	**(7,759,035)**	**11,615,600**	**18,341,964**	**(8,065,290)**	**10,276,674**

Long-Term business

Premium earned by principal class of business:	2015			2014		
	Gross	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
	Kshs'000	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Ordinary life	2,298,858	(6,492)	2,292,366	2,016,950	(3,653)	2,013,297
Group life	1,085,317	(388,248)	697,069	1,144,337	(381,879)	762,458
Pension/annuity	271,122	-	271,122	3,278,792	-	3,278,792
Total Long-Term	**3,655,297**	**(394,740)**	**3,260,557**	**6,440,079**	**(385,532)**	**6,054,547**
Total Short-Term and Long-Term	**23,029,932**	**(8,153,775)**	**14,876,157**	**24,782,043**	**(8,450,822)**	**16,331,221**

7. INVESTMENT INCOME

GROUP

	2015	**2014**
	Kshs '000	**Kshs '000**
Government securities interest	3,009,239	2,316,134
Bank deposit interest	1,439,515	1,011,888
Policy loans interest	42,125	57,161
Mortgage loan interest	4,819	17,932
Realized (losses)/gains on disposal of quoted equity investments	(44,721)	24,351
Rental income from investment properties (net of expenses)	290,391	257,159
Dividends receivable from equity investments	409,968	517,570
Fair value gain on investment properties (Note 17)	482,807	574,582
Exchange gains	336,602	23,244
Other income	122,723	33,561
Total	**6,093,468**	**4,833,582**

8. COMISSION PAYABLE AND EARNED

GROUP

Short Term Business

Premium earned by principal class of business:	2015			2014		
	Gross Kshs'000	Reinsurance Kshs'000	Net Kshs'000	Gross Kshs'000	Reinsurance Kshs'000	Net Kshs'000
Motor	548,587	(203,440)	345,147	615,933	(226,250)	389,683
Fire	420,482	(390,278)	30,204	406,160	(406,956)	(796)
Accident	458,918	(362,737)	96,181	398,346	(472,580)	(74,234)
Medical	692,610	(740,071)	(47,461)	578,868	(641,606)	(62,738)
Other	78,185	(90,048)	(11,863)	90,458	(106,491)	(16,033)
Total Short-Term	**2,198,782**	**(1,786,574)**	**412,208**	**2,089,765**	**(1,853,883)**	**235,882**

Long Term Business

Premium earned by principal class of business:	2015			2014		
	Gross Kshs'000	Reinsurance Kshs'000	Net Kshs'000	Gross Kshs'000	Reinsurance Kshs'000	Net Kshs'000
Ordinary life	665,942	(2,708)	663,234	534,483	(10,956)	523,527
Group life	224,230	(48,501)	175,729	153,796	(111,476)	42,320
Pension/annuity	45,153	-	45,153	103,184	-	103,184
Total Long -Term	**935,325**	**(51,209)**	**884,116**	**791,463**	**(122,432)**	**669,031**
Total Short-Term and Long-Term	**3,134,107**	**(1,837,783)**	**1,296,324**	**2,881,228**	**(1,976,315)**	**904,913**

9. CLAIMS AND POLICY HOLDER BENEFITS PAYABLE

GROUP

Short Term Business Claims payable by principal class of business	2015			2014		
	Gross Kshs'000	Reinsurance Kshs'000	Net Kshs'000	Gross Kshs'000	Reinsurance Kshs'000	Net Kshs'000
Motor	2,896,340	(515,525)	2,380,815	2,752,488	(556,325)	2,196,163
Fire	565,746	(413,049)	152,697	431,659	(297,121)	134,538
Accident	1,617,823	(976,704)	641,119	2,262,582	(1,293,599)	968,983
Medical	6,565,415	(2,463,589)	4,101,826	5,411,986	(2,147,733)	3,264,253
Other	241,439	(150,800)	90,639	231,836	(105,460)	126,376
Total Short-Term	**11,886,763**	**(4,519,667)**	**7,367,096**	**11,090,551**	**(4,400,238)**	**6,690,313**
Long Term Business						
Ordinary life	623,203	(482)	622,721	679,980	(1,119)	678,861
Group life	757,458	(270,024)	487,434	531,352	(210,188)	321,164
Pension/annuity	744,107	-	744,107	420,879	-	420,879
Total Long -Term	**2,124,768**	**(270,506)**	**1,854,262**	**1,632,211**	**(211,307)**	**1,420,904**
Increase in policy holders benefits						
Ordinary life	846,413	-	846,413	937,873	-	937,873
Group life	(316,449)	-	(316,449)	472,313	-	472,313
Pension/annuity	1,813,953	-	1,813,953	6,349,076	-	6,349,076
Total Long-Term	2,343,917	-	2,343,917	7,759,262	-	7,759,262
Total Long-Term - Claims & policy holders benefits	**4,468,685**	**(270,506)**	**4,198,179**	**9,391,473**	**(211,307)**	**9,180,166**
Total Short-Term and Long-Term	**16,355,448**	**(4,790,173)**	**11,565,275**	**20,482,024**	**(4,611,545)**	**15,870,479**

10. (i) OPERATING EXPENSES

GROUP

The breakdown of operating expenses is given below:

	2015 Kshs '000	2014 Kshs '000
Employee benefits expense (Note 10)	1,833,523	1,544,405
Administrative costs	842,734	686,344
Premium tax and policy holder compensation fund	284,991	216,302
Impairment charge for doubtful premium receivables	139,260	123,247
Operating lease rentals - land and buildings	180,993	114,321
Marketing costs	50,734	97,850
Professional fees	204,920	87,420
Depreciation and amortisation (Note 16)	116,081	84,701
Travelling costs	52,153	48,294
Repairs and maintenance expenditure	32,013	39,122
Communication costs	92,034	26,609
Auditors' remuneration	27,111	19,755
Software maintenance and printing costs	13,997	18,346
Total	**3,870,544**	**3,106,716**

10. (ii) EMPLOYEE BENEFITS EXPENSE

GROUP

	2015 Kshs '000	2014 Kshs '000
Salaries and wages	1,499,812	1,313,522
Social security costs	85,984	30,750
Retirement benefit costs – defined contribution plan	78,012	53,907
Other benefits	169,715	146,226
Total	**1,833,523**	**1,544,405**

10. (iii) KEY MANAGEMENT COMPENSATION AND DIRECTORS' REMUNERATION

GROUP

	2015 Kshs '000	2014 Kshs '000
Salaries and other employment benefits	462,020	261,879
Fees for services as directors	6,539	4,705
Total	**468,559**	**266,584**

There were no loans given to Directors in the year ended 31 December 2015 (2014: Nil).

11. INCOME TAX EXPENSE

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Group		Company	
	2015	2014	2015	2014
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Profit before income tax	4,145,135	3,949,285	681,958	787,631
Tax calculated at the enacted domestic tax rate	1,531,706	1,247,365	204,587	236,289
Effect of :				
Income not subject to income tax	(703,027)	(577,433)	(228,916)	(275,125)
Expenses not deductible for tax purposes	319,208	194,916	25,513	51,299
Transfer of life fund to shareholders	(194,354)	(41,894)	-	-
Prior year under/(over) provision	70,513	22,678	(2,898)	(2,708)
Income tax charge	**1,024,046**	**845,632**	**(1,714)**	**9,755**
Current income tax	905,895	845,388	475	370
Deferred income tax (Note 28)	118,151	244	(2,189)	9,385
	1,024,046	**845,632**	**(1,714)**	**9,755**

Movement in the tax payable/(recoverable) account is as follows:

	2015	2014	2015	2014
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
At start of year	164,504	(23,439)	(9,218)	(9,354)
Taxation charge	835,382	822,710	475	3,078
Prior year under/(over) provision	70,513	22,678	-	(2,708)
Taxation paid	(888,044)	(657,445)	(68)	(234)
At end of year	**182,355**	**164,504**	**(8,811)**	**(9,218)**

Disclosed as follows:

	2015	2014	2015	2014
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Current income tax recoverable	(45,840)	(27,725)	(8,811)	(9,218)
Current income tax payable	228,195	192,229	-	-
Total	**182,355**	**164,504**	**(8,811)**	**(9,218)**

12. EARNINGS PER SHARE

Earnings per ordinary share of Kshs 5 each is calculated by dividing the net profit attributable to Shareholders by the number of shares outstanding at the end of the year.

Group

	2015	2014
Net profit attributable to Shareholders (Kshs '000)	2,814,056	2,879,572
Number of ordinary shares in issue	65,885	65,885
Earnings per share (Kshs) - Basic and diluted	**42.7**	**43.7**

There were no potentially dilutive shares in issue at 31 December 2015 and 31 December 2014. Diluted earnings per share are therefore the same as basic earnings per share.

13. SHARE CAPITAL

The total authorized number of ordinary shares is 70,000,000 (2014: 70,000,000) with a par value of Kshs 5 per share. At 31 December 2015. 65,884,500 ordinary shares were in issue (2014:59,895,000 ordinary shares). All issued shares are fully paid.

Share Capital (Group and Company)	Share Capital	Share Capital	Number of shares	Number of shares
	2015	2014	2015	2014
	Kshs '000	Kshs '000	'000	'000
Authorised	**350,000**	**350,000**	**70,000**	**70,000**
Issued and fully paid:				
At start of year	299,475	299,475	59,895	59,895
Bonus issue of shares	29,948	-	5,990	-
At end of year	**329,423**	**299,475**	**65,885**	**59,895**

All shares rank equally with regard to the company residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

14. RESERVES

The breakdown of reserves is as follows:

	Group		Company	
	2015	2014	2015	2014
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Fair value reserves	528,488	974,878	6,995	(5,019)
General reserves	70,000	70,000	70,000	70,000
Translation reserves	(240,449)	(550,691)	-	-
Contingency reserves	829,413	752,532	-	-
Statutory reserve	3,327,844	1,958,336	-	-
Total	**4,515,296**	**3,205,055**	**76,995**	**64,981**

The movement in the reserves during the year is given below.

a) Fair value reserves

	2015	2014	2015	2014
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
At start of year	974,878	231,436	(5,019)	3,951
Impairment of equity investments	-	-	-	-
Associate share of other comprehensive income	(27,085)	515,239	-	-
Net fair value gain through other comprehensive income	(373,441)	228,251	12,014	(8,970)
Transfer to retained earnings on disposal	(45,864)	(48)	-	-
At end of year	**528,488**	**974,878**	**6,995**	**(5,019)**

The fair value reserve relates to unrealized gains or losses on the Group's equity investments that are carried at fair value through other comprehensive income. It also include the Group's share of other comprehensive income in associates. The fair value reserve is non-distributable.

b) General reserves

	Group and Company	
	2015	2014
	Kshs '000	Kshs '000
At start and end of year	70,000	70,000

The general reserves were an appropriation of retained earnings in 1992, and are therefore distributable.

14. RESERVES (CONTINUED)

c) Translation reserve (Group)

	2015 Kshs '000	2014 Kshs '000
At start of year	(550,691)	(136,871)
Movement for the year	310,242	(413,820)
At end of year	**(240,449)**	**(550,691)**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. The movement for the year is the net of an exchange gain of Kshs 610 million on translation of foreign currency denominated investment in associates (refer to Note 18 (i)) and an exchange loss of Kshs 300 million.

d) Contingency reserve (Group)

	2015 Kshs '000	2014 Kshs '000
At start of year	752,532	654,862
Transfer from retained earnings	76,881	97,670
At end of year	**829,413**	**752,532**

The contingency reserve is in line with the provisions of the Insurance Act in Tanzania and Uganda which require an annual transfer to the contingency reserve of between 1% - 3% of the gross premium.

e) Statutory reserve (Group)

	2015 Kshs '000	2014 Kshs '000
At start of year	1,958,336	1,741,173
Allocated from the life funds	1,369,508	217,163
At end of year	**3,327,844**	**1,958,336**

The statutory reserve represents the actuarial surplus of the Kenyan life fund after distribution of profits to the shareholders and bonuses to policy holders.

15. DIVIDENDS PER SHARE

Proposed dividend is accounted for as a separate component of equity until ratified at an Annual General Meeting. During the year, the bonus issue of 1:10 was effected and subsequently an interim dividend of Kshs 65.885 million was paid (2014: Kshs 59.895 million) or Kshs 1.00 per share (2014: Kshs 1.00 per share). At the Annual General Meeting to be held on 31 May 2016, a final dividend of Kshs 494.133 million (2014: Kshs 449.212 million) is to be proposed, which is Kshs 7.50 per share (2014: Kshs 7.50 per share). The total dividend for the year 2015 is therefore Kshs 560.018 million (2014: Kshs 509.107 million) or Kshs 8.50 per share (2014: Kshs 8.50 per share).

Payment of dividend is subject to withholding tax at the rate of either 0%, 5% or 10%, depending on the percentage shareholding and/or residential status of the respective shareholders.

16. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

(i) PROPERTY AND EQUIPMENT

GROUP

2015:	Computer equipment	Motor vehicles	Furniture, fixtures, fittings & office equipment	Total
Year ended 31 December 2015	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
Cost				
At start of year	330,875	68,858	310,947	710,680
Additions	65,986	15,327	50,882	132,195
Disposals	(730)	(1,401)	-	(2,131)
Exchange differences	(6,647)	(3,219)	(3,333)	(13,199)
At end of year	**389,484**	**79,565**	**358,496**	**827,545**
Accumulated depreciation				
At start of year	289,533	45,268	191,331	526,132
Charge for the year	42,088	9,641	33,677	85,406
Disposals	-	(1,400)	-	(1,400)
Exchange differences	(4,313)	(2,564)	(2,057)	(8,934)
At end of year	**327,308**	**50,945**	**222,951**	**601,204**
Carrying amounts	**62,176**	**28,620**	**135,545**	**226,341**
2014:				
Year ended 31 December 2014	**Kshs '000**	**Kshs '000**	**Kshs '000**	**Kshs '000**
Cost				
At start of year	312,592	61,929	245,907	620,428
Additions	34,381	9,576	66,411	110,368
Disposals	-	(1,500)	(32)	(1,532)
Reclassification to intangible assets	(8,150)	-	-	(8,150)
Exchange differences	(7,948)	(1,147)	(1,339)	(10,434)
At end of year	**330,875**	**68,858**	**310,947**	**710,680**
Accumulated depreciation				
At start of year	254,129	37,512	165,458	457,099
Charge for the year	39,200	10,135	27,126	76,461
On disposals	-	(1,500)	(23)	(1,523)
Reclassification to intangible assets	(955)	-	-	(955)
Exchange differences	(2,841)	(879)	(1,230)	(4,950)
At end of year	**289,533**	**45,268**	**191,331**	**526,132**
Carrying amounts	**41,342**	**23,590**	**119,616**	**184,548**

16. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

(i) PROPERTY AND EQUIPMENT (CONTINUED)

COMPANY

2015:	Computer equipment	Furniture, fixtures, fittings & office equipment	Total
Year ended 31 December 2015	**Kshs '000**	**Kshs '000**	**Kshs '000**
Cost			
At start of year	201	28,164	28,365
Additions	184	7,995	8,179
At end of year	**385**	**36,159**	**36,544**
Accumulated depreciation			
At start of year	134	4,441	4,575
Charge for the year	128	5,216	5,344
At end of year	**262**	**9,657**	**9,919**
Carrying amounts	**123**	**26,502**	**26,625**
2014:			
Year ended 31 December 2014			
Cost			
At start of year	**201**	**1,452**	**1,653**
Additions	-	26,712	26,712
At end of year	**201**	**28,164**	**28,365**
Accumulated depreciation			
At start of year	67	145	212
Charge for the year	67	4,296	4,363
At end of year	**134**	**4,441**	**4,575**
Carrying amounts	**67**	**23,723**	**23,790**

16. PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS (CONTINUED)

(ii) INTANGIBLE ASSETS

GROUP

2015:	Total
Year ended 31 December 2015	**Kshs '000**
Cost	
At start of year	**32,179**
Additions	73,789
Exchange differences	(1,843)
At end of year	**104,125**
Accumulated amortisation	
At start of year	9,097
Charge for the year	30,675
Exchange differences	(597)
At end of year	**39,175**
Carrying amounts	**64,950**

2014:	Total
Year ended 31 December 2014	**Kshs '000**
Cost	
At start of year	-
Additions	24,196
Reclassification from computer equipment	8,150
Exchange differences	(167)
At end of year	**32,179**
Accumulated amortisation	
At start of year	-
Charge for the year	8,240
Reclassification from computer equipment	955
Exchange differences	(98)
At end of year	**9,097**
Carrying amounts	**23,082**

Intangible assets relates to computer software.

17. INVESTMENT PROPERTIES

	Group	
	2015	**2014**
	Kshs '000	**Kshs '000**
At start of year	5,073,192	4,445,591
Net additions	84,699	106,031
Fair value gains (Note 7)	482,807	574,582
Exchange differences	(105,368)	(53,012)
At end of year	**5,535,330**	**5,073,192**

Investment property comprises a number of commercial properties that are leased to third parties. Investment property for the Group was valued by Redfearn International Limited on the basis of open market value. Investment properties include properties situated within Kenya valued at Kshs 3,930 million (2014: Kshs 3,577 million) while those outside Kenya valued at Kshs 1,605 million (2014: Kshs 1,496 million). Refer to Note 37 on operating leases for net operating income in profit or loss from investment properties.

18. INVESTMENT IN ASSOCIATED COMPANIES AND SUBSIDIARIES

(i) INVESTMENT IN ASSOCIATES

Movement in Net Assets

GROUP

Year 2015	Opening Balance Kshs'000	Additions/ (disposals) Kshs'000	Dividends received Kshs'000	Share of result Kshs'000	Share of OCI Kshs'000	Translation gain Kshs'000	Closing Balance Kshs'000
IPS Power Investments Limited	**169,268**	-	-	11,499	-	29,932	**210,699**
PDML (Holding) Limited	**1,914,566**	-	(9,903)	74,803	61,455	-	**2,040,921**
Bujagali Holding Power Company Limited	**1,919,106**	108,932	(543,576)	695,001	-	149,630	**2,329,093**
FCL Holding Limited	**2,083,118**	-	(187,410)	214,270	(88,540)	-	**2,021,438**
IPS Cable Holding Systems Limited	**1,646,985**	-	-	56,439	-	430,405	**2,133,829**
Total	**7,733,043**	**108,932**	**(740,889)**	**1,052,012**	**(27,085)**	**609,967**	**8,735,980**

Year 2014	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
IPS Power Investments Limited	**169,268**	-	-	-	-	-	**169,268**
PDML (Holding) Limited	**1,550,517**	-	(9,904)	373,953	-	-	**1,914,566**
Bujagali Holding Power Company Limited	**2,020,129**	(492,016)	(20,102)	434,981	-	(23,886)	**1,919,106**
FCL Holding Limited	**1,308,321**	-	(183,439)	442,997	515,239	-	**2,083,118**
IPS Cable Holding Systems Limited	**1,417,348**	-	-	229,637	-	-	**1,646,985**
Total	**6,465,583**	**(492,016)**	**(213,445)**	**1,481,568**	**515,239**	**(23,886)**	**7,733,043**

COMPANY

Investment at cost	2015	2014
	Kshs'000	Kshs'000
FCL Holding Limited	484,969	484,969
IPS Cable Holding Systems Limited	353,282	353,282
Total	**838,251**	**838,251**

IPS Power Investment Limited is an investment vehicle company, which through its subsidiary has invested in the equity of Tsavo Power Company Limited that generates electricity for sale. Bujagali Holding Power Company Limited is an investment vehicle company which through its subsidiary has invested in the equity of Bujagali Energy Limited an electricity generating company in Uganda. PDM (Holding) Limited is an investment vehicle company which has invested in the equity of Property Development and Management (K) Limited which conducts property investment, development and management. FCL Holdings Limited is an investment vehicle company which has invested in the equity of Farmers Choice Limited with it's main objective being sale of fresh and processed meat products. IPS Cable Systems Limited is an investment vehicle company which has invested in the 15,000 km Seacom submarine fiber optic cable project.

The associates have been equity accounted in these financial statements using results based on draft financial statements as at 31 December 2015. Final audited financial statements will be available later in the year and the adjustment to reflect the final audited financial statements will be made in the subsequent year. The total adjustment for the year ended 31 December 2014 of Kshs 62 million is included in the current year share of result.

The following table summarizes the information relating to each of the Group's associates:

18. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES (CONTINUED)

(i) INVESTMENT IN ASSOCIATES (CONTINUED)

GROUP

	IPS Power Investments Limited	PDML Holdings Limited	Bujagali Holding Power Company Limited	FCL Holding Limited	IPS Cable Holding Systems Limited	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Country of incorporation	Kenya	Kenya	Uganda	Kenya	Mauritius	
Interest held	27%	37%	25%	30%	33%	
Year 2015						
Assets	1,505,556	7,353,661	9,317,008	6,030,743	9,579,659	33,786,627
Liabilities	(253)	(1,378,165)	(621)	(1,512,166)	(2,295,850)	(5,187,055)
Net assets	**1,505,303**	**5,975,496**	**9,316,387**	**4,518,577**	**7,283,809**	**28,599,572**
Revenue	422,863	566,391	1,288,397	8,405,965	1,035,243	11,718,859
Profit after tax	422,528	623,057	1,365,392	998,048	927,276	4,336,301
Other comprehensive income	-	(164,104)	-	(93,751)	-	(257,855)
Cash flows (used in)/from operating activities	(450)	339,726	(58,377)	873,524	(7,415)	1,147,008
Cash flows from/(used in) investing activities	585,465	(687,406)	2,139,491	(109,600)	1,035,243	2,963,193
Cash flows (used in)/from financing activities	(585,146)	329,847	(2,087,899)	(625,000)	(836,601)	(3,804,799)
Net (decrease)/increase in cash and cash equivalents	**(131)**	**(17,833)**	**(6,785)**	**138,924**	**191,227**	**305,402**
Year 2014						
Assets	1,482,715	6,355,774	8,894,240	5,692,714	8,461,750	30,887,193
Liabilities	(331)	(809,347)	(5,039)	(1,471,182)	(2,709,345)	(4,995,244)
Net assets	**1,482,384**	**5,546,427**	**8,889,201**	**4,221,532**	**5,752,405**	**25,891,949**
Revenue	382,619	501,168	1,542,478	8,091,091	809,447	11,326,803
Profit after tax	382,108	1,007,992	1,319,166	923,785	687,803	4,320,854
Other comprehensive income	-	14,931	-	1,181,342	-	
Cash flows from/(used in) operating activities	712,426	256,013	(305,717)	845,536	(2,965)	1,505,293
Cash flows (used in)/from investing activities	-	(368,710)	4,087,288	(98,978)	659,427	4,279,027
Cash flows used in financing activities	(712,092)	(30,080)	(3,845,922)	(624,894)	(770,508)	(5,983,496)
Net increase/(decrease) in cash and cash equivalents	**334**	**(142,777)**	**64,351)**	**121,664**	**(114,046)**	**(199,176)**

18. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES (CONTINUED)

(i) INVESTMENT IN ASSOCIATES (CONTINUED)

COMPANY

	FCL Holding Limited	IPS Cable Holding Systems Limited	Total
	Kshs'000	Kshs'000	Kshs'000
Country of incorporation	Kenya	Mauritius	
Interest held	30%	33%	
Year 2015			
Assets	6,030,743	9,579,659	15,610,402
Liabilities	(1,512,166)	(2,295,850)	(3,808,016)
Net assets	**4,518,577**	**7,283,809**	**11,802,386**
Revenue	8,405,965	1,035,243	9,441,208
Profit after tax	998,048	927,276	1,925,324
Other comprehensive income	(93,751)	-	(93,751)
Cash flows from/(used in) operating activities	873,524	(7,415)	866,109
Cash flows (used in)/from investing activities	(109,600)	1,035,243	925,643
Cash flows used in financing activities	(625,000)	(836,601)	(1,461,601)
Net increase in cash and cash equivalents	**138,924**	**191,227**	**330,151**
Year 2014			
Assets	5,692,714	8,461,750	14,154,464
Liabilities	(1,471,182)	(2,709,345)	(4,180,527)
Net assets	**4,221,532**	**5,752,405**	**9,973,937**
Revenue	8,091,091	809,447	8,900,538
Profit after tax	923,785	687,803	1,611,588
Other comprehensive income	1,181,342	-	
Cash flows from/(used in) operating activities	845,536	(2,965)	842,571
Cash flows (used in)/from investing activities	(98,978)	659,427	560,449
Cash flows used in financing activities	(624,894)	(770,508)	(1,395,402)
Net increase/(decrease) in cash and cash equivalents	**121,664**	**(114,046)**	**7,618**

18. INVESTMENT IN ASSOCIATES AND SUBSIDIARIES (CONTINUED)

ii. INVESTMENT IN SUBSIDIARIES

Company	Investment at Cost 2015 Kshs'000	Investment at Cost 2014 Kshs'000	Equity Held 2015 %	Equity Held 2014 %
The Jubilee Insurance Company of Kenya Limited	450,000	450,000	100%	100%
The Jubilee Insurance Company of Tanzania Limited	36,456	36,456	51%	51%
Jubilee Life Insurance Corporation of Tanzania Limited	36,455	36,455	51%	51%
The Jubilee Insurance Company of Uganda Limited	12,598	12,598	65%	65%
Jubilee Life Insurance Company of Uganda Limited	12,597	12,597	65%	65%
Jubilee Insurance (Mauritius) Limited	157,204	129,592	80%	80%
Jubilee Investment Company Limited (Uganda)	1,103,707	1,103,707	100%	100%
Jubilee Investment Company Tanzania Limited	298	298	100%	100%
Jubilee Investment Company Burundi Limited	1,312	426	100%	100%
Total	**1,810,627**	**1,782,129**		

The Jubilee Investments Company Limited (Uganda) owns 35% equity of both The Jubilee Insurance Company of Uganda Limited and Jubilee Life Insurance Company of Uganda Limited, and 10% equity of Jubilee Insurance (Mauritius) Ltd. The Group holds 70% of Jubilee Insurance Company of Burundi S.A. through Jubilee Investments Burundi Limited (33%), Jubilee Investment Company Limited (Uganda) (33%) and Jubilee Investments Tanzania Limited (4%). The Group holds 80% of Jubilee Center Burundi Limited, a property investment company through its subsidiary Jubilee Investments Burundi Limited. The Group holds 100% of Jubilee Financial Services Ltd, a fund management company, through its subsidiary The Jubilee Insurance Company of Kenya Limited.

iii. NON CONTROLLING INTEREST (NCI)

The following table summarizes the information relating to each of the Group's subsidiaries that has NCI:

Year 2015	Jubilee Insurance Uganda Kshs'000	Jubilee Insurance Tanzania Kshs'000	Jubilee Insurance Mauritius Kshs'000	Jubilee Insurance Burundi Kshs'000	Jubilee Centre Burundi Kshs'000	Adjustment	Total Kshs'000
NCI percentage	35%	49%	20%	30%	20%		
Assets	6,232,985	4,875,389	776,996	904,676	127,317	-	12,917,363
Liabilities	(4,202,690)	(3,887,701)	(570,793)	(765,777)	(98,889)	-	(9,525,850)
Net assets	**2,030,295**	**987,688**	**206,203**	**138,899**	**28,428**	**-**	**3,391,513**
Carrying amount of NCI	826,761	367,809	41,241	41,670	5,686		1,283,166
Revenue	1,548,292	1,653,919	560,048	111,107	-	-	3,873,366
Profit	581,988	189,202	27,568	12,686	6,560	-	818,004
OCI	(129,483)	(103,391)	548	15,077	3,815	-	(213,434)
Total comprehensive income	**452,505**	**85,811**	**28,116**	**27,763**	**10,375**	**-**	**604,570**
Profit allocated to NCI	203,696	92,709	5,514	3,806	1,312	-	307,037
OCI allocated to NCI	(45,319)	(50,662)	110	4,523	763	26,300	(64,285)
Total allocated to NCI	**158,377**	**42,047**	**5,624**	**8,329**	**2,075**	**26,300**	**242,752**
Cash flows from/(used in) operating activities	261,112	132,644	(7,249)	(2,359)	(287)	-	383,861
Cash flows (used in)/from investing activities	(229,533)	(268,768)	4,394	(9,427)	2,387	-	(500,947)
Cash flows (used in)/from financing activities	(44,277)	-	13,033	11,868	-	-	(19,376)
Net (decrease)/increase in cash and cash equivalents	**(12,698)**	**(136,124)**	**10,178**	**82**	**2,100**	**-**	**(136,462)**

18. INVESTMENT IN ASSOCIATED COMPANIES AND SUBSIDIARIES (CONTINUED)

iii. NON CONTROLLING INTEREST (CONTINUED)

Year 2014	Jubilee Insurance Uganda Kshs'000	Jubilee Insurance Tanzania Kshs'000	Jubilee Insurance Mauritius Kshs'000	Jubilee Insurance Burundi Kshs'000	Jubilee Centre Burundi Kshs'000	Adjustment	Total Kshs'000
NCI percentage	**35%**	**49%**	**20%**	**30%**	**20%**		
Assets	5,128,601	4,261,968	854,047	615,883	100,313	-	10,960,812
Liabilities	(3,494,096)	(3,360,089)	(846,190)	(544,305)	(82,260)	-	(8,326,940)
Net assets	**1,634,505**	**901,879**	**7,857**	**71,578**	**18,053**	**-**	**2,633,872**
Carrying amount of NCI	571,838	441,920	1,571	21,474	3,611	-	1,040,414
Revenue	1,241,274	1,450,842	582,937	84,172	-	-	3,359,225
Profit	404,730	165,640	(32,132)	22,426	4,801	-	565,465
OCI	(92,025)	(19,002)	113	2,251	597	-	(108,066)
Total comprehensive income	**312,705**	**146,638**	**(32,019)**	**24,677**	**5,398**	**-**	**457,399**
Profit allocated to NCI	141,655	81,164	(6,426)	6,728	960	-	224,081
OCI allocated to NCI	(32,209)	(9,310)	23	675	119	(52,243)	(92,945)
Total allocated to NCI	**109,446**	**71,854**	**(6,403)**	**7,403**	**1,079**	**(52,243)**	**131,136**
Cash flow from/(used in) operating activities	291,125	176,059	17,037	(3,778)	(263)	-	480,180
Cash flow (used in)/from investing activities	(310,508)	(125,194)	463	11,458	(15,341)	-	(439,122)
Cash flows (used in)/from financing activities	(40,276)	(14,246)	13,053	-	-	-	(41,469)
Net (decrease)/increase in cash and cash equivalents	**(59,659)**	**36,619**	**30,553**	**7,680**	**(15,604)**	**-**	**(411)**

Jubilee Insurance Uganda and Jubilee Insurance Tanzania includes both the short-term and long-term companies.

Movement in the non-controlling interest is as follows:

	2015 Kshs '000	2014 Kshs '000
At start of year	1,040,414	909,278
Share total comprehensive income for the year	242,752	131,136
At end of year	**1,283,166**	**1,040,414**

19. UNQUOTED EQUITY INVESTMENTS

GROUP

	FV Through P/L 2015 Kshs'000	FV Through OCI 2015 Kshs'000	Total 2015 Kshs'000	FV Through P/L 2014 Kshs'000	FV Through OCI 2014 Kshs'000	Total 2014 Kshs'000
At start of year	2,344,998	96,868	2,441,866	2,071,259	90,584	2,161,843
Additions/transfers	1,394	10,390	11,784	-	6,862	6,862
Reclassification		-	-			-
Fair value gain through other comprehensive income	-	8,742	8,742	-	1,420	1,420
Fair value gain through profit and loss	328,012	-	328,012	273,739	-	273,739
Exchange gains/(losses)	743	(11,555)	(10,812)	-	(1,998)	(1,998)
At end of year	**2,675,147**	**104,445**	**2,779,592**	**2,344,998**	**96,868**	**2,441,866**

COMPANY

	FV Through OCI 2015 Kshs'000	FV Through OCI 2014 Kshs'000
At start of year	12,007	12,007
Additions	2,816	-
Fair value gain through other comprehensive income	8,742	-
At end of year	**23,565**	**12,007**

20. QUOTED EQUITY INVESTMENTS

GROUP

	FV Through P/L 2015 Kshs'000	FV Through OCI 2015 Kshs'000	Total 2015 Kshs'000	FV Through P/L 2014 Kshs'000	FV Through OCI 2014 Kshs'000	Total 2014 Kshs'000
At start of year	8,002,990	1,721,076	9,724,066	5,910,179	1,463,256	7,373,435
Additions	223,642	107,103	330,745	1,235,415	61,590	1,297,005
Disposals	(342,603)	(24,587)	(367,190)	(103,632)	(23,484)	(127,116)
Transfer to retained earnings on disposal	-	(45,863)	(45,863)	-	(48)	(48)
Fair value (losses)/gains through other comprehensive income	-	(371,039)	(371,039)	-	223,979	223,979
Fair value (losses)/gains through profit or loss	(1,437,506)	-	(1,437,506)	961,028	-	961,028
Exchange differences	-	(9,387)	(9,387)	-	(4,217)	(4,217)
At end of year	**6,446,523**	**1,377,303**	**7,823,826**	**8,002,990**	**1,721,076**	**9,724,066**

COMPANY

	FV Through OCI 2015 Kshs'000	FV Through OCI 2014 Kshs'000
At start of year	12,785	21,755
Fair value gains/(losses) through other comprehensive income	3,271	(8,970)
At end of year	**16,056**	**12,785**

21. LOANS RECEIVABLE

(i) GROUP

i)Mortgage loans	**2015**	**2014**
Movement	**Kshs '000**	**Kshs '000**
At start of year	44,102	29,067
Loans advanced	28,804	21,000
Accrued interest and penalties	5,503	5,011
Provision for impairment during the year	(2,138)	905
Redemptions/repayments	(8,498)	(11,630)
Exchange differences	(249)	(251)
At end of year	**67,524**	**44,102**
Maturity profile		
Loans maturing		
Within 1 year	-	180
In 1-5 years	5,283	4,323
In over 5 years	62,241	39,599
Total	**67,524**	**44,102**

21. LOANS RECEIVABLE (CONTINUED)

GROUP

ii) Policy loans	2015	2014
Movement	**Kshs '000**	**Kshs '000**
At start of year	361,981	512,945
Loans advanced and interest	232,528	117,281
Loan repayments	(99,028)	(268,087)
Exchange differences	(328)	(158)
At end of year	**495,153**	**361,981**
Maturity profile		
Loans maturing		
Within 1 year	72,593	36,763
In 1-5 years	242,940	172,275
In over 5 years	179,620	152,943
Total	**495,153**	**361,981**

22. GOVERNMENT SECURITIES AT AMORTISED COST

GROUP

Movement	2015	2014
	Kshs '000	**Kshs '000**
At start of year	21,923,229	19,067,633
Additions	10,562,308	4,830,976
Maturities	(2,736,857)	(1,922,014)
Exchange differences	(143,982)	(53,366)
At end of year	**29,604,698**	**21,923,229**
Maturity Profile		
Treasury bills maturing within 91 days after the date of acquisition	160,257	-
Treasury bills maturing after 91 days after the date of acquisition	1,119,012	176,756
Treasury bonds maturing within 1 year	3,061,201	2,467,356
Treasury bonds maturing in 1-5 years	11,050,526	7,145,883
Treasury bonds maturing after 5 years	14,213,702	12,133,234
Total	**29,604,698**	**21,923,229**

23. COMMERCIAL BONDS AT AMORTISED COST

GROUP

	2015	2014
	Kshs '000	**Kshs '000**
At start of year	1,696,519	887,417
Additions	797,687	1,137,446
Maturities	(634,418)	(326,949)
Exchange differences	(718)	(1,395)
At end of year	**1,859,070**	**1,696,519**

24. DEFERRED ACQUISITION COSTS

GROUP

	2015 Kshs '000	2014 Kshs '000
At start of year	189,248	109,341
Net increase	73,278	77,244
Exchange differences	1,555	2,663
At end of year	**264,081**	**189,248**

25. REINSURERS' SHARE OF INSURANCE CONTRACT LIABILITIES

GROUP

	2015 Kshs '000	2014 Kshs '000
Reinsurers' share of:		
- Unearned premium (Note 31)	3,002,842	3,358,077
- Notified claims outstanding and IBNR (Note 36)	3,638,737	3,475,863
Total	**6,641,579**	**6,833,940**

Amounts due from reinsurers in respect of claims already paid by the Group on contracts that are reinsured are included in receivables arising out of reinsurance arrangements in the statement of financial position.

26. OTHER RECEIVABLES

	Group	Company		
	2015	2014	2015	2014
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Deposits - Office rent and utilities	94,751	101,811	3	2,425
Prepayments	82,031	72,469	-	-
Recoverable advances	69,642	52,627	12,156	22,014
Staff accounts	-	10,860	-	-
Sundry debtors*	789,169	421,378	-	-
Total	**1,035,593**	**659,145**	**12,159**	**24,439**

* Sundry debtors includes, among other things, loan interest recoverable, third party fund recoverable and medical claims paid on account.

27. CASH AND CASH EQUIVALENTS

The year-end cash and cash equivalents comprise the following:

	Group	Company		
	2015	2014	2015	2014
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Cash and bank balances	701,114	1,124,076	93,818	66,686
Short-term deposits with banks	10,029,209	11,022,305	23,731	1,961
Treasury bills maturing within 91 days of the date of acquisition	160,257	-	-	-
Total	**10,890,580**	**12,146,381**	**117,549**	**68,647**

28. DEFERRED INCOME TAX

Deferred income tax is calculated, in full, on all temporary differences using a principal tax rate of 30% (2014: 30%). The movement in the deferred income tax account is as follow:

	Group		Company	
	2015	2014	2015	2014
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
At start of year	82,469	82,225	(316)	(9,701)
Recognised in profit or loss	118,151	244	709	9,385
Recognised in OCI	7,963	-	-	-
Prior year over provision	(85,073)	-	(2,898)	-
At end of year	**123,510**	**82,469**	**(2,505)**	**(316)**
Deferred tax asset	(73,331)	(76,149)	(2,505)	(316)
Deferred tax liability	196,841	158,618	-	-
Net deferred income tax liability/(asset)	**123,510**	**82,469**	**(2,505)**	**(316)**

Deferred income tax assets and liabilities, deferred income tax charge/ (credit) in the profit or loss and to equity is attributable to the following:

	Group			Company		
	Kshs '000			Kshs '000		
	1 January 2015	Recognised in profit or loss/OCI	31 December 2015	1 January 2015	Recognised in profit or loss	31 December 2015
Fair value gains on investment properties	169,240	(20,141)	149,099	-	-	-
Accelerated depreciation	33,255	27,257	60,512	-	-	-
Impairment provisions	(65,722)	17,010	(48,712)	-	-	-
Other deductible temporary differences	(54,304)	16,915	(37,389)	(316)	(2,189)	(2,505)
Net deferred income tax liability/(asset)	**82,469**	**41,041**	**123,510**	**(316)**	**(2,189)**	**(2,505)**
	1 January 2014	**Recognised in profit or loss/ OCI**	**31 December 2014**	**1 January 2014**	**Recognised in profit or loss**	**31 December 2014**
Fair value gains on investment properties	169,240	-	169,240	-	-	-
Accelerated depreciation	13,053	20,202	33,255	-	-	-
Impairment provisions	(49,039)	(16,683)	(65,722)	-	-	-
Other deductible temporary differences	(51,029)	(3,275)	(54,304)	(9,701)	9,385	(316)
Net deferred income tax liability/(asset)	**82,225**	**244**	**82,469**	**(9,701)**	**9,385**	**(316)**

29. INSURANCE CONTRACT LIABILITIES

	2015 Kshs '000	2014 Kshs '000
Short-Term insurance contracts		
Claims reported and claims handling expenses	5,784,740	6,345,858
Claims incurred but not reported (IBNR)	1,545,468	1,511,558
Total Short-Term	**7,330,208**	**7,857,416**
Long-Term insurance contracts		
Claims reported and claims handling expenses	556,755	342,574
Actuarial value of long term liabilities	10,822,200	11,444,663
Total Long-Term	**11,378,955**	**11,787,237**
Total Short-Term and Long-Term	**18,709,163**	**19,644,653**

Gross claims reported, claims handling expenses liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. The expected recoveries at the end of 2015 and 2014 are not material.

The Group uses chain-ladder techniques to estimate the ultimate cost of claims and the IBNR provision. Chain ladder techniques are used as they are an appropriate technique for mature classes of business that have a relatively stable development pattern. This involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not fully developed to produce an estimated ultimate claims cost for each accident year.

Movements in insurance liabilities and reinsurance assets are shown in Note 36.

Short–Term Insurance contracts

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the group's estimate of total claims liability for each accident year has changed at successive year-ends.

Accident year	2011 Kshs '000	2012 Kshs '000	2013 Kshs '000	2014 Kshs '000	2015 Kshs '000	Total Kshs '000
Estimate of ultimate claims cost						
at end of accident year	2,924,694	2,303,587	4,066,139	8,439,224	10,847,072	28,580,716
one year later	3,223,537	2,135,463	2,848,563	5,539,124	-	13,746,687
two years later	2,088,610	1,550,058	3,251,891	-	-	6,890,559
three years later	2,101,208	1,798,669	-	-	-	3,899,877
four years later	3,099,790	-	-	-	-	3,099,790
Incurred per accident year	3,099,790	1,798,669	3,251,891	5,539,124	10,847,072	24,536,546
Less: cumulative payments to date	(2,580,110)	(1,338,087)	(2,699,755)	(4,210,777)	(7,923,077)	(18,751,806)
Total gross claims liability included in the statement of financial position before IBNR	**519,680**	**460,582**	**552,136**	**1,328,347**	**2,923,995**	**5,784,740**
Incurred but not reported (IBNR)	-	-	-	-	1,545,468	1,545,468
Total gross claims liability included in the statement of financial position	**519,680**	**460,582**	**552,136**	**1,328,347**	**4,469,463**	**7,330,208**

29. INSURANCE CONTRACT LIABILITIES (CONTINUED)

Long-Term insurance contracts

The Company determines its liabilities on long term insurance contracts based on assumptions in relation to future deaths, voluntary terminations, investment returns and administration expenses. The cash flows for each individual policy were projected on monthly intervals, till natural expiry of the policies. A margin for risk and uncertainty is added to these assumptions. The liabilities are determined on the advice of the consulting actuary and actuarial valuations carried out on an annual basis.

Valuation assumptions

The latest actuarial valuation of the Life Fund was carried out as at 31 December 2015 by Actuarial Partners Consultants. Two valuation methods were applied, the Net Premium Value (NPV) for entities outside Kenya and the Gross Premium Valuation (GPV), for The Jubilee Insurance Company of Kenya Limited long-term fund valuation. The change in valuation method in Kenya from NPV to GPV in 2015 was in compliance with the directive given by the Kenyan insurance regulator.

The Gross Premium Valuation (GPV) is generally accepted in the actuarial industry as an appropriate method to place a realistic value (with an appropriate allowance for margins) on the liabilities of a life insurance Company. This method is based on a discounted cash flow approach taking into account the expected cash flows from existing in-force business. By setting appropriate assumptions this method determines liabilities which are consistent with the value of assets included in the accounts.

The more significant valuation assumptions are summarised below. The assumptions used for the previous year-end valuation are shown in brackets:

a) Mortality – The Company used KE 07-10 as a base table of standard mortality for ordinary life and KE 01-03 for annuitant life. Statistical methods are used to adjust the rates reflected in the table based on the Company's experience for ordinary life group. (2014: KE01-03 for Ordinary Life and Annuitant Life).

b) Persistency – The persistency rates used in the valuation were set according to the experience observed (by the actuary) in the Company's data.

c) Investment returns are derived based on the company's five-year historical average of each asset type and adjusted to reflect the actual underlying mix of assets. The discount rate assumptions as per follows:

	Ordinary Life	SPIA
2015 Assumption	12.3%	11.3%
2014 Assumption	12.0%	12.0%

d) Expenses, tax and inflation – The current level of renewal expenses were taken based on the current expense position of the company. Expense inflation is assumed to be 8.9% p.a. (2014:8.1% p.a.). It has been assumed that the current tax legislation and rates continue unaltered.

Sensitivity analysis

The following table presents the sensitivity of the value of long term insurance liabilities to movements in key assumptions used in the estimation of liabilities.

Sensitivity	Statutory Result			
	2015		2014	
	Kshs '000	%	Kshs '000	%
Published	**40,604,074**		**32,603,433**	
Lapses +5%	40,599,696	0.0%	32,597,175	0.00%
Mortality				
Annuities: -20% insurance: +20%	40,864,943	0.6%	32,853,200	0.80%
Mortality				
Annuities: +20% insurance: -20%	40,382,657	-0.5%	32,389,630	-0.70%
Inflation +1%	40,686,869	0.2%	32,339,205	-0.80%
Investment Return -1%	41,296,394	1.7%	33,309,194	2.20%
Expenses +10%	40,741,663	0.3%	32,753,070	0.50%

29. INSURANCE CONTRACT LIABILITIES (CONTINUED)

For liabilities under insurance contracts with fixed and guaranteed terms, key assumptions are unchanged for the duration of the contract. The following table presents the sensitivity of these contracts to movements in key assumptions used in the estimation of liabilities:

Contracts with fixed and guaranteed terms	Increase in liability	Increase in liability
	2015	2014
Variables:	Kshs'000	Kshs'000
Worsening of mortality +20%	260,868	249,767
Lowering of investment returns p.a. -1%	692,319	705,761
Worsening of expense inflation rate +1%	82,794	(264,228)
Worsening of lapse rate +5%	(4,106)	(6,258)

For long term insurance contracts without fixed terms and with discretionary participation in profits, the liability is set approximately equal to the value of the underlying asset of the contract, hence there is no sensitivity analysis for these types of contracts.

We have not included the valuation assumptions nor performed a sensitivity analysis for the non-Kenyan entities as the change within these life funds would not be material.

30. PAYABLE UNDER DEPOSIT ADMINISTRATION CONTRACTS (GROUP)

	2015	2014
	Kshs '000	Kshs '000
At start of year	26,864,350	21,026,848
Pension fund deposits received	5,955,193	5,148,705
Surrenders and annuities paid	(3,324,806)	(2,741,712)
Other movements in the fund	1,512,365	3,441,844
Exchange differences	(49,002)	(11,335)
At end of year	**30,958,100**	**26,864,350**

Deposit administration contracts are recorded at amortized cost. Movements in amounts payable under deposit administration contracts during the year are as shown above. The liabilities are shown inclusive of interest accumulated to 31 December 2015 and 2014.

31. UNEARNED PREMIUM RESERVE

GROUP

These provisions represent the liability for short-term business contracts where the Group's obligations are not expired at the year-end. Movements are shown below:

Unearned premium reserve

	2015			2014		
	Gross Kshs'000	Reinsurance Kshs'000	Net Kshs'000	Gross Kshs'000	Reinsurance Kshs'000	Net Kshs'000
At start of year	6,608,846	(3,358,077)	3,250,769	6,355,840	(2,721,648)	3,634,192
Increase/(decrease) in the period (net)	1,337,576	254,479	1,592,055	278,966	(631,448)	(352,482)
Exchange differences	(185,761)	100,756	(85,005)	(25,960)	(4,981)	(30,941)
At end of year	**7,760,661**	**(3,002,842)**	**4,757,819**	**6,608,846**	**(3,358,077)**	**3,250,769**

32. BORROWINGS

The bank borrowing in 2014 related to a loan of USD 15 million advanced by CFC Stanbic Bank Limited to The Jubilee Investments Company Limited (Uganda) to finance the purchase of investment properties. The loan attracted an interest at 3.75% per annum and was secured by corporate guarantee from the Company. The principal loan was fully repaid by end of July 2015. During the year the Group incurred finance costs of Kshs 34.9 million (2014: Kshs 49.7 million).

33. OTHER PAYABLES

	Group		Company	
	2015 Kshs '000	2014 Kshs '000	2015 Kshs '000	2014 Kshs '000
Payroll liabilities	9,853	7,130	-	-
Value added tax payable	261,925	130,570	-	-
Withholding taxes payable	32,903	19,423	81	-
Other liabilities*	1,620,159	979,927	1,879	2,878
Leave pay accrual	92,245	49,364	6,286	9,920
Accrued expenses	270,059	414,478	5,078	1,836
Total	**2,287,144**	**1,600,892**	**13,324**	**14,634**

*Other liabilities includes deferred rental income, valuation fees payables, stale cheques, deferred interest on car loans, rental deposits, among others.

34. CONTINGENT LIABILITIES, COMMITMENTS AND OFF BALANCE SHEET ITEMS

The Group companies are subject to litigation arising in the normal course of business. The Directors are of the opinion that these litigations will not have a material effect on the financial position or profits of the Group.

Treasury bonds of Kshs 3.3 billion (2013: Kshs 2.9 billion) are held under lien with the Central Bank of Kenya as security deposit in favor of the Commissioner of Insurance as required under the provisions of Section 32 of Kenya Insurance Act, Kshs 26.10 million (2014: Kshs 28.26 million) are held under lien with the Bank of Uganda as security deposit in favor of the Commissioner of Insurance as required under the provisions of section 7 (i) of Uganda Insurance Act and Kshs 142.1 million (2014: Kshs 78.55 million) are held under lien with the Bank of Tanzania as security deposit in favor of the Commissioner of Insurance as required under the provisions of Tanzania Insurance Act.

The Group does not have any material outstanding commitments. In addition, Treasury Bonds worth KShs 200 million were held under lien with Diamond Trust Bank Limited as security for Bank overdraft – KShs 30 million & custom bonds facility of KShs170 million. The Group also has letters of guarantee amounting to KShs 200 million (2014: Kshs 200 million) with Diamond Trust Bank (K) Limited.

35. RELATED PARTY TRANSACTIONS

The ultimate parent of the Group is the Aga Khan Fund for Economic Development S.A., a company incorporated in Switzerland. There are various other companies related to Jubilee Holdings Limited through common shareholdings or common directorships. In the normal course of business, insurance policies are sold to related parties at terms and conditions similar to those offered to major clients. Related parties rendered various services to the Group during the year.

Transactions with related parties (Group)	2015	2014
Gross premium:	Kshs '000	Kshs '000
Diamond Trust Bank Limited	393,989	237,437
Industrial Promotion Services (Kenya) Limited	163,610	163,392
TPS Eastern Africa Limited	59,186	61,439
Property Development and Management Limited	21,743	14,963
Nation Media Group	183,572	145,963
Total	**822,100**	**623,194**
Net claims incurred:		
Diamond Trust Bank Limited	104,345	323,276
Industrial Promotion Services (Kenya) Limited	98,594	135,611
TPS Eastern Africa Limited	11,833	53,733
Property Development and Management Limited	13,033	5,384
Nation Media Group	87,027	97,890
Total	**314,832**	**615,894**

35. RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions with related parties (Group - Continued)	2015	2014
Services received from:	**Kshs '000**	**Kshs '000**
Industrial Promotion Services (Kenya) Limited	308	83
TPS Eastern Africa Limited	3,151	2,210
Nation Media Group	16,310	13,834
Total	**19,769**	**16,127**
ii) Balances with related parties		
Outstanding premium:		
Diamond Trust Bank Limited	94,459	82,983
Industrial Promotion Services (Kenya) Limited	6,582	5,089
TPS Eastern Africa Limited	(166)	118
Property Development and Management Limited	1,264	352
Nation Media Group	8,913	7,180
Total	**111,052**	**95,722**
Outstanding claims:		
Diamond Trust Bank Limited	3,711	14,619
Industrial Promotion Services (Kenya) Limited	23,528	29,784
TPS Eastern Africa Limited	12,336	8,112
Property Development and Management Limited	1,010	4,694
Nation Media Group	59,648	57,128
Total	**100,233**	**114,337**
Deposits with financial institutions		
Diamond Trust Bank Limited	4,057,887	3,275,046
Total	**4,057,887**	**3,275,046**
Interest received from financial institutions		
Diamond Trust Bank Limited	525,391	407,889
Total	**525,391**	**407,889**

Transactions with related parties (Company)	2015	2014
	Kshs '000	**Kshs '000**
Due from related parties:		
Jubilee Center Burundi	6,221	5,234
Jubilee Insurance (Mauritius) Limited	44,785	72,439
Jubilee Investment Company Limited (Tanzania)	2,137	641
Jubilee Insurance Company of Burundi Limited	24,213	24,213
Jubilee Investment Company Limited (Burundi)	70,724	50,840
Total	**148,080**	**153,367**
Due to related parties		
Jubilee Holdings Limited		
Jubilee Insurance Company of Kenya Limited	227,095	312,160
Jubilee Insurance Company of Tanzania Limited	21,045	14,990
Jubilee Insurance Company of Uganda Limited	5,741	4,291
Jubilee Investment Company Limited (Uganda)	181,277	207,416
Total	**435,158**	**538,857**
Net owing	**(287,076)**	**(385,490)**

36. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

GROUP

	2015			2014		
(i) Short-Term insurance business	**Gross**	**Reinsurance**	**Net**	**Gross**	**Reinsurance**	**Net**
	Kshs '000	**Kshs'000**	**Kshs '000**	**Kshs '000**	**Kshs'000**	**Kshs '000**
Notified claims	6,345,858	(2,983,046)	3,362,812	5,929,199	(3,435,044)	2,494,155
Incurred but not reported	1,511,558	(492,817)	1,018,741	1,467,598	(757,251)	710,347
Total at start of year	**7,857,416**	**(3,475,863)**	**4,381,553**	**7,396,797**	**(4,192,295)**	**3,204,502**
Cash paid for claims settled during the year	(12,240,715)	5,094,488	(7,146,227)	(6,517,961)	2,851,108	(3,666,853)
Increase in liabilities:						
Arising from current year claims	5,062,204	(1,953,443)	3,108,761	3,298,938	(328,906)	2,970,032
Arising from prior year claims	6,651,303	(3,121,966)	3,529,337	3,679,642	(1,805,770)	1,873,872
Total at end of year	**7,330,208**	**(3,456,784)**	**3,873,424**	**7,857,416**	**(3,475,863)**	**4,381,553**
Notified claims	5,784,740	(2,875,521)	2,909,219	6,345,858	(2,983,046)	3,362,812
Incurred but not reported	1,545,468	(581,263)	964,205	1,511,558	(492,817)	1,018,741
Total at end of year	**7,330,208**	**(3,456,784)**	**3,873,424**	**7,857,416**	**(3,475,863)**	**4,381,553**
(ii) Long-Term insurance business	**2015**			**2014**		
Notified claims	342,574	(98,727)	243,847	535,845	(109,762)	426,083
Total at start of year	**342,574**	**(98,727)**	**243,847**	**535,845**	**(109,762)**	**426,083**
Cash paid for claims settled during the year	(1,128,092)	183,332	(944,760)	(945,882)	194,582	(751,300)
Increase in liabilities:						
Arising from current year claims	7,020	(96,708)	(89,688)	39,087	20,407	59,494
Arising from prior year claims	1,335,253	(169,850)	1,165,403	713,524	(203,954)	509,570
Total at end of year	**556,755**	**(181,953)**	**374,802**	**342,574**	**(98,727)**	**243,847**
Notified claims	556,755	(181,953)	374,802	342,574	(98,727)	243,847
Actuarial value of policy holders benefits	10,822,200	-	10,822,200	11,444,663	-	11,444,663
Total at end of year	**11,378,955**	**(181,953)**	**11,197,002**	**11,787,237**	**(98,727)**	**11,688,510**
Total at end of year Short-Term + Long-Term	**18,709,163**	**(3,638,737)**	**15,070,426**	**19,644,653**	**(3,574,590)**	**16,070,063**

37. OPERATING LEASES

(i) Lease as lessee

The Group leases offices for some of its branches and agency operations under operating lease agreements which run for a period of two and six years with an option of renewal after expiry. The Group is restricted from entering into any sublease arrangements.

At 31 December 2015, the future minimum lease payments under non-cancellable operating leases were payable as follows:

	2015	**2014**
	Kshs '000	**Kshs '000**
Within one year	71,553	56,427
Later than one year and not later than five years	191,737	155,211
Later than five years	19,912	20,145
Total	**283,202**	**231,783**

During the year ended 31 December 2015, Kshs 181 million (2014: Kshs 114 million) was recognized as rent expense in profit or loss.

37. OPERATING LEASES (CONTNUED)

(ii) Lease as lessor

The Group leases out its investment property (Note 17) to various tenants under operating lease agreements which run for a period of two to six years with the option to renew after expiry. The Group does not enter into any sublease arrangements.

At 31 December 2015, the future minimum lease payments under non-cancellable operating leases were receivable as follows:

	2015 Kshs '000	2014 Kshs '000
Within one year	366,040	349,096
Later than one year and not later than five years	1,570,850	1,500,797
Later than five years	168,971	170,950
Total	**2,105,861**	**2,020,843**

During the year ended 31 December 2015, Kshs 290 million (2014: Kshs 257 million) was recognized as net rental income in profit or loss in respect of the investment property.

See Note 38.12 for the accounting policy in leases.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

38.1 BASIS OF PREPARATION

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and the manner required by the Kenyan Companies Act. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (Kshs), rounded to the nearest thousand, unless otherwise indicated.

For Kenyan Companies Act reporting purposes in these financial statements, the balance sheet is represented by the statement of financial position and the profit and loss account is presented in the statement of profit or loss.

New Standards, amendments and interpretations to existing standards that are effective and adopted in the 2015 annual financial statements

A number of new standards, amendments to standards and interpretations are became effective for the year ended 31 December 2015, and have not been applied:

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).

The amendments introduced reliefs that reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expedience if they are:
i. set out in the formal terms of the plan;
ii. linked to service; and
iii. independent of the number of years of service.

When contributions are eligible for practical expedience, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

The amendments apply retrospectively for annual periods beginning on or after 1 July 2014.

The amendments to this standard have no impact on the Group's consolidated financial statements.

Future amendments early adopted in the 2015 annual financial statements

IFRS 9 (2009) introduced new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to the financial liabilities. The International Accounting Standards Board (IASB) currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and new requirements to address the impairment of financial assets and hedge accounting. IFRS 9 (2014) are effective for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The Group early adopted IFRS 9 Financial Instruments part 1: classification and measurement (IFRS 9) in 2009 in advance of its effective date. The standard replaced parts of IAS 39 relating to classification and measurement of financial assets.

New Standards, amendments and interpretations to existing standards that are not yet effective and have already been early adopted by the Group

(a) IFRS 9 Financial instruments (2009)

The Group adopted IFRS 9 (2009) in the financial statements for the year ended 31 December 2009. This standard introduced new requirements for the classification and measurement of financial assets. Financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The Group early adopted IFRS 9 Financial Instruments part 1: classification and measurement (IFRS9) in 2009 in advance of its effective date. The standard replaced parts of IAS 39 relating to classification and measurement of financial assets.

The Group chose 31 December 2009 as its date of initial application (i.e. the date on which the Company has assessed its existing financial assets) as this was the first reporting period end since the Standard was issued on 12 November 2009. The Standard was applied prospectively in accordance with the transition rules for entities adopting the Standard before 1 January 2012, comparative financial information was hence not restated.

The key features of the Standard are:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification is based on contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognize unrealized and realized fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Only financial assets that are classified as measured at amortised cost are tested for impairment. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

The Group has not elected to designate any debt instruments meeting the amortised cost criteria as at fair value through profit or loss (FVTPL). Investments in equity instruments are classified and measured as at FVTPL except if the equity investment is not held for trading and is designated by the Group as at fair value through other comprehensive income (FVTOCI). If the equity investment is designated as at FVTOCI, all gains and losses, except for dividend income recognised in accordance with IAS 18 Revenue, are recognised in other comprehensive income and are not subsequently reclassified to profit or loss.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.1. BASIS OF PREPARATION (CONTINUED)

New Standards, amendments and interpretations to existing standards that are not yet effective and have already been early adopted by the Group (continued)

The Directors reviewed and assessed all of the Group's existing financial assets as at the date of initial application of IFRS 9 (2009) and as a result:

- The Group's investments in debt instruments meeting the required criteria are measured at amortised cost;
- The Group's quoted equity investments not held for trading have been designated as at FVTOCI; and
- The Group's remaining investments in equity investments are measured at FVTPL.

The reclassification of financial assets on initial application of IFRS 9 (2009) changed either the measurement basis and/or the policy for the recognition of gains or losses for the financial assets in the short term business of the Group:

- Unquoted equity and some counters of quoted equity instruments that were previously measured at fair Value and classified as available-for-sale were reclassified to FVTPL; and
- The remaining investments in equity instruments that were previously measured at fair value and classified as available for-sale were designated as at FVTOCI.

New Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

New standard or amendments	Effective for annual periods beginning on or after
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	1 January 2016
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
Amendments to IAS 41 - Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016
Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciations and Amortisation	1 January 2016
Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	1 January 2016
Disclosure Initiative (Amendments to IAS 1)	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments (2014)	1 January 2018
IFRS 16 Leases	1 January 2019

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the entity).

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 Business Combinations. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised

The amendments will be effective from annual periods commencing on or after 1 January 2016.

The Group is currently in the process of assessing the impact of the adoption of these amendments to its consolidated financial statements.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.1. BASIS OF PREPARATION (CONTINUED)

New Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business. Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be remeasured.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

The Group is currently in the process of assessing the impact of the adoption of these amendments to its consolidated financial statements.

Amendments to IAS 41- Bearer Plants (Amendments to IAS 16 and IAS 41)

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture require a bearer plant (which is a living plant used solely to grow produce over several periods) to be accounted for as property, plant and equipment in accordance with IAS 16 Property, Plant and Equipment instead of IAS 41 Agriculture. The produce growing on bearer plants will remain within the scope of IAS 41.

The new requirements are effective from 1 January 2016, with earlier adoption permitted.

The amendment will not have a significant impact on the Group's financial statements as the Group does not have bearer plants.

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 Property, Plant and Equipment explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

The Group is currently in the process of assessing the impact of the adoption of these amendments to its consolidated financial statements.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures but also for subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with early adoption permitted.

The Group is currently in the process of assessing the impact of the adoption of these amendments to its consolidated financial statements.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard, the entity has to be rate-regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body.

The standard is effective for financial reporting years beginning on or after 1 January 2016 with early adoption is permitted.

The adoption of this standard is not expected to have an impact the financial statements of the Group's given that it is not a first time adopter of IFRS.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

The amendment to IFRS 10 Consolidated Financial Statements clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.1. BASIS OF PREPARATION (CONTINUED)

New Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) (Continued)

The amendment to IFRS 12 Disclosure of Interests in Other Entities requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to IAS 28 Investments in Associates and Joint Ventures modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016, with early application permitted.

The Group is currently in the process of assessing the impact of the adoption of these amendments to its consolidated financial statements.

Disclosure Initiative (Amendments to IAS 1)

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

The Group is currently in the process of assessing the impact of the adoption of these amendments to its consolidated financial statements

IFRS 15 Revenue from Contracts with Customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The standard specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers in recognising revenue being: Identify the contract(s) with a customer; Identify the performance obligations in the contract; Determine the transaction price; Allocate the transaction price to the performance obligations in the contract; and recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption is permitted.

The Group is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

IFRS 9: Financial Instruments (2014)

On 24 July 2014 the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard introduces changes in the measurement bases of the financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

The Group is currently in the process of assessing the impact of the adoption of these amendments to its consolidated financial statements.

IFRS 16: Leases

On 13 January 2016 the IASB issued IFRS 16 Leases, completing the IASB's project to improve the financial reporting of leases. IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related interpretations.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.1. BASIS OF PREPARATION (CONTINUED)

New Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

IFRS 16: Leases (Continued)

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The standard defines a lease as a contract that conveys to the customer ('lessee') the right to use an asset for a period of time in exchange for consideration. A company assesses whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time.

The standard eliminates the classification of leases as either operating leases or finance leases for a lessee and introduces a single lessee accounting model. All leases are treated in a similar way to finance leases. Applying that model significantly affects the accounting and presentation of leases and consequently, the lessee is required to recognise:

(a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A company recognises the present value of the unavoidable lease payments and shows them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments.
(b) depreciation of lease assets and interest on lease liabilities in profit or loss over the lease term; and
(c) separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (typically presented within either operating or financing activities) in the statement of cash flows.

IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, compared to IAS 17, IFRS 16 requires a lessor to disclose additional information about how it manages the risks related to its residual interest in assets subject to leases.

The standard does not require a company to recognise assets and liabilities for:

(a) short-term leases (i.e. leases of 12 months or less); and
(b) leases of low-value assets.

The new Standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted insofar as the recently issued revenue Standard, IFRS 15 Revenue from Contracts with Customers is also applied).

The Group is currently in the process of assessing the impact of the adoption of these amendments to its consolidated financial statements

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.2. CONSOLIDATION

a) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value over any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

b) Investment in Associates

Associates are all entities over which the Group has significant influence, but not control, or joint control over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition net of all accumulated impaired losses.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution of gains and losses arising from investment in associates are recognised in the profit or loss.

c) Foreign currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kenya Shillings, which is the Company's functional and presentation currency.

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate when the fair value was determined.

(ii) Consolidation of group entities

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- Income and expenses for each profit or loss are translated at average exchange rates (unless this average is not a reasonable; approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component in other comprehensive income.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.2. CONSOLIDATION (CONTINUED)

(ii) Consolidation of group entities (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognized in the statement of other comprehensive income and accumulated in shareholders' equity (translation reserve). When a foreign operation is disposed of in its entirety or partially such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its investment in a subsidiary but retains control, then the relative proportion of the cumulative reserve is re attributed to NCI. When the Group disposes of only part of an associate while retaining significant influence, the relative proportion of the cumulative amount is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

38.3. SEGMENT INFORMATION

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Group chief strategy & administration officer, to make decisions about resources allocated to each segment and assess its performance, and for which discrete information is available.

Group costs are allocated to segments on a reasonable and consistent basis. Transactions between segments are generally accounted for in accordance with Group policies as if the segment were a stand-alone business with intra segment revenue and cost being eliminated in head office.

The Chief Operating Decision Maker within the Group is the Jubilee Holdings Limited Board of Directors. The group results are analyzed across 9 operating segments based on a combination of geographical areas and products and services. There are five geographical segments: Kenya, Uganda, Tanzania, Burundi and Mauritius within which there are three segments classified according to products and services: General including Medical, Ordinary, Group Life & Pensions and Investments. This is consistent with the way the Group manages the business.

General excluding medical means insurance business of any class or classes not being long term insurance business. Classes of General Insurance include, Engineering insurance, Fire insurance - domestic risks, Fire insurance - industrial and commercial risks, Liability insurance, Marine insurance, Motor insurance - private vehicles , Motor insurance - commercial vehicles, Personal accident insurance, Theft insurance ,Workmen's Compensation and Employer's Liability insurance and Miscellaneous insurance (i.e. class of business not included under those listed above).

Medical: Medical insurance means the business of affecting and carrying out contracts of insurance against costs of otherwise non-recoverable medical and surgical expenses necessarily and reasonably incurred by a member as a direct result of sustaining accidental bodily injury and/or illness and/or disease within the period of insurance subject to the policy provisions/ terms, exclusions and conditions.

Medical and general have been aggregated as the Group does not hold the assets and liabilities separately.

Ordinary & Group Life: Includes insurance business of all or any of the following classes, namely, life assurance business, superannuation business and business incidental to any such class of business; Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for term dependent on the termination or continuance of human life and any contract securing the grant of an annuity for a term dependent upon human life; Superannuation business means life assurance business, being business of, or in relation to, the issuing of or the undertaking of liability under superannuation, group life and permanent health insurance policy.

The segments are individually considered by management when making decisions and they are the basis for resource allocation and performance measurement by the Board of Directors. There are no reconciling differences between the primary financial statements of the Group and the reported segmental information.

The Group accounts for inter-segmental transactions as if the transactions were to third parties. Any outstanding amounts owing within the Group companies most of which constitutes dividends payable are included under group eliminations.

Results of activities considered incidental to Jubilee Holdings main operations as well as unallocated revenues and expenses, liabilities and assets have been categorized under investments segment. There are no reconciling differences between the primary financial statements of the Group and the reported segmental information.

The Group has a widely diversified policy holder base and is therefore not reliant on any individual major customers.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.4 INSURANCE CONTRACTS

a) Classification

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk, the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. See accounting policy for these contracts under 38.5. Insurance contracts and investment contracts are classified into two main categories, depending on the duration of risk and as per the provisions of the Insurance Act.

(i) Long-term insurance business

Includes insurance business of all or any of the following classes, namely, life assurance business, superannuation business and business incidental to any such class of business.

Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for term dependent on the termination or continuance of human life and any contract securing the grant of an annuity for a term dependent upon human life.

Superannuation business means life assurance business, being business of, or in relation to, the issuing of or the undertaking of liability under superannuation, group life and permanent health insurance policy.

(ii) General insurance business

General insurance business means insurance business of any class or classes not being long term insurance business.

Classes of General Insurance Include, Engineering insurance, Fire insurance - domestic risks, Fire insurance - industrial and commercial risks, Liability insurance, Marine insurance, Motor insurance - private vehicles , Motor insurance - commercial vehicles, Personal accident insurance, Theft insurance ,Workmen's Compensation and Employer's Liability insurance and Miscellaneous insurance (i.e. class of business not included under those listed above).

Motor insurance business means the business of affecting and carrying out contracts of insurance against loss of, or damage to, or arising out of or in connection with the use of, motor vehicles, inclusive of third party risks but exclusive of transit risks.

Personal Accident insurance business means the business of affecting and carrying out contracts of insurance against risks of the persons insured sustaining injury as the result of an accident or of an accident of a specified class or dying as the result of an accident or of an accident of a specified class or becoming incapacitated in consequence of disease or of disease of a specified class.

Fire insurance business means the business of affecting and carrying out contracts of insurance, otherwise than incidental to some other class of insurance business against loss or damage to property due to fire, explosion, storm and other occurrences customarily included among the risks insured against in the fire insurance business.

Medical insurance means the business of affecting and carrying out contracts of insurance against costs of otherwise non-recoverable medical and surgical expenses necessarily and reasonably incurred by a member as a direct result of sustaining accidental bodily injury and/or illness and/or disease within the period of insurance subject to the policy provisions/ terms, exclusions and conditions.

Marine insurance business means the business of affecting and carrying out contracts of insurance against loss of consignment of goods during transit.

Burglary insurance business relates to contracts of insurance against loss due to theft involving actual break in or break out.

b) Recognition and measurement

(i) Premium income

For long term insurance business, premiums are recognized as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission.

For general insurance business, 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 reporting date. Whilst all other subsidiaries computed the reserve based on the 24ths method, The Jubilee Insurance Company of Kenya Limited revised the method of computing the unearned premiums to the 1/365th method with effect from 1 January 2014.

Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.4 INSURANCE CONTRACTS (CONTINUED)

b) Recognition and measurement (Continued)

(ii) Claims and policy holders benefits payable

For long term insurance business, benefits are recorded as an expense when they are incurred. Claims arising on maturing policies are recognized when the claim becomes due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognized. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognized as income in line with the decrease of unexpired insurance risk of the contracts in-force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid. The liabilities are recalculated at each reporting date using the assumptions established at inception of the contracts.

For general insurance business, 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 reporting 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"). Outstanding claims are not discounted.

(iii) Commissions and deferred acquisition costs ("DAC")

Commissions earned and payable are recognized in the period in which relevant premiums are written. A proportion of commission payable 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.

(iv) Liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

As set out in Note 38.4(a) above, long-term insurance contracts are measured based on assumptions set out at the inception of the contract. When the liability adequacy test requires the adoption of new best estimate assumptions, such assumptions (without margins for adverse deviation) are used for the subsequent measurement of these liabilities.

(v) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Group is entitled under its reinsurance contracts held are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognized as an expense when due.

The Group assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit or loss. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is also calculated following the same method used for these financial assets.

(vi) Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognized when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in profit or loss. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for these financial assets.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.4 INSURANCE CONTRACTS (CONTINUED)

b) Recognition and measurement (Continued)

(vii) Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Group may also have the right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

38.5 INVESTMENT CONTRACTS

The Group issues investment contracts with fixed and guaranteed terms (fixed interest rate). The investment contracts include funds administered for a number of retirement benefit schemes.

For investment contracts with fixed and guaranteed terms, the amortized cost basis is used. In this case, the liability is initially measured at its fair value less transaction costs that are incremental and directly attributable to the acquisition or issue of the contract.

Subsequent measurement of investment contracts at amortized cost uses the effective interest method. This method requires the determination of an interest rate (the effective interest rate) that exactly discounts to the net carrying amount of the financial liability, the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period if the holder has the option to redeem the instrument earlier than maturity.

The Group re-estimates at each reporting date the expected future cash flows and recalculates the carrying amount of the financial liability by computing the present value of estimated future cash flows using the financial liability's original effective interest rate. Any adjustment is immediately recognized as income or expense in profit or loss.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.6 REVENUE RECOGNITION

(i) Insurance premium revenue

The revenue recognition policy relating to insurance contracts is set out under note 38.4 (b) (i).

(ii) Non interest income from financial investments

The revenue recognition policy for non-interest income from financial investments is disclosed in note 38.10.

(iii) Interest income and expenses

Interest income and expense for all interest-bearing financial instruments, including financial instruments measured at fair value through profit or loss, are recognized within 'investment income' and 'finance costs' in the profit or loss using the effective interest rate method.

(iv) Dividend income

Dividend income for available-for-sale equities is recognized when the right to receive payment is established – this is the ex-dividend date for equity securities.

(v) Rental income from investment properties

Rental income is recognised in the period it is earned.

(vi) Commission earned

The revenue recognition policy on commission is disclosed in note 38.4 (b) (iii).

38.7 PROPERTY AND EQUIPMENT

All categories of property and equipment are initially recorded at cost. Property and equipment are subsequently measured at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

Computers	3 years
Office equipment	4 years
Motor vehicles	5 years
Furniture, fixtures and fittings	10 years

These rates have been applied consistently over the years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are included in profit or loss.

38.8 INVESTMENT PROPERTY

Buildings, or part of a building, (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation are classified as investment property.

Investment property is measured at cost on initial recognition and subsequently measured at fair value. Directors monitor the investment property market and economic conditions, including general and property inflation, on a regular basis to identify changes in market conditions that may lead to significant change in fair value, and conducts a formal and independent property valuation at least once every three years and adjusts the recorded fair values accordingly for any significant change. Changes in fair values are included in investment income in the profit or loss.

38.9 INTANGIBLE ASSETS

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.9 INTANGIBLE ASSETS (CONTINUED)

Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each country of operation by each reporting segment.

(ii) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (three to five years). Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized over their estimated useful lives (not exceeding three years).

38.10 FINANCIAL ASSETS AND LIABILITIES

All financial assets are recognized and derecognized on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value.

Fair values of quoted investments in active markets are based on quoted bid prices. Fair values for unquoted investments are estimated using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

(i) Classification of financial assets

For the purposes of classifying financial assets an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32 Financial Instruments: Presentation). All other non-derivative financial assets are 'debt instruments'.

(ii) Debt instruments at amortized cost using the effective interest method

Debt instruments are measured at amortized cost if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments meeting these criteria are measured initially at fair value plus transaction costs, except if they are designated as at FVTPL. They are subsequently measured at amortized cost using the effective interest method less any impairment, with interest revenue recognized on an effective yield basis in investment revenue.

Subsequent to initial recognition, the Group is required to reclassify debt instruments from amortized cost to FVTPL if the objective of the business model changes so that the amortized cost criteria are no longer met.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group may irrevocably elect at initial recognition to classify a debt instrument that meets the amortized cost criteria above as at FVTPL if that designation eliminates or significantly reduces an accounting mismatch had the financial asset been measured at amortized cost.

All financial assets are recognized and derecognized on trade date when the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned. Financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

All recognized financial assets are subsequently measured in their entirety at either amortized cost or fair value.

Fair values of quoted investments in active markets are based on quoted bid prices. Fair values for unquoted investments are estimated using valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants.

(iii) Classification of financial assets

For the purposes of classifying financial assets an instrument is an 'equity instrument' if it is a non-derivative and meets the definition of 'equity' for the issuer (under IAS 32 Financial Instruments: Presentation). All other non-derivative financial assets are 'debt instruments'.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(iv) Equity instruments at fair value through other comprehensive income (FVTOCI)

At initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading. A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the fair value reserve. Where the asset is disposed of, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established in accordance with IAS 18 *Revenue*, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognized in profit or loss and are included in the 'investment income' line item.

(v) Financial assets at FVTPL

Debt instrument financial assets that do not meet the amortized cost criteria or that meet the criteria but the entity has chosen to designate as at FVTPL at initial recognition, are measured at FVTPL. The Group has not designated a debt instrument financial asset as at FVTPL. Subsequent to initial recognition, the Group is required to reclassify debt instruments from FVTPL to amortized cost if the objective of the business model changes so that the amortized cost criteria starts to be met and the instrument's contractual cash flows meet the amortized cost criteria. Reclassification of debt instruments designated as at FVTPL at initial recognition is not permitted.

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at FVTOCI at initial recognition.

(vi) De-recognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset.

(vii) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

(viii) Financial liabilities at FVTPL

The Group does not have financial liabilities classified as at FVTPL.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.10 FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

(ix) Other financial liabilities

Other financial liabilities which includes creditors arising out of reinsurance arrangements and direct insurance arrangement, borrowings and other payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

(x) De-recognition

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The condition is met when the liability is settled by paying the creditors, or when the Group is released from primary responsibility for the financial liability either by process of law or by creditor.

(xi) Impairment of financial assets

a) Financial assets carried at amortized cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including:

  - adverse changes in the payment status of issuers or debtors in the Group; or
  - National or local economic conditions that correlate with defaults on the assets in the Group.

The Group assesses whether objective evidence of impairment exists individually for financial assets. If there is objective evidence that an impairment loss has been incurred on investments carried at amortized cost, 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 credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with exception of receivables arising out of reinsurance or direct insurance arrangements, where the carrying amount is reduced through an allowance account. The impairment loss is recognized directly through profit or loss.

b) Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortisation, are tested annually for impairment. Assets that are subject to amortisation (other than investment property) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset or cash generating unit.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

The impairment loss is recognized directly through profit or loss.

c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

d) Renegotiated loans

Loans that are either subject to collective impairment assessment or individually significant and whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. In subsequent years, the renegotiated terms apply in determining whether the asset is considered to be past due.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.11 HEDGE ACCOUNTING

The Group designates certain instruments as either: (i) hedges of the fair value of recognized assets or liabilities or of a firm commitment (fair value hedge); (ii) hedges of highly probable forecast transactions (cash flow hedges); or (iii) hedges of net investments in foreign operations (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are expected to be and have been highly effective in offsetting changes in fair values or cash flows of hedged items.

Net investment hedge

The Group applies hedge accounting to foreign currency differences between the functional currency of the foreign operation and the Company's functional currency (Kenya shillings).Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized in other comprehensive income to the extent that the hedge is effective, and are presented in the translation reserve within equity. To the extent that the hedge is ineffective, such differences are recognized in profit or loss. When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

38.12 ACCOUNTING FOR LEASES

Leases of property and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leases are capitalized at the inception of the lease at the lower of their fair value and the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in non-current liabilities. The interest element of the finance charge is charged to profit or loss over the lease period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the lease term or the estimated useful life of the asset.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

38.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

38.14 EMPLOYEE BENEFITS

(i) Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Retirement benefit obligations

The Group operates defined contribution retirement benefit scheme for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the Group and employees. The Group and all its employees also contribute to the appropriate Social Security Fund, which are defined contribution schemes. The Group's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate.

(iii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognized as an expense accrual.

38. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

38.15 INCOME TAX EXPENSE

Income tax expense is the aggregate of the charge to profit or loss in respect of current income tax and deferred income tax.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred income tax is provided in full on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would flow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale. Deferred tax assets and liabilities are offset only if certain criteria are met.

38.16 DIVIDENDS

Dividends payable to the Group's shareholders are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

38.17 SHARE CAPITAL

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

38.18 CONCESSION ARRANGEMENTS

One of the Group entities has entered into an arrangement to construct a public utility on behalf of a government under 'build-operate-transfer service concession arrangement. This arrangement is accounted for in accordance with IFRIC 12 – "Concession Arrangement". In order to fall within the scope of IFRIC 12 a contract must satisfy two criteria:

The grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them and at what price; and the grantor controls significant residual interest in the infrastructure at the end of the concession arrangement.

In accordance with IFRIC 12, such infrastructure is not recognized as assets of the operator as property, plant and equipment but either as financial assets (using the financial asset model) or intangible assets (using the intangible assets model). The infrastructure with respect to the construction is accounted for as a financial asset as in this case the Group has an unconditional right to receive cash from government while not retaining any significant demand risk.

Financial assets resulting from the application of IFRIC 12 are recorded as non-current assets and measured at amortized cost.

In accordance with IAS 39 – Financial Instruments, an impairment loss is recognized if the carrying amount of these financial assets exceeds their fair value, which is computed by estimating the recoverable amount using discounted cash flows.

38.19 COMPARATIVES

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

GROUP REVIEW—TEN YEARS

Group Review 10 years	2015 Kshs million	2014	2013	2012	2011	2010	2009	2008	2007	2006
Shareholders' Funds	19,098	15,439	12,431	8,020	6,154	5,114	3,389	2,871	3,606	3,393
Share Capital	329	299	299	299	272	248	225	225	225	180
Long-Term Business Funds	42,337	38,652	28,743	23,476	18,802	14,637	11,495	11,730	9,333	6,504
Total Assets	82,378	74,505	61,159	47,418	38,040	30,691	23,736	20,203	17,942	15,356
Profit Before Tax	4,145	3,949	3,151	2,693	2,144	2,053	1,116	901	810	665
Profit Attributable to Shareholders	2,814	2,880	2,255	2,115	1,802	1,756	825	636	617	528
Profit Attributable to Non - Controlling interest	307	224	248	169	108	83	89	77	46	32
Dividends to Shareholders	560	509	419	419	299	272	203	191	191	153
Dividend Cover Ratio	5.03	5.66	5.38	5.05	6.02	6.45	4.07	3.33	3.23	3.45
Bonus Issue	00:00	01:10	00:00	00:00	01:10	01:10	0.05	00:00	0.04	-
*Earnings Per Share {(Shs) (par value Shs 5)	42.7	43.7	34.2	32.1	27.4	26.7	12.5	9.7	9.4	8.0

* Earnings per share has been calculated on 65,885 million shares for all the year.


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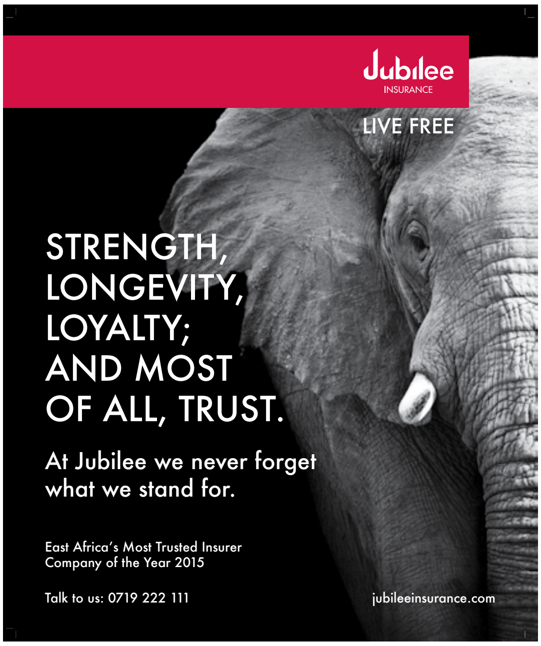
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COMPANY OF THE YEAR
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1. Burundi: Jubilee Burundi staff pose with children from Buterere orphans at the home during a visit by the team over the Easter Holidays.

2. Kenyatta National Hospital: Lily Karos - Kenyatta National Hospital CEO and Felister Mwangi - Team Leader Nurse demonstrate how to adjust the bed to Jubilee Insurance David Ogega - General Manager Pensions at the children's Heart Surgery Critical Care Unit, where Jubilee Insurance staff donated electronic ICU beds.

3. Mauritius: Jubilee Mauritius staff celebrate Christmas with children in Bonne Venne, a deprived region in Mauritius. The staff provided food and other utilities for the children in the area.

4. JISA: Mrs. Judith Tonui receives the Jubilee Insurance Samaritan Award in 2015. Judith takes care of the mentally ill in the streets of Eldoret. This award seeks to recognize ordinary things expecting no compensation or reward.

5. Standard Chartered Marathon: Jubilee Insurance CEO Patrick Tumbo emerged second in the Stanchart Marathon CEO's race at the annual Nairobi Standard Chartered Marathon. The insurer provided insurance for all participants, organizers and the marathon equipment worth Ksh 21 million

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FINANCIAL MANAGEMENT - COYA

CSR & ENVIRONMENTAL FOCUS - COYA

INNOVATION, INFORMATION & KNOWLEDGE MANAGEMENT - COYA

COMPANY OF THE YEAR 2015

2016

AKI AGENTS AWARDS 2015 KENYA

Most Improved Company Award

Innovation Awards

2015

COYA AWARDS KENYA 2015

Financial Management (2nd year in a row)

Innovation, Information Technology and Knowledge Management

Corporate Citizenship and Environment Focus

Overall Company of the year

TAXPAYERS APPRECIATION AWARDS 2014/2015 UGANDA

Excel Award Winner 2014/2015 Non Individual

THINK BUSINESS INSURANCE AWARDS KENYA

Medical Underwriter of the Year - **Winner**

General Insurer of the Year - **Winner**

The Socially Responsible Corporate - **Winner**

The Major Loss Award - **Winner**

Claims Settlement Award – Life -**1st runner's up**

Customer Satisfaction Survey – Life - **1st runner's up**

Customer Satisfaction Survey – General - **1st runner's up**

Marketing Initiative of the Year - **1st runner's up**

The ICT Award - **2nd runner's up**

AGENT'S CHOICE AWARDS KENYA

Lifetime achievement Award - **Winner**

CEO of the year - **Winner**

Best Customer Champion - **Winner**

Fastest growing Company - **Winner**

Best Medical Underwriter - **Winner**

Training Excellence and Impact -**1st Runner Up**

THINK BUSINESS INVESTMENT AWARDS KENYA

Pension Administrator of the Year - **1st Runner Up**

Occupational Scheme of the Year - **1st Runner Up**

Individual Pension Scheme of the Year - **1st Runner Up**

INSTITUTE OF CUSTOMER SERVICE KENYA-CUSTOMER SERVICE KENYA AWARD

2015 Service Excellence Award in Insurance Sector - **Winner**

KENYA

NAIROBI
Head Office
Jubilee Insurance House, Wabera St.
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Tel: +254 020 328 1000

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Tel: +254 064 643 0722

KISUMU
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P.O. Box 378 Kisumu,
Tel: +254 057 202 0836 / 202 0845
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ELDORET
Imperial Court Eldoret - 1st Floor, Nairobi/
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Tel: +254 053 532 032 335

KISII
New Sansora Building,Town Centre
Hospital Road
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WESTLANDS
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HOIMA AGENCY OFFICE
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Quality Centre Shopping Mall

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OUR VISION

Enabling people to overcome uncertainty.

OUR MISSION

To provide solutions to protect the future of our customers.

OUR VALUES

Integrity, Passion, Excellence and Teamwork.

Jubilee
HOLDINGS

www.jubileeinsurance.com