



## Berhan Insurance S.C

### ESTABLISHMENT

Berhan Insurance S.C. was established on October 30, 2010 with a paid up capital of Birr 9.7 Million, under proclamation No. 86/1994. Being initiated by Berhan Bank S.C, the key founding shareholders of the Company were, four hundred fifty five, which comprised influential and well-known investors in the country. The Company has started operation on June 1, 2011 and currently it is operating through its twenty two branches, in which fourteen are in Addis Ababa, and the remaining eight in Hawassa, Wolaita Sodo, Mekelle, Bahir Dar, Adama, Dessie, Hossana and Shashemene towns and one contact office in Arbaminch town.

Owing to its successful penetration and promising profitability, the number of the company's shareholders is growing from time to time and has reached over 1,560 currently. Berhan Insurance has successfully managed to fulfill the National Bank of Ethiopia's paid up capital requirement for both general and life insurance providers in the country and its paid up capital as at 30 June 2020 has reached Birr 117.7 million.

### BOARD OF DIRECTORS

The members of the Board of Directors are well known professional Ethiopians qualified and experienced in various fields.

### MANAGEMENT

The company's top management is composed of highly qualified and experienced insurance and management professionals.

### VISION

Berhan Insurance S.C. has a vision to become an "Insurance Company of Popular Choice."

### MISSION

The company's mission is to provide insurance service to the public in a professional way and satisfy all the stakeholders (customers, shareholders, employees and the community).

### VALUES

Integrity, Honesty, Transparency, Efficiency, Good Governance, Result Oriented Service, and Non-Discrimination are the core values of the company.

### MOTTO

Visible Protection Provider!!!



# Berhan Insurance S.C

## Annual Report 2019/20

### Table of Contents

1. Notice to the Shareholders	3
2. Message from the Chairperson of the Board of Directors	6
3. Report of the Board of Directors	8
3.1 The Business Environment	8
3.1.1 Global Macro Economic Environment	8
3.1.2 African Macro Economic Performance and Prospect	8
3.1.3 Overview of the Insurance Industry	9
4. Operational and Financial Performance	9
4.1 Gross Written Premium Income	9
4.2 Claims	10
4.3 Underwriting Result	11
4.4 Profit and Loss Account	12
5. Statement of Financial Position	12
5.1 Assets	12
5.2 Liabilities	12
5.3 Equity Capital	12
6. Branch Expansion	14
7. Human Resources Development	14
8. Reinsurance Arrangements	15
9. Corporate Social Responsibility	15
10. Current and Future Endeavors	15
10.1 Implementing International Financial Reporting Standard (IFRS)	15
10.2 Installation of Information Technology System	15
10.3 Human Resource Development	15
10.4 Marketing and Business Development	16
10.5 Operations Management	16
10.6 Five Years strategic plan Development	16

## Notice of the Ninth Annual Ordinary and Third Extra Ordinary Meeting

THIS IS TO NOTIFY AND INVITE ALL SHAREHOLDERS OF BERHAN INSURANCE S.C TO ATTEND THE NINTH ANNUAL ORDINARY GENERAL MEETING AND THIRD EXTRA ORDINARY MEETING TO BE HELD ON 12 DECEMBER, 2020 AT 8:00 A.M. AT ELILLY INTERNATIONAL HOTEL, KAZANCHIS ADDIS ABABA. ALL SHARE HOLDERS SHALL BRING THEIR RENEWED ID CARD OR DRIVING LICENCE OR PASPORT TO ATTEND THE MEETING.

### 1. Agendas of the Ninth Annual Ordinary General Meeting are:

- 1.1 Approving the Agenda.
- 1.2. Consideration of sales and transfers of shares.
- 1.3. Consideration of the Report of the Board of Directors for the year 2019/20.
- 1.4. Consideration of the Company's accounts and receive the auditor's report for the year ended 30 June, 2020.
- 1.5. Appointing External Auditors of the company and fix their remuneration.
- 1.6. Deciding on the appropriation of the net profit of the company 2019/20.
- 1.7. Approving the Board of Directors yearly and monthly payments.
- 1.8. Approving the minutes of the meeting.

### 2. Agendas of the Third Extra Ordinary Meeting are:

- 2.1 Approving the Agenda
- 2.2. Deciding on the commencement of Life Insurance Service.
- 2.3. Allocation of Capital between General and Life Insurance
- 2.4. Amendment of Articles/Memorandum of Association
- 2.5. Approving the minutes of the meeting

### By order of the Board, Notice to the Shareholders

#### NOTE

- A Shareholder who is not able to attend the Meeting may appoint a PROXY, three days prior to the date of the meeting by filling a complete proxy form and presented to the company's Head Office, Finance and Investment Department, which is located at Yeshitam Building 4th floor, before the date of the General Meeting.  
OR
- A PROXY, or a Delegate shall bring, original and a copy of valid power of authority or delegation authenticated by public notary office.

## BOARD OF DIRECTORS



**Ato Tewodros Meheret**  
*Chairperson of the Board*



**Ato Solomon Assefa**  
*V/Chairman*



**Ato Girum Tsegaye**  
*Director*



**Ato Abrham Alaro**  
*Director*



**W/ro Melkrist Hailu**  
*Director*



**Dr Salehu Anteneh**  
*Director*



**Dr. Taye Berhanu**  
*Director*



**Ato Sebilu Bodja**  
*Director*



**Wro Yimenashu Kassahun**  
*Director*

## MANAGEMENT TEAM



**Ato Alemayehu Tefera**  
*Managing Director*



**Ato Sibū Ayele**  
*Deputy Managing Director, Strategy  
& Corporate Services*



**Ato Adefres Wesene**  
*Deputy Managing Director, Operations*



**W/t Rediet Baye**  
*Manager, Underwriting, Reinsurance  
& Branch Operations Department*



**Ato Abiy Melka**  
*Manager, Marketing & Business  
Development Department*



**Ato Admassu Zerihun**  
*Manager, Claims & Recovery  
Department*



**Ato Hunde Cherinet**  
*Manager, HR & Property  
Administration Department*



**Ato Girum Teferi**  
*Manager, Engineering Departments*



**Ato Daniel Defar**  
*Manager, Legal Service*



**Ato Eyoel Getachew**  
*Manager, Risk & Compliance Service*



**Ato Biruk Alemayehu**  
*Manager, IT Service*



## 2. Messages from the Chairperson of the Board of Directors



**I**t is with great honor and pleasure that, I would like to welcome you, our esteemed shareholders, to the Ninth Annual Ordinary and Third Extra Ordinary Shareholders Meeting of Berhan Insurance S.C.

Dear Distinguished Shareholders!

As you all know, the year under report was the most challenging operational year, due to the global COVID-19 pandemic, political instabilities and economic slump. The aftermath of these incidents has affected the Ethiopian economy in various dimensions in general and the finance sector in particular. Our company has been operating in this milieu, facing all the hurdles in addition to the peculiar predicaments of the sector.

In spite of the challenges posed by the pandemic, and the political instability, our company performed well and registered profit. Thus, it is with great pleasure that I share the good news with you that Berhan Insurance has made a record profit of Birr 35.9 million before tax for the year ended June 30, 2020. In this same period, the total Asset of the company has reached Birr 440.5 million, by showing an increase of 7% over the previous year's same period. By the same token, the total Liability of the company reached Birr 281.7 million and the total Equity of the company has grown considerably as compared with last year's same period to Birr 158.8 million as at June 30, 2020.

It is quite an achievement compared to its past performance and measured against economic indicators and industrial standards. It should, however, be stressed that we have to put more effort to improve our position in the industry and exploit our competitive advantage. Though the industry is characterized by cut-throat competition primarily by reducing premium, it is the commitment of Berhan Insurance to ensure that customers are satisfied by operating within the framework of industrial standard. It is our vision that we will have a very strong and dependable insurer preferred by clients by capitalizing on service quality, increasing production and product diversification. In line with this, we submit to our shareholders' approval of the expansion of the service to life insurance in addition to the effort to streamline general insurance business we have been engaged in so far.

Berhan Insurance S.C has been striving to win hearts of its customers in general and its shareholders, in particular with its quality and reliable services. We have been encouraging our shareholders to work with us by bringing their individual and corporate businesses to us. Thus, I would like to extend my heartfelt gratitude and appreciation on behalf of members of the Board of Directors and the Executive management to those who positively responded to our business calls, especially, the Management of Berhan Bank. We call upon the rest of shareholders to join our clientele and benefit from the service which we assure you is to the best of your satisfaction.

In an effort to improve profitability of the company, we are paying attention to make investments. Accordingly, developing the wreckage site we secured is a case in point. The site has been fenced as a preparation to develop it complying with master plan of the city and structural plan of the local area. We are going through the requirements for a construction permit, to develop the plot so as to commence construction soon. Effort is being made to secure a plot of land for the construction of headquarters of the company and we are also exploring options to find a way to acquire a building which will house the head office and serve as source of income. Your response to the call to increase your investment by procuring additional shares as per the decision of the extraordinary meeting of shareholders to increase capital of the company contributes a lot to realize these plans.

As a final remark, I wish to warmly express my sincere appreciation to all our shareholders, our customers, my colleagues in the BOD, past and present, the Management and the entire staff of the company, Insurance brokers, Sales agents and Reinsurers working with us for their solid contribution in all aspect.

**God Bless Ethiopia**  
**Tewodros Meheret**  
**Chairperson, BOD and Annual General Meeting**

### 3. Report of the Board of Directors

The Board of Directors of Berhan Insurance S.C takes pleasure in presenting to you the Ninth Annual Report of the Board of Directors and the Accounts of the company for the year ended 30 June 2020.

#### 3.1. The Business Environment

##### 3.1.1 Global Macro Economic Environment

According to IMF, independent economic research and forecast, made on April 2020, the COVID-19 pandemic is inflicting high and rising human costs worldwide. Protecting lives and allowing health care systems to cope have required isolation, lockdowns, and widespread closures to slow the spread of the virus. The health crisis is therefore having a severe impact on economic activity. As a result of the pandemic, the global economy is projected to contract sharply by 3% in 2020, much worse than during the 2008-09 financial crises. In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8% in 2021 as economic activity normalizes, helped by the policy support. (IMF, World Economic Outlook, April-2020).

##### 3.1.2 African Macro Economic Performance and Prospect

According to the African Economic Outlook (AEO), July 2020 Supplement, Real GDP in Africa is projected to contract by 1.7 percent in 2020, dropping by 5.6 percentage points from the January 2020 pre-COVID-19 projection, if the virus has a substantial impact but of short duration. If it continues beyond the first half of 2020, there would be a deeper GDP contraction in 2020 of 3.4 percent, down by 7.3 percentage points from the growth projected before the outbreak of COVID-19.

Ethiopia had been one of the fastest growing economies in East Africa. But real GDP growth in 2020 is now projected to decline from the pre-pandemic estimate of 7.2% to 3.6% with the pandemic slowing by July (baseline) and to 2.6% (Worst case). A partial recovery is projected in 2021. The pandemic is expected to hit commodity prices and trade, travel and tourism, and financial flows. Ethiopia depends on commodity exports, with agricultural products accounting for more than 65% of total merchandise export revenues, and accounting for about 9% of GDP. Reduced demand among Ethiopia's major trading partners in Asia, Europe, and United States is expected to reduce export revenues and foreign exchange earnings. Subdued economic activity will depress public revenues and coupled with increased public spending to address the impact of the pandemic, the fiscal deficit is expected to widen in 2020 to between 2.9% (baseline) and



3.5 (worst case). Disruptions of regional and global supply chains will induce shortages of commodities, fueling price increases. (African Economic Outlook, July 2020 Supplement).

As we observe the above explanations, the Ethiopian economy is strongly affected by the covid-19 pandemic other than the ever existing price war which is negatively affecting the Insurance industry actors for a long time.

### 3.1.3 Overview of the Insurance Industry

In the year under review, the number of insurance companies stood 17, of which 16 were privately owned. During the third quarter of the year under review, the number of insurance branches increased to 595 from 558 a year ago. Of the total branches, about 54 percent were located in Addis Ababa. The total capital of insurance companies reached Birr 9.0 billion compared to 6.8 billion last year same quarter. Private insurance companies constituted 68.8 percent of the total capital. (NBE, 2019/20 Third Quarter Report)

Besides, the ratio of number of population to insurance branches reached 173,848: 1 by the end of 2018/19 which showed slight difference from a year ago which was 181,396: 1 in 2017/18.

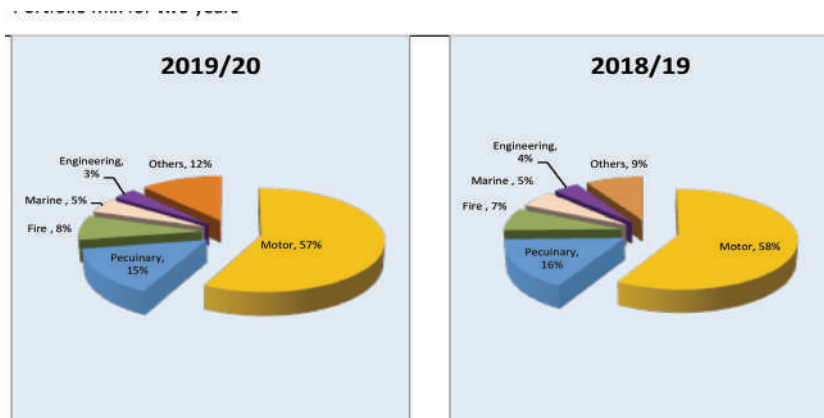
Generally speaking, The Ethiopian insurance industry is still challenged by low insurance awareness & shortage of skilled insurance professionals, political and economic disruptions, and low level of integration among insurers to challenge common issues, and unhealthy price competition.

## 4. Operational and Financial Performance

### 4.1 Gross written Premium Income

During the year ended 30 June 2020, the Company generated a gross written premium income of Birr 139.8million compared with the 2018/19; it shows 15% growth which was Birr 121.9.

The portfolio mixes of the different classes of business for two years are indicated in the following pie chart.



The highest turnover is produced from Motor class of business as usual with Birr 80.2 million, which is 57% of the total production of the year as against Birr 70.9 million or 58% in the preceding year of 2018/19. Pecuniary class of business stood second with Birr 20.9 million or 15% of the mix. The remaining 28% share is generated from the rest class of businesses.

## 4.2 Claims

Total gross claims paid increased from Birr 44.2 million in 2018/19 to Birr 70.9 million in 2019/20.

Gross claims paid ratio increased from 36% in 2018/19 to 51% in 2019/20. Gross incurred claims, which include movement in outstanding claims provision (Birr 16.5 million in 2018/19 as against Birr -7 million in 2019/20), amounted to Birr 63.9 million in 2019/20 as against (Birr 66.6 million in 2018/19).

The comparative Gross loss ratios by class are shown in the table below.

Class of Business	2019/20			2018/19		
	Gross Claims Incurred	Gross Earned Premium	Gross Loss Ratio	Gross Claims Incurred	Gross Earned Premium	Gross Loss Ratio
Motor	50,903	77,248	66%	43,466	64,469	67%
Pecuniary	5,843	18,881	31%	12,294	5,469	225%
Fire	1,181	10,201	12%	537	7,611	7%
Marine	(206)	6,585	-3%	38	5,221	1%
Engineering	853	5,419	16%	6,305	1,360	464%
Others	5,313	14,290	37%	3,989	29,311	0%
<b>Total</b>	<b>63,887</b>	<b>132,625</b>	<b>48%</b>	<b>66,630</b>	<b>113,441</b>	<b>59%</b>

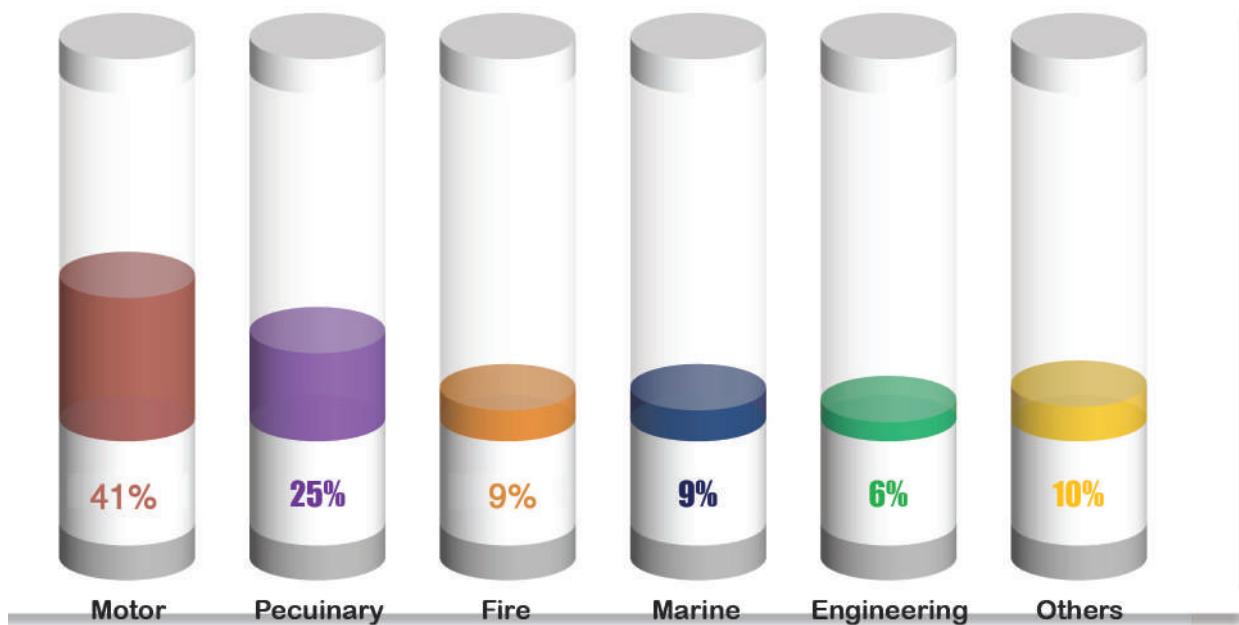
The company’s gross loss incurred during the year under review was reduced from Birr 66.6 million in 2018/19 to Birr 63.9 million in 2019/20, while the gross earned premium was increased to Birr 132.6 million in 2019/20 as against (Birr 113.4 million in 2018/19). This helped the company to arrive at an improved gross loss ratio of 48% as against 59% in 2018/19.

### 4.3 Underwriting Result

The Company registered an underwriting surplus of Birr 61.4 million during the reporting period, which is markedly higher than the sum of Birr 44.8million of the corresponding period of the previous year by Birr 16.6 million or 37%.

Underwriting surplus contribution (in percent) by each classes of business for the year is indicated in the following chart.

**Underwriting surplus contribution (in percent) by each class of business**



## 4.4 Profit and Loss Account

During the year ended 30th June 2020, the company reported a profit of Birr 35.9 million before tax which was considerably higher than the profit of Birr 25.5 million registered during the same period of last year. This is due to persistent effort that the management and staff of the company have shown towards improvement of the company's overall performance result.

The company managed to attain earning per share of 29% during the year, which was a marked improvement against last year's, which was 24%.

## 5. Statement of Financial Position

### 5.1 Assets

Total assets of the company as at 30 June 2020 stood at Birr 440.5 million. A growth of Birr 30.4 million or 7% was recorded as compared to the previous year same period balance of Birr 410 million.

### 5.2 Liabilities

Total liabilities of the Company at the end of the fiscal year amounted to Birr 281.6 million. It shows a slight growth of Birr 1.1 million or 0.4% when compared with the preceding year of Birr 280.5 million. This is due to the company settled most of its outstanding liabilities.

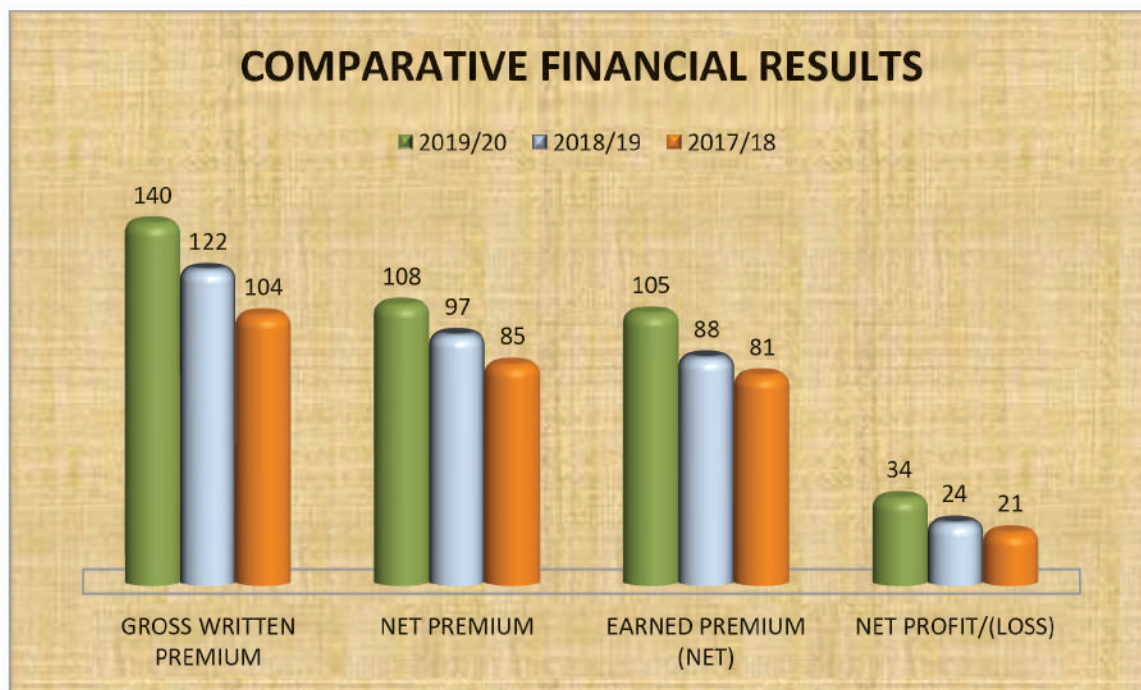
### 5.3 Equity Capital

The total equity capital of the company as of 30th June 2020 amounted to Birr 158.8 million. It grew by Birr 29.2 million or 23% when compared with the balance as at 30th June 2019 of Birr 129.6 million. Out of the total shareholders' fund, Birr 117.7 million or 74% of it is the paid up capital.

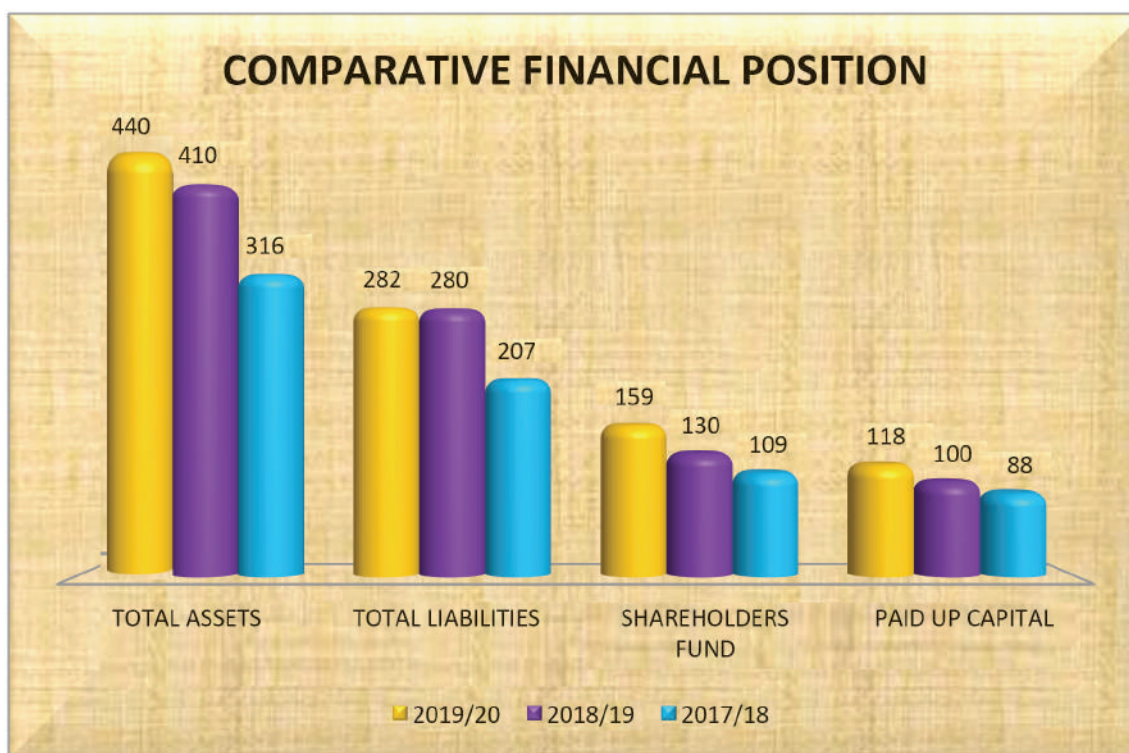
### Three years Financial Highlights

In Birr '000	2019/20	2018/19	2017/18
<b>FINANCIAL RESULTS</b>			
GROSS WRITTEN PREMIUM	139,820	121,860	104,284
NET PREMIUM	108,475	96,672	85,362
EARNED PREMIUM (NET)	105,098	88,039	81,128
NET PROFIT/(LOSS)	33,716	24,423	20,582
<b>FINANCIAL POSITION</b>			
PAID UP CAPITAL	117,676	100,000	88,196
SHAREHOLDERS FUND	158,767	129,567	109,445
TOTAL ASSETS	440,451	410,034	316,228
TOTAL LIABILITIES	281,685	280,468	206,783

Three years comparative financial performance (In millions Birr)



Three years comparative Financial Position (In millions of Birr)





## 6. Branch Expansion

As per our target of attaining the company's strategic objectives of production and market share, we have expanded our distribution channel by opening three new branches in Addis Ababa and Dessie towns. During the reporting period, after a careful study and area screening on the business prospect of the area and its surroundings, new branch office opening have been realized in two main Addis Ababa lucrative business areas namely; Teklehaimanot and Saris, and one in Dessie town.

## 7. Human Resource Developments

The human resource of the company has been progressively growing over the last decade. As of June 30, 2020 the number of employees has reached 192 (104 male and 88 female). This figure is 10.4% higher when compared to that of the same period last year. With regard to their educational levels, 5.2 % of the employees have second degrees, 55.2% have university degrees, 19.8 % are college diploma (Level III &IV) and the rest 19.8 % have high school certificates.

Cognizant to the importance of skilled manpower for rendering of quality services, the company has carried out various local and abroad training programs during the budget year under report. A total of 65 employees have undergone local training in various topics in collaboration with the Ethiopian Institute of Financial Studies (EIFS) of the National Bank of Ethiopia and Ethiopians Insurers Association. Three management members have taken strategy and leadership related trainings abroad which were organized by Africa Re. Two workshops were organized for senior management members and branch managers of the company and performance of each work unit were critically evaluated.

Tackling distribution of corona virus was one of major tasks of the company in the reporting period. The pandemic requires solidarity and coordinated responses from not only government, but also private business sectors to control and mitigate the impact of overall crisis on the employees and the society at large. As a responsible company, Berhan Insurance S.C. has been taking relevant measures to protect its employees from Covid-19. Among these, regularly supplying face masks, sanitizer and updated information to employees. Arranging shift work schedule and controlling social and physical distancing of customers and employees are other majors which have been taken. Moreover, arranging regular hand washing or sanitizing tool to employees and customers was one of prevention mechanism of COVID -19 pandemic in the company.

One of the critical challenges being faced by the company over the past few years is the ever increasing turnover rate. This is due to the high demand for insurance professionals and the stiff competition for the limited human resource in the sector. In this regard, the company has employed consultant to revise salary and benefit package of the company to minimize the problem.

## 8. Reinsurance Arrangements

The company has entered into reinsurance agreements with internationally renowned “A” rated and “B” rated Reinsurers including Ethiopian Reinsurance S.C. and has managed to give covers to high risks in various classes of businesses.

## 9. Corporate Social Responsibility

**In view of discharging our corporate social responsibility, we have supported and worked with different social groups and other stakeholders to mention some;**

- Corona Virus Mitigation Trust Fund
- “Gebeta le Sheger” Addis River Basin Development Support,
- Ethiopian Red Cross Society,
- Kidney Failure Dialysis Charity Organization,

## 10. Current and Future Endeavors

### 10.1 Implementing International Financial Reporting Standard (IFRS)

Following the implementation of our financial reporting using IFRS standards in 2017/18 fiscal year for the first time, Berhan insurance will strictly continue to present its financial reports in the future in compliance with Proclamation No.847/2014 and updated new IFRS standards whenever it is found necessary.

### 10.2 Installation of Information Technology System

The Board of Directors and the Management of Berhan Insurance S.C are considering various possible options to tap the most cost effective and efficient ICT system adoption that enhances the operational efficiency and competitiveness of the company in a progressive manner within two years’ time.

### 10.3 Human Resource Development

Focusing on professional human resource development, to cope up with the existing market competition in the insurance sector, we are providing employees a pre service training prior to their engagement in a forefront service delivery. In addition, upgrading the operational staff knowledge and skill through integrated trainings, paves a successful way for a stable human resource management.

On our proper asset management strides, we have successfully completed the new recovery yard fence construction and realized smooth construction progress of building some additional developments on the site after granting all the necessary license requirements by the land management authority. On the other hand, to enhance the staff retention strategy, and attract competent human

resource, the company hired a consultant to revise its employee's salary scale for the purpose of making the company competitive in the industry.

#### **10.4 Marketing and Business Development**

Adopting a comprehensive marketing strategy is crucial in order to be well competent in the insurance sector. Thus, the Company is aspiring to solicit the market and through strengthening alliance with customers, shareholders and other prominent corporate business segments of, Berhan Bank other promising market opportunities.

In addition we have planned to work with utmost effort to enhance business relationship with trained sales agents and insurance brokers. Through ensuring the accessibility of the Company's services to its existing and potential customers, the management gives due attention to streamline the expansion of new branches in different parts of the country. On the basis of a sound cost benefit analysis a well-tailored branding, promotion and advertisement activities are planned to be accomplished for the enhancement of the goodwill and brand image of the Company along with organizing special events and promotional campaigns to mark and celebrate the Company's 10th Year anniversary.

#### **10.5 Operations Management**

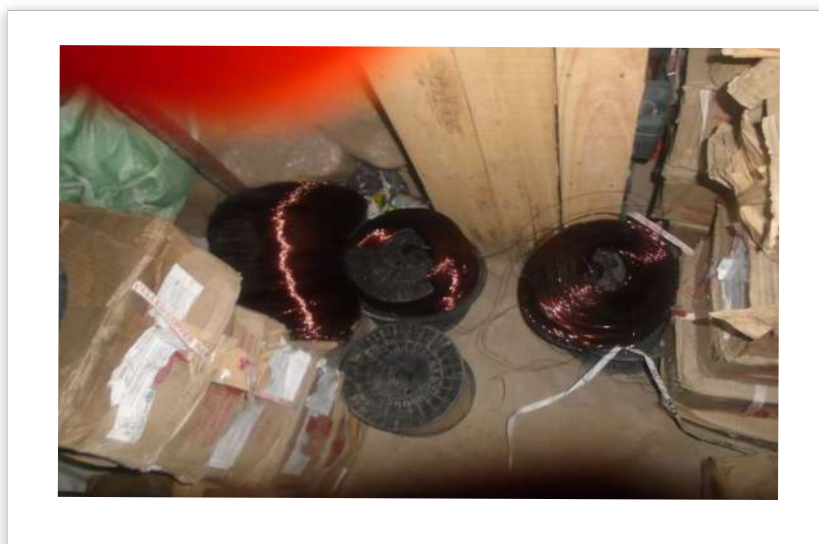
We have designed amicable pricing strategies that will help us to be competent in the insurance sector, especially on selected risky motor businesses. Through, sticking on minimization of claims cost by identifying and carefully working on the selection of garages and spare part suppliers, we have planned to control our major leakage minimization loops in the coming years.

Moreover, identification of claims leakage points in the claims process and designing of better mitigation system and implementation of claims process standards and enhancement of claims handling efficiency and effectiveness, which will be followed by proper customer satisfaction deeds, will be the major focus areas of the operation for the coming fiscal year.

#### **10.6 Five Years strategic plan Development**

In order to be paramount service provider and competent insurer in the industry, Berhan Insurance is aspiring to crave a 5 years strategic plan road map through engaging an external consultant and an internally formed strategic plan developing team. We do firmly believe that the strategic plan document will be implemented after a thorough review to be made by the board of directors and other pertinent stakeholders.

*Some of the Marine claims handled during the budget year 2019/20*





*Some of the Motor Claims handled under Motor Insurance Policy*



*Some of the Motor Claims handled under Motor Insurance Policy*





*Some of the Motor Claims handled under Motor Insurance Policy*



*Some of the Motor Claims handled under Motor Insurance Policy*



**BERHAN INSURANCE S.C**  
**AUDITOR'S REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**



**Asrat, Gezahegn and Birberssa Audit General Partnership**  
Chartered Certified Accountants (UK) and Authorised Auditors (Ethiopia)

Tel. +251 (0) 114 16 23 71 Mobile +251(0) 930 01 35 63/64 Fax +251 (0) 114 66 41 34  
P.O.Box.20038 Addis Ababa, Ethiopia email: info@asgbpartners.com

# Berhan Insurance S. C

## Contents

### For the year ended 30 June 2020

Directors and professional advisers	22
Report of the directors	23
Statement of directors' responsibilities	24
Independent auditor's report	25-26
Statement of financial position	27
Statement of profit or loss and other comprehensive income	28
Statement of changes in equity	29
Statement of cash flows	30
Notes to the financial statements	31-81



# Berhan Insurance S. C

## Directors, professional advisors and registered office

### For the year ended 30 June 2020

Company registration number: 020/2/9361/2003

#### Board Of Directors (as of 30 June 2020)

	<u>Designation</u>	<u>Appointment Date</u>
1 Ato Tewodros Meheret	Chairman	18/Jun/20
2 Ato Solomon Assefa	V/chairman	24/May/17
3 W/ro Yemenashu Kassahun	Member	18/Jun/20
4 Ato Abraham Alaro	Member	18/Jun/20
5 Dr. Salehu Anteneh	Member	18/Jun/20
6 Ato Girum Tsegaye	Member	24/May/17
7 Ato Sibilu Bodja	Member	24/May/17
8 W/ro Melkerist Hailu	Member	24/May/17
9 Dr. Taye Berhanu	Member	18/Jun/20

#### Executive Management Team (as of 30 June 2020)

	<u>Designation</u>	<u>Appointment Date</u>
1 Ato Alemayehu Tefera	Chief Executive Officer (CEO)	21/Jun/15
2 Ato Adefres Wosene	D/Managing Director, Operations	1/Jan/17
3 Ato Siblu Ayele	DMD, Strategy and Corporate Service	1/Feb/20
4 W/rt. Rediet Baye	Underwriting, Branch Operations & Reinsurance Department Manager	1/Jul/16
5 Ato Admassu Zerihun	Claims Department Manager	1/Jul/16
6 Ato Abiy Melka	Marketing & Business Development Department Manager	4/Oct/16
7 Ato Girum Teferi	Engineering Department Manager	12/Jun/17
8 Ato Hunde Cherinet	HR & Property Administration. Dept A/Manager	1/Jul/17
9 Ato Daniel Defar	Legal Service Manager	5/Sep/16
10 Ato Biruk Alemayehu	IT Service Manager	20/Feb/17

#### Independent auditor

Asrat, Gezahegn and Birberssa Audit General Partnership  
Chartered Certified Accountants (UK) and Authorized Auditors (Eth.)  
Addis Ababa,  
Ethiopia

#### Corporate office

**Berhan Insurance S.C**  
Yeshitam Building  
Debrezit Road,  
Infront of Ethiopian Revenue & Customs Authority  
Addis Ababa,  
Ethiopia

#### Consulting Actuaries

Actuarial Service (EA) Ltd  
26th Floor, UAP Old Mutual Tower, Upper Hill Road  
P.O.Box 10472 - 00100 Nairobi, Kenya  
Nairobi City, Kenya

#### Principal bankers

Berhan International Bank  
Oromia International Bank  
NIB International Bank  
Enat Bank  
United Bank

#### Re-insurers

African Reinsurance Corporation  
Ethiopian Reinsurance S.C  
PTA Reinsurance Co.  
Ghana Reinsurance Company  
East Africa Reinsurance Co.



# Berhan Insurance S. C

## Report of the directors

### For the year ended 30 June 2020

The directors submit their report together with the financial statements for the year ended 30 June 2020, to the members of Berhan Insurance S.C. This report discloses the financial performance and state of affairs of the Company.

#### Incorporation and address

Berhan Insurance Company (S.C) was incorporated in Ethiopia on 1 October, 2010 as a share company, and is domiciled in Ethiopia.

#### Principal activities

The principal activity of the Company is to engage in general insurance business.

#### Results and dividends

The Company's results for the year ended 30 June 2020 are set out on page 9. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Gross premium written	139,820	121,860
Profit before income tax	35,887	25,542
Profit tax expense	(2,170)	(1,119)
<b>Net Profit for the year</b>	<b>33,716</b>	<b>24,423</b>

#### Directors

The directors who held office during the year and to the date of this report are set out on page 3.



**Alemayehu Tefera**  
Company Secretary  
Addis Ababa, Ethiopia





## Berhan Insurance S. C

### Statement of directors' responsibilities

### For the year ended 30 June 2020

In accordance with the Financial Reporting Proclamation No. 847/2017, the Accounting and Auditing Board of Ethiopia (AABE) has directed the Company to prepare financial statements in accordance with International Financial Reporting Standards (IFRS).

The directors are responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in Ethiopia and in the manner required by the Commercial Code of Ethiopia of 1960, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Company is required to keep such records as are necessary to:

- a) exhibit clearly and correctly the state of its affairs;
- b) explain its transactions and financial position; and
- c) enable the National Bank of Ethiopia to determine whether the Insurance Company had complied with the provisions of the Insurance Business Proclamation and Regulations and Directives issued for the implementation of the aforementioned Proclamation.

The Directors accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards, Insurance Business Proclamation, Commercial code of 1960 and the relevant Directives issued by the National Bank of Ethiopia.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit or loss.

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

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

Signed on behalf of the Directors by:



Tewodros Meheret  
Board Chairman



Alemayehu Tefera  
Managing Director





ASGB Partners Auditors  
Certified Audit Firm  
Asrat, Gezahegn and Birberssa Audit General Partnership

## Opinion

We have audited the accompanying financial statements of Berhan Insurance S.C, set out on pages 8 to 62, which comprise the statement of financial position as at 30 June 2020, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 30 June 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Commercial Code of Ethiopia 1960.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants, together with other ethical requirements that are relevant to our audit of the financial statements in Ethiopia, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Other Information

The Directors are responsible for the other information, which comprises report of the directors. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS, and for such internal controls as Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



A handwritten signature in black ink, appearing to be 'GK'.

## Correspondent Firm of the RSM Network

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*Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Report on Other Legal and Regulatory Requirements*

We have no comment to make on the report of the directors so far as it relates to these financial statements and pursuant to Article 375 of the Commercial Code of the Empire of Ethiopia 1960, we recommend the financial statements for approval.

  
**Asrat, Gezahegn and Birberssa Audit G.P.**  
**Chartered Certified Accountants (UK) and Authorized Auditors (Eth.)**  
**Addis Ababa, Ethiopia**  
**27 November 2020**



# Berhan Insurance S. C

## Statement of financial position

### As at 30 June 2020

	Notes	30 June 2020 Birr'000	30 June 2019 Birr'000
<b>ASSETS</b>			
Cash and cash equivalents	13	223,233	193,316
Investment securities			
- Available for sale	14.1	41,419	41,419
- Loans and receivables	14.2	11,500	11,500
Statutory Deposit in cash	21	3,500	2,662
Trade and other receivables	15	13,466	12,585
Reinsurance assets	16	101,610	112,264
Deferred acquisition cost	17	2,308	2,456
Other assets	18	13,184	7,682
Intangible assets	19	2	5
Property, plant and equipment	20	30,230	26,145
<b>Total assets</b>		<b>440,451</b>	<b>410,034</b>
<b>LIABILITIES</b>			
Insurance contract liabilities	22	237,515	237,287
Deferred tax liabilities	12.3	876	661
Current income tax liabilities	12.2	2,170	1,119
Insurance payables	23	4,674	25,015
Other liabilities	24	36,448	16,385
<b>Total liabilities</b>		<b>281,685</b>	<b>280,468</b>
<b>EQUITY</b>			
Share capital	27	117,676	100,000
Share premium	28	1,246	1,246
Retained earnings	30	30,215	22,063
Legal reserve	31	9,629	6,258
<b>Total equity</b>		<b>158,767</b>	<b>129,567</b>
<b>Total equity and liabilities</b>		<b>440,451</b>	<b>410,034</b>

The notes on pages 31 to 81 are an integral part of these financial statements.

The financial statements on pages 27 to 81 were approved and authorised for issue by the board of directors on 06 October 2020 and were signed on its behalf by:



**Tewodros Meheret**  
Board Chairman




**Alemayehu Tefera**  
Managing Director

## Berhan Insurance S. C

### Statement of profit or loss and other comprehensive income

#### For the year ended 30 June 2020

	<u>Notes</u>	<u>30 June 2020</u> <u>Birr'000</u>	<u>30 June 2019</u> <u>Birr'000</u>
Gross premium income	5.1	136,443	113,226
Reinsurance expenses	5.3	(31,345)	(25,188)
<b>Net premium income</b>		<b>105,098</b>	<b>88,039</b>
Fee and commission income	6	7,099	5,942
<b>Net underwriting income</b>		<b>112,197</b>	<b>93,981</b>
Claims expenses	7.1	63,887	103,242
Claims expenses recoverable from reinsurance	7.2	(18,160)	(58,635)
<b>Net claims and loss adjustment expense</b>		<b>45,727</b>	<b>44,607</b>
Underwriting expenses	8	5,022	4,553
<b>Total underwriting expenses</b>		<b>50,749</b>	<b>49,160</b>
<b>Underwriting profit</b>		<b>61,448</b>	<b>44,821</b>
Investment income	9	28,610	22,393
Other operating income	10	1,702	408
		30,312	22,801
<b>Net income</b>		<b>91,760</b>	<b>67,622</b>
Other operating and administrative expenses	11	(55,873)	(42,080)
Impairment on loans and receivables including insurance receivables	15.1	-	-
<b>Profit before income tax</b>		<b>35,887</b>	<b>25,542</b>
Income tax expense	12.1	(2,170)	(1,110)
<b>Profit for the year</b>		<b>33,716</b>	<b>24,423</b>
<b>Other comprehensive income</b>			
Items that will not be subsequently reclassified into profit or loss:			
Deferred tax (liability)/asset on remeasurement gain or loss		-	-
Deferred tax (liability)/asset	12.3	(215)	84
		(215)	84
<b>Total comprehensive income for the year</b>		<b>33,501</b>	<b>24,507</b>
<b>Basic &amp; diluted earnings per share (Birr)</b>	29	29%	24%

The notes on pages 31 to 81 are an integral part of these financial statements.





## Berhan Insurance S. C

### Statement of changes in equity

#### As at 30 June 2020

	Notes	Share capital Birr'000	Share premium Birr'000	Retained earnings Birr'000	Legal reserve Birr'000	Total Birr'000
<b>As at 1 July 2018</b>		88,196	1,256	16,177	3,816	109,445
Profit for the year	30	-	-	24,421	-	24,421
Dividend paid		-	-	(16,177)	-	(16,177)
Proceeds from issue of shares		11,804	(10)	-	-	11,794
Transfer to legal reserve	31	-	-	(2,442)	2,442	-
<i>Other comprehensive income:</i>						
Deferred tax (liability)/asset on remeasurement gain or loss		-	-	84	-	84
<b>Total comprehensive income for the year</b>		<b>11,804</b>	<b>(10)</b>	<b>5,886</b>	<b>2,442</b>	<b>20,122</b>
<b>As at 30 June 2019</b>		<b>100,000</b>	<b>1,246</b>	<b>22,063</b>	<b>6,258</b>	<b>129,567</b>
<b>As at 1 July 2019</b>		100,000	1,246	22,063	6,258	129,567
Profit for the year	30	-	-	33,716	-	33,716
Dividend paid		-	-	(21,977)	-	(21,977)
Proceeds from issue of shares		17,676	-	-	-	17,676
Transfer to legal reserve	31	-	-	(3,372)	3,372	-
<i>Other comprehensive income:</i>						
Deferred tax (liability)/asset on remeasurement gain or loss		-	-	(215)	-	(215)
<b>Total comprehensive income for the year</b>		<b>17,676</b>	<b>-</b>	<b>8,152</b>	<b>3,372</b>	<b>29,200</b>
<b>As at 30 June 2020</b>		<b>117,676</b>	<b>1,246</b>	<b>30,215</b>	<b>9,629</b>	<b>158,767</b>

The notes on pages 31 to 81 are an integral part of these financial statements.



# Berhan Insurance S. C

## Statement of cash flows

### For the year ended 30 June 2020

	<u>Notes</u>	<u>30 June 2020</u>	<u>30 June 2019</u>
		<u>Birr'000</u>	<u>Birr'000</u>
<b>Cash flows from operating activities</b>			
Cash generated from operations	32	(7,455)	12,539
Interest received		21,562	18,245
Interest paid		-	-
Income tax paid	12	(1,119)	-
<b>Net cash inflow from operating activities</b>		<b>12,987</b>	<b>30,784</b>
<b>Cash flows from investing activities</b>			
Purchase of investment securities	14	-	(8,401)
Purchase of property, plant and equipment	20	(7,408)	(11,738)
Purchase of intangible assets	19	-	-
Proceeds from sale of property, plant and equipment	32	1,888	-
Dividend received			
<b>Net cash outflow from investing activities</b>		<b>(5,521)</b>	<b>(20,139)</b>
<b>Cash flows from financing activities</b>			
Increase in statutory deposits	21	(839)	(1,054)
Proceeds from issues of shares	27	17,676	11,804
Increase in share premium	28	-	(10)
Dividends paid	30	(21,977)	(16,177)
<b>Net cash outflow from financing activities</b>		<b>(5,139)</b>	<b>(5,437)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,327</b>	<b>5,209</b>
Cash and cash equivalents at the beginning of the year	13.1	37,559	32,350
<b>Cash and cash equivalents at the end of the year</b>	13.1	<b>39,886</b>	<b>37,559</b>

The notes on pages 31 to 81 are an integral part of these financial statements.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 1 General information

Berhan Insurance ("the Company") SC is a private commercial Insurance Company domiciled in Ethiopia. The Company was established on October 2010, in accordance with proclamation No. 86/1994 and the Commercial code of Ethiopia of 1960. The Company has been licensed by the National bank of Ethiopia, the licensing body of Banks, Insurance and other Financial Institutions as per the power vested to it through Proclamation No 591/2008, the National Bank of Ethiopia Establishment (as amended) Proclamation. The registered office is at:

Yeshitam Building  
Debrezeit Road  
P.O.Box 9266  
Addis Ababa,  
Ethiopia

The principal activities of the Company is to engage in general insurance business, annuity business, personal accident insurance business, and in the business of reinsurance; to invest in real estate business, including mortgage, bonds, shares and in any other business conducive for investment; and to engage in any other activity that may directly or indirectly enhance its business purposes as specified above.

#### 2 Summary of significant accounting policies

##### 2.1 Introduction to summary of significant accounting policies

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

##### 2.2 Basis of preparation

The financial statements for the year ended 30 June 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept except for available for sale financial assets which is measured at fair value. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Ethiopian Birr (Birr' 000).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

##### 2.2.1 Going concern

The financial statements have been prepared on a going concern basis. The management have no doubt that the Company would remain in existence after 12 months.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 2.2.2 Changes in accounting policies and disclosures

##### New Standards, amendments, interpretations issued but not yet effective.

A number of new standards and amendments to standards and interpretations are effective for annual periods after 30 June 2020, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

##### IFRS 9 - Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 9 requires all financial assets, except equity instruments, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories will be replaced by: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost. IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVPL, if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement. The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. Early adoption of the standard is permitted.

##### IFRS 16 - Leases

This standard was issued in January 2016 (effective 1 January 2019) . It sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. It also substantially carries forward the lessor accounting requirements in IAS 17. Right-of-use assets and lease liabilities

The Company has applied IFRS 16 'Leases' with effect from 1 July 2019 using modified retrospective approach.

Leases are recognized, measured and presented in line with IFRS 16 'Leases'.

The Company implemented a single accounting model, requiring lessees to recognize assets and liabilities for all leases excluding exceptions listed in the standard.

Based on the accounting policy applied the Company recognizes a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which the contract of the lease started.

The right-of-use assets are initially measured at cost, which is the amount of the initial measurement of the lease liability,

Depreciation is calculated using the straight-line method over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date discounted by incremental average lending rate of 14.25% as per NBE report for the third quarter of the 2019/20.

# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### IFRS 17 - Insurance contracts

IFRS 17 was issued in May 2017 and establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

This standard requires a company that issues insurance contracts to report insurance obligations and risks on the balance sheet as the total of:

- (a) the fulfilment cash flows—the current estimates of amounts that the insurer expects to collect from premiums and pay out for claims, benefits and expenses, including an adjustment for the timing and risk of those cash flows; and
- (b) the contractual service margin—the expected profit for providing future insurance coverage (i.e. unearned profit).

The measurement of the fulfilment cash flows reflects the current value of any interest-rate guarantees and financial options included in the insurance contracts.

The standard replaces IFRS 4 'Insurance contracts'. The standard is effective for annual periods beginning on or after 1 January 2021 and earlier application is permitted. The Company is yet to assess the expected impact on this standard.

#### 2.3 Foreign currency translation

##### a) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The functional currency and presentation currency of the Company is the Ethiopian Birr (Birr).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognised in profit or loss within other (loss)/income. Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

##### b) *Transactions and balances*

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measure at fair value, such as equities classified as available for sale, are included in other comprehensive income.





# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 2.4 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in income statement as incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Asset class	Useful life	Depreciation Rate	Estimated Residual value
Motor vehicles	10	10%	5%
Computer and accessories	7	14%	1%
Office equipment	10	10%	1%
Furniture and fittings	10	10%	1%
Buildings	50	2%	1%

The Company commences depreciation when the asset is available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### 2.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite lives is presented as a separate line item in the income statement.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follow:

Assets class	Useful lives (years)
Computer software	8



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 2.5 Intangible assets (Contd)

##### Deferred policy acquisition costs (DAC)

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset (DAC). Deferred acquisition costs represents a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. All other costs are recognised as expenses when incurred.

Subsequent to initial recognition, this DAC asset is amortised over the expected life of the contracts as a constant percentage of expected premiums. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method and are treated as a change in an accounting estimate.

The pattern of expected profit margins is based on historical and anticipated future experience and is updated at the end of each accounting period. DACs are derecognised when the related contracts are either settled or disposed of.

#### 2.6 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

#### 2.7 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 2.7.1 Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, the Company's financial assets are classified into two categories:

- Loans and receivables
- Available for sale

##### a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest and similar income in income statement. The losses arising from impairment are recognised in income statement in loan impairment charge.

The Company's loans and receivables comprise of Loans and receivables including insurance receivables, investment securities and other financial assets. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables.

##### b) Available-for-sale (AFS) financial assets

AFS investments include equity investments. Equity investments classified as AFS are those which are neither classified as held-for-trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to income statement in impairment loss on financial instrument. Interest earned whilst holding AFS financial instruments is reported as interest and similar income using the EIR method. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets to held to maturity if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

##### 'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Company immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Other operating income'.

In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the profit or loss when the inputs become observable, or when the instrument is derecognised.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 2.7.1 Financial assets (Contd)

##### Reclassification of financial assets

Reclassification is at the election of management, and is determined on an instrument by instrument basis. The Company does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

For a financial asset reclassified out of the 'Available-for-sale' category, any previous gain or loss on that asset that has been recognised in equity is amortised to income statement over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is reclassified to income statement.

##### Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

##### Impairment of financial assets

The Company assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the Company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### (i) Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as loans and receivables), the Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### (i) Financial assets carried at amortised cost (Contd)

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest and similar income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'loan impairment charge'.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Company's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the Company.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the Company and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

#### (ii) Available-for-sale (AFS) financial assets

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in profit or loss. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to profit or loss and is recognised as part of the impairment loss. The amount of the loss recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, where the instrument is a debt instrument, the impairment loss is reversed through profit or loss. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through profit or loss but accounted for directly in equity.





# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 2.7.2 Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities.

All financial liabilities are recognised initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs. The Company's financial liabilities include insurance contract liabilities, insurance payables, and other liabilities.

#### 2.7.2 Financial liabilities (Contd)

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### a) Financial liabilities at amortised cost

These are financial liabilities issued by the Company, that are not designated at fair value through profit or loss but are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, financial liabilities at amortised cost are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

All financial liabilities of the Company are carried at amortised cost.

##### Derecognition of financial liabilities

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

#### 2.7.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Company has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legal enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the Company or the counterparty.

#### 2.8 Other assets

Other assets are generally defined as claims held against other entities for the future receipt of money or other benefits. The other assets in the Company's financial statements include the following:

##### (a) Prepayments

Prepayments are payments made in advance for services to be enjoyed in future. The amount is initially capitalized in the reporting period in which the payment is made and subsequently amortised over the period in which the service is to be enjoyed.

##### (b) Other receivables

Other receivables are recognised upon the occurrence of event or transaction as they arise and cancelled when payment is received. The Company's other receivables are staff debtors and sundry debtors.

#### 2.9 Cash and cash equivalents

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with Banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents include cash in hand, cash at bank, short term deposit with banks.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 2.10 Insurance contracts

##### 2.10.1 Classification

The Company 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 Company 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.

##### 2.10.2 Recognition and measurement

The Company's insurance contracts are short term insurance contracts. This classification is based on the duration of risk and whether or not the terms and conditions are fixed.

###### *Short-term insurance contracts*

These contracts are casualty, property and short-duration life insurance contracts.

Casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Short-duration life insurance contracts protect the Company's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependents to maintain their current level of income.

Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

For all these contracts, premiums are recognised as revenue (earned premiums) over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims other than for disability claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 2.10.3 Liability adequacy test

At each end of the reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related deferred acquisition costs (DAC) assets. 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).

#### 2.10.4 Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company 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 Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised 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 recognised as an expense when due.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Company's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the Company for the related claim, the difference is amortised over the estimated remaining settlement period.

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

#### 2.10.5 Receivables and payables related to insurance contracts and investment contracts

Receivables and payables are recognised 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 Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables.

The impairment loss is calculated under the same method used for these financial assets.

#### 2.10.6 Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Company 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 recognised 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 recognised 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.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 2.11 Revenue recognition

##### a) Gross premiums

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the reporting period. They are recognised on the date on which the policy is effective. Premiums include any adjustments arising in the reporting period for premiums receivable in respect of business written in prior accounting periods. Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned premiums are calculated using the 1/24th method as prescribed by Licensing and Supervision of Insurance Business Directive No SIB/17/98. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

##### b) Reinsurance premiums

Gross general reinsurance premiums ceded comprise the total premiums payable for the whole cover provided by contracts entered into in the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums ceded in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

Reinsurance premiums and claims on the face of the statement of profit or loss have been presented as negative items within premiums and net benefits and claims, respectively, because this is consistent with how the business is managed.

##### c) Fees and commission income

Insurance contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, then they are deferred and recognised over those future periods.

##### d) Investment income

Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognised as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established, which is generally when the shareholders approve and declare the dividend.

#### 2.12 Gross benefits and claims

General insurance and health claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

#### 2.13 Reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.





# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 2.14 Employee benefits

##### (a) Wages, salaries and annual leave

Wages, salaries, bonuses, other contributions, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Company.

##### (b) Defined contribution plan

The company operates two defined contribution retirement benefit schemes for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls 'in substance' on the employee. They include;

- i) pension scheme in line with the provisions of Ethiopian pension of private organisation employees proclamation 715/2011. Funding under the scheme is 7% and 11% by employees and the Company respectively;
- ii) provident fund contribution, funding under this scheme is also 7% and 11% by employees and the Company respectively based on the employees' salary.

The company 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 this scheme are held in separate trustee administered funds, which are funded by contributions from both the employee and the company. The contributions are recognised as employee benefit expense in the profit or loss in the year they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### 2.15 Fair value measurement

The Company measures financial instruments classified as available-for-sale at fair value at each year end. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are, summarised in the following notes:

- Disclosures for valuation methods, significant estimates and assumptions Note 4.8.1 and Notes 3
- Quantitative disclosures of fair value measurement hierarchy Note 4.8.2

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 2.15 Fair value measurement (Contd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as available-for-sale financial assets.

The IASB has issued an exposure which gave companies whose business model is predominantly to issue insurance contracts an option to defer the effective date of IFRS 9 until 2021, and **Berhan Insurance s.c** is opted to defer it. In this regard, for eligibility, management has assessed the following:

. **Berhan insurance s.c.** has not previously applied any version of IFRS 9.

. The total carrying amount of liabilities connected with insurance, which includes liabilities under IFRS 4 and investment contract liabilities measured at fair value under IAS 39, for the year ended 30 June 2020 is equivalent to 94% of total liabilities which is significant.

#### Fair value of financial instruments

##### Equity Investment

	30-Jun-20	30-Jun-19
Investment in shares - Berhan Bank	50,069	42,340
Investment in shares - Ethio Re	5,000	5,000
Total	<b>55,069</b>	<b>47,340</b>
	<b>30-Jun-20</b>	<b>30-Jun-19</b>
Beginning Balance	47,340	29,856
Additions	-	8,401
Increase/(decrease) in fair value	7,728	9,083
Disposals	-	-
Closing fair value	<b>55,069</b>	<b>47,340</b>

This investment is unquoted equity instrument subsequently measured at fair value. The estimated fair value of the equity investment in Berhan bank share company is Birr 42,340,490 and Birr 50,068,641 for the year ended 30 June 2019 and 2020 respectively. This fair value has been determined by applying an appropriate valuation technique, *the dividend discount method*. This valuation has not been performed by an independent valuer. In applying this method management has assumed an estimated annual dividend income of birr 7,510,296 for the financial year ended June 30, 2020 by reference to past trend and a minimum rate of return of 15%. The dividend earned from the bank is assumed to follow the same trend. So the average dividend earned for the past five years was used to determine the fair value.

The investment in equity instrument of Ethio-Re was reported at cost, due to the lack of relevant information.

#### 2.16 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as other operating expenses.

# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 2.17 Share capital

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. The excess of the issue price over the par value is recorded in the share premium reserve.

#### 2.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding for the effect of all diluted potential ordinary shares.

#### 2.19 Dividends

Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue, are disclosed in the subsequent events note. The statutory accounting reports of the Company are the basis for profit distribution and other appropriations. Ethiopian legislation identifies the basis of distribution as the current year net profit.

#### 2.20 Income taxation

##### (a) Current income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Ethiopia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

##### (b) Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from 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 or loss.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management Note 4.7
- Financial risk management and policies Note 4.3
- Sensitivity analyses disclosures Note 4.2

#### 3.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

##### ***Operating lease commitments -Company as lessee***

The Company has entered into commercial property leases. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it does not retain all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

#### 3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### ***Non-life insurance (which comprises general insurance and healthcare) contract liabilities***

The liability for non-life insurance contracts is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time together with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

Certain acquisition costs related to the sale of new policies are recorded as deferred acquisition costs (DAC) and are amortised to the consolidated statement of profit or loss over time. If the assumptions relating to future profitability of these policies are not realised, the amortisation of these costs could be accelerated and this may also require additional impairment write-offs to the consolidated statement of profit or loss. The main assumptions used relate to investment returns, expenses, lapse and surrender rates and discount rates.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.





# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 3.2 Estimates and assumptions (Contd)

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provide by a contract requires amortisation of unearned premium on a basis other than time apportionment.

#### **Impairment losses on insurance receivables**

The Company assesses at the end of every reporting period whether there is any objective evidence that its premium receivable is impaired. The Company determines whether impairment losses are incurred if and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the receivable (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the receivable that can be reliably estimated, or a trigger event is identified.

The following impairment triggers have been set by the Company:

- (a) significant financial difficulty of the premium debtor;
- (b) significant financial difficulty of the broker;
- (c) a breach of agreements, such as payment defaults or delinquency in premium payments;
- (d) Economic, regulatory or legal reasons relating to the premium debtor's financial difficulty, granting to the premium debtor a concession that the Company would not otherwise consider;
- (e) High probability that the premium debtor will enter bankruptcy or other financial reorganisation.

If any of the impairment triggers are identified, the Company specifically assess the premium debt for impairment. Where no impairment trigger is identified, or no objective evidence of impairment exists, the Company assesses its premium debts collectively for impairment using the historical loss rate model.

The historical loss rate model considers the historical recoveries (cash flows) on premium debts for policies written in prior years, in order to determine the loss given default ratio on outstanding premium as at the reporting date. The model also considers premium receipts subsequent to the reporting date. The loss ratio derived is used to determine the allowance for impairment on premium debts.

This model assumes that all premium debts will be paid until evidence to the contrary (a loss or trigger event) is identified. On the identification of an objective evidence of impairment, the premium debts are subject to specific impairment. Where there is no objective evidence of impairment, the premium debts are subjected to collective impairment.

Collective impairment incorporates the following:

- current and reliable data, management's experienced credit judgements, and all known relevant internal and external factors that may affect collectability;
- historical loss experience or where institutions have no loss experience of their own or insufficient experience, peer company experience for a comparable company's of financial instruments at amortized cost;
- adjustments to historical loss experiences on the basis of current observable data to reflect the effects of current

#### **Liabilities arising from insurance contracts**

Liabilities for unpaid claims are estimated on case by case basis. The reserves made for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Company deem the reserves as adequate.

#### **Impairment losses on available-for-sale equity financial assets**

The Company determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Company evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The Company's available-for-sale equity financial assets were assessed for impairment during the year and there was no identified objective evidence of impairment.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### ***Fair value measurement of financial instruments***

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 4.8.2 for further disclosures.

#### ***Income taxes***

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

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



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 4 Insurance and financial risk management

##### 4.1 Introduction

The Company's activities expose it to a variety of financial risks, including insurance risk, financial risk, credit risk, and interest rates risk. The Company'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.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Company's policy is to monitor those business risks through the Company's strategic planning process.

##### 4.1.1 Risk management structure

The Board of Directors have the ultimate responsibility for establishing and ensuring the effective functioning of the risk management program of the Company.

The Risk committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and risk tolerance limits for the Board's approval. It is also responsible for reviewing and assessing the adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and the extent to which these are operating effectively including providing periodic reports on risk management activities.

The Chief Executive Officer (CEO) is responsible for establishing and maintaining a climate of risk awareness and intelligence, as well as, developing governance mechanisms that effectively monitor risks.

The Company's policy is that risk management processes throughout the Company are assessed periodically by the management. This will help to adequately capture risk exposure, aggregate exposure of risk types and incorporate short run as well as long run impact on the Company.

##### 4.1.2 Risk measurement and reporting systems

The Company's risks are measured using methods that reflect both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical model. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks is primarily performed based on limits established by the Company. These limits reflect the business strategy and market environment of the Company as well as the level of risk that the Company is willing to accept, with additional emphasis on selected regions. In addition, the Company measures and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

##### 4.1.3 Risk mitigation

The Company uses various risk mitigating techniques to reduce it's risk to the level acceptable. Risk controls and mitigants, identified and approved for the Company, are documented for existing and new processes and systems.

Risk control processes are identified and discussed in the quarterly risk report of the Risk Committee meetings. Control processes are also regularly reviewed and changes agreed with the Board.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 4.2 Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. The Company is involved in only non-life insurance activities.

#### Non- life insurance contracts

The Company principally issues the following types of general insurance contracts: fire, accident and health, motor, Workmen compensation, marine cargo and goods in transit, pecuniary, general liability, engineering, others and all risks.

The table below sets out the concentration of non-life insurance contract liabilities by type of contract:

<b>30 June 2020</b>	<b>Gross liabilities Birr'000</b>	<b>Reinsurance liabilities Birr'000</b>	<b>Net liabilities Birr'000</b>
Motor	96,482	11,028	85,454
Marine	4,513	1,115	3,398
Fire	6,701	2,329	4,372
Accident and Health	5,895	784	5,111
Engineering	11,587	4,889	6,697
General Liability	5,464	1,730	3,734
Workmens'	3,065	123	2,942
Pecuniary	103,084	78,925	24,159
PVT	724	686	38
<b>Total non-life insurance contract liabilities</b>	<b>237,515</b>	<b>101,610</b>	<b>135,906</b>
<b>30 June 2019</b>	<b>Gross liabilities Birr'000</b>	<b>Reinsurance liabilities Birr'000</b>	<b>Net liabilities Birr'000</b>
Motor	80,475	5,249	75,226
Marine	4,357	369	3,987
Fire	4,962	2,313	2,649
Accident and Health	2,742	247	2,495
Engineering	12,352	5,250	7,102
General Liability	5,157	189	4,969
Workmens'	1,491	55	1,435
Pecuniary	125,750	98,591	27,159
<b>Total non-life insurance contract liabilities</b>	<b>237,286</b>	<b>112,264</b>	<b>125,022</b>



## Berhan Insurance S. C

### Notes to the financial statements

### For the year ended 30 June 2020

#### Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence; changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

#### Sensitivities

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non-linear.

		Change in liability		
		30 June 2020	30 June 2019	30 June 2018
		Birr'000	Birr'000	Birr'000
Average claim cost Average number of claims Average claim settlement period	Change in assumptions			
	+10%	8,117	18,427	16,114
	+10%	8,117	18,427	16,114
Reduce from 30 months to 24 months				

		Change in liability	
		30 June 2020	30 June 2019
		Birr'000	Birr'000
Average claim cost Average number of claims Average claim settlement period	Change in assumptions		
	-10%	(4,863)	(18,499)
	-10%	(4,863)	(18,499)
Reduce from 30 months to 24 months			

	30 June 2020	30 June 2019
	Birr'000	Birr'000
IBNR	13,876	11,943
Outstanding Claims	144,086	155,889
Total Actuarial Liability	<u>157,962</u>	<u>167,831</u>

#### Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The cumulative claims estimates and cumulative payments are translated to euros at the rate of exchange that applied at the end of the accident year.

#### Gross non-life insurance contract outstanding claims provision for 2019:

Accident year	2017	2018	2019	2020	Total
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
2017	50,099	63,288	51,018	56,676	221,081
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
Cumulative Incurred	50,099	63,288	51,018	56,676	221,081
IBNR	-	17	5,326	8,534	13,876
Ultimate Claims Projected	<u>50,099</u>	<u>63,304</u>	<u>56,344</u>	<u>65,210</u>	<u>234,957</u>





# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### Claims development table (Contd)

##### Gross non-life insurance contract outstanding claims provision for 2020:

Accident year	2016 Birr'000	2017 Birr'000	2018 Birr'000	2019 Birr'000	Total Birr'000
2016	40,535	64,106	64,673	128,284	297,597
2017	628	341	-	-	969
2018	-	-	-	-	-
2019	-	-	-	-	-
Cumulative Incurred	41,163	64,447	64,673	128,284	298,566
IBNR	-	2,546	3,065	6,331	11,943
Ultimate Claims Projected	41,163	66,992	67,738	134,615	310,509

##### Gross non-life insurance contract outstanding claims provision for 2019:

Accident year	2015 Birr'000	2016 Birr'000	2017 Birr'000	2018 Birr'000	Total Birr'000
2015	31,180	40,092	78,928	76,612	226,813
2016	5,775	610	983	-	7,369
2017	40	700	-	-	740
2018	(13)	-	-	-	(13)
Cumulative Incurred	36,983	41,403	79,911	76,612	234,909
IBNR	-	1,692	3,368	5,449	10,510
Ultimate Claims Projected	36,983	43,095	83,280	82,061	245,418

#### 4.3 Financial risk

##### Financial instruments by category

The Company's financial assets are classified into the following measurement categories: available-for-sale and loans and receivables and the financial liabilities are classified into other liabilities at amortised cost.

The Company's classification of its financial assets is summarised in the table below:

	Notes	Available-For-Sale Birr'000	Loans and receivables Birr'000	Total Birr'000
<b>30 June 2020</b>				
Cash and cash equivalents	13	-	223,233	223,233
Investment securities				-
- Available for sale	14.1	41,419	-	41,419
- Loans and receivables	14.2	-	11,500	11,500
Trade and other receivables	15	-	13,466	13,466
Reinsurance assets	16	-	101,610	101,610
<b>Total financial assets</b>		41,419	349,809	391,228
<b>30 June 2019</b>				
Cash and cash equivalents			193,316	193,316
Investment securities				-
- Available for sale	14.1	41,419	-	41,419
- Loans and receivables	14.2	-	11,500	11,500
Trade and other receivables	15	-	12,585	12,585
Reinsurance assets	16	-	112,264	112,264
<b>Total financial assets</b>		41,419	329,665	371,084



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 4.4 Credit risk

Credit risk is the risk of financial loss, despite realization of collateral security or property, resulting from the failure of a debtor to honor its obligations to the company. It includes investment activities (where the Company invests in bonds, debentures, or other credit instruments) and reinsurance arrangement of the Company.

##### 4.4.1 Management of credit risk

Credit risk management is the process of controlling the impact of credit risk-related events on the company. Thus management involves identification, understanding and quantification of the degree of risks of loss and the consequent taking of appropriate measures. Obligors often appear both in the loan portfolio and as counterparties (and even if they don't, the factors driving the respective defaults appear in both), a proper analysis of credit risk often leads to having to consider the loan portfolio and the counterparty within the same analysis rather than being able to analyze those two separately and aggregating the results. This makes credit risk one of the most difficult and expensive to analyze, and it is important that key staff involved is aware of the difficulties and how to address them. The major risk that arises from a weakening of the credit portfolio is the impairment of the capital or liquidity. Therefore, the quality of an institution's credit portfolio contributes to the risks borne policy holders (liquidity) and shareholders (capital impairment).

##### 4.4.2 Concentration of credit risk

The credit risk of the Company have been concentrated in the following key areas of activities.

###### (a) Investing/lending activities

The Company faces these risks when it extends bond policies without collateral. Of course when making investments in any bonds, debentures or other evidences of indebtedness, the insurer is taking on a credit risk. Clearly, such investment area is a major source of credit risk.

###### (b) Trade debtors/Financing of premiums

There is a potential credit risk arising from the fact that policyholders may not remit premiums on a timely basis, whether or not there is a premium-financing program in place and whether or not the business is written through an intermediary.

###### (c) Reinsurance

Insurers, especially general insurers, often rely heavily on their reinsurers for claim reimbursement. The credit risk arising in the reinsurance area can be very significant, making it critically important for insurers to establish formal policies with regard to the selection of reinsurers.

The table below show the maximum exposure to credit risk for the Company's financial assets. The maximum exposure is show gross before the effect of mitigation:

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Cash and cash equivalents	223,233	193,316
Investment securities		
- Available for sale	41,419	41,419
- Loans and receivables	11,500	11,500
Trade and other receivables	13,466	12,585
Reinsurance assets	101,610	112,264
<b>Total maximum exposure</b>	<b>391,228</b>	<b>371,084</b>



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 4.4.3 Credit quality analysis

##### (a) Credit quality of cash and cash equivalents

The credit quality of cash and bank balances and short-term investments that were neither past due nor impaired as at 30 June 2020 and 30 June 2019 and are held in Ethiopian banks have been classified as non-rated as there are no credit rating agencies in Ethiopia.

##### (b) Credit quality of trade and other receivables

	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
	Birr'000	Birr'000	Birr'000	Birr'000
<b>30 June 2020</b>				
<b>Insurance receivables</b>				
Due from policy contract holders	581	-	(348)	233
Due from Co-insurers	-	-	-	-
Due from re-insurers	634	12,598	-	13,233
	1,215	12,598	(348)	13,466
<b>Other loans and receivables</b>				
Other receivables	11,540	-	-	11,540
Staff debtors	1,644	-	-	1,644
<b>Gross amount</b>	13,184	-	-	13,184
Less: Specific impairment allowance (note 15.1)	-	-	-	-
	13,184	-	-	13,184
	14,399	12,598	(348)	26,650
<b>30 June 2019</b>				
<b>Insurance receivables</b>				
Due from policy contract holders	358	-	(348)	10
Due from Co-insurers	-	-	-	-
Due from re-insurers	837	11,248	-	12,085
	1,195	11,248	(348)	12,095
<b>Other loans and receivables</b>				
Other receivables	7,677	-	-	7,677
Staff debtors	1,092	-	-	1,092
<b>Gross amount</b>	8,769	-	-	8,769
Less: Specific impairment allowance (note 15a)	-	-	-	-
	8,769	-	-	8,769
	9,964	11,248	(348)	20,864



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### (b) Credit quality of trade and other receivables (Contd)

##### (i) Trade and other receivables - neither past due nor impaired

The credit quality of the portfolio of loans and advances to customers that were neither past due nor impaired can be assessed by reference to the customer's ability to pay based on loss experience. Receivables in this category are past due for less than 30 (thirty) days.

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Neither past due nor impaired	14,399.38	10,224
	<u>14,399.38</u>	<u>10,224</u>

##### (ii) Trade and other receivables - past due but not impaired

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Past due up to 30 days	130	603
Past due up to 30 - 60 days	119	8,104
Past due by 60 - 90 days	108	1,779
Past due by 90 - 180 days	748	2,088
	<u>1,105</u>	<u>12,574</u>
Collective impairment		
	<u>1,105</u>	<u>12,574</u>

##### (iii) Allowance for impairment

The Company establishes an allowance for impairment losses that represents its estimate of incurred losses in its receivables from policy holders. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for groups of homogeneous assets in respect of losses that have been incurred but have not been identified on receivables subject to individual assessment for impairment.

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Insurance receivables	(348)	(348)
Total allowance for impairment	<u>(348)</u>	<u>(348)</u>



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 4.4.4 Credit concentrations

The Company monitors concentrations of credit risk by sector, location and purpose. An analysis of concentrations of credit risk at 30 June 2020 and 30 June 2019. The Company concentrates all its financial assets in Ethiopia.

	Public enterprise	Private	Others	Total
	Birr'000	Birr'000	Birr'000	Birr'000
<b>30 June 2020</b>				
Cash and cash equivalents	-	223,233	-	223,233
Investment securities				-
- Available for sale	-	41,419	-	41,419
- Loans and receivables	11,500	-	-	11,500
Trade and other receivables	-	13,233	581	13,814
Reinsurance assets	-	101,610	-	101,610
	11,500	379,495	581	391,576
<b>30 June 2019</b>				
Cash and cash equivalents	1,730	191,586	-	193,316
Investment securities:				-
- Available for sale	-	41,419	-	41,419
- Loans and receivables	11,500	-	-	11,500
Trade and other receivables	-	12,574	359	12,933
Reinsurance assets	-	112,264	-	112,264
	13,230	357,843	359	371,432





# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 4.5 Liquidity risk

Liquidity refers to the company's ability to meet its current obligations. Liquidity is a measure of the ability of a debtor to pay his debts as and when they fall due. It is usually expressed as a ratio or a percentage of current liabilities to current assets. Liquidity risk is the measure of probability that a company's cash resources will be insufficient to meet current or future cash needs.

##### 4.5.1 Management of liquidity risk

The Finance and Investment Department is responsible to prepare and produce financial reports together with performance evaluation ratios and comparative statements on the basis of finance manual, standard reporting formats and regulatory body requirements, which include:

- Notifying regularly the cash position and the expected commitments of the company
- Proposing appropriate investment opportunities in line with insurance supervision directives.
- Liability settlements shall be undertaken on the basis of cash flow of the company
- Finance Department will be responsible to report, monitor, evaluate and implement decisions affecting liquidity in line with the finance manual performance standards and reporting formats.

##### 4.5.2 Measurement of liquidity risk

Liquidity risk is primarily measured as the ratio of current liability to liquid assets. It is expected that the ratio should at all times be less than or equal to 1.05 (105%) i.e. the maximum tolerance liquidity rate the company should keep on hand is one birr for one birr and five cents obligation or liability.

In addition, the Company should maintain not less than 65% of its admitted asset at bank deposits and treasury bills. Based on forecasted cash flow statement of the year, the Company may arrange appropriate form of bank loan facility such as bank overdraft to make funds available for those times where cash flow short falls are predicted.

##### 4.5.3 Maturity analysis of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The cash flows presented are the undiscounted amounts to be settled in future.

	0-1 year Birr'000	1-3 years Birr'000	3-5 years Birr'000	Over 5 years Birr'000	Total Birr'000
<b>30 June 2020</b>					
Insurance contract liabilities	237,515	-	-	-	237,515
Insurance payables	4,674	-	-	-	4,674
Other liabilities	36,448	-	-	-	36,448
<b>Total financial liabilities</b>	<b>278,638</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278,638</b>
<b>30 June 2019</b>					
Insurance contract liabilities	237,287	-	-	-	237,287
Insurance payables	25,015	-	-	-	25,015
Other liabilities	16,385	-	-	-	16,385
<b>Total financial liabilities</b>	<b>278,687</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278,687</b>



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 4.6 Market risk

Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as premium rates, interest rates, foreign exchange rates, equity prices, commodity prices and credit spreads. The main market risk arises from trading activities and equity investments. The Company is also exposed to interest rate risk in the banking books.

Investment risk is the risk that earnings for the Company arising from its insurance entities may be adversely impacted by changes in the value of investments and that the profile of investments may be inappropriate to match the profile of liabilities.

The Company does not ordinarily engage in trading activities as there are no active markets in Ethiopia.

##### 4.6.1 Management of market risk

Market risk is managed by the Business Development Department and Finance & Investment Department subject to inputs from the Board of directors, to identify any adverse movement in the underlying variables.

##### 4.6.2 Measurement of market risk

The principle adopted in the management of investments is to closely match assets to the nature and term of insurance liabilities where possible. Total capital held in each entity reflects the results of internal models of economic capital, and takes into account business growth plans, as well as the likelihood of not being able to demonstrate an appropriate level of solvency.

Market risk is measured on the basis of investment capital or need of the Company. Investment is made on evaluating the investee companies and the type of investment. Investment risk is measured on the basis of security of the investees, liquidity consideration, and interest rate offer, and investment period, rate of return and proposal documents.

Investment is not be made if the investee company does not fulfill the above noted measurement factors. Investments is also made with special guidelines of the Board of Directors of the Company

##### 4.6.3 Monitoring of market risk

Market risk is monitored by performing regular asset liability matching exercises, monitoring market volatility, comparing actual performance with benchmark performance, and tracking errors and durations of fixed interest assets. Market risk is further monitored by measuring and comparing the actual risk exposure in terms of economic capital to an approved limit, based on a value-at-risk calculation. Hence, the Company has taken the following measures to ensure that market risk is adequately monitored.

- a) Equity investments are made often by conducting a thorough study and assessment.
- b) Equity investments are acquired from companies where the return is not less 10%.
- c) Investment will not exceed in concentration more than 20% in one Company.
- d) To adjust for price fluctuations, a revaluation of on-balance sheet assets will be carried every two years.
- e) The risk profile of every investment is made after the closing of accounts every year and action is taken based on appropriate recommendations.
- f) Technological related risks will be evaluated to see if the area of investment is prone to risks.
- g) Every investment proposal need to be approved by Board of Directors.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### (i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates.

The Company's exposure to the risk of changes in market interest rates relates primarily to its financial obligations and financial assets with fixed interest rates. The Company's investment portfolio is comprised of Ethiopian government bonds and cash deposits.

The table below sets out information on the exposures to fixed and variable interest instruments.

<b>30 June 2020</b>	<b>Fixed Birr'000</b>	<b>Non-interest bearing Birr'000</b>	<b>Total Birr'000</b>
<b>Assets</b>			
Cash and bank balances	214,293	8,940	223,233
Investment securities			
- Loans and receivables	11,500	-	11,500
Trade and other receivables	-	13,466	13,466
Reinsurance assets	-	101,610	101,610
<b>Total</b>	<b>225,793</b>	<b>124,016</b>	<b>349,809</b>
<b>Liabilities</b>			
Insurance contract liabilities	-	-	-
Insurance payables	-	4,674	4,674
Other liabilities	-	36,448	36,448
<b>Total</b>	<b>-</b>	<b>41,122</b>	<b>41,122</b>
<b>30 June 2019</b>			
	<b>Fixed Birr'000</b>	<b>Non-interest bearing Birr'000</b>	<b>Total Birr'000</b>
<b>Assets</b>			
Cash and bank balances	185,395	7,921	193,316
Investment securities			
- Loans and receivables	11,500	-	11,500
Trade and other receivables	-	12,585	12,585
Reinsurance assets	-	112,264	112,264
<b>Total</b>	<b>196,895</b>	<b>132,770</b>	<b>329,665</b>
<b>Liabilities</b>			
Insurance contract liabilities	-	-	-
Insurance payables	-	25,015	25,015
Other liabilities	-	16,385	16,385
<b>Total</b>	<b>-</b>	<b>41,400</b>	<b>41,400</b>



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### (ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Company primarily transacts in Ethiopian Birr and its assets and liabilities are denominated in the same currency. The Company is therefore not exposed to currency risk.

#### 4.7 Capital management

The Company's objectives when managing capital are to comply with the capital requirements set by the National Bank of Ethiopia, safeguard its ability to continue as a going concern, and to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

##### 4.7.1 Margin of Solvency ratio

According to the Licensing and Supervision of Insurance Business Margin of Solvency (MOS) Directives No. SIB/45/2016 of the National Bank of Ethiopia, an insurer carrying on general insurance business shall keep admitted capital amounting to the highest of 25% of its technical provisions, or 20% of the net written premiums in the last preceding financial year, or the minimum paid capital. An insurer carrying on long term insurance business shall keep admitted capital amounting to the higher of 10% of technical provisions or the minimum paid up capital.

MOS ratio is the excess of assets over liabilities maintained for general and long term insurance business. Admissible assets and liabilities stated below is in accordance with the MOS Directives No. SIB/ 45/ 2016.

		30 June 2020 Birr'000	30 June 2019 Birr'000
<b>Admissible assets</b>	<b>A</b>		
Cash and bank balances		223,233	193,316
Investment securities			
- Available for sale		41,419	41,419
- Loans and receivables		11,500	11,500
Trade and other receivables		13,466	12,585
Other assets		13,184	7,682
Property, plant and equipment		30,230	26,145
Statutory Deposit		3,500	2,662
		<u>336,532</u>	<u>295,309</u>
<b>Admissible liabilities</b>	<b>B</b>		
Insurance contract liabilities		237,515	237,287
Current income tax liabilities		2,170	1,119
Insurance payables		4,674	25,015
Other liabilities		36,448	16,385
		<u>280,808</u>	<u>279,806</u>
<b>Excess (admitted capital)- (A-B)</b>	<b>C</b>	<u>55,724</u>	<u>15,502</u>
<b>Net premium</b>		<u>105,098</u>	<u>88,039</u>
<b>Technical provision</b>		<u>237,515</u>	<u>237,287</u>
<b>Solvency margin</b>			
Limit of net premium i.e. 20% of net premium	<b>D</b>	21,020	17,608
Limit of technical provision i.e. 25% of technical provision	<b>E</b>	59,379	59,322
Since C<E - Negative Solvency	<b>(C-E)</b>	(3,655)	(43,820)
<b>Solvency ratio</b>		<b>94%</b>	<b>26%</b>



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 4.8 Fair value of financial assets and liabilities

IFRS 13 requires an entity to classify measured or disclosed fair values according to a hierarchy that reflects the significance of observable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, which comprises of three levels as described below, based on the lowest level input that is significant to the fair value measurement as a whole.

##### 4.8.1 Valuation models

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation technique in which all significant inputs are directly or indirectly observable from market data.

In conclusion, this category is for valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes all assets and liabilities for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the asset or liability's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable

##### 4.8.2 Financial instruments not measured at fair value

The following table summarises the carrying amounts of financial assets and liabilities at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

	30 June 2020		30 June 2019	
	Carrying amount Birr'000	Fair value Birr'000	Carrying amount Birr'000	Fair value Birr'000
<b>Financial assets</b>				
Cash and bank balances	223,233	223,233	193,316	193,316
Investment securities				
- Available for sale	41,419	41,419	41,419	41,419
- Loans and receivables	11,500	11,500	11,500	11,500
Trade and other receivables	13,466	13,466	12,585	12,585
Reinsurance assets	101,610	101,610	112,264	112,264
<b>Total</b>	<b>391,228</b>	<b>391,228</b>	<b>371,084</b>	<b>371,084</b>
<b>Financial liabilities</b>				
Insurance contract liabilities	237,515	237,515	237,287	237,287
Insurance payables	4,674	4,674	25,015	25,015
Other liabilities	36,448	36,448	16,385	16,385
<b>Total</b>	<b>278,638</b>	<b>278,638</b>	<b>278,687</b>	<b>278,687</b>





# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 4.8.3 Fair value methods and assumptions

Trade receivables and other receivables are carried at cost net of provision for impairment. The estimated fair value represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

#### 4.8.4 Valuation technique using significant unobservable inputs – Level 3

The Company has no financial asset measured at fair value on subsequent recognition.

#### 4.8.5 Transfers between the fair value hierarchy categories

During the three reporting periods covered by these annual financial statements, there were no movements between levels as a result of significant inputs to the fair valuation process becoming observable or unobservable.

#### 4.9 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

	30 June 2020	30 June 2019
	Birr'000	Birr'000
<b>5 Net premium income</b>		
<b>5.1 Short term insurance contracts:</b>		
Gross premium written	139,820	121,860
Movement in unearned premium	(3,377)	(8,634)
	<u>136,443</u>	<u>113,226</u>
<b>5.2 Long-term insurance contracts:</b>		
Gross premium written	-	-
Movement in unearned premium	-	-
	<u>-</u>	<u>-</u>
Premium revenue arising from insurance contracts issued	<u>136,443</u>	<u>113,226</u>
<b>5.3 Short term insurance contracts:</b>		
Reinsurance expense	(31,345)	(25,188)
<b>5.4 Long-term insurance contracts:</b>		
Reinsurance expense	-	-
	<u>(31,345)</u>	<u>(25,188)</u>
<b>Total net premium</b>	<u>105,098</u>	<u>88,038</u>

There were no events in the reporting periods that prompted losses of sufficient size to trigger a recovery from contracts.

	30 June 2020	30 June 2019
	Birr'000	Birr'000
<b>6 Fee and commission income</b>		
Reinsurance commission income	6,059	5,451
Profit commission	1,326	1,208
Changes in deferred Commission Income	(286)	(717)
<b>Total fees and commission income</b>	<u>7,099</u>	<u>5,942</u>

Fee and commission income represents commission received on direct business and transactions ceded to re-insurance during the year under review.

	30 June 2020	30 June 2019
	Birr'000	Birr'000
<b>7 Claims expenses</b>		
<b>7.1 Insurance claims and loss adjustment expenses:</b>		
Gross benefits and claims paid	70,853	44,216
Change in insurance contract outstanding claims provision	(9,725)	58,082
Change in other technical provision (IBNR)	1,934	484
Change in other technical provision (ULAE)	825	460
	<u>63,887</u>	<u>103,242</u>
<b>7.2 Recoverable from reinsurance:</b>		
Claims paid recoverable	(32,633)	(9,550)
Change in provision for outstanding claims recoverable	14,333	(49,328)
Change in other technical provision (IBNR) recoverable	140	243
	<u>(18,160)</u>	<u>(58,635)</u>
<b>Net claims and loss adjustment expense</b>	<u>45,728</u>	<u>44,607</u>



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

	30 June 2020	30 June 2019
	Birr'000	Birr'000
<b>8 Underwriting expenses</b>		
Commission paid	4,697	4,339
Other acquisition cost	177	230
Changes in deferred acquisition cost (DAC)	148	(16)
<b>Total Underwriting expenses</b>	<b>5,022</b>	<b>4,553</b>
	30 June 2020	30 June 2019
	Birr'000	Birr'000
<b>9 Investment income</b>		
Dividend income on equity investments	7,048	4,148
Interest income on cash and short-term deposits	21,562	18,245
<b>Total investment income</b>	<b>28,610</b>	<b>22,393</b>
	30 June 2020	30 June 2019
	Birr'000	Birr'000
<b>10 Other operating income</b>		
Gain on disposal	-	-
Interest income on staff loans	52	57
Sundry income	1,650	351
<b>Total other operating income</b>	<b>1,702</b>	<b>408</b>
	30 June 2020	30 June 2019
	Birr'000	Birr'000
<b>11 Other operating and administrative expenses</b>		
Employee benefits expense (note 11.1)	31,988	24,440
Rental expenses	600	6,359
Repair and maintenance	1,195	863
Advertising and publication	4,633	1,869
Communication	856	633
Printing and stationaries	1,268	1,200
Entertainment	51	70
Penalty	33	6
Travelling and transportation expenses	210	301
Insurance	315	248
Office cleaning and supplies	1,206	1,245
Legal and professional fees	897	337
Board fees	950	944
Audit fees	138	99
Lease Expense	52	104
Interest Expense	1,654	99
Subscription and membership fees	515	205
Amortisation of intangible assets (note 19)	5,121	44
Depreciation on property and equipment (note 20)	2,695	1,875
Bank charges	27	205
Sundry expenses	1,469	933
<b>Total Other Expenses</b>	<b>55,873</b>	<b>42,081</b>



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

	30 June 2020 Birr'000	30 June 2019 Birr'000
<b>11.1 Employee benefits expense</b>		
Salaries and wages	21,593	17,126
Staff allowances	1,444	1,166
Pension costs – Defined contribution plan	2,197	1,668
Defined benefit plan expense (Note 26)	318	140
Other staff expenses	6,437	4,342
	<u>31,987</u>	<u>24,440</u>
	<b>30 June 2020 Birr'000</b>	<b>30 June 2019 Birr'000</b>
<b>12 Company income tax and deferred tax</b>		
<b>12.1 Current income tax</b>		
IFRS Accounting profit	35,887	25,540
<u>Add : Disallowed expenses</u>		
Entertainment & Refreshment	231	256
Penalty	33	6
Provision for Severance expense	318	140
Depreciation for IFRS accounting purpose	2,695	1,875
Amortization for IFRS accounting purpose	3	5
Interest expense on lease liability for IFRS accounting purposes	1,557	-
Amortization of right of use asse for IFRS accounting purposes	5,084	-
	<u><b>45,808</b></u>	<u><b>27,821</b></u>
<u>Less :</u>		
Depreciation for tax purpose	2,474	1,698
Dividend income taxed at source	7,048	4,148
Interest income taxed at source-Local Deposit	21,562	18,245
Gain on deisposal taxed on depreciation	1,260	-
Actual rent expenses paid for tax purposes	6,228	-
	<u><b>(38,573)</b></u>	<u><b>(24,091)</b></u>
Taxable profit	<u><b>7,235</b></u>	<u><b>3,730</b></u>
Current tax at 30%	<u><b>2,170</b></u>	<u><b>1,119</b></u>
	<b>30 June 2020 Birr'000</b>	<b>30 June 2019 Birr'000</b>
<b>12.2 Current income tax liability</b>		
Balance at the beginning of the year	399	-
Charge for the year:	2,170	1,119
Capital gains tax	-	-
Income tax expense	-	-
Prior year (over)/ under provision	-	-
WHT Not utilised	(880)	(720)
Payment during the year	(399)	-
	<u>1,291</u>	<u>399</u>



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 12 Company income tax and deferred tax (Contd)

##### 12.3 Deferred income tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

	30 June 2020	30 June 2019
	Birr'000	Birr'000
<b>The analysis of deferred tax assets/(liabilities) is as follows:</b>		
To be recovered after more than 12 months	-	-
To be recovered within 12 months	(215)	84
	<u>(215)</u>	<u>84</u>

Deferred income tax assets and liabilities, deferred income tax charge/(credit) in profit or loss ("p or l), in equity and other comprehensive income are attributable to the following items:

Deferred income tax assets/(liabilities):	At 1 July 2019	Credit/ (charge) to profit or loss	Credit/ (charge) to equity	30 June 2020
	Birr'000	Birr'000	Birr'000	Birr'000
Property, plant and equipment	(661)	(311)	-	(972)
Provisions	-	95	-	95
Tax losses charged to profit or loss	-	-	-	-
<b>Total deferred tax assets/(liabilities)</b>	<b>(661)</b>	<b>(215)</b>	<b>-</b>	<b>(876)</b>

Deferred income tax assets/(liabilities):	At 1 July 2018	Credit/ (charge) to profit or loss	Credit/ (charge) to equity	30 June 2019
	Birr'000	Birr'000	Birr'000	Birr'000
Property, plant and equipment	(746)	-	43	(703)
Provisions	-	-	42	42
Tax losses charged to profit or loss	-	-	-	-
<b>Total deferred tax assets/(liabilities)</b>	<b>(746)</b>	<b>-</b>	<b>84</b>	<b>(661)</b>

DEFERRED TAX LIABILITY	30 June 2020	30 June 2019
	Birr'000	Birr'000
Deferred tax (liability) asset as per GAAP	-	-
Deferred tax (liability) asset brought	-	-
Add: Temporary difference	(876)	(661)
Deferred tax Liability as at June	<b>(876)</b>	<b>(661)</b>
Fixed assets - tax base	26,342	23,296
Fixed asset - carrying amount	30,232	26,150
Fixed assets - temporary difference	(3,890)	(2,854)
Severance pay - tax base	-	-
Severance pay - carrying amount	(968)	(651)
Severance pay temporary difference	<b>(968)</b>	<b>(651)</b>
<b>Deferred tax (liability) asset - @ 30%</b>	<b>(876)</b>	<b>(661)</b>





# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

13 Cash and Bank balances	30 June 2020	30 June 2019
	Birr'000	Birr'000
Cash in hand	1,119	3,077
Current account with local banks	7,821	4,844
Savings deposits with local banks	30,946	29,638
Fixed time deposits	183,347	155,757
	<u>223,233</u>	<u>193,316</u>

#### Maturity analysis

	30 June 2020	30 June 2019
	Birr'000	Birr'000
Current	223,233	193,316
Non-current	-	-
	<u>223,233</u>	<u>193,316</u>

Restricted deposits with National Bank of Ethiopia represents deposits made with National Bank of Ethiopia (NBE) in accordance with Article 20 of Proclamation No 746/2012. The Company has a policy of maintaining the deposits at 15% of the paid up capital. The current balance represents the amount deposited up to June 30, 2020.

#### 13.1 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand, cash at bank, short term deposit with banks.

	30 June 2020	30 June 2019
	Birr'000	Birr'000
Cash in hand	1,119	3,077
Current account with local banks	7,821	4,844
Savings deposits with local banks	30,946	29,638
	<u>39,886</u>	<u>37,559</u>

#### 14 Investment securities

##### 14.1 Available for sale:

	30 June 2020	30 June 2019
	Birr'000	Birr'000
Equity Investments in		
- Berhan Bank S.C.	36,419	36,419
- Ethiopian Reinsurance S.C.	5,000	5,000
	<u>41,419</u>	<u>41,419</u>

##### 14.2 Loans and receivables:

	30 June 2020	30 June 2019
	Birr'000	Birr'000
Ethiopian Government bonds	11,500	11,500
	<u>11,500</u>	<u>11,500</u>
	<u>52,919</u>	<u>52,919</u>

#### Maturity analysis

	30 June 2020	30 June 2019
	Birr'000	Birr'000
Current	-	-
Non-Current	52,919	52,919
	<u>52,919</u>	<u>52,919</u>



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 14 Investment securities (Contd)

The Company holds equity investments in the following entities;

	30 June 2020		30 June 2019	
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Berhan Insurance S.C	36,419	1.33%	36,419	1.82%
Ethiopian Reinsurance S.C	500	0.63%	500	0.96%

These investments are unquoted equity securities measured at cost.

The fair value of the unquoted equity securities carried at cost cannot be reliably estimated as there are no active market for these financial instruments; they have therefore been disclosed at cost less impairment.

Ethiopian government bonds are classified as loans and receivables because management's intention is to hold these investments to maturity and they are not held for trading, managed on a fair value basis or quoted in an active market.

#### 15 Trade and other receivables

	30 June 2020 Birr'000	30 June 2019 Birr'000
Due from co-insurers	-	-
Due from re-insurers	13,233	12,574
Trade Debtors	581	359
<b>Gross amount</b>	<b>13,814</b>	<b>12,933</b>
Less: impairment allowance	(348)	(348)
	<b>13,466</b>	<b>12,585</b>

**Gross amount**

#### Maturity analysis

	30 June 2020 Birr'000	30 June 2019 Birr'000
Current	13,466	12,585
Non- current	-	-
	<b>13,466</b>	<b>12,585</b>

#### 15.1 Impairment allowance on loans and receivables including insurance receivables

A reconciliation of the allowance for impairment losses for loans and receivables by class, is as follows:

	30 June 2020 Birr'000	30 June 2019 Birr'000
At 1 July	(348)	(348)
Charge for the year (note 15)	-	-
Recoveries	-	-
During the year	-	-
At 30 June	<b>(348)</b>	<b>(348)</b>



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

	30 June 2020 Birr'000	30 June 2019 Birr'000
<b>16 Reinsurance assets</b>		
Recoverable on claims - Incurred but not yet reported	1,430	1,569
Reinsurance recoverable on outstanding claims (note 16.1)	100,180	110,695
Prepaid re-insurance (note 16.2)	-	-
<b>Gross amount</b>	<b>101,610</b>	<b>112,264</b>
Less: Specific impairment allowance (note 16.3)	-	-
<b>Total reinsurance assets</b>	<b>101,610</b>	<b>112,264</b>

The Company conducted an impairment review of the reinsurance assets and no impairment is required in respect of these assets as the Company has the right to set-off reinsurance assets against reinsurance liabilities on settlement. The carrying amounts disclosed above in respect to the reinsurance of insurance contracts approximate fair value at the reporting date.

	30 June 2020 Birr'000	30 June 2019 Birr'000
<b>16.1 Reinsurance recoverable on claims</b>		
Recoverable on claims - Incurred but not yet reported	1,430	1,569
Recoverable on outstanding claims	85,624	99,958
Reinsurer's share of unearned premium (Note 0)	14,556	10,737
Recoverable on claims paid	13,233	12,574
<b>Total reinsurance recoverable on claims</b>	<b>114,843</b>	<b>124,838</b>

	30 June 2020 Birr'000	30 June 2019 Birr'000
The movement in claims recoverable is analysed as:		
Balance at beginning of the year	112,264	112,264
Recoveries during the year	-10,654	-
Increase in recoverable during the year	13,233	12,574
Balance at end of year	<b>114,843</b>	<b>124,838</b>

	30 June 2020 Birr'000	30 June 2019 Birr'000
<b>17 Deferred acquisition cost</b>		
Motor	983	1,034
Marine Cargo and Goods in Transit	229	238
Fire	304	295
Accident and Health	162	133
Engineering	166	228
General Liability	94	77
W/C Ordinary	89	63
Pecuniary	265	387
Pecuniary	16	-
<b>Total Deferred acquisition cost</b>	<b>2,308</b>	<b>2,456</b>

This represents insurance commission expense relating to the unexpired tenure of risk.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

	30 June 2020 Birr'000	30 June 2019 Birr'000	
<b>18 Other assets</b>			
<b>Financial assets</b>			
Staff Debtor	1,644	1,351	
Sundry Debtor	739	2,177	
	<u>2,383</u>	<u>3,528</u>	
<b>Non-Financial assets</b>			
Inventories:-			
Office Supplies	442	722	
Recks of paid claims	620	235	
Prepayments	2,369	2,449	
Right of Use Asset	6,472	-	
Advance Withholding Receivable	898	748	
	<u>10,801</u>	<u>4,154</u>	
<b>Net amount</b>	<u>13,184</u>	<u>7,682</u>	
<b>Maturity analysis</b>			
	30 June 2020 Birr'000	30 June 2019 Birr'000	
Current	4,626	5,609	
Non- current	8,558	2,073	
	<u>13,184</u>	<u>7,682</u>	
<b>19 Intangible Assets</b>			
	Cost Birr'000	Amortisation Birr'000	Net book value Birr'000
<b>As at 1 July 2018</b>			
Additions/(amortisation)	40	(30)	10
<b>As at 30 June 2019</b>	40	(35)	5
Additions/(amortisation)	-	(3)	(3)
<b>As at 30 June 2020</b>	40	(38)	2



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

	Buildings	Motor vehicles	Computer and accessories	Office furniture and equipment	Total
	Birr'000	Birr'000	Birr'000	Birr'000	Birr'000
<b>20 Property, plant and equipment</b>					
<b>Cost</b>					
<b>As at 1 July 2018</b>	7,210	9,191	1,664	4,293	22,357
Additions	1,448	9,057	563	670	11,737
Reclassifications	-	-	-	-	-
Disposals	-	-	-	-	-
<b>As at 30 June 2019</b>	<u>8,657</u>	<u>18,248</u>	<u>2,227</u>	<u>4,962</u>	<u>34,095</u>
<b>As at 1 July 2019</b>	8,657	18,248	2,227	4,962	34,095
Additions	1,202	5,117	447	641	7,408
Disposals	-	(2,301)	-	-	(2,301)
Reclassification	-	-	-	-	-
<b>As at 30 June 2020</b>	<u>9,860</u>	<u>21,064</u>	<u>2,674</u>	<u>5,604</u>	<u>39,203</u>
<b>Accumulated depreciation</b>					
<b>As at 1 July 2018</b>	-	3,592	760	1,723	6,074
Charge for the year	-	1,153	256	466	1,874
Disposals	-	-	-	-	-
<b>As at 30 June 2019</b>	<u>-</u>	<u>4,745</u>	<u>1,016</u>	<u>2,189</u>	<u>7,948</u>
<b>As at 1 July 2019</b>	-	4,745	1,016	2,189	7,948
Charge for the year	187	1,684	296	529	2,695
Disposals	-	(1,673)	-	-	(1,673)
<b>As at 30 June 2020</b>	<u>187</u>	<u>4,756</u>	<u>1,311</u>	<u>2,717</u>	<u>8,970</u>
<b>Net book value</b>					
As at 1 July 2018	7,210	5,599	904	2,570	16,283
As at 30 June 2019	8,657	13,503	1,211	2,774	26,145
As at 30 June 2020	<u>9,672</u>	<u>16,309</u>	<u>1,362</u>	<u>2,887</u>	<u>30,230</u>

The company has acquired a leasehold land together with a building for the purpose of reek yard of the company. The total area of the land acquired is 5,000 Sq.meter.

#### 21 Statutory deposit

This relates to the amount deposited with National Bank of Ethiopia in line with Article 20 of the Insurance Business Proclamation No. 746/2012. The law requires that in respect of each main class of insurance, the insurer carries an amount equal to 15% of the Company's paid up capital in cash or government securities.

The statutory deposit below includes (2019: Birr 11.5 million, 2018: Birr 11.5 million) that is transferred to Ethiopian Government Development Bank for the acquisition of Great Renaissance dam bond. The Bond bears interest income of 6% per annum.

In Cash	30 June	30 June 2019
	Birr'000	Birr'000
In Government Bond	3,500	2,662
<b>Statutory deposit balance</b>	<u>11,500</u>	<u>11,500</u>
	<b>15,000</b>	<b>14,162</b>
	30 June 2019	30 June 2018
	Birr'000	Birr'000
Balance beginning of the year	14,162	13,108
Additions	(12,925)	1,054
Balance end of year	<u>1,236</u>	<u>14,162</u>





# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

	30 June Birr'000	30 June 2019 Birr'000
<b>22 Insurance contract liabilities</b>		
<b>Short-term insurance contracts</b>		
<b>Gross</b>		
- Claims reported and loss adjustment expenses (note 22.1)	146,164	155,889
- Claims incurred but not reported IBNR (note 22.2)	13,876	11,943
- Un allocated loss adjustment expense ULAE (note 22.3)	4,534	3,709
- Unearned premiums (note 22.4)	72,941	65,746
<b>Total insurance liabilities, gross</b>	<b>237,515</b>	<b>237,287</b>
<b>Recoverable from reinsurers</b>		
- Claims reported and loss adjustment expenses	100,180	110,695
- Claims incurred but not reported IBNR	1,430	1,569
<b>Total reinsurers' share of insurance liabilities</b>	<b>101,610</b>	<b>112,264</b>
<b>Net</b>		
<b>Outstanding claims provision:</b>		
- Claims reported and loss adjustment expenses	45,984	45,194
- Claims incurred but not reported IBNR	12,446	10,374
<b>Total insurance contract liabilities, net</b>	<b>58,430</b>	<b>55,567</b>
<b>Maturity analysis</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Current	58,430	55,567
Non- current	-	-
	<b>58,430</b>	<b>55,567</b>

The gross claims reported, the loss adjustment expenses liabilities and the liability for claims incurred but not reported are net of expected recoveries from salvage and subrogation. The amounts for salvage and subrogation at the end of years are not material.

	30 June 2020 Birr'000	30 June 2019 Birr'000
<b>22.1 Gross Claims reported</b>		
Motor	47,982	36,011
Marine	309	811
Fire	223	277
Accident	2,186	439
Engineering	7,306	7,738
General Liability	829	1,847
Workmens'	1,975	771
Pecuniary	85,355	107,994
<b>Total Gross Claims reported</b>	<b>146,164</b>	<b>155,889</b>



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 22 Insurance contract liabilities (Contd)

	30 June 2020	30 June 2019
	Birr'000	Birr'000
<b>22.2 Gross Claims incurred but not reported - IBNR</b>		
Motor	7,098	6,677
Marine	856	36
Fire	1,189	12
Accident and Health	871	19
Engineering	663	340
General Liability	323	81
Workmens'	194	34
Pecuniary	2,679	4,743
PVT	3	-
<b>Total Gross Claims incurred but not reported - IBNR</b>	<b>13,876</b>	<b>11,943</b>

	30 June 2020	30 June 2019
	Birr'000	Birr'000
<b>22.3 Un allocated loss adjustment expense - ULAE</b>		
Motor	1,581	943
Marine	33	19
Fire	40	6
Accident and Health	29	10
Engineering	229	179
General Liability	33	43
Workmens'	62	18
Pecuniary	2,527	2,491
<b>Total Un allocated loss adjustment expense - ULAE</b>	<b>4,534</b>	<b>3,709</b>

	30 June 2020	30 June 2019
	Birr'000	Birr'000
<b>22.4 Gross Unearned premiums</b>		
Motor	39,822	36,843
Marine	3,314	3,491
Fire	5,250	4,666
Accident and Health	2,809	2,273
Engineering	3,390	4,095
General Liability	4,279	3,187
Workmens'	834	668
Pecuniary	12,522	10,522
PVT	721	-
<b>Total Gross Unearned premiums</b>	<b>72,941</b>	<b>65,746</b>



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 22 Insurance contract liabilities (Contd)

	30 June 2020	30 June 2019
	Birr'000	Birr'000
<b>22.5 Deferred Commission Income</b>		
Motor	247	226
Marine	190	125
Fire	869	884
Accident and Health	101	92
Engineering	111	150
General Liability	193	30
Workmens'	16	13
Pecuniary	1,091	1,134
PVT	120	-
<b>Total Deferred Commission Income</b>	<b>2,939</b>	<b>2,653</b>

These provisions represent the liability for commission income on premium ceded for which the Company's obligations are not expired at year-end.

	30 June 2020	30 June 2019
	Birr'000	Birr'000
<b>23 Insurance payables</b>		
<b>Amounts payable on direct insurance business</b>		
At 1 July	24,721	21,693
Arising during the year	31,200	24,434
Utilised during the year	(51,958)	(21,407)
At 30 June	<b>3,963</b>	<b>24,721</b>
<b>Amounts payable on assumed reinsurance business</b>		
At 1 July	295	2,461
Arising during the year	144	766
Utilised during the year	272	(2,932)
At 30 June	<b>711</b>	<b>295</b>
	<b>4,674</b>	<b>25,015</b>

The carrying amounts disclosed above approximate fair value at the reporting date. All amounts payable on direct insurance business and assumed reinsurance business are payable within one year.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

	30 June 2020 Birr'000	30 June 2019 Birr'000
<b>24 Other liabilities</b>		
<b>Financial liabilities</b>		
Trade Creditors	73	17
Sales Agents Payable	1,024	1,070
Brokers Payable	798	711
Claim payable to client	867	481
Provident fund Payable	708	486
Payroll Tax Payable	421	321
Withholding tax payable	307	69
VAT Payable	343	238
Petty Cash Payable	-	-
Payroll Fund Payable	-	-
Staff Pension payable	298	237
Severance pay (note 26a)	968	651
	<u>5,807</u>	<u>4,281</u>
<b>Other non financial liabilities</b>		
Other payables	5,632	1,376
Accruals	6,436	4,048
Leasehold Payable	6,885	-
Deferred commission income	2,939	2,653
Dividend Payable	8,749	4,027
	<u>30,641</u>	<u>12,104</u>
<b>Gross amount</b>	<u>36,448</u>	<u>16,385</u>
<b>Maturity analysis</b>		
	30 June 2020 Birr'000	30 June 2019 Birr'000
Current	22,963	14,358
Non- current	6,600	2,027
	<u>29,563</u>	<u>16,385</u>
<b>25 Deferred revenue</b>		
Motor	247	226
Marine Cargo and Goods in Transit	190	125
Fire	869	884
Accident and Health	101	92
Engineering	111	150
General Liability	193	30
W/C Ordinary	16	13
Pecuniary	1,091	1,134
Others	120	-
All Risk	-	-
	<u>2,939</u>	<u>2,653</u>



This represents commission income on unearned premium ceded relating to the unexpired tenure of risk.

# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

	30 June 2020 Birr'000	30 June 2019 Birr'000
<b>26 Retirement benefit obligations</b>		
<b>Defined benefits liabilities:</b>		
– Severance pay (note 26a)	968	651
<b>Liability in the statement of financial position</b>	<b>968</b>	<b>651</b>
<b>Income statement charge included in personnel expenses:</b>		
– Severance pay (note 26a)	318	140
– Long service awards (note 26b)	-	-
<b>Total defined benefit expenses</b>	<b>318</b>	<b>140</b>
<b>Remeasurements for:</b>		
– Severance pay (note 26a)	(799)	(156)
	<b>(799)</b>	<b>(156)</b>

The income statement charge included within personnel expenses includes current service cost, interest cost, past service costs on the defined benefit schemes.

#### Severance pay

The Company operates an unfunded severance pay plan for its employees who have served the Company for 5 years and above and are below the retirement age (i.e. has not met the requirement to access the pension fund). The final pay-out is determined by reference to current benefit's level (monthly salary) and number of years in service and is calculated as 1 month salary for the first year in employment plus 1/3 of monthly salary for each subsequent in employment to a maximum of 12 months final monthly salary. The Severance Benefit Entitlement is provided under the Labour Proclamation No. 377/2003 and 494/2006.

Below are the details of movements and amounts recognised in the financial statements:

	30 June 2020 Birr'000	30 June 2019 Birr'000
<b>A Liability recognised in the financial position</b>	968	651
<b>B Amount recognised in the profit or loss</b>		
Current service cost	1,023	222
Interest cost	94	74
	1,117	296
<b>C Amount recognised in other comprehensive income:</b>		
Remeasurement (gains)/losses arising from participant's movement	(87)	(74)
Benefits and expenses paid	(712)	(82)
	(799)	(156)





# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 26 Retirement benefit obligations (continued)

The movement in the defined benefit obligation over the years is as follows:

	30 June 2020 Birr'000	30 June 2019 Birr'000
At the beginning of the year	651	511
Current service cost	1,023	222
Interest cost	94	74
Remeasurement (gains)/ losses	(87)	(74)
Benefits paid	(712)	(82)
At the end of the year	968	651

The significant actuarial assumptions were as follows:

##### i) Financial Assumption Long term Average

	30 June 2020 Birr'000	30 June 2019 Birr'000
Discount Rate (p.a)	14.25%	12.75%
Rate of Pension Increase(p.a)	10.00%	10.00%

#### 27 Share capital

##### Authorised:

Ordinary shares of Birr 1000 each

	30 June 2020 Birr'000	30 June 2019 Birr'000
	300,000	100,000

##### Issued and fully paid:

Ordinary shares of Birr 1000 each

	117,676	100,000
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The subscribed capital of the Company is Birr 130, 912,000 million divided into 130, 912 shares of Birr 1,000 par value each. The current paid up capital is 117,676,000 ( 2019: Birr 100,000,000)

#### 28 Share premium

At the beginning of the year

Additions through issuance of shares

	30 June 2020 Birr'000	30 June 2019 Birr'000
	1,246	1,256
	-	(10)
	1,246	1,246

The share premium represents excess of share prices over the par value. This amount awaits the resolution of the General Assembly whether it can be distributed to the shareholders.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 29 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit after taxation by the weighted average number of ordinary shares in issue during the year.

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>Birr'000</b>	<b>Birr'000</b>
Profit attributable to shareholders	33,716	24,421
Less: Board of directors annual remuneration (Note 33b)	(1,200)	(1,200)
: Prior Years' Adjustment (Note 30)	-	-
	<b>32,516</b>	<b>23,221</b>
Weighted average number of ordinary shares in issue	111,604	94,986
Basic & diluted earnings per share (Birr)	<b>29%</b>	<b>24%</b>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive shares at the reporting date (30 June 2020: nil, 30 June 2019: nil), hence the basic and diluted earning per share have the same value.

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>Birr'000</b>	<b>Birr'000</b>
<b>30 Retained earnings</b>		
At the beginning of the year	22,063	16,177
Profit/ (loss) for the year	33,716	24,421
Dividends paid	(21,977)	(16,177)
Deferred tax (liability)/asset on remeasurement gain or loss	(215)	84
Transferred to legal reserve	(3,372)	(2,442)
<b>At the end of the year</b>	<b>30,215</b>	<b>22,063</b>

#### 31 Legal reserve

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>Birr'000</b>	<b>Birr'000</b>
At the beginning of the year	6,258	3,816
Transfer from profit or loss	3,372	2,442
<b>At the end of the year</b>	<b>9,629</b>	<b>6,258</b>

An amount equal to 10% of net profit for each year is set aside as a legal reserve in accordance with Article 12 of proclamation No. 86/1994, until the balance reaches the paid up capital.



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

	Notes	30 June 2020	30 June 2019
		Birr'000	Birr'000
<b>32 Cash generated from operating activities</b>			
Profit before tax		35,887	25,540
<b>Adjustments for non- cash items:</b>			
Depreciation of property, plant and equipment	20	2,695	1,875
Amortisation of intangible assets	19	3	5
Gain/(Loss) on disposal of property, plant and equipment	20	(1,260)	-
Interest Income	12	(21,562)	(18,245)
Prior years' Adjustment		-	-
<b>Changes in working capital:</b>			
-Decrease/ (increase) in loans and receivables including insurance receivables	15	(881)	(490)
-Decrease/ (Increase) in reinsurance assets	16	10,654	(49,549)
-Decrease/ (increase) in deferred acquisition cost	17	148	(16)
-Decrease/ (increase) in other assets	18	(5,502)	1,087
-Decrease/ (Increase) in fixed time deposits	13	(27,590)	(20,317)
-Increase/ (decrease) in Insurance contract liabilities	22	228	68,125
-Increase/ (decrease) in insurance payables	23	(20,341)	861
-Increase/ (decrease) in other liabilities	24	20,063	3,664
		(7,455)	12,539

In the statement of cash flows, profit on sale of property, plant and equipment comprise:

	30 June 2020	30 June 2019
	Birr'000	Birr'000
Proceeds on disposal	1,888	-
Net book value of property, plant and equipment disposed (Note 20)	(627)	-
Gain/(loss) on sale of property, plant and equipment	1,260	0

### 33 Related party transactions

The Licensing & Supervision of Insurance Business Directive No SIB/53/2012 of the National Bank of Ethiopia defined a related party as a shareholder, a director, a chief executive officer, or a senior officer of a Insurance Company and/or their spouse or relation in the first degree of consanguinity or affinity; and a partnership, a common enterprise, a private limited company, a share company, a joint venture, a corporation, or any other business in which officers of the Company and/or their spouse or relation in the first degree of consanguinity or affinity of the officers of the Company has business interest as shareholder, director, chief executive officer, senior officer, owner or partner . The directive stipulates that the identification of related parties shall be the responsibility of the Company.

From the above, only directors were identified to be related parties to the Company.

### 33a Transactions with related parties

	30 June 2020	30 June 2019
	Birr'000	Birr'000
Loans and advances to key management personnel	444	347
	444	347



# Berhan Insurance S. C

## Notes to the financial statements

### For the year ended 30 June 2020

#### 33 Related party transactions (Contd)

##### 33b Key management compensation

Key management has been determined to be the members of the Board of Directors and the Senior Management team of the Company.

Directors are remunerated as per Directive No. SIB/46/2018 of National Bank of Ethiopia which limited payments to Directors to be Birr 150,000 per annum and Birr 10,000 allowance to be paid every month. The current balance is composed of monthly allowances paid during the year.

The compensation paid or payable to key management is shown below. There were no sales or purchase of goods and services between the Company and key management personnel as at 30 June 2020.

	30 June 2020	30 June 2019
	Birr'000	Birr'000
Directors allowance (non executive directors)	950	944
Directors remuneration (non executive directors)		
Salaries and other short-term employee benefits	4,362	4,100
Post-employment benefits	480	402
Representation allowance	396	174
	<b>5,238</b>	<b>4,675</b>
	<b>6,188</b>	<b>5,619</b>

#### 34 Directors and employees

i) The average number of persons (excluding directors) employed by the Company during the year was as follows:

	30 June 2020	30 June 2019
	Number	Number
Professionals and High Level Supervisors	79	80
Semi-professional, Administrative and Clerical	72	53
Technician and Skilled	-	-
Manual and Custodian	41	30
	<b>192</b>	<b>163</b>

#### 35 Contingent liabilities

##### 35a Claims and litigation

The Company, like all other insurers, is subject to litigation in the normal course of its business. The Company does not believe that such litigation will have a material effect on its profit or loss and financial condition.

The Company, together with other industry members, will continue to litigate the broadening judicial interpretation of the insurance coverage contained in the casualty insurance contracts it issued. If the courts continue in the future to expand the intent and scope of coverage contained in the insurance contracts issued by the Company, as they have in the past, additional liabilities would emerge for amounts in excess of the carrying amount held. These additional liabilities cannot be reasonably estimated but could have a material impact on the Company's future results. The liabilities carried for these claims as at this year end are reported in Note 22 and are believed to be adequate based on known facts and current law.

#### 36 Commitments

The Company has no additional commitments which are not provided in these financial statements for purchase of any other capital items.



## Berhan Insurance S. C

### Notes to the financial statements

### For the year ended 30 June 2020

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#### 37 Finance lease commitments - Company as lessee

As per IFRS 16 the lessee recognises right of use asset and lease liability for leases in the exception of short term leases and low value assets. While the company has acquired a leasehold land with the total area of 5,000 Sq.meter Br. 624, 960 held as Right-of-Use asset for the remaining lease term of 12years while other leases like rent are not more than a year and they are imaterial in value.

#### 38 Events after reporting period

In the opinion of the Directors, there were no significant post balance sheet events which could have a material effect on the state of affairs of the Company as at 30 June 2020 and on the profit for the period ended on that date, which have not been adequately provided for or disclosed.





*Fire & Lighting Insurance given to Commercial Buildings*



*Fire & Lighting Insurance given to Commercial Buildings*



*Fire & Lighting Insurance given to Various Manufacturing Companies*



*Fire & Lighting Insurance given to Various Manufacturing Companies*





*Fire & Lighting Insurance given to Various Manufacturing Companies*



*Fire & Lighting Insurance given to Various Manufacturing Companies*





**Berhan Insurance S.C.**

**AUDITOR'S  
R E P O R T**



## Partial View of the 8<sup>th</sup> Annual Share Holders Meeting



## Partial View of the 8<sup>th</sup> Annual Share Holders Meeting





### Partial View of the 8<sup>th</sup> Annual Share Holders Meeting



### Partial View of the 8<sup>th</sup> Annual Share Holders Meeting



## Berhan Insurance Staff Day Celebration



## Berhan Insurance Staff Day Celebration

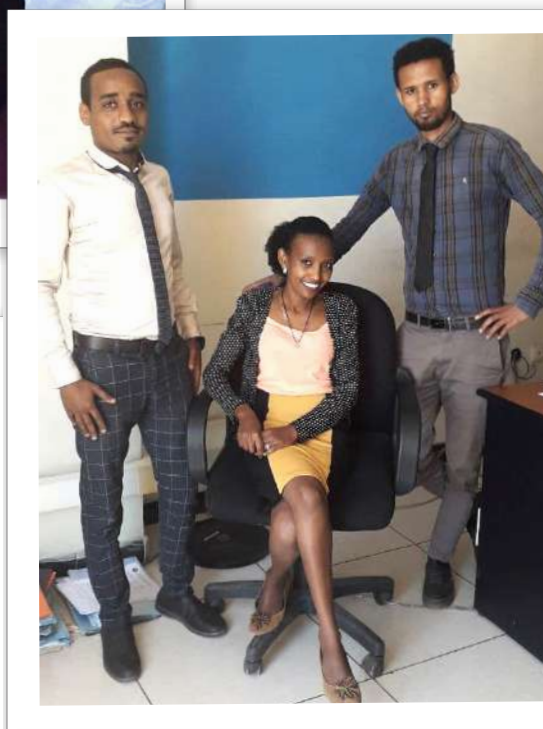




## Branches & Contact Offices



Bole Branch



Main Branch



Kera Branch



Piazza Branch

## Branches & Contact Offices



Megenagna Branch



Merkato Branch



Ras Branch



Lebu Branch



Saris Branch



## Branches & Contact Offices



Lideta Branch

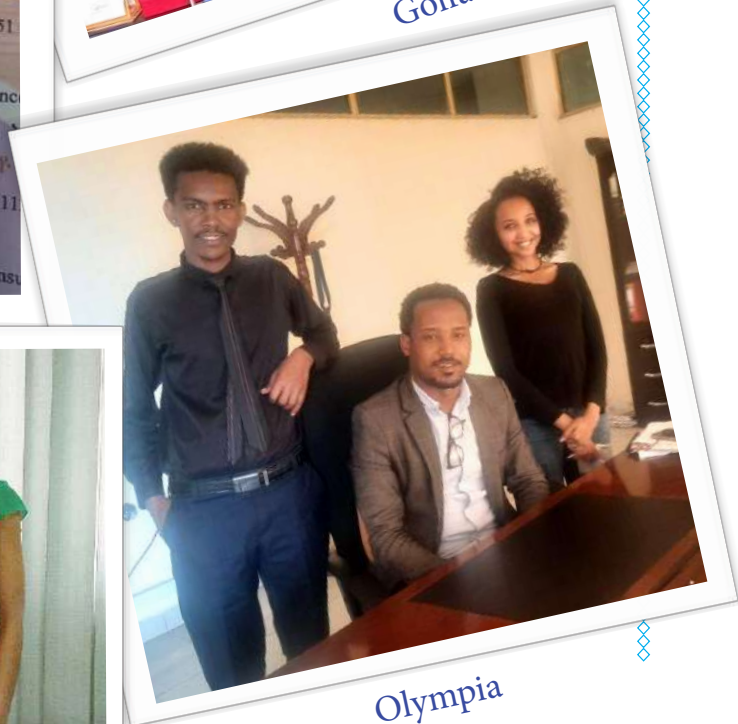


Goffa Branch

Hayahulet Mazoria Branch



Teklehaimanot Branch



Olympia



## Branches & Contact Offices

Hawassa Branch



Wolaita Sodo Branch



Bahir Dar Branch



Mekelle Branch



Dessie Branch



Adama Branch





## Branches & Contact Offices



Hossaena Contact Office

Shashemene Contact Office



Arba Minch Contact Office



**ብርሃን ኢንሹራንስ አ.ማ**  
**አመታዊ የደይሬክተሮች ቦርድ ሪፖርት**  
**(2019/20)**

**1. ማውጫ**

1.	የዘጠነኛው ዓመታዊ መደበኛ ጠቅላላ ጉባኤ እና የሶስተኛው ድንገተኛ ጠቅላላ ጉባኤ ጥሪ -----	2
2.	የዳይሬክተሮች ቦርድ ሊቀመንበር መልዕክት -----	3
3.	የዳይሬክተሮች ቦርድ ሪፖርት -----	5
	3.1. የቢዝነስ ሁኔታ-----	5
4	የዓመቱ የኩባንያው አፕሬሽን የሥራ አፈፃፀም ሪፖርት -----	6
5	የኩባንያው የሂሳብ መግለጫ -----	8
6	የቅርንጫፍ ማስፋፊያ ስራዎች -----	10
7	የሰው ሀብት ልማት -----	10
8	የጠለፋ ዋስትና -----	11
9	በአመቱ ለተለያዩ ሃገራዊ እና ማህበራዊ ጉዳዮች የተደረጉ አስተዋጽኦዎች እና እገዛዎች -----	11
10	ወቅታዊ የሥራ ሂደት እና ቀጣይ የለውጥ አቅጣጫዎች-----	11
10.1	IFRS ሂሳብ መግለጫ ክንውን -----	11
10.2	የኢንፎርሜሽን እና የኮሙኒኬሽን ቴክኖሎጂ ሲስተም ትግበራ-----	12
10.3	የሰው ሀብት ልማት -----	12
10.4	የማርኬቲንግ እና የገበያ ማስፋፊያ ሥራዎች-----	12
10.5	አፕሬሽን -----	12
10.6	የብርሃን ኢንሹራንስ የ5 አመት ሰትራቴጂክ የስራ እቅድ -----	13

### የዘጠነኛው ዓመታዊ መደበኛ ጠቅላላ ጉባኤ እና የሶስተኛው ድንገተኛ ጠቅላላ ጉባኤ ጥሪ

የብርሃን ኢንሹራንስ አ.ማ የባለአክሲዮኖች 9ኛ መደበኛ ጠቅላላ ጉባኤ እና 3ኛ ድንገተኛ ጠቅላላ ጉባኤ ጥሪ ታህሳስ 3 ቀን 2013 ዓ.ም ከጠዋቱ 2:00 ሰዓት ጀምሮ በአዲስ አበባ ከተማ ካዘንቲስ አካባቢ በሚገኘው በኢሊሊ ኢንተርናሽናል ሆቴል የስብሰባ አዳራሽ ይካሄዳል። ስለዚህ የኢንሹራንስ ኩባንያው ባለአክሲዮኖች በሙሉ ማንነታችሁን የሚገልጽ/ የሚያሳይ የታደሰ መታወቂያ/መንጃ ፈቃድ /ፖስታል በመያዝ በተጠቀሰው ቀን እና በታ በጉባኤው ላይ እንድትገኙ የብርሃን ኢንሹራንስ የዳይሬክተሮች ቦርድ ጥሪ ያቀርባል።

#### 1. የመደበኛ ጠቅላላ ጉባኤ አጀንዳዎች

- 1.1 የጉባኤውን አጀንዳ ማጽደቅ
- 1.2 አዳዲስ ባለአክሲዮኖችን መቀበልና የተደረጉ የአክሲዮን ዝውውሮችን ማጽደቅ
- 1.3 የዳይሬክተሮች ቦርድን እ.ኤ.አ. 2019/20 ዓመታዊ ሪፖርት ማድመጥና ተወያይቶ መወሰን
- 1.4 የውጭ አዲተሮችን እ.ኤ.አ. 2019/20 ዓመታዊ የሂሳብ ሪፖርት ማድመጥና ተወያይቶ መወሰን
- 1.5 የኩባንያውን ሂሳብ የሚመረምሩ የውጭ አዲተሮችን መሸምና ክፍያቸውን መወሰን
- 1.6 በዘመኑ የተጣራ ትርፍ አደላደልና እና አከፋፈል ላይ የቀረበውን የውሳኔ ሃሳብ ተወያይቶ መወሰን
- 1.7 የዳይሬክተሮች ቦርድ አባላትን ወርሃዊ አበልና አመታዊ ክፍያን መወሰን
- 1.8 የጉባኤውን ቃለጉባኤ ማጽደቅ

#### 2. የድንገተኛ ጠቅላላ ጉባኤ ጥሪ አጀንዳዎች

- 2.1 የጉባኤውን አጀንዳ ማጽደቅ
- 2.2 የሕይወት ኢንሹራንስ ማስጀመር
- 2.3 በጠቅላላ ኢንሹራንስ እና በሕይወት ኢንሹራንስ መካከል የካፒታል ድልድል/ክፍፍል ማድረግ
- 2.4 የኩባንያውን መመስረቻ ጽሁፍ እና መተዳደሪያ ደንብ ማሻሻል
- 2.5 የጉባኤውን ቃለጉባኤ ማጽደቅ

#### ማሳሰቢያ

በጉባኤው ላይ መገኘት የማይችሉ ባለአክሲዮኖች ቀጥሎ በተመለከተው መሰረት በወኪሎቻቸው አማካኝነት መሳተፍ ይችላሉ።

- ወካዮች ጉባኤው ከሚካሄድበት ቀን አስቀድሞ በቅሎ ቤት ግሎባል ሆቴል ፊት ለፊት የሺታም ሕንፃ ላይ በሚገኘው የኩባንያው ዋና መ/ቤት በመገኘት የውክልና ፎርም/ቅጽ በመሙላት ተወካይ በመወከል ወይም
- ውል ለማዋዋል ስልጣን በተሰጠው አካል ፊት የተሰጠ እና በስብሰባው ለመገኘትና ድምጽ ለመስጠት የሚያስችል ውክልና ያለው ተወካይ ዋናውን እና አንድ ፎቶ ኮፒ በጉባኤው እላት ይዞ በመቅረብ መሳተፍ ይችላል።

## 2. የዳይሬክተሮች ቦርድ ሊቀመንበር መልዕክት



የተከበራችሁ ባለአክሲዮኖች!

የተከበራችሁ ውድ የብርሃን ኢንሹራንስ አ.ማ ባለአክሲዮኖች በቅድሚያ ጥሪያችንን አክብራችሁ በዛሬው እለት በምናካሄደው የኩባንያችን 9ኛ መደበኛ ጠቅላላ ጉባኤ እና 3ኛ ድንገተኛ ጠቅላላ ጉባኤ ላይ ለመካፈል በመገኘታችሁ በራሴ እና በዳይሬክተሮች ቦርድ ስም እንኳን ደህና መጣችሁ በማለት የተሰማኝን ታላቅ ልባዊ ደስታ ለመግለጽ እወዳለሁ።

ሁላችሁም እንደምታስታውሱት በሪፖርቱ በተጠቀሰው አመት የአለማችን ብሎም የሃገራችን ታላቅ የጤና ስጋት ሆኖ የዘለቀው የኮሮና ወረርሽኝ በሃገራችን ኢኮኖሚ ላይ ከፍተኛ ጫና ያሳረፈ ከመሆኑም በላይ የሃገራችን አጠቃላይ ኢኮኖሚያዊ እድገት ላይ ያሳደረው ተጽእኖ ቀላል የሚባል አልነበረም። ከዚህም ሌላ በሃገሪቱ ላይ የተከሰቱ ፈረጅ ብዙ እና ያልተጠበቁ ፖለቲካዊ ማህበራዊ አለመረጋጋቶች የተስተዋሉበት እንደነበር የሚታወስ ነው።

ይህ በእንዲህ እንዳለ ኩባንያችን ብርሃን ኢንሹራንስ አ.ማ. በሃገራችን ብሎም በአለማችን ላይ የተከሰተውን አስከፊ ወረርሽኝ ተቋቁሞ በበጀት አመቱ ውጤታማ የሆነ የኢንሹራንስ አገልግሎት ለህብረተሰቡ በመስጠት ላቅ ያለ ትርፍ ማስመዝገቡን ሳበስር በታላቅ ደስታና አክብሮት ነው። በተጠናቀቀው በጀት አመት እ.ኤ.አ ጁን 30፣ 2020 ኩባንያችን ከታክስ በፊት የ35.9 ሚሊዮን ብር ትርፍ ያስመዘገበ ሲሆን ከትርፍማነቱ ባሻገር በሪፖርቱ በጀት አመት የኩባንያችን ጠቅላላ ሃብት (Asset) ብር 440.5 ሚሊዮን የደረሰ ሲሆን ካለፈው ዓመት ተመሳሳይ ጊዜ ወቅት ጋር ሲነፃፀር የ70መቶ ጭማሪ አሳይቷል። በሌላ በኩል በተመሳሳይ ወቅት የነበረው የኩባንያው ጠቅላላ ዕዳ (Liability) ብር 281.6 ሚሊዮን ሲሆን የካፒታል መጠኑ ከባለፈው ዓመት ተመሳሳይ ወቅት ጋር ሲነፃፀር ውጤታማ የሚባል እድገት በማስመዝገብ 158.8 ሚሊዮን ሲደርስ ይህም የኩባንያችን የፋይናንስ አቅም እጅግ ጤናማና ጠንካራ መሆኑን በግልጽ ያሳያል።

ይህ እጅግ አመርቂ ውጤት የኩባንያችን አዎንታዊ የኦፕሬሽን እድገት ማሳያ ሲሆን ኩባንያችን ካለፉት ተመሳሳይ ጊዜያት ጋር በንፅፅር ስንመለከተው ከጊዜ ወደ ጊዜ እራሱን ለገበያው ምቹና ተወዳዳሪ ሆኖ እንዲገኝ በማድረግ የበኩሉን ድርሻ እየተወጣ ይገኛል። ምንም እንኳን በኢንሹራንስ ኢንዱስትሪው ፍትሃዊና ኢንዱስትሪውን በተሻለ ደረጃ ሊያሳድግ በሚችል መልኩ ጤናማ የገበያ ውድድር ለማድረግ አስቸጋሪ ቢሆንም ኩባንያችን ከዚህ ፍትሃዊ ካልሆነ የገበያ ውድድር በመቆጠብ ኢንዱስትሪውን ሊያሳድግ በሚችል እና የደንበኞቹን ፍላጎት ሊያረካ በሚችሉ ተግባራት ላይ ብቻ ትኩረቱን በማድረግ የበኩሉን አስተዋፅኦ እያደረገ ይገኛል። ይህ በመሆኑም ኩባንያችን ከጊዜ ወደ ጊዜ እራሱን በማሳደግ በህብረተሰቡ ዘንድ ተመራጭ ኢንሹራንስ ሰጪ ተቋም እንዲሆን በማሰብ የአገልግሎት አድማሱን በማስፋት ደረጃውን በጠበቀ ሁኔታ አገልግሎቱን ለህብረተሰቡ ተደራሽ በማድረግ ላይ የሚገኝ ሲሆን ከዚህ ቀደም ህይወት-ነክ ያልሆነ የኢንሹራንስ አገልግሎት ይሰጥ የነበረ በመሆኑና ከጥቂት ጊዜያት በኋላ የረጅም ጊዜ ወይም የህይወት ነክ የኢንሹራንስ አገልግሎት ለመስጠት በዝግጅት ላይ የሚገኝ በመሆኑ ባለአክሲዮኖች ይህንን ሁኔታ በመረዳት አዎንታዊ ምላሽ እንደምትሰጡን በመተማመን ጥሪያችንን እናስተላልፋለን።

**ውድ የኩባንያችን ባለአክሲዮኖች!**

ኩባንያችን የህብረተሰቡን የኢንፎርሬሽን ፍላጎት በከፍተኛ ሁኔታ በማርካት የኢንፎርሬሽን ፍላጎታቸውን ከኩባንያችን ጋር እንዲያደርጉ ጥረት እየተደረገ የሚገኝ ሲሆን ይህ ጥረት ባለፉት አመታት ትኩረት እንዲሰጥባቸው ያነሳናቸውን የባለአክሲዮኖችን የግልም ሆነ የድርጅት አጠቃላይ የመድን ዋስትና ፍላጎቶችን ወደ ብርሃን በማምጣት ያለንን የደንበኞች መሰረት ድጋፍ ለማጠናከር እና ውጤታማነታችንን ለማሳደግ ከፍተኛ አስተዋጽኦ ይኖረዋል። በመሆኑም የእናንተ እገዛ ፋይዳው ትልቅ እንደሚሆን እና ለድርጅቱ እድገት የራሱን የሆነ የጎላ ድርሻ እንደሚያበረክት ለማስታወስ እና ለማስገንዘብ እወዳለሁ።

**ውድ የኩባንያችን ባለአክሲዮኖች!**

ኩባንያችን ከጊዜ ወደ ጊዜ የትርፋማነቱን ጉዞ ለማስቀጠል ከፍተኛ ጥረት እና ትጋት በማድረግ ላይ የሚገኝ ሲሆን የሃብት አስተዳደሩን እና አያያዙን የተሻለ ለማድረግ ባለው ቁርጠኝነት በአቃቂ ቃሊቲ ክፍለ ከተማ በሚገኘው የድርጅቱ መሬት ላይ የተጎዱ ተሽከርካሪዎች እና የሌሎች ንብረቶች ማቆያ ማእከል የአጥር ግንባታን ሙሉ በሙሉ ያጠናቀቅን ሲሆን የተሻለ አገልግሎት መስጠት እንዲያስችል ተጨማሪ የልማት ስራዎችን ግንባታ ለማስጀመር የሚያስችል የግንባታ ፍቃድ ከሚመለከተው የመንግስት አካል ለመቀበል እና ግንባታውን ለማስጀመር በሂደት ላይ ይገኛል።

በሌላ በኩል ለዋናው መስሪያ ቤት ግንባታ የሚሆኑ ቦታዎችን የማፈለግ ጥረት የተደረገ ሲሆን ውድ የኩባንያችን ባለአክሲዮኖች በእናንተ በኩል የሚደረገው የተጨማሪ አክሲዮን ግዢ ለዚህ እቅድ መሳካት ከፍተኛ አስተዋጽኦ ያለው በመሆኑ በጠቅላላ ጉባኤው በተወሰነው መሰረት ሌሎች ተጨማሪ አክሲዮኖችን በመግዛት እና የኩባንያውን የካፒታል መጠን በማሳደግ የኩባንያውን እቅድ እውን በማድረግ በኩል የድርሻችሁን እንድትወጡ ጥሪያችንን እናስተላልፋለን። በመጨረሻም በሥራችን ላይ የረዱንን ሁሉንም ባለድርሻ አካላት፣ ውድ ደንበኞቻችንን፣ የሥራ ባልደረቦቼ የሆኑትን የዳሬክተሮች ቦርድ አባላትን፣ የኩባንያውን የሥራ አመራር፣ የኢንፎርሬሽን ብሮከሮችንና የሽያጭ ወኪሎቻችንን፣ እንዲሁም የጠለፋ ዋስትና ሰጪዎችን ለስኬታችን ላበረከቱት አስተዋጽኦ ከልብ አመሰግናለሁ።

**እግዚአብሔር ኢትዮጵያን ይባርክ !**

**ቴዎድሮስ ምህረት**  
**የዳይሬክተሮች ቦርድ እና የአመታዊ ጠቅላላ ጉባኤ ሰብሳቢ**



### 3. የዳይሬክተሮች ቦርድ ሪፖርት

ብርሃን ኢንሹራንስ አ.ማ የዳይሬክተሮች ቦርድ ይህንን 9ኛ መደበኛ የዳይሬክተሮች ቦርድ ሪፖርት እና የተጠናቀቀውን የ2012 በጀት ዓመት ጠቅላላ የሂሳብ መግለጫ ሲያቀርብ ታላቅ ደስታ ይሰማዋል።

#### 3.1. የቢዝነስ ሁኔታ

##### 3.1.1 አለም አቀፍ የኢኮኖሚ ሁኔታ

የአለም አቀፍ የገንዘብ ተቋም IMF, እ.ኤ.አ በApril 2020, ባካሄደው የጥናት ውጤት እና ትንበያ መሰረት የኮሮና ቫይረስ ወረርሽኝ በአለማችን በከፍተኛ ደረጃ የሰው ህይወትን ለሞት የዳረገ ሲሆን ከዚህ አስከፊ ወረርሽኝ ለመታደግ ሀገሮች የተለያዩ የመከላከያ መንገዶችን ተግባራዊ በማድረግ በኩል ህብረተሰቡ እራሱን ከተለያዩ አካላዊ መቀራረቦች እንዲቆጥብ፣ ሀገራት ከሀገራት ጋር የነበራቸውን ኢኮኖሚያዊ እና የሰዎች እንቅስቃሴ ላይ ገደብ በማሰቀመጥ እና መሰል ተግባራትን ተፈጻሚ በማድረግ ወረርሽኙን ለመቀነስ ጥረት ሲደረግ መቆየቱ ይታወቃል። የኮሮና ቫይረስ ወረርሽኝ በአለም ኢኮኖሚ ላይ የበኩሉን አሉታዊ አስተዋፅኦ በማድረግ በ2008-9 ከነበረው የፋይናንስ ቀውስ የባሰ ሊሆን እንደሚችል በመግለፅ እ.ኤ.አ በ2020 በ 3% ሊያሽቆለቁል እንደሚችል ጥናቱ ይተነብያል።

ከዚህ ጋር በተያያዘ የአለምን ኢኮኖሚ ወደ ነበረበት ቦታ ለመመለስ ያስችል ዘንድ ሃገራት እና አለማቀፍ ኢኮኖሚ ተቋማት የተለያዩ የፖሊሲ ሃሳቦችን በማመንጨት ተግባራዊ ሊያደረጉ እንደሚችሉ ታሳቢ በማድረግ በ2020 አጋማሽ የወረርሽኙን ስፋት በመቀነስ እ.ኤ.አ በ2021 የአለም ኢኮኖሚ እድገት በማሳየት 5.8 በመቶ ሊያድግ እንደሚችል ጥናቱ ይተነብያል። (IMF, World Economic Outlook, April-2020)

##### 3.1.2 የአፍሪካ ማክሮ ኢኮኖሚ አፈጻጸም ምልክታ

እንደ አፍሪካ ኢኮኖሚክ አውትሎክ(AEO), July 2020 ምልክታ የአፍሪካ ጠቅላላ የሃገር ውስጥ ምርት ከወረርሽኙ በፊት ከተተነበየው የ5.6 በመቶ እድገት በመቀነስ 1.7 በመቶ ሊደርስ እንደሚችል የሚያትት ሲሆን ይህም ኢኮኖሚው ላይ ከፍተኛ አሉታዊ ተፅዕኖ እንደሚያሳድር ይታመናል። ይህ በእንዲህ እንዳለ ወረርሽኙ እ.ኤ.አ ከ2020 በኋላ ዘለግ ላለ ጊዜ መፍትሄ ሳይገኝለት የሚቆይ ከሆነ ኢኮኖሚውን ከዚህም በከፋ ሁኔታ በ7.3 በመቶ እንዲያሽቆለቁል በማድረግ የጠቅላላ የአፍሪካ የምርት መጠንን (GDP) ወደ 3.4 በመቶ እንዲቀንስ ሊያደርገው እንደሚችል ትንበያው ያሳያል። ሀገራችን ኢትዮጵያ በምስራቅ አፍሪካ ከሚገኙት ሀገሮች መካከል በከፍተኛ የእድገት ደረጃ ላይ የምትገኝ ሲሆን በአለማችን ላይ በተከሰተው የኮሮና ወረርሽኝ ምክንያት የኢኮኖሚው የእድገት መጠኑ በእጅጉ ሊቀንስ እንደሚችል ትንበያዎች የሚያመለክቱ ሲሆን ይኸውም ቀድሞ ትንበያው ካስቀመጠው የ7.2 በመቶ የኢኮኖሚ እድገት በመውረድ 3.6 በመቶ ሊደርስ እንደሚችል ትንበያው ያመለክታል።

ወረርሽኙ የሀገራችን የኢኮኖሚ ዘርፎችን እንደ ቱሪዝም፣ ግብርና ንግድ እና መሰል የገቢ ምንጮችን በእጅጉ የሚጎዳ እንደመሆኑ መጠን 65 በመቶ የሚሆነው የሀገሪቱ ገቢ የተመሰረተው ወደ ውጭ በሚላኩ ሸቀጦች በመሆኑ እነዚህ ምርቶች ከጠቅላላው የሃገር ውስጥ ምርት የ9 በመቶ ድርሻ በመያዝ ጉልህ አስተዋፅኦ ያደርጋሉ ተብሎ ይታመናል። ከዚህ ጋር በተያያዘ ሀገራችን ከሌሎች ሀገራት ጋር የምታደርገው የንግድ ልውውጥና ግብይትን የሚቀንስ በመሆኑ ለውጭ ገበያ የምታቀርባቸው የምርቶች የገቢ መጠንም በመቀነስ እና በተለያዩ መንገዶች የምታገኛቸው የገቢ ምንጮች በተፈለገው ደረጃ ካለመሆናቸውም ባሻገር ኢኮኖሚውን ሊያረጋጋ በማይችል መልኩ በመሆኑ በሀገሪቱ ላይ ከፍተኛ ጭና በማሳደር የገቢ እጥረቱ እ.ኤ.አ በ2020 ከ2.9 በመቶ በትንሹ እስከ 3.5 በመቶ ከባሰ ሊያድግ





እንደሚችል ይታመናል። ከዚህ ጋር ተያይዞ ሀገራዊ እና የአለም አቀፍ የገበያ ሰንሰለት በእጅጉ በመዳከሙ ምክንያት የምርት አቅርቦትና ግብይት እጥረት ሊከሰት እንደሚችል እንዲሁም በአንዳንድ የምርቶች አቅርቦት ላይ መጠነኛ የዋጋ ማሻቀብ ሊከሰት እንደሚችል ጥናቱ ያመለክታል።(African Economic Outlook, July 2020 Supplement).

### 3.1.3 ኢንፎራንስ ኢንዱስትሪ ምልክታ

በተጠናቀቀው በጀት አመት በሃገራችን የነበሩት የኢንፎራንስ አገልግሎት ሰጪ ተቋማት ብዛት 17 ሲሆኑ ከነዚህም ውስጥ 16 የሚሆኑት የግል ኢንፎራንስ ድርጅቶች ናቸው። የቅርንጫፍ ብዛታቸው ከአመት በፊት ከነበረው ተመሳሳይ ወቅት 558 ጋር ሲነፃፀር ብልጫ በማሳየት ባሳለፍነው በጀት አመት 595 የደረሰ ሲሆን ከነዚህ ውስጥ 54 በመቶ የሚሆኑት በመዲናቸን የሚገኙ ናቸው። የካፒታል መጠናቸው በዛው መጠን እድገት በማስመዝገብ ከአመት በፊት ከነበረው ተመሳሳይ ወቅት ብር 6.8 ቢሊዮን ጋር ሲነፃፀር ብልጫ በማሳየት ብር 9.0 ቢሊዮን የደረሰ ሲሆን ከዚህም ውስጥ 68.8 በመቶ የሚሆነው ድርሻ በግል ኢንፎራንስ ድርጅቶች የተመዘገበ ነው።

የኢንፎራንስ ቅርንጫፎች ብዛትም ከጊዜ ወደ ጊዜ እድገት እያሳየ መሆኑ የማይካድ እውነታ ቢሆንም የቅርንጫፎች ብዛት ከተገልጋይ ብዛት ጋር በንፅፅር ሲቀመጥ እ.ኤ.አ በ2017/18 ከነበረው 181,396:1 የተወሰነ ልዩነት በማሳየት እ.ኤ.አ በ2018/19 173,848:1 ሊደርስ ችሏል።

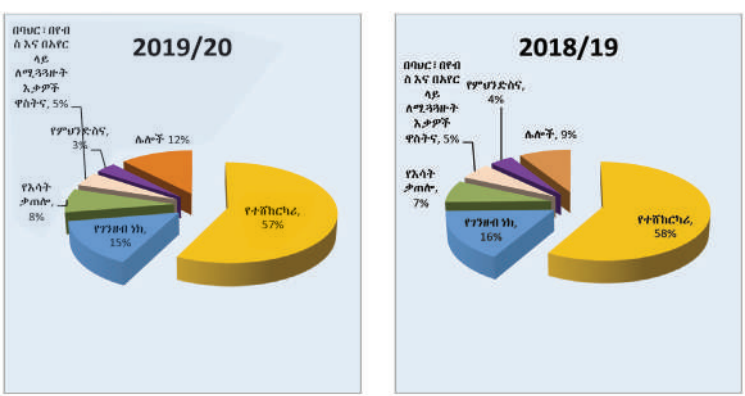
በአጠቃላይ የኢንፎራንስ ኢንዱስትሪው የተለያዩ ዘርፈ ብዙ ችግሮች የሚስተዋሉበት ሲሆን እነዚህን ችግሮች ለመቅረፍ ያስችል ዘንድ በዘርፉ የተማረ የሰው ሃይል፣ የተረጋጋ ፖለቲካ ኢኮኖሚ፣ እና በዘርፉ ተሰማርተው የሚገኙ የአገልግሎት ሰጪ ተቋማት ፍትሃዊ የገበያ ውድድር በማድረግ መልካም የሚባል የስራ ግንኙነት በመፍጠር ኢንዱስትሪውን ካለበት መጠን ሰፊ ችግሮች መታደግ ይቻላል።

## 4. የአመቱ የኩባንያው አፕሬሽን የሥራ አፈፃፀም ሪፖርት

### 4.1 ጠቅላላ የአረባን ገቢ

በበጀት አመቱ የኩባንያችን አመታዊ የተመዘገበ የገቢ መጠን ብር 139.8 ሚሊዮን ሲሆን ከባለፈው ተመሳሳይ ወቅት ጋር ሲነፃፀር በ15 በመቶ ዕድገት ያሳየ ሲሆን ይህም እ.ኤ.አ በ2018/19 121.9 ሚሊዮን ነበር።

**የዓመቱ የአረባን ገቢ ስብጥር በፖይ ቻርት እንደሚከተለው ቀርቧል**  
2012 ዓ.ም 2011 ዓ.ም



ከጠቅላላው የአረባን መጠን ውስጥ የተሸከረከረ ኢንፎርሜሽን ከፍተኛውን ድርሻ በመያዝ 57 በመቶ ወይንም በገንዘብ ሲሰላ ብር 80.2 ሚሊዮን ሲሆን የባለፈው ዓመት ተመሳሳይ ወቅት 58 በመቶ ወይንም 70.9 ሚሊዮን እንደነበር ቻርቴ ያሳያል። የገንዘብ ነክ ኢንፎርሜሽን 15 በመቶ ወይም ብር 20.9 ሚሊዮን በመሆን በሁለተኛነት ይከተላል። ቀሪው 28 በመቶ ከሌሎች የኢንፎርሜሽን አይነቶች የተገኘ ነው።

### 4.2. የጉዳት ካሳ ጥያቄዎች

በበጀት አመቱ የጉዳት ካሳ ክፍያ የጨመረ ሲሆን እ.ኤ.አ በ2018/19 ከነበረው ብር 44.2 ሚሊዮን ወደ ብር 70.9 ሚሊዮን በ2019/20 እ.ኤ.አ ከፍ ብሏል።

የጉዳት ካሳ ክፍያ በንጽጽር 36 በመቶ እ.ኤ.አ በ2018/19 ከነበረው ወደ 51 በመቶ በ2019/20 እ.ኤ.አ ሊጨምር ችሏል። በበጀት አመቱ ከቀረቡ የጉዳት ካሳ ጥያቄዎች፤ በኩባንያው እንደ ወደፊት ተከፋይ የካሳ ወጪ የተመዘገበውን ጨምሮ (በንፅፅር በ2018/19 እ.ኤ.አ 16.5 ሚሊዮን ሲሆን በ2019/20 እ.ኤ.አ - 7 ሚሊዮን)፣ 63.9 ሚሊዮን እ.ኤ.አ በ2019/20 (66.6 ሚሊዮን በ2018/19 እ.ኤ.አ)

#### የሁለት ዓመት ተነፃፃሪ የካሳ ክፍያ ጥያቄዎች ሠንጠረዥ

የዋስትና ዓይነቶች	2019/20			2018/19		
	ጠቅላላ የጉዳት ካሳ	ጠቅላላ የአረባን ገቢ	ጠቅላላ ሎስ ሬሾ	ጠቅላላ የጉዳት ካሳ	ጠቅላላ የአረባን ገቢ	ጠቅላላ ሎስ ሬሾ
የተሸከረከረ ዋስትና	50,903	77,248	66%	43,466	64,469	67%
የገንዘብ ነክ ዋስትና	5,843	18,881	31%	12,294	5,469	225%
የእሳት ቃጠሎ	1,181	10,201	12%	537	7,611	7%
በባህር፣ በየብስ እና በአየር ላይ ለሚጓዙት እቃዎች ዋስትና	(206)	6,585	-3%	38	5,221	1%
የምህንድስና ዋስትናዎች	853	5,419	16%	6,305	1,360	464%
ሌሎች	5,313	14,290	37%	3,989	29,311	0%
<b>ጠቅላላ</b>	<b>63,887</b>	<b>132,625</b>	<b>48%</b>	<b>66,630</b>	<b>113,441</b>	<b>59%</b>

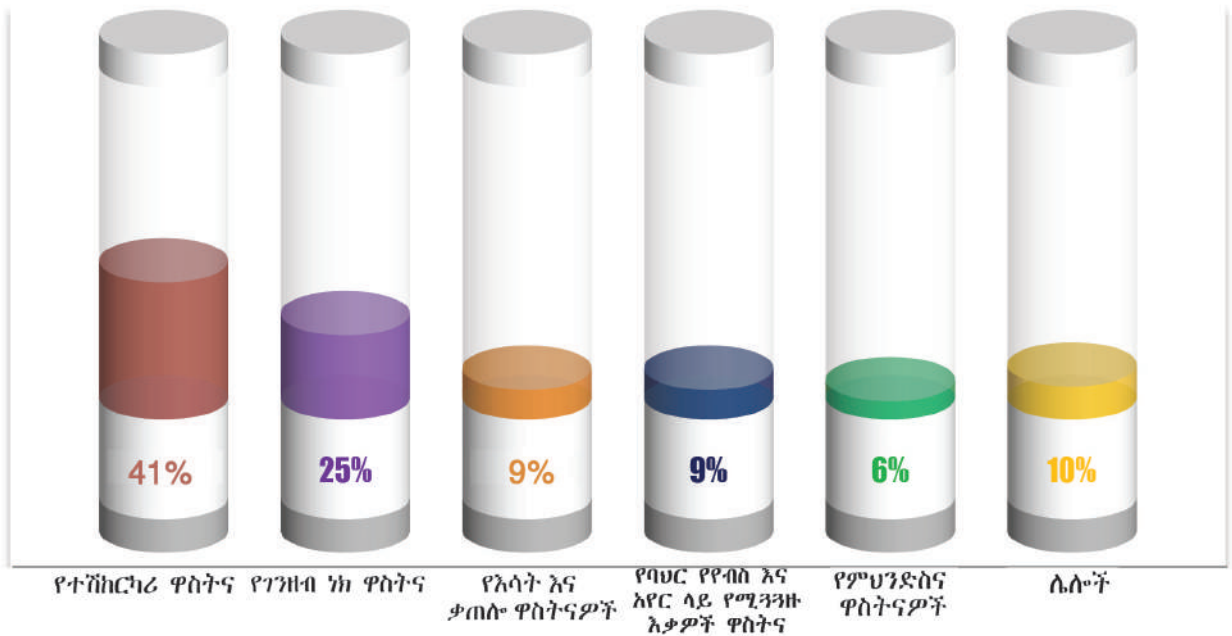
ከላይ ከፍ ብሎ እንደተመለከተው በ2019/20 ጠቅላላ የካሳ ክፍያ ብር 63.9 ሚሊዮን ሲሆን ከባለፈው ዓመት ተመሳሳይ ወቅት ጋር ከነበረው ከብር 66.6 ሚሊዮን ጋር በንፅፅር ቀንሶ የሚታይ ሲሆን፤ ጠቅላላ የአረባን ገቢ በበጀት ዓመቱ 132.6 ሚሊዮን ሲሆን ከባለፈው ዓመት ተመሳሳይ ወቅት ጋር ሲነጻጸር እድገት አሳይቷል ይህም እ.ኤ.አ በ2018/19 113.4 ሚሊዮን እንደነበር ቻርቴ ያመለክታል። ይህም የሚያሳየው የቀረበው የካሳ ክፍያ የሎስ ሬሾ መጠን 48 በመቶ በመሆን ባለፈው ዓመት 59 በመቶ ከነበረው ጋር ሲነፃፀር ቀንሶ መገኘቱን ያመለክታል።

### 4.3 በበጀት ዓመቱ ከኢንፎርሜሽን ውል ሽያጭ የተገኘ ውጤት

በተጠናቀቀው የበጀት ዓመት ከውል ሽያጭ የተገኘ ውጤት ብር 61.4 ሚሊዮን ሲሆን፤ ይህም የገንዘብ መጠን ከባለፈው ዓመት ተመሳሳይ ወቅት ከነበረው ብር 44.8 ሚሊዮን ጋር ሲነፃፀር 16.6 ሚሊዮን ብር ወይንም 37 በመቶ ብልጫ ያሳየ መሆኑን መረጃው ያመለክታል።

የተለያዩ የኢንፎርሬሽን ዘርፎች ከውል ስራ ያስገኙት የሁለት አመታት ውጤት በመቶኛ በንጽጽር እንደሚከተለው ቀርቧል።

**ከኢንፎርሬሽን ውል ሽያጭ የተገኘ ውጤት በንፅፅር (በመቶኛ)**



**4.4 ትርፍ እና ኪሳራ**

በተጠናቀቀው የ2012ዓ.ም በጀት ዓመት ብር 35.9 ሚሊዮን ትርፍ ከታክስ በፊት ያስመዘገበ ሲሆን ከባለፈው ዓመት ተመሳሳይ ወቅት ጋር ከነበረው 25.5 ሚሊዮን ሲነጻጸር ከፍተኛ እድገት ያሳየ መሆኑን ያረጋግጣል። ኩባንያው ከባለፈው ዓመት በተሻለ ይህንን አመርቂ ውጤት ማስመዝገብ የቻለበት ዋናው ምክንያት የኩባንያው ቦርድ፣ ማኔጅመንት እና ሠራተኞች የኩባንያውን ትርፋማነት እና ውጤታማነት በዘላቂ ሁኔታ ለማረጋገጥ ባደረጉት ያላሰለሰ ጥረት እና ትጋት ነው።

በዚህም መሰረት በበጀት አመቱ የኩባንያው የኢኮኒ ትርፍ መጠን 29% በመድረስ ከባለፈው አመት ከነበረው 24% ጋር ሲነፃፀር ውጤታማ እድገት አሳይቷል።

**5 የኩባንያው የፋይናንስ መግለጫ**

**5.1 የኩባንያው ሀብት**

አጠቃላይ የኩባንያው ሀብት እና ዕዳን በተመለከተም እ.ኤ.አ እስከ ሰኔ 30 2020 ጠቅላላ የኩባንያው ሀብት ብር 440.5 ሚሊዮን የደረሰ ሲሆን ባለፈው ዓመት በተመሳሳይ ጊዜ ከነበረው ብር 410 ሚሊዮን የ7 በመቶ ወይም የ30.4 ሚሊዮን ብር ዕድገት አሳይቷል።

### 5.2 የኩባንያው ዕዳ

በአንጻሩ በበጀት ዓመቱ መጨረሻ የኩባንያው ጠቅላላ ዕዳ ብር 281.6 ሚሊዮን ነበር። ከባለፈው ዓመት ብር 280.5 ጋር ሲነፃፀር የ0.4 በመቶ ወይም የ1.1 ሚሊዮን ብር ጨማሪ አሳይቷል። ይህ ውጤት ሊመዘገብ የቻለበት ምክንያት ኩባንያው በአውትስታንዲንግ መዝገብ የነበረውን እዳ በማጠናቀቁ ነው።

### 5.3 የኩባንያው ካፒታል

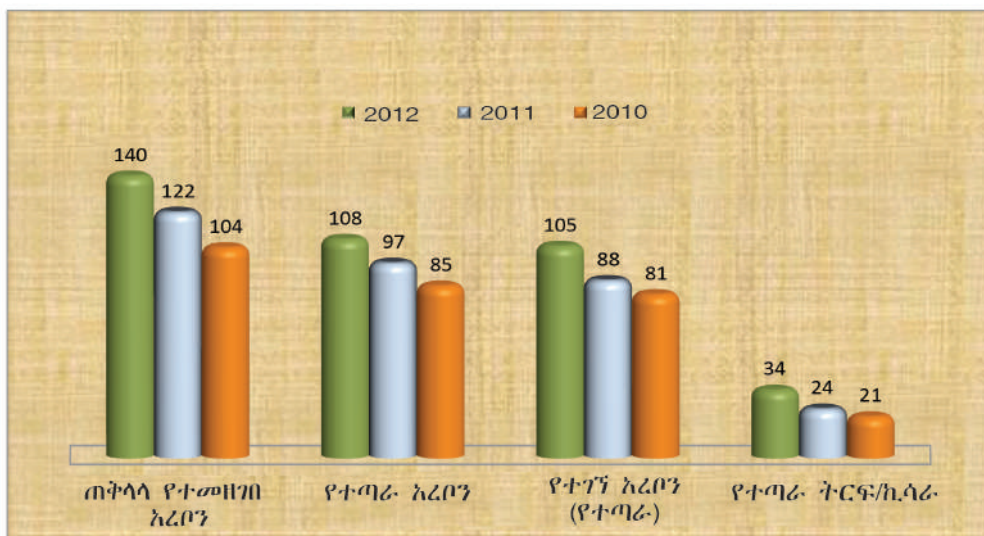
የባለአክሲዮኖች ፈንድ በተጠናቀቀው በጀት አመት ብር 158.8 ሚሊዮን ነበር። ይህም ከባለፈው አመት ተመሳሳይ ወቅት ከነበረው ብር 129.6 ሚሊዮን ጋር ሲነፃፀር የብር 29.2 ሚሊዮን ወይም የ23 በመቶ ዕድገት አሳይቷል። ከዚህ ፈንድ ውስጥም ብር 117.7 ሚሊዮን ወይም 74 በመቶ የሚሆነው የተከፈለ ካፒታል ነው።

የኩባንያው የሶስት አመት የፋይናንሺያል ዳሰሳ እንደሚከተለው ቀርቧል።

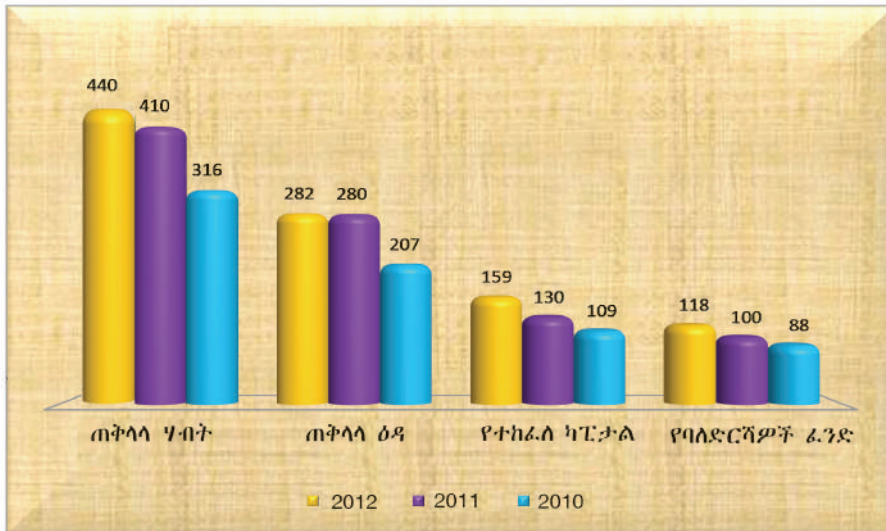
**የሶስት አመት የኩባንያው የፋይናንሺያል ፕሮፎርማንስ በንፅፅር (በሚሊዮን)፡**

በ 1000 ፍ	2012	2011	2010
<b>የፋይናንሺያል ውጤት</b>			
ጠቅላላ የተመዘገበ የአረቦን ገቢ	139,820	121,860	104,284
የተጣራ አረቦን	108,475	96,672	85,362
የተገኘ አረቦን(የተጣራ)	105,098	88,039	81,128
የተጣራ ትርፍ/ኪሳራ	33,716	24,423	20,582
<b>የፋይናንሺያል ፕሮፎርማንስ</b>			
የተከፈለ ካፒታል	117,676	100,000	88,196
የባለድርሻዎች ፈንድ	158,767	129,567	109,445
ጠቅላላ ሃብት	440,451	410,034	316,228
ጠቅላላ እዳ	281,685	280,468	206,783

የሶስት አመት የኩባንያው የፋይናንሺያል ፕሮፎርማንስ በንፅፅር እንደሚከተለው ቀርቧል።



የሶስት አመት የኩባንያው የፋይናንሺያል ፖሊሲን በንፅፅር እንደሚከተለው ቀርቧል።



### 6. የቅርንጫፍ ማስፋፍያ ስራዎች

ውድ የኩባንያችን ባለአክሲዮኖች፣ በ2012 ዓ.ም በጀት አመት ኩባንያችን በገበያው ላይ ተወዳዳሪ ሆኖ እንዲቀጥልና ተደራሽነቱን ይበልጥ ለማጎልበት ሲባል ሶስት ተጨማሪ ቅርንጫፎችን በመደናችን ሁለት እንዲሁም በደሴ ከተማ 1 ቅርንጫፍ በመክፈት አገልግሎት በመስጠት ላይ ይገኛል።

ይህ ሪፖርት በሚቀርብበት ወቅት ለቅርንጫፍ ማስፋፊያነት ተገቢ ናቸው ተብለው ከታመነባቸው የመደናችን ብሎም የክልል ከተሞች ላይ በተካሄደ የአዋጮችን ጥናት መሰረት በአዲስ አበባ የተክለሐይማኖት እና የሳሪስ እንዲሁም በክልል የደሴ ቅርንጫፎች ተከፍተው የላቀ አገልግሎት በመስጠት ላይ ይገኛል።

### 7. የሰው ሃብት ልማት

የኩባንያችን የሰው ሃብት ልማት ከባለፉት ተከታታይ አመታት በንፅፅር ሲታይ በጥሩ የእድገት ደረጃ ላይ ይገኛል። በ2012 በጀት አመት አጠቃላይ የሰው ሃይሉን ስንመለከት 192 የደረሰ ሲሆን ከዚህም 104 የሚሆኑት ወንዶች 88 የሚሆኑት ሴቶች ይገኙበታል። ይህም አጠቃላይ የሰው ሃይል ብዛት ከባለፈው አመት ተመሳሳይ ጊዜ ጋር ሲነፃፀር በ10.4 በመቶ እድገት እንዳለው መረጃው ያሳያል። ከዚህ ጋር በተያያዘ የሰራተኞችን የትምህርት ደረጃ ስንመለከት 5.2 በመቶ ሁለተኛ ድግሪ፣ 55.2 በመቶ የመጀመሪያ ድግሪ፣ 19.8 በመቶ የኮሌጅ ዲፕሎማ (ደረጃ 3 እና 4) እንዲሁም ቀሪዎቹ 19.8 በመቶ የሚሆኑት የሁለተኛ ደረጃ ሰርተፍኬት እንዳላቸው የሰው ሃብት መረጃ ያሳያል።

ኩባንያችን የሰራተኞችን የክህሎት ደረጃ ለማስፋት እና በቂ እውቀት ባላቸው ሰራተኞች ስራው እንዲካሄድ ለማድረግ ይቻል ዘንድ በበጀት አመቱ ኩባንያው የተለያዩ ስልጠናዎችን በሀገር ውስጥ እና በውጭ ሀገራት በማዘጋጀት ተግባራዊ አድርጓል። ከዚህም ጋር በተያያዘ በበጀት አመቱ 65 ለሚሆኑ ሰራተኞች ከኢትዮጵያ ብሔራዊ ባንክ (የኢትዮጵያ ፋይናንስ ጥናት ተቋም) እና ከኢትዮጵያ የኢንፎርሜሽን ማህበር ጋር በመተባበር እንዲሰጥ የተደረገ ሲሆን እንዲሁም



ለሶስት የማኔጅመንት አባላት ከሀገር ውጪ ማለትም ከአፍሪካ ራ-ኢንሹረርስ የስትራቴጂክ ሊደርሺፕ ስልጠና ለመስጠት ተችሏል። ይህ በእንዲህ እንዳለ ሁለት ዎርክ ሾፕ በማዘጋጀት ለኩባንያው ከፍተኛ የማኔጅመንት አባላት እና የቅርንጫፍ ሃላፊዎች እንዲሰጡ ተደርጓል።

በሀገር አቀፍ ብሎም በአለም አቀፍ ደረጃ የተከሰተው የኮሮና ቫይረስ ወረርሺኝ በኩባንያችን የአገልግሎት አሰጣጥ ሂደት ላይ ከፍተኛ ተግዳሮት ሆኖ የቆየ ሲሆን ይህንን ችግር ተቋቁሞ ለህብረተሰቡ አገልግሎት ለመስጠት ከፍተኛ ችግር የነበረበት ሁኔታን ሊፈጠር ችሏል። ይህንንም ወረርሺኝ ለመከላከል በመንግስትም ሆነ የሌሎች ተቋማት የተቀናጀ ስራ የሚጠይቅ በመሆኑ በመንግስት ከሚደረጉ እርምጃዎች በተጨማሪ ኩባንያችን የበኩሉን እርምጃ በማክል በስራ ቦታ ላይ የፈረቃ ስራ ለተወሰነ ጊዜ ተግባራዊ በማድረግ፣ በበቂ ሁኔታ የፊት መከለያ(Face Mask)፣ ሳኒታይዘር እንዲሁም ስለወረርሺኙ ወቅታዊ መረጃዎችን ለሰራተኛው ለማድረስ ተችሏል።

ኩባንያው ከሚያጋጥሙት ችግሮች ዋነኛው የሰው ሃይል ፍልሰት በቀዳሚነት የሚጠቀስ ሲሆን ይህም በዘርፉ ያለው ውስን የኢንሹራንስ ባለሙያ ውስንነት እና የኢንሹራንስ ገበያው ውድድር ጠንካራ መሆን ተጠቃሽ ሲሆኑ እነዚህን ተግዳሮቶች ለመፍታትና በገበያው ላይ ተቀባይነት ያለው ተወዳዳሪ ሆኖ ለመቆየት ያስችል ዘንድ ኩባንያው የውጭ አማካሪዎችን ቀጥሮ የደግሞህ ማስተካከያ ስራዎችን እያከናወነ ይገኛል።

### 8. የጠለፋ ዋስትና (Re Insurance)

ኩባንያው የጠለፋ ዋስትና ስምምነቶች በማድረግ በአለም አቀፍ ደረጃ ከታወቁ ደረጃ “ኤ” እና ደረጃ “ቢ” የጠለፋ ዋስትና ሠጪዎች እና የኢትዮጵያ የጠለፋ ዋስትና ሠጪ አ.ማ ጋር አብሮ የሚሰራ ሲሆን ከፍተኛ ሪስክ ያላቸውን የተለያዩ ስራዎችን በየስራ ዘርፉ በማጋራት የአደጋ ተጋላጭነትን በመቀነስ ላይ ይገኛል።

### 9. ማህበራዊ ሃላፊነት

ኩባንያው ማህበራዊ ሃላፊነቱን ለመወጣት ከተለያዩ ድርጅቶች እና ባለድርሻ አካላት ጋር አብሮ በመስራት፣ የጋራ መፍትሄዎችን በማምጣት የበኩሉን አስተዋፅኦ እየተወጣ የሚገኝ ሲሆን ለአብነት ያህል እንደሚከተለው ተቀምጦታል

- ለ “ኮሮና ቫይረስ መከላከል ብሔራዊ የድጋፍ አስተባባሪ ኮሚቴ’
- ለ “ገበታ ለሽገር” ለአዲስ አበባ የወንዝ ዳርቻዎች ልማት
- ለኢትዮጵያ ቀይ መስቀል ማህበር
- ለኩላሊት ሕመምተኞች እጥበት በጎ አድራጎት ድርጅት
- ለመቄዶንያ የአረጋውያንና የአእምሮ ህሙማን መርጃ ማዕከል

### 10. ወቅታዊ የሥራ ሂደት እና ቀጣይ የለውጥ እርምጃዎች

#### 10.1 አለም አቀፍ የፋይናንሺያ ሪፖርት ደረጃዎች አፈፃፀም

በ2010 ዓ.ም ለመጀመሪያ ጊዜ ተግባራዊ የተደረገውን በአዋጅ ቁጥር 847/2014 የተገለፀውን በአለም አቀፍ IFRS ሪፖርቲንግ ስታንዳርድ መሰረት የድርጅታችንን ፋይናንሺያል ሪፖርት አቀራረብ ላለፉት አመታት ተግባራዊ እንዳደረግነው ሁሉ ለቀጣይ አመታትም ይህንኑ ተግባራዊ በማድረግ እና ማሻሻያዎች ሲደረጉም እንደአስፈላጊነቱ በመተግበር የሚከናወን ይሆናል።





### 10.2 የኢንፎርሜሽን ቴክኖሎጂን ተግባራዊ ማድረግ

የዳይሬክተሮች ቦርድ እና የድርጅቱ የማኔጅመንት አባላት የኩባንያዎችን የኢንፎርሜሽን ቴክኖሎጂ በሁለት አመት ጊዜ ውስጥ ደረጃ በደረጃ በማዘመንና ወደ ተግባር በመቀየር የICT ተጠቃሚ ለመሆን በእቅዱ አካቶ ተግባራዊ ለማድረግ አስፈላጊውን ሁሉ እያደረገ የሚገኝ ሲሆን ይህም በተመጣጣኝ ወጪ ውጤታማ የኢንፎርሜሽን ቴክኖሎጂን በመዘርጋት የአፕሬሽን ስራውን እንደሚያቀላጥፍ እና የኩባንያውን ተወዳዳሪነት እንደሚሰጥ ይታመናል።

### 10.3 የሰው ሃብት እና ንብረት አስተዳደር ልማት

በዋናነት የኩባንያውን ሰራተኞች በክህሎትና በሙያ ለመገንባት እና የኩባንያውን ጥንካሬና እድገት ለመጨመር እንዲሁም የተማረና ውጤታማ የሰው ሃይል ለመቅጠርና ሰራተኞች በኩባንያው ያላቸውን የስራ ቆይታ በተፈለገው ደረጃ ምቹ በማድረግ ረገድ ብሎም ኩባንያው በገበያው ላይ የሚኖረውን ተወዳዳሪነት ለማስጠበቅ ይረዳ ዘንድ የተለያዩ ስልጠናዎችን በመስጠት ላይ ይገኛል።

ከዚህ ጋር በተያያዘ የድርጅቱን ሃብት ውጤታማ በሆነ መልኩ በመጠቀም በአቃቂ ቃሊቲ ክፍለ ከተማ የሚገኘውን የተጎዱ ተሽከርካሪዎች እና ሌሎች ንብረቶች ማቆያ ማእከል የአጥር ግንባታ ያጠናቀቅን ሲሆን በቀጣይ በቦታው ሌሎች ተጨማሪ የልማት ስራዎችን ተግባራዊ ለማድረግ ይረዳ ዘንድ ከሚመለከተው የመንግስት አካል የግንባታ ፍቃድ ለማውጣት በሂደት ላይ እንገኛለን። በሌላ በኩል ኩባንያዎችን በዘርፉ ተወዳዳሪ ሆኖ እንዲቆይ፣ ክህሎት ያላቸው ሰራተኞች ወደ ድርጅታችን እንዲመጡ በማድረግ እንዲሁም መሰል ተግባራትን በማከናወን ተቀባይነት እንዲኖረው ለማድረግ ያስችል ዘንድ የውጭ አማካሪዎችን ቀጥሮ የሰራተኛውን የደሞዝ ማስተካከያ ስራ ገበያው በሚፈቅደው መልኩ እያሰራ ይገኛል።

### 10.4 የገበያ እና ቢዝነስ ልማት

በአሁኑ ወቅት በኢንፎርሜሽን ዘርፍ ውስጥ ጠንካራ ሆኖ ለመቀጠል ይቻል ዘንድ ሁሉን አቀፍ የሆነ የማርኬቲንግ እስትራቴጂ ቀርቦ በስራ ላይ ማዋል የግድ ይላል። ስለሆነም ኩባንያው ከአሁኑ ኩባንያው ብርሃን ባንክ እና ከሌሎች ባለድርሻ አካላት ጋር የጠበቀ የስራ ወዳጅነትን በመመስረት መልካም እንቅስቃሴ በማድረግ ላይ ይገኛል።

ከዚህ ጋር በተያያዘ ትርፋማነቱን ይበልጥ ለማሳደግ በዘርፉ ስሙ ጥር ከሆኑ የኢንፎርሜሽን ብሮከሮች እና በራሱ አቅም ካሰለጠናቸው የሽያጭ ወኪሎች ጋር በመሆን የገበያ ድርሻውን ከፍ ለማድረግ በከፍተኛ ጥረት ላይ የሚገኝ ሲሆን የድርጅቱ ማኔጅመንት ይህንን ጥረት እውን ለማድረግ በተለያዩ የሃገራችን ክፍሎች የቅርንጫፍ ማስፋፊያ ስራዎች ተግባራዊ እንዲሆን አፅንኦት በመስጠት እየሰራ ይገኛል። ይህ በእንዲህ እንዳለ ኩባንያው የተመሰረተበትን የ10ኛ አመት ክብረ በዓል ለማክበር የተለያዩ መጠነ ሰፊ ስራዎችን በእቅዱ አካቶ ተግባራዊ ለማድረግ በዝግጅት ላይ የሚገኝ ሲሆን እነዚህም ተግባራት ኩባንያውን በስፋት የማስተዋወቅና በሀብተሰብ ዘንድ በስፋት ተቀባይነት እንዲኖረው ያደርጋሉ ተብሎ ይታመናል።

### 10.5 አፕሬሽን ማኔጅመንት

በገበያው ውስጥ ተወዳዳሪ ሊሆን የሚያስችል የዋጋ ስትራቴጂ መንደፍ በኢንፎርሜሽን ኢንዱስትሪው ውስጥ ለረጅም ጊዜ ተወዳዳሪ ሆኖ ለመገኘት ይረዳል። በተለይም በተመረጡ ክፍተኛ አደጋ በሚበዛባቸው የተሽከርካሪ ኢንፎርሜሽን ላይ በአቀባበል ወቅት በጥንቃቄ በመቀበል እና የጋራዥ አገልግሎት የሚሰጡ አካላትን በመለየት እንዲሁም የመለዋወጫ

እቃ አቅራቢዎችን ምርጫን ትኩረት ሰጥቶ ማከናወን ከዋና ዋና ስራዎች ውስጥ ተመርጠው በበጀት አመቱ በዕቅድ ውስጥ የተካተቱ ስራዎች ናቸው።

ከዚህ በተጨማሪ የካሳ ክፍያ ሂደትን በማፋጠን እና የተሻለ የካሳ ክፍያ ስርዓት በመዘርጋት የካሳ ክፍያዎች ደረጃቸውን የጠበቁ በማድረግ በመልካም የደንበኛ አያያዝና ቅልጥፍናን ተግባራዊነት ማሳደግ አስተማማኝ የሆነ የደንበኞች እርካታን የሚፈጥር በመሆኑ በቀጣይ ዓመቱ ትኩረት ተሰጥቶ የሚከናወኑ ተግባራት ናቸው።

**10.6 የብርሃን ኢንፎራንስ የ5 ዓመት ስትራቴጂክ የስራ እቅድ**

ኩባንያችን በገበያው ላይ ተወዳዳሪ እና ተመራጭ የኢንፎራንስ ሰጪ ተቋም ሆኖ እንዲቆይ ያስችል ዘንድ የአመስት አመት ስትራቴጂክ እቅድ አመላካች በመንደፍ ተግባራዊ ለማድረግ አማካሪዎችን በመቅጠር፤ ይህንንም ተከታትለው ሊያስፈጸሙ የሚችሉ የማኔጅመንት አባላትን በመሰየም ተግባራዊ እንዲሆን እየሰራ የሚገኝ ሲሆን ይህም እቅድ በሚጠበቀው ደረጃ በቦርድ አመራሮች እና ባለድርሻ አካላት ታይቶ፤ ተገምግሞ በሚገባ አዋጭነቱ ተፈትሾ ከፀደቀ በኋላ ተግባራዊ የሚደረግ ይሆናል።

