

CAPEX LIFE ASSURANCE COMPANY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2017



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Board of directors

Victor Kidiwa - Chairman
George Oduori Otieno
Anthony Aletor *
Morris Gitonga Njue
Peter Ogunniran *

* Nigerian

Executive management

Peter Ogunniran - Regional Director
Hemilton King'oo - Head of Finance
Benjamin Abongo - Head of Operations
Jacob Ekundina - Head of Marketing

Head office and registered office

L.R. No. 209/289/2/1
3rd Floor, Galana Plaza,
Galana Road, Kilimani
P.O. Box 12043, 00400
Nairobi, Kenya.

Independent auditor

Mawji Sennik & co
Certified Public Accountants
40 School lane
Westlands
P.O. Box 66249, 00800
Nairobi, Kenya.

Independent actuary

Abed Mureithi
Fellow, Institute of Actuaries
P.O. Box 10472, 00100
Nairobi, Kenya.

Principal bankers

National Bank of Kenya Limited
Harambee Avenue Branch, Nairobi.

UBA Kenya Bank Limited
Appolo Centre, Nairobi.

Legal advisors

Mohammed Muigai Advocates,
MM Chamber, 4th K-REP Center, Wood Avenue, Kilimani,
P.O. Box 61323-00200
Nairobi, Kenya.

The directors submit their report together with the audited financial statements for the year ended 31st December 2017, which disclose the state of affairs of the company.

Incorporation

The company is incorporated in Kenya under the Kenyan Companies Act as a private company limited by shares, and is domiciled in Kenya. The address of the registered office is set out on page 1.

Principal activities

The company is licensed under Section 31 of the Insurance Act (Cap. 487) to transact in life assurance business.

Results and dividends

The loss for the year of Shs 12,797,347 (2016: profit Shs 2,552,010) has been transferred to the statutory reserve. The directors do not recommend the declaration of a dividend for the year.

Directorate

The directors who held office during the year and to the date of this report are set out on page 1.

Auditor

Messers Mawji Sennik & Co has expressed their willingness to continue in offices company's auditor in accordance with Section 159 (2) of the Kenyan Companies Act.

By order of the board


.....
Director
Victor Kidiwa

Nairobi

Date 26TH MARCH 2018

Capex Life Assurance Company Limited
Statement of directors' responsibilities
For the year ended 31st December 2017

The Kenyan Companies Act 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit and loss for that year. It also requires the directors to ensure that the company maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company.


The directors accept responsibility for the preparation and fair presentation of these financial statements, which are free from material misstatement whether due to fraud or error. They also accept responsibility for:

- i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii) selecting and applying appropriate accounting policies; and
- iii) making accounting estimates and judgments that are reasonable in the circumstances.

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 as at 31st December 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

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

Approved by the board of directors on 26TH MARCH 2018 and signed on its behalf by:


.....
Director
Victor Kidiwa


.....
Director
George Otieno



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CAPEX LIFE ASSURANCE CO. LIMITED. REPORT ON THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Capex Life Assurance Co. Limited (the Company) set out on pages 9 to 32 which comprise the statement of financial position at 31 December 2017 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Capex Life Assurance Co. Limited at 31 December 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act 2015.

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 (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



Key audit matter	How our audit addressed the key audit matter
<p>Determination of insurance contract liabilities</p> <p>As disclosed in Note 3 to the financial statements, the estimation of outstanding contract holder liabilities involves significant judgment given the size of the liability and the inherent uncertainty and estimation. These are determined annually by the company's consulting actuaries on the basis of the best information available at the time the records for the year are closed.</p> <p>The liability for life insurance contracts is either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Company bases mortality and morbidity on standard industry mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. The valuation of these liabilities relies on accurate data about the volume, amount and the pattern of current and historic claims both internal and external to the business. Small changes in these assumptions can result in material impacts to the estimate.</p>	<p>We performed a review of the methodology and assumptions used by the Company's appointed actuary to compute the actuarial liabilities as at 31 December 2017. This entailed assessing whether the methodology used by the actuary is consistent with generally accepted actuarial principles and adheres to the Insurance Regulatory Authority (IRA) guidelines on valuation of technical liabilities. We have also checked that the assumptions used to perform the valuation are supportable by the company and industry experience. We note that the actuarial valuation has this year been carried out using a gross premium valuation method, in compliance with the change in regulation (Insurance Act 1984, amendment dated January 2017). We also assessed the assumptions used in the valuation for reasonability and consistency with the company experience.</p>

