Oman Reinsurance Company SAOC

Financial statements for the year ended 31 December 2019

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Commercial registration number	1052000
Board of Directors	Dr. Juma Bin Ali Al Juma - Chairman Sheikh Nasser Bin Ali Bin Saud Al Thani - Deputy Chairman Frixos Savvides - Board Member Stavros Stavrou - Board Member Gamal Mohammed - Board Member Chris Georghides - Board Member Pramod Kumar Hiran - Board Member
Registered office address	PO Box 1968, PC 114 Muscat Sultanate of Oman
Bankers	Bank Muscat Oman Arab Bank Bank Dhofar National Bank of Oman Ahli Bank Bank Nizwa Bank Sohar Bank Julius Baer & Co
Auditors	BDO LLC Suite No. 601 & 602 Pent House, Beach One Building Way No. 2601, Shatti Al Qurum PO Box 1176, Ruwi, PC 112 Muscat Sultanate of Oman

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Independent auditor's report to the Shareholders of
Oman Reinsurance Company SAOC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Oman Reinsurance Company SAOG ("the Company"), which comprise the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, the statement of changes in shareholders' equity and the 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 present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 the Sultanate of Oman, and have fulfilled our other 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.

Other matters

The financial statements of the Company for the year ended 31 December 2018 were audited by another auditor, whose report dated 28 February 2019 expressed an unmodified opinion on those financial statements.

Other information included in the Company's 2019 Director's Report

Those Charged With Governance and the management of the Company are responsible for the other information. The other information comprises the Director's report and Report on Corporate Governance.

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 identified above 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, 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 regards.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the relevant requirements of the Capital Market Authority of the Sultanate of Oman and the applicable provisions of the Commercial Companies Law of the Sultanate of Oman, 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.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the Shareholders of
Oman Reinsurance Company SAOC (continued)

Responsibilities of Management and Those Charged With Governance for the Financial Statements (continued)

Those Charged With Governance are responsible for overseeing the Company's financial reporting process.

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 skepticism 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 management.
- Conclude on the appropriateness of management's 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 report that these financial statements as at, and for the year ended, 31 December 2019, in all material respects, comply with the applicable provisions of the Commercial Companies Law of the Sultanate of Oman and the relevant requirements of the Capital Market Authority.

BDO

Muscat
17 February 2019

BDO LLC
P.O.Box: 1176
PC: 112, Ruwi
Sultanate of Oman
Public Accountants & Management Consultants

Bipin Kapur
Partner

Oman Reinsurance Company SAOC
Statement of financial position as at 31 December 2019
(Expressed in Omani Rial)

	Notes	2019	2018
ASSETS			
Non-current assets			
Property and equipment	6	151,690	104,540
Intangible assets	7	46,247	3,340
Investment property	8	1,900,000	1,900,000
Investment property under development	9	125,192	48,239
Investments at fair value through other comprehensive income (available-for-sale 2018)	10	13,272,373	13,679,809
Non-current portion of bank deposits	21	7,878,268	3,500,000
Total non-current assets		23,373,770	19,235,928
Current assets			
Insurance and other receivables	11	5,302,358	5,015,358
Accrued income	12	8,660,833	9,139,069
Deferred policy acquisition costs	19	2,553,591	2,657,000
Reinsurers' share of insurance funds	17	24,179,307	18,818,254
Current portion of bank deposits	21	6,075,000	7,628,268
Cash and cash equivalents	22	6,360,654	5,178,952
Total current assets		53,131,743	48,436,901
Total assets		76,505,513	67,672,829
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13	30,000,000	30,000,000
Legal reserve	14	198,160	116,726
Investment fair value reserve		(975,461)	(534,389)
Contingency reserve	15	1,691,799	958,896
Accumulated losses		(7,835,209)	(8,215,120)
Total capital and reserves		23,079,289	22,326,113
Non-current liabilities			
Employees' benefit liabilities	16	156,531	90,462
Total non-current liabilities		156,531	90,462
Current liabilities			
Technical provisions	17	41,465,187	33,845,537
Reinsurers' premium and other payables	18	10,413,587	9,825,616
Deferred commission income	19	1,390,919	1,585,101
Total current liabilities		53,269,693	45,256,254
Total equity and liabilities		76,505,513	67,672,829
Net assets per share	29	0.77	0.74

The financial statements, as set out on pages 4 to 43, were approved and authorised for issue by the Board of Directors on 17 February 2020 and were signed on their behalf by:

Director

Director

Oman Reinsurance Company SAOC

Statement of profit or loss and other comprehensive income for the year ended 31 December 2019

(Expressed in Omani Rial)

	Notes	2019	2018
Income			
Gross premiums written	25	20,413,600	22,371,113
Net underwriting results	25	1,239,881	1,850,085
Investment and other income, net	24	1,502,357	1,055,399
Impairment of investments at fair value through other comprehensive income (available-for-sale 2018)		-	(611,085)
		2,742,238	2,294,399
Expenses			
General and administrative expenses	26	(1,850,145)	(1,590,618)
Foreign exchange losses (net)		(77,756)	(41,402)
		(1,927,901)	(1,632,020)
Net profit before tax for the year		814,337	662,379
Income tax expense	23	-	(1,819)
Net profit after tax for the year		814,337	660,560
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Investments at fair value through other comprehensive income (available-for-sale 2018):			
Valuation losses on equity investments at fair value through other comprehensive income		(1,030,787)	(237,132)
Impairment of available-for-sale investments		-	611,085
Items that will or may be reclassified to profit or loss:			
Investments at fair value through other comprehensive income (available-for-sale 2018):			
Valuation gains/(losses) on debts instruments at fair value through other comprehensive income		969,626	(671,090)
Other comprehensive loss for the year		(61,161)	(297,137)
Total comprehensive income for the year		753,176	363,423
Earnings per share - basic and diluted	28	0.027	0.022

Oman Reinsurance Company SAOC
Statement of changes in shareholders' equity for the year ended 31 December 2019
(Expressed in Omani Rial)

	Notes	Share capital	Legal reserve	Investment fair value reserve	Contingency reserve	Accumulated losses	Total
As at 1 January 2018		30,000,000	50,670	(237,252)	364,392	(8,215,120)	21,962,690
Net profit after tax for the year		-	-	-	-	660,560	660,560
Net change in fair value of investments at fair value through other comprehensive income (available-for-sale 2018)	10	-	-	(908,222)	-	-	(908,222)
Impairment of investments at fair value through other comprehensive income (available-for-sale 2018)	10	-	-	611,085	-	-	611,085
Transferred to legal reserve	14	-	66,056	-	-	(66,056)	-
Transferred to contingency reserve	15	-	-	-	594,504	(594,504)	-
As at 31 December 2018		30,000,000	116,726	(534,389)	958,896	(8,215,120)	22,326,113
Effect of first-time adoption of IFRS 9	3	-	-	(379,911)	-	379,911	-
As at 1 January 2019		30,000,000	116,726	(914,300)	958,896	(7,835,209)	22,326,113
Net profit after tax for the year		-	-	-	-	814,337	814,337
Net change in investments at fair value through other comprehensive income (available-for-sale 2018)	10	-	-	(61,161)	-	-	(61,161)
Transferred to legal reserve	14	-	81,434	-	-	(81,434)	-
Transferred to contingency reserve	15	-		-	732,903	(732,903)	-
As at 31 December 2019		30,000,000	198,160	(975,461)	1,691,799	(7,835,209)	23,079,289

Oman Reinsurance Company SAOC

Statement of cash flows for the year ended 31 December 2019
(Expressed in Omani Rial)

	Notes	2019	2018
Operating activities			
Net profit after tax for the year		814,337	660,560
Adjustments for:			
Depreciation on property and equipment	6	47,212	41,265
Amortisation of intangible assets	7	8,665	4,110
Interest income on bank deposits	24	(1,257,659)	(953,524)
Dividend income	24	(59,277)	(114,873)
(Gains)/losses on disposal of investments at fair value through other comprehensive income (available-for-sale 2018)	24	(186,043)	10,451
(Profit)/loss on disposal of property and equipment		(4,100)	206
Provision for income tax	23	-	1,819
Provision for employees' benefit liabilities	16	68,699	29,654
Provision for impaired debts	11	-	229,400
Impairment of investment at fair value through other comprehensive income (available-for-sale 2018)		-	611,085
Operating (loss) / profit before working capital changes		(568,166)	520,153
Working capital changes			
Insurance and other receivables		(287,000)	(233,623)
Accrued income		622,089	(2,832,376)
Deferred policy acquisition costs		103,409	(878,400)
Deferred commission income		(194,182)	595,624
Reinsurance share of insurance funds		(5,361,053)	(6,147,527)
Technical provisions		7,619,650	8,673,794
Reinsurers' premium and other payables		587,971	2,973,601
Cash generated from operating activities		2,522,718	2,671,246
Income tax paid		-	(1,819)
Employees benefits liabilities paid		(2,630)	(600)
Net cash generated from operating activities		2,520,088	2,668,827
Investing activities			
Purchase of investments at fair value through other comprehensive income (available-for-sale)	10	(4,506,710)	(7,036,082)
Investment in Investment property under development	9	(76,953)	(48,239)
Interest income received on bank deposits		1,123,308	795,344
Dividend income received on equity instruments	24	59,277	114,873
Purchase of property and equipment	6	(94,362)	(37,188)
Proceeds from disposal of property and equipment		4,100	63
Proceeds from disposal of investments at fair value through other comprehensive income (available-for-sale 2018)		5,029,526	531,062
Cost of acquisition of intangible assets	7	(51,572)	(1,298)
Net movement in bank deposits and term deposits		(2,825,000)	4,000,000
Net cash used in investing activities		(1,338,386)	(1,681,465)
Net increase in cash and cash equivalents		1,181,702	987,362
Cash and cash equivalents, beginning of the year		5,178,952	4,191,590
Cash and cash equivalents, end of the year	22	6,360,654	5,178,952

As there were no cash flows arising from financing activities during the year ended 31 December 2019, no disclosure has been made in the notes to the financial statements, as required by IAS 7 'Statement of Cash Flows'.

1 Legal status and principal activities

Oman Reinsurance Company SAOC ("the Company") is an Omani closely held joint stock Company registered on 4 August 2008 with the Ministry of Commerce and Industry, in accordance with the provisions of the Commercial Companies Law 1974, as amended, and the Oman Insurance Companies Law 1979 of the Sultanate of Oman. The Company obtained a license to operate reinsurance business on 2 July 2009 from the Capital Market Authority. The Company is principally engaged in underwriting reinsurance business including fire, engineering, accident, medical, motor and aviation classes.

The Company's principal place of business is located at Al Khuwair, Muscat, Sultanate of Oman.

The financial statements was approved for issue by the Board of Directors on 17 February 2020.

2 Basis of preparation

(a) Statement of compliance

The financial statements has been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), the requirements of the Commercial Companies Law 2019 of the Sultanate of Oman and the Insurance Companies Law 1979.

(b) Basis of presentation

The financial statements have been prepared under the historical cost convention and going concern assumption, modified for certain assets and liabilities which are stated at their fair values as required by the IFRS. The preparation of financial statements is in conformity with IFRS that requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

(c) Functional currencies

The financial statements is presented in Omani Rials (RO) which is the functional and reporting currency for the Company.

3 Adoption of new and revised IFRS

Standards, amendments and interpretations effective and adopted in the year 2019

The following new standards, amendment to existing standards or interpretations to published standards are either adopted or mandatory for the first-time for the financial year beginning 1 January 2019 and have therefore been adopted in the preparation of the financial statements:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IFRS 16	Leases	1 January 2019
IFRS 9	Financial instruments	1 January 2018

Details of impact of these standards are given below. Other new and amended standards and interpretations issued by the International Accounting Standards Board ("IASB") that will apply for the first-time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

3 Adoption of new and revised IFRS (continued)

IFRS 16 - Leases

IAS 17 "Leases" has been replaced by IFRS 16 - "Leases" retrospectively from 1 January 2019.

Until the financial year 2018, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, the lessee is required to recognise a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the lease liability and finance costs. The finance costs are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company has evaluated the impact of IFRS 16 as at 1 January 2019. As the Company currently has only short-term leases, hence right-of-use asset and lease liability has not been recognised as at 1 January 2019. Accordingly, first-time adoption of IFRS 16 does not have any impact on the financial statements of the Company.

IFRS 9 Financial Instruments

IFRS 9 introduces new classification and measurement requirements for financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement". Specifically, IFRS 9 requires all financial assets and liabilities to be classified and subsequently measured at either amortised cost or fair value on the basis of the Company's business model for managing the financial assets and liabilities and the contractual cash flow characteristics of the financial assets and liabilities.

Initial measurement of financial instruments

All financial assets and liabilities are initially recognised on the trade date i.e. the date that the Company becomes a party to the contractual provisions of the instrument. On this date, financial assets are classified either at amortised cost or fair value.

Subsequent measurement of financial assets

IFRS 9 divides all financial assets that were in the scope of IAS 39 into two classifications - those measured at amortised cost and those measured at fair value. Where the Company measures financial assets at fair value, gains and losses are either recognised entirely in profit or loss (fair value through profit or loss - "FVTPL"), or recognised in other comprehensive income (fair value through other comprehensive income - "FVTOCI").

Equity instruments

If the Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

The Company has elected to present fair value gains and losses on equity investments in other comprehensive income. Accordingly, no subsequent reclassification of fair value gains and losses on equity instruments to profit or loss is permitted. Dividends from such investments shall continue to be recognised in the profit or loss as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income.

Accordingly, an amount of RO 379,911 representing impairment loss previously recognised in profit or loss has been reclassified from retained earnings to fair value reserve on transition.

Changes in the fair value of investments at fair value through profit or loss is recognised in other gains/(losses) in the statement of profit or loss.

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations effective and adopted in the year 2019 (continued)

IFRS 9 Financial Instruments (continued)

Debt instruments

The Company measures a debt instrument, that meets the following two conditions, at amortised cost (net of any write-down for impairment) unless the asset is designated at FVTPL under the fair value option:

a. Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

b. Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company measures a debt instrument, that meets the following two conditions, at FVTOCI unless the asset is designated at FVTPL under the fair value option:

a. Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

b. Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other debt instruments are measured at FVTPL.

The Company's financial assets include investments at fair value through other comprehensive income, cash and cash equivalents and bank deposits. The carrying value of the financial assets of the Company approximate their fair value, hence these financial assets qualify for and are classified as debt instruments measured at amortised cost.

The assessment of the Company's business model was made as of the date of initial application i.e. 1 January 2019. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Fair value option

The Company measures a financial asset at FVTPL at initial recognition even if it meets the two requirements to be measured at amortised cost or FVTOCI if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis. The Company does not have any financial assets measured at FVTPL as at the year-end.

In summary, upon the adoption of IFRS 9, the Company had the following required or elected reclassifications as at 1 January 2019.

	IFRS 9 measurement category			
	Amount	FVTPL	Amortised cost	FVTOCI
Investments at fair value through other comprehensive income (available-for-sale 2018)	13,679,809	-	-	13,679,809
Cash and cash equivalents	5,178,952	-	5,178,952	-
Bank deposits	11,128,268	-	11,128,268	-
	29,987,029	-	16,307,220	13,679,809

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations effective and adopted in the year 2019 (continued)

IFRS 9 Financial Instruments (continued)

Subsequent measurement of financial liabilities

Financial liabilities not held at FVTPL are subsequently measured at amortised cost using the effective interest rate (EIR) method.

The Company's financial liabilities are short-term in nature and their carrying values approximate their fair values, and hence are measured at amortised cost.

Derecognition of financial assets

The Company determines if the asset under consideration for derecognition is:

• an asset in its entirety; or

• specifically identified cash flows from an asset (or a group of similar financial assets); or

• a fully proportionate (pro-rata) share of the cash flows from an asset (or a group of similar financial assets); or

• a fully proportionate (pro-rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets).

Once the asset under consideration for derecognition has been determined, the Company performs an assessment as to whether the asset has been transferred and, if so, whether the transfer of that asset is subsequently eligible for derecognition. An asset is transferred if either the Company has transferred the contractual rights to receive the cash flows, or the Company has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows under an arrangement that meets the following three conditions:

a. the Company has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset;

b. the Company is prohibited from either selling or pledging the original asset; and

c. the Company has an obligation to remit those cash flows without material delay.

Once the Company has determined that the asset has been transferred, it then determines whether or not it has transferred substantially all of the risks and rewards of ownership of the asset. If substantially all the risks and rewards have been transferred, the asset is derecognised. If substantially all the risks and rewards have been retained, derecognition of the asset is precluded.

Impairment

The Company assesses whether there is objective evidence that financial assets carried at amortised cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer, default or delinquency by an issuer, indications that an issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of issuers, or economic conditions that correlate with defaults in the Company.

IFRS 9 defines expected credit losses (ECL) as the weighted average of credit losses with the respective risks of a default occurring as the weightings.

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations effective and adopted in the year 2018 (continued)

IFRS 9 Financial Instruments (continued)

Impairment (continued)

At each reporting date the Company provides for ECL on all of the following using reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring ECL:

- financial assets measured at amortised cost;
- financial assets mandatorily measured at FVTOCI; and
- loan commitments when there is a present obligation to extend credit.

The Company measures ECL through a loss allowance at an amount equal to:

- the 12-month ECL (ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime ECL (ECL that result from all possible default events over the life of the financial instrument).

The Company provides for a loss allowance for full lifetime ECL for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECL is measured at an amount equal to the 12-month ECL.

The Company determines the amount of ECL by evaluating the range of possible outcomes as well as incorporating the time-value of money. These expected losses are discounted to the reporting date using the EIR of the asset (or an approximation thereof) that was determined at initial recognition.

Upon adoption of IFRS 9, the Company has performed an impairment testing based on the ECL approach and has concluded that no additional provision is considered necessary as at 1 January 2019.

IFRS 9.2.1(e) scopes out rights and obligations arising under an insurance contract as defined in IFRS 4 "Insurance Contracts", other than an issuer's rights and obligations arising under an insurance contract that meets the definition of a financial guarantee contract. Accordingly, insurance/reinsurance receivables and payables are scoped out of IFRS 9. Further, in the absence of guidance of impairment of assets under an insurance contact in IFRS 4, including premiums receivable, the existing impairment accounting policy of the Company continues to apply in respect of these assets.

Set out below is the reconciliation of the ending impairment allowances in accordance with IAS 39 to the opening loss allowances determined in accordance with IFRS 9:

	Allowance for impairment under IAS 39 as at 31 December 2019	Re-measurement	ECL under IFRS 9 as at 1 January 2019
Investments at fair value through other comprehensive income (available-for-sale 2018)	379,911	(379,911)	-
Cash and cash equivalents*	-	-	-
Bank deposits*	-	-	-
	379,911	(379,911)	-

* The Company has regular dealings with banks and all the bank accounts are active. Moreover, there are no indicators of any significant increase in credit risk and the probability of default is very low. Therefore, no impairment provision is required to be created on these balances and debt instruments.

Set out below, are the amounts by which each relevant financial statement line item is affected as at, and for the year ended, 31 December 2018, as a result of the adoption of IFRS 9. The adoption of IFRS 9 did not have a material impact on either other comprehensive income or the Company's operating, investing and financing cash flows. The first column below shows amounts prepared under IFRS 9 and the second column shows what the amounts would have been had IFRS 9 not been adopted:

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations effective and adopted in the year 2018 (continued)

IFRS 9 Financial Instruments (continued)

Impairment (continued)

Statement of financial position as at 31 December 2018	Amounts prepared under		
ASSETS	**IFRS 9**	**Previous IFRS**	**Increase / (decrease)**
Non-current assets			
Investments at fair value through other comprehensive income (available-for-sale 2018)	13,679,809	13,679,809	-
Non-current portion of bank deposits	3,500,000	3,500,000	-
Total non-current assets	17,179,809	17,179,809	-
Current assets			
Current portion of bank deposits	7,628,268	7,628,268	-
Cash and cash equivalents	5,178,952	5,178,952	-
Total current assets	12,807,220	12,807,220	-
EQUITY AND LIABILITIES			
Capital and reserves			
Investment fair value reserve	(914,300)	(534,389)	(379,911)
Accumulated losses	(7,835,209)	(8,215,120)	379,911
Total capital and reserves	(8,749,509)	(8,749,509)	-

Standards, amendments and interpretations issued and effective in the year 2019 but not relevant

The following new amendments to existing standard and interpretation to published standard is mandatory for accounting period beginning on or after 1 January 2019 or subsequent periods, but is not relevant to the Company's operations:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IAS 12	Income Taxes	1 January 2019
IAS 19	Employee Benefits	1 January 2019
IAS 23	Borrowing Costs	1 January 2019
IAS 28	Investments in Associates and Joint Ventures	1 January 2019
IFRS 3	Business Combinations	1 January 2019
IFRS 11	Joint Arrangements	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

IAS 12 "Income Taxes"

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, Company recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

The Company applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the Company first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

Since the Company's current practice is in line with these amendments, they had no impact on the financial statements of the Company.

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations issued and effective in the year 2019 but not relevant (continued)

IAS 19 "Employee Benefits"

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, the Company is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. Company is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

These amendments did not have any impact on the financial statements of the Company, as it did not have any planned amendments, curtailments, or settlements during the year.

IAS 23 "Borrowing Costs"

The amendments clarify that Company treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The Company applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the Company first applies those amendments. The Company applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted.

Since the Company's current practice is in line with these amendments, they do not have any impact on the financial statements of the Company.

IAS 28 "Investments in Associates and Joint Ventures"

The amendments clarify that Company applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying IFRS 9, Company does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in "Associates and Joint Ventures".

These amendments did not have any impact on the financial statements as the Company does not have long-term interests in any associates and joint ventures.

IFRS 3 "Business Combinations"

The amendments clarify that, when Company obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

The Company applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments did not have any impact on the financial statements of the Company as there is no transaction where a joint control is obtained.

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations issued and effective in the year 2019 but not relevant (continued)

IFRS 11 "Joint Arrangements"

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

The Company applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted.

These amendments had no impact on the financial statements of the Company as there is no transaction where a joint control is obtained.

IFRIC 23 "Uncertainty over Income Tax Treatments"

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 "Income Taxes". It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- whether the Company considers uncertain tax treatments separately;
- the assumptions the Company makes about the examination of tax treatments by taxation authorities;
- how Company determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how the Company considers changes in facts and circumstances.

The Company has to determine whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that better predicts the resolution of the uncertainty needs to be followed.

The interpretation did not have any impact on the financial statements of the Company, as the Company currently does not have any uncertainties over the tax treatments.

Standards, amendments and interpretations issued but not yet effective in the year 2019

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the financial year ended 31 December 2019. They have not been adopted in preparing the financial statements for the year ended 31 December 2019 and will or may have an effect on the Company's future financial statements. In all cases, the Company intends to apply these standards from the application date as indicated in the table below:

Standard or Interpretation	Title	Effective for annual periods beginning on or after
IFRS 17	Insurance Contracts	1 January 2022

IFRS 17 "Insurance Contracts"

IFRS 17, "Insurance Contracts" requires entities to identify portfolios of insurance contracts, which comprises contracts that are subject to similar risks and are managed together. Each portfolio of insurance contracts issued shall be divided into a minimum of three groups:

- a group of contracts that are onerous at initial recognition, if any;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- a group of the remaining contracts in the portfolio, if any.

3 Adoption of new and revised IFRS (continued)

Standards, amendments and interpretations issued but not yet effective in the year 2019 (continued)

IFRS 17 "Insurance Contracts" (continued)

The Company is not permitted to include contracts issued more than one year apart in the same group. Furthermore, if a portfolio would fall into different groups only because law or regulation constrains the Company's practical ability to set a different price or level of benefits for policyholders with different characteristics, the Company may include those contracts in the same group.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted if both IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" have also been applied.

The Company shall apply the standard retrospectively unless impracticable, in which case the Company has the option of using either the modified retrospective approach or the fair value approach.

At the date of initial application of the standard, those entities already applying IFRS 9 may retrospectively re-designate and reclassify financial assets held in respect of activities connected with contracts within the scope of the standard.

The Company plans to adopt the new standard on the required effective date (see above).

The Company started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with presentation and disclosure. However, as the Company has not yet completed the impact assessment, the likely impact on the profit and total equity has not yet been determined.

Early adoption of amendments or standards in the year 2019

The Company did not early-adopt any new or amended standards in the year ended 31 December 2019.

4 Summary of significant accounting policies

A summary of the significant accounting policies adopted in the preparation of these financial statements is set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

(a) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

Depreciation is calculated in accordance with the straight-line method to write-off the cost of each asset to its estimated residual value over its useful economic life.

Depreciation has been calculated from the date of acquisition for the following number of years:

Description	Years
Motor vehicles	4
Furniture and fixtures	4
Office equipment	4

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written-off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statement of profit or loss and other comprehensive income as the expense is incurred.

4 Summary of significant accounting policies (continued)

(a) Property and equipment (continued)

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses 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 the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

(b) Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Intangible assets of the Company include expenses relating to purchase of computer software license which are capitalised. Purchase costs for software license that are directly attributable to the systems used and controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

Computer software is amortised over a period of 4 years.

(c) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. 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.

Financial assets

The Company determines the classification of its financial assets at initial recognition. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

(i) Classification

The financial assets are classified in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and

b) those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in the Company's statement of profit and loss or other comprehensive income. For investments in equity instruments, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss and other comprehensive income as incurred.

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

(ii) Measurement (continued)

The Company has classified fair value measurements on a recurring basis using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies debt instruments at fair value through other comprehensive income based on the below:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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 effective interest rate (EIR).

Equity instruments

If the Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in the statement of profit or loss and other comprehensive income as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gains/(losses) in the statement of profit or loss and other comprehensive income. The Company has elected to present fair value gains or losses on equity investments in the other comprehensive income.

(iii) De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(iv) Income recognition

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the EIR, which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

4 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

(iv) Income recognition (continued)

When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial assets is recognised using the original EIR.

Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. The classification depends on the business model for managing the financial liabilities and the contractual terms of the cash flows.

(i) Classification

The financial liabilities are classified in the following measurement categories:

a) those to be measured as financial liabilities at fair value through profit or loss; and

b) those to be measured at amortised cost.

(ii) Measurement

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortised cost like borrowings are accounted at the fair value determined based on the EIR method after considering the directly attributable transaction costs.

The Company classifies all its financial liabilities subsequently at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

The EIR method calculates the amortised cost of a debt instrument by allocating interest charged over the relevant EIR period. The EIR is the rate that exactly discounts estimated future cash outflows (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to borrowings, trade payables, etc.

The Company's financial liabilities are measured at amortised cost.

(iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

(d) Impairment of non-financial assets

The carrying amount of the Company's assets or its cash generating unit, other than financial assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. A cash generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other asset and groups. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or a cash generating unit is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

4 Summary of significant accounting policies (continued)

(e) Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss and other comprehensive income in the year in which they arise, including the corresponding tax effect. Fair values are evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss and other comprehensive income in the year of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

(f) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, bank balances and bank deposits with less than 3 months to maturity.

(g) Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(h) Employees' benefit liabilities

In respect of Omani employees, contributions are made in accordance with the Oman Social Insurance Law and recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

For non-Omani employees, provision is made for amounts payable under the Oman Labour Law, based on the employees' accumulated periods of service at the statement of financial position date. This provision is classified as a non-current liability.

Employee entitlements to annual leave and air passage are recognised when they accrue to the employees and an accrual is made for the estimated liability for annual leave and air passage as a result of services up to the reporting date. The accruals relating to annual leave and air passage is disclosed as a part of current liabilities.

(i) Reinsurance contracts

The core business of the Company is undertaking reinsurance business which comprises proportional and non-proportional reinsurance. Reinsurance is a business in which the Company gives protection to direct insurance companies by means of reinsuring risk insured by them.

Facultative reinsurance covers individual risks and is done on individual case basis, while treaty business is concerned with the whole portfolio of specific lines of business of the direct insurance Company. The Company reinsures fire, engineering, accident, medical, motor, marine and aviation business under facultative and treaty contracts.

4 Summary of significant accounting policies (continued)

(i) Reinsurance contracts (continued)

(i) Premiums earned

Gross premium written is recognised as revenue when written business is confirmed, incepting in the financial year in which it arises, as well as adjustments arising in the current financial year for premiums receivable relating to business written in prior years, including an estimation of underwritten premiums that are not yet received from the ceding companies and in proportion with the period of coverage.

The Company enters into contracts with retrocessionaires for minimising its financial exposure from ceded insurance risks. The retro ceded premiums and recoveries on claims incurred are deducted from the gross premiums written and incurred claims respectively. This arrangement results in reinsurance assets and liabilities which include amounts recoverable from retrocessionaires for paid and outstanding losses, ceded unearned premiums and reinsurance balances payable.

Amounts due to retrocessionaires are estimated in a manner consistent with the related reinsurance contracts. The amounts receivable from retrocessionaires are calculated with reference to the incurred claims associated with the retroceded business. Retroceded premiums are recognised in the revenue account as the reinsurance business is confirmed.

(ii) Commission earned

This represents commission earned on ceded reinsurance. Commission earned is recognised when reinsurance business is confirmed.

(iii) Policy acquisition costs

All commissions and other acquisition costs related to securing reinsurance contracts and renewing existing reinsurance contracts are recognised as expenses when incurred. Policy acquisition costs, which correspond to the proportion of gross premium written that is unearned at the reporting date is deferred as deferred policy acquisition costs.

(iv) Liability adequacy test

At each reporting date, liability adequacy tests are performed to ensure the adequacy of insurance contract liabilities. The Company makes use of the best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities in evaluating the adequacy of liability. Any deficiency is immediately charged to the statement of profit or loss and other comprehensive income.

(v) Unearned premium

Unearned premiums are those proportions of the premiums accounted for in the financial year, but which relate to periods of risks that extend beyond the end of the financial year. The provision for unearned premium is calculated in proportion to the period of the policy.

(vi) Claims

Claims, comprising amounts payable to insurance and reinsurance companies, are charged to statement of profit or loss and other comprehensive income as incurred. Claims comprise estimated amounts payable in respect of claims reported to the Company and those not reported at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques.

4 Summary of significant accounting policies (continued)

(i) Reinsurance contracts (continued)

(vi) Claims (continued)

The main assumption underlying these techniques is that the 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 underwriting 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. Additional qualitative judgment 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 decision 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 judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

(vii) Retrocession contracts held

The benefits to which the Company is entitled under its retrocession contracts held are recognised as reinsurance assets. These assets consist of balances due from reinsurers (classified within insurance and other receivables), as well as the reinsurance portion of gross claims outstanding including IBNR and unearned premium reserve 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 retrocession contract. Reinsurance liabilities are primarily premiums payable for retrocession contracts and are recognised as an expense when due, net of commission income which represents income earned from reinsurance companies.

The Company assesses its reinsurance assets for impairment on a regular 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 statement of profit or loss and other comprehensive income.

(j) Deferred policy acquisition costs / deferred commission income

The costs attributable to the acquisition of insurance policies are capitalised as an intangible asset under deferred policy acquisition costs. These are subsequently amortised over the period of the policies as premium is earned.

Commission income received is recorded as a liability under deferred commission income and is recognised as income over the period of policies in line with the retrocessionairs premium ceded.

(k) Leases - the Company as lessee

The Company assesses whether a contract is or contains a lease, at the inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

4 Summary of significant accounting policies (continued)

(l) Directors' remuneration

The Company follows the Commercial Companies Law of 2019 of the Sultanate of Oman, and other latest relevant directives issued by the Capital Market Authority (CMA), in regard to determination of the amount to be paid as Directors' remuneration. Directors' remuneration is charged to the statement of profit or loss and other comprehensive income in the year to which they relate.

(m) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, whose operating results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discreet financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(n) Foreign currencies

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation, at the year-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss and other comprehensive income. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the end of the year. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date when the carrying value was determined.

(o) Income tax

Income tax is provided for in accordance with the fiscal regulations of the Sultanate of Oman.

Current tax is recognised in the statement of profit or loss and other comprehensive income as the expected tax payable on the taxable income for the year, using tax-rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided using the balance sheet liability method on all temporary differences at the reporting date. It is calculated adopting a tax-rate that is the rate that is expected to apply to the periods when it is anticipated the liabilities will be settled, and which is based on tax-rates (and laws) that have been enacted at the statement of financial position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

(p) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on certain methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5 Critical accounting estimates and key source of estimation uncertainty

Preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The determination of estimates require judgments which are based on historical experience, current and expected economic conditions, and all other available information. Actual results could differ from those estimates. The most significant areas requiring the use of management estimates and assumptions in these financial statements relate to:

(i) Economic useful lives of property and equipment

The Company's property and equipment are depreciated on a straight-line basis over their economic useful lives. The economic useful lives of property plant and equipment are reviewed periodically by management. The review is based on the current condition of the assets and the estimated period during which they will continue to bring economic benefit to the Company."

(ii) Economic useful life of intangible assets

Intangible assets are amortised on a straight-line basis over their economic useful lives. The economic useful lives of intangible assets are reviewed periodically by management. The review is based on the current condition of the intangible assets and the estimated period during which they will continue to bring economic benefit to the Company.

(iii) Going concern

The management reviews the financial position of the Company on a periodical basis and assesses the requirement of any additional funding to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due.

(iv) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

(v) Taxation

Uncertainties exist with respect to the interpretation of tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and nature of the existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to the assumptions, could necessitate future adjustments to taxable income and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of finalisation of tax assessments of the Company. The amount of such provisions is based on various factors, such as experience of previous tax assessments and differing interpretations of tax regulations by the taxable entity and the responsible taxation authority.

(vi) Liability adequacy test

At each statement of financial position date, the Company assesses whether its recognised insurance liabilities are adequate using current estimates of future cash flows under its reinsurance contracts. If that assessment shows that the carrying amount of its reinsurance liabilities is inadequate in the light of estimated future cash flows, the entire deficiency is immediately recognised in the statement of profit or loss and other comprehensive income and an unexpired risk provision is created.

(vii) Fair value measurements

A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. The classification of an item into the level 1, level 2 and level 3 hierarchy is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

5 Critical accounting estimates and key source of estimation uncertainty (continued)

(viii) Impairment reviews

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgment, requiring inter alia an assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

a) growth in earnings before interest, tax, depreciation and amortisation (EBITDA), calculated as adjusted operating profit before depreciation and amortisation;

b) timing and quantum of future capital expenditure;

c) long-term growth rates; and

d) selection of discount rates to reflect the risks involved.

(ix) Provision for impaired debts

The Company reviews its receivables on an annual basis to assess whether a provision for impaired debts should be recorded in the statement of profit or loss and other comprehensive income. In particular, considerable judgment by management is required in the estimation of the amount and the timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions.

(x) Unearned premium reserve

The provision for unearned premiums represents that portion of premiums received or receivable, after deduction of the reinsurance share, which relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the nature and type of reinsurance contract written by the Company.

Reinsurance contract liabilities are derecognised with the contract is expired, discharged or cancelled by any party to the insurance contract.

(xi) Accrued income

The Company makes estimates of accrued income. Accrued income includes estimates of pipeline premiums, net of commission which are premiums written but not booked as at the reporting date. The Company assesses at the end of each reporting period the pipeline premium, net of commission, by analysing the signed premium and the booked premium.

(xii) The ultimate liability arising from claims made under reinsurance contracts

The estimation of the ultimate liability arising from claims made under reinsurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. The management uses the initial value of the claim provided by the cedent companies for the expected ultimate cost of claims reported at the reporting date. However, for the IBNR, the Company is relying on an independent actuary to perform reserve review for the IBNR based on historical data of claims and premium development. The primary technique adopted by management in estimating the cost of notified and IBNR claims, is that of using past claim settlement trends to predict future claims settlement trends. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision. General insurance claims provisions are not discounted for the time-value of money.

6 Property and equipment

(a) The movement in property and equipment is as set out below:

2019	Motor vehicles	Furniture and fixtures	Office equipment	Total
Cost				
At 1 January 2019	16,300	156,722	142,389	315,411
Additions during the year	37,260	44,650	12,452	94,362
Disposals during the year	(16,300)	-	-	(16,300)
At 31 December 2019	37,260	201,372	154,841	393,473
Accumulated depreciation				
At 1 January 2019	16,300	95,197	99,374	210,871
Charge for the year	5,058	22,925	19,229	47,212
Relating to disposals	(16,300)	-	-	(16,300)
At 31 December 2019	5,058	118,122	118,603	241,783
Net book amount				
At 31 December 2019	32,202	83,250	36,238	151,690

2018	Motor vehicles	Furniture and fixtures	Office equipment	Total
Cost				
At 1 January 2018	16,300	136,094	131,233	283,627
Additions during the year	-	25,407	11,781	37,188
Disposals during the year	-	(4,779)	(625)	(5,404)
At 31 December 2018	16,300	156,722	142,389	315,411
Accumulated depreciation				
At 1 January 2018	16,300	78,120	80,321	174,741
Charge for the year	-	21,730	19,535	41,265
Relating to disposals	-	(4,653)	(482)	(5,135)
At 31 December 2018	16,300	95,197	99,374	210,871
Net book amount				
At 31 December 2018	-	61,525	43,015	104,540

(b) The Company operates from premises leased at an annual rental of RO 75,584 (2018: RO 67,798 per annum).

7 Intangible assets

The movement in intangible assets is as follows:-

	31 December 2019	31 December 2018
Cost		
As at 1 January	143,486	142,188
Acquisitions during the year	51,572	1,298
As at 31 December	195,058	143,486
Accumulated amortisation		
As at 1 January	140,146	136,036
Charge for the year	8,665	4,110
As at 31 December	148,811	140,146
Net book amount		
As at 31 December	46,247	3,340

Intangible assets comprise of a software license which is being amortised over a period of 4 years. The management of the Company has performed an impairment testing of the license fee and, concluded that, no such impairment is considered necessary.

8 Investment property

	31 December 2019	31 December 2018
Fair value		
At 1 January and at 31 December	1,900,000	1,900,000

The carrying amount of the investment properties is the aggregate fair value (Level-2 fair value hierarchy) as determined by the independent property valuer. Fair value was determined as being the most probable price the property can fetch in a competitive open market. The property has been valued by an independent valuer on an open market basis as at 21 January 2020 at RO 2,100,000. However, based on current market situation and management's estimate of costs involved in disposing-off the property (land), management considers that the fair market value of investment property of RO 1,900,000 is appropriate. The land located at Ghala, Muscat, Sultanate of Oman is currently under development (See Note 9).

9 Investment property under development

	31 December 2019	31 December 2018
Opening balance	48,239	-
Additions during the year	76,953	48,239
Closing balance	125,192	48,239

Investment property under development represents amounts spent on designing and planning of the office building and other directly attributable costs towards the development of the investment property located in Ghala, Muscat, Sultanate of Oman.

10 Investments at fair value through other comprehensive income (available-for-sale 2018)

	Fair value		Average cost	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Equity shares	660,139	1,690,926	2,025,181	2,025,181
Bonds	12,612,234	11,988,883	12,383,335	12,232,100
	13,272,373	13,679,809	14,408,516	14,257,281

The assets held under lien by CMA are as follows:

	31 December 2019	31 December 2018
Bonds	2,617,305	4,267,801

(a) Movement in investments can be summarised as below:

	Year ended 31 December 2019	Year ended 31 December 2018
At 1 January	13,679,809	8,122,890
Purchases during the year	4,506,710	7,036,082
Sales during the year	(4,843,483)	(541,513)
Net change in fair value	(61,161)	(908,222)
Amortisation charge for the year	(9,502)	(29,428)
At 31 December	13,272,373	13,679,809

(b) Investment fair value reserve:
The movement in investment fair value reserve can be summarised as below:

	Year ended 31 December 2019	Year ended 31 December 2018
Opening balance	534,389	237,252
Effect of first-time adoption of IFRS 9	379,911	-
At 1 January	914,300	237,252
Net change in fair value during the year	61,161	908,222
Impairment during the year	-	(611,085)
Closing balance	975,461	534,389

11 Insurance and other receivables

	31 December 2019	31 December 2018
Due from insurance and reinsurance companies (gross)	4,015,532	4,514,694
Less: provision for impaired debts	(1,053,719)	(1,053,719)
Due from insurance and reinsurance companies (net)	2,961,813	3,460,975
Loans and advances (gross)	426,972	154,504
Less: provision for impaired loans and advances	(18,380)	(18,380)
Loans and advances (net)	408,592	136,124
Reserves withheld by cedents	1,886,037	1,373,925
Prepaid expenses	45,916	44,334
	5,302,358	5,015,358

(a) The reserves withheld by cedants comprise of insurance premium deposits of RO 1,122,368 (2018 - RO 684,693) and loss deposit of RO 763,699 (2018 - RO 689,232). These deposits are held in normal course of the business by the insurance companies. These deposits are unsecured.

11 Insurance and other receivables (continued)

(b) The insurance receivables comprise balances against which credit notes/statements have been received.

(c) As at 31 December 2019, there are certain past due from insurance and reinsurance companies which are not considered impaired by the management. The Company does not hold any collateral as security against potential default by insurance and reinsurance counterparties.

(d) The carrying amounts of insurance and reinsurance companies are denominated in Omani Rial, UAE Dirhams, United States Dollar, Euro and various other currencies.

(e) Due from insurance and reinsurance companies comprise of number of customers within the Sultanate of Oman and foreign insurers/reinsurers. The Company monitors these receivables on a regular basis. The Company establishes an allowance for impairment that represents its estimate of likely losses in respect of these receivable accounts. With respect to reinsurers, contracts are placed with only internationally reputed well rated foreign insurers and reinsurers.

The amounts are considered by the Company to be due on date of credit note/treaty statement. The age analysis of due from insurance and reinsurance companies is as follows:

	31 December 2019	31 December 2018
Less than 180 days	869,638	3,099,973
Between 181 - 365 days	1,174,136	679,969
More than 365 days	1,971,758	734,752
Total	4,015,532	4,514,694

The movement in provision for impaired debts is as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
At 1 January	1,053,719	824,319
Charge for the year	-	229,400
At 31 December	1,053,719	1,053,719

The movement in impaired loans and advances is as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
At 1 January and at 31 December	18,380	18,380

12 Accrued income

	31 December 2019	31 December 2018
Accrued insurance premium	8,029,767	8,651,856
Impairment provision	(15,000)	(15,000)
	8,014,767	8,636,856
Interest accrued on deposits	646,066	502,213
	8,660,833	9,139,069

12 Accrued income (continued)

The movement in provision for impaired accrued insurance premium is as follows:	Year ended 31 December 2019	Year ended 31 December 2018
At 1 January and at 31 December	15,000	15,000

13 Share capital

The authorised, issued and fully paid-up share capital of the Company, registered with the Ministry of Commerce and Industry, is RO 30,000,000 (2018: RO 30,000,000), comprising of 30,000,000 shares of RO 1 each (2018: 30,000,000 shares of RO 1 each).

The shareholders of the Company who own 10% or more of the Company's shares, in their name, and the percentage of shares held by them are as follows:

Major shareholders	31 December 2019	31 December 2018
Trust International Insurance & Reinsurance Company B.S.C. (Bahrain)	29.97%	29.97%
Qatar General Insurance & Reinsurance Company S.A.Q.	24.58%	24.58%
Omar Zawawi Establishment LLC	15.50%	15.50%
Ziliano Investments	10.00%	10.00%

14 Legal reserve

In accordance with Article 106 of the Commercial Companies Law 2019, as amended, of the Sultanate of Oman, 10% of the Company's net profit for the year is to be transferred to a non-distributable legal reserve until such time as the amount of the legal reserve becomes equal to one-third of the Company's issued and fully paid-up share capital. During the year ended 31 December 2019, the Company has transferred an amount of RO 81,434 to the legal reserve (2018: RO 66,056).

15 Contingency reserve

In accordance with the CMA Decision No. 19/2007 issued on 4 June 2007, as authorised by Royal Decree number 34/2007, 10% of the outstanding claims at the reporting date is required to be transferred to a contingency reserve which is not distributable without the prior approval of the CMA. The Company may discontinue such annual transfers when the contingency reserve equals the Company's paid-up share capital.

During the year ended 31 December 2019, an amount totalling to RO 732,903 has been transferred to the contingency reserve (2018: RO 594,504).

16 Employees' benefit liabilities

	Year ended 31 December 2019	Year ended 31 December 2018
As at 1 January	90,462	61,408
Provision for the year	67,187	28,767
Charged to capital work in progress	1,512	887
Payments during the year	(2,630)	(600)
As at 31 December	156,531	90,462

17 Reinsurers share of insurance funds and technical provisions

The movement in reinsurer's share of insurance funds and technical provisions is given below.

31 December 2019	Gross	Reinsurance	Net
Claims			
Balance at 1 January	23,435,411	13,313,017	10,122,394
Increase in the provision for the year	14,763,444	8,959,241	5,804,203
Claims settled during the year	(7,364,773)	(3,497,713)	(3,867,060)
Balance at 31 December	30,834,082	18,774,545	12,059,537
Unearned premium	**Gross**	**Reinsurance**	**Net**
At 1 January	10,410,126	5,505,237	4,904,889
Increase in the provision for the year	10,631,105	5,404,762	5,226,343
Release of unearned premium during the year	(10,410,126)	(5,505,237)	(4,904,889)
Balance at 31 December	10,631,105	5,404,762	5,226,343
Total technical provisions	41,465,187	24,179,307	17,285,880

31 December 2018	Gross	Reinsurance	Net
Claims			
Balance at 1 January	18,653,913	9,537,278	9,116,635
Increase in the provision for the year	12,908,221	8,639,009	4,269,212
Claims settled during the year	(8,126,723)	(4,863,270)	(3,263,453)
Balance at 31 December	23,435,411	13,313,017	10,122,394
Unearned premium			
Balance at 1 January	6,517,830	3,133,449	3,384,381
Increase in the provision for the year	10,410,126	5,505,237	4,904,889
Release of unearned premium during the year	(6,517,830)	(3,133,449)	(3,384,381)
Balance at 31 December	10,410,126	5,505,237	4,904,889
Total technical provisions	33,845,537	18,818,254	15,027,283

(a) Insurance funds and technical provisions denominated in foreign currencies have been translated at 31 December using year-end closing rates of exchange.

(b) Claims include incurred but not reported (IBNR) provision as follows:

31 December 2019	Gross	Reinsurance	Net
IBNR			
Balance at the beginning of the year	8,517,860	4,522,929	3,994,931
Movement of IBNR	(1,098,722)	(702,897)	(395,825)
Balance at the end of the year	7,419,138	3,820,032	3,599,106

31 December 2018	Gross	Reinsurance	Net
IBNR			
Balance at the beginning of the year	6,748,282	2,933,347	3,814,935
Movement of IBNR	1,769,578	1,589,582	179,996
Balance at the end of the year	8,517,860	4,522,929	3,994,931

18 Reinsurance premium and other payables

	31 December 2019	31 December 2018
Reinsurance premium accrued	4,039,549	4,740,711
Payable to cedents and retro-cessionairs	5,110,676	4,171,384
Advances and deposits retained	1,131,847	793,746
Other payables	131,515	119,775
	10,413,587	9,825,616

Advances and deposits retained include reinsurance premium deposits and loss deposits retained as a share of retrocessionairs from the premium and loss deposited retained by the cedant companies under treaty and arrangements for reinsurance.

19 Deferred policy acquisition costs and deferred commission income

(a) The movement in deferred policy acquisition cost is as follows:

	Year ended 31 December 2019	Year ended 31 December 2018
As at 1 January	2,657,000	1,778,600
Charge for the year	(4,614,551)	(4,491,379)
Payments during the year	4,511,142	5,369,779
As at 31 December	2,553,591	2,657,000

(b) The movement in deferred commission income is as follows:

	31 December 2019	31 December 2018
As at 1 January	1,585,101	989,477
Commission income recognised during the year	(2,830,732)	(2,877,977)
Commission income received during the year	2,636,550	3,473,601
As at 31 December	1,390,919	1,585,101
	1,162,672	1,071,899

20 Related party transactions and balances

Related parties comprise the shareholders, directors, business entities in which they have the ability to control or exercise significant influence in financial and operating decisions and with senior management. The Company has entered into transactions with entities related to the shareholders or directors. In the ordinary course of business, such related parties provide services to the Company. The transactions are carried on mutually agreed terms and are at arms length. During the year, the following transactions were carried out with the related parties:

(a) **Significant transactions during the year with related parties are as follows:**

	Year ended 31 December 2019	Year ended 31 December 2018
Shareholders with significant influence:		
Gross premium	13,540,636	12,356,719
Commission	2,454,828	3,016,932
Claims	11,853,497	6,518,201
Management fees	21,361	-

20 Related party transactions and balances (continued)

(a) The management fee represents the amount charged by Trust International Insurance and Reinsurance Company B.S.C. for actuarial and risk management services, IT support services and retrocession services at USD 200,000 per annum, with effect from 1 October 2019.

(b) Key management compensation:

	Year ended 31 December 2019	Year ended 31 December 2018
Directors' remuneration		
Directors' sitting fees	38,600	19,500

Key management remuneration	Year ended 31 December 2019	Year ended 31 December 2018
Salaries and other employment benefits	284,476	186,400

(c) Related party balances

	Year ended 31 December 2019	Year ended 31 December 2018
Shareholders with significant influence:		
Premiums receivables	2,289,855	2,477,975
Outstanding claims	14,847,040	5,801,664

21 Bank deposits

	31 December 2019	31 December 2018
Non-current portion of bank deposits	7,878,268	3,500,000
Current portion of bank deposits	6,075,000	7,628,268
	13,953,268	11,128,268

Bank deposits represent deposits placed with a commercial bank in the Sultanate of Oman, which are denominated in Omani Rial and earn interest at commercial rates ranging between 3.6% to 4.8% per annum (31 December 2018: 3.6% to 4% per annum). The deposits which are due for maturity after one year have, been disclosed as part of non-current assets.

The current portion of bank deposits represents deposits which will mature after 3 months but before 1 year. Deposits maturing within 3 months have been disclosed as part of cash and cash equivalents.

The fixed deposits are held under lien by the following	31 December 2019	31 December 2018
Capital Market Authority	16,453,268	14,087,789
National Bank of Oman	1,500,000	-

22 Cash and cash equivalents

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

	31 December 2019	31 December 2018
Cash on hand	774	1,032
Current and call account balances with banks	2,359,880	2,177,920
Short-term fixed deposits	4,000,000	3,000,000
	6,360,654	5,178,952

22 Cash and cash equivalents (continued)

The current account balances with banks are non-interest bearing.

Balances in call accounts and short-term fixed deposits with local commercial banks earn interest rates ranging between 0.1% to 4% per annum (31 December 2018: 0.1% to 3.9%).

Credit ratings of bank balances and bank deposits from Moody's:

	2019	2018
Aaa	-	88,403
Aa2	508,226	-
Ba1	11,956,839	2,001,004
Ba2	6,259,072	5,000,000
Baa2	-	4,995
Baa3	1,589,011	9,211,786
Unrated (Cash on hand)	774	1,032
	20,313,922	16,307,220

23 Taxation

Tax assessments of the Company for the years upto 2016 have been finalised. Tax assessments for the year 2017 to 2018 have not yet been agreed with the Secretariat General of Taxation in the Ministry of Finance. The Company's management is of the opinion that additional taxes, if any, assessed for the open tax years would not be material to the Company's financial position as at 31 December 2019.

The Company has incurred a taxable profit for the year. However, sufficient losses from prior years are available to set-off from current years income. Therefore, the effective tax rate is nil. The average effective tax rate cannot be determined in view of nil tax charge for the year.

The Company has accumulated unused tax losses amounting to RO 2,526,587 (2018: 3,346,875) based on the tax return for the tax year 2019 against which no deferred tax asset has been recognised as a matter of prudence as management is of the view that the Company's operations by their inherent nature are exposed to certain variables that have a bearing on the management's ability to determine with certainty whether it is probable that sufficient future taxable income will arise to derive the benefits there from prior to their expiry.

24 Investment and other income - net

	31 December 2019	31 December 2018
Interest on term deposits	1,257,659	953,524
Dividend income	59,277	114,873
Realised gains/(losses) on sale of investments at fair value through other comprehensive income (available-for-sale 2018)	186,043	(10,451)
Gains/(losses) on disposal of property and equipment	4,100	(206)
Brokerage expense	(4,722)	(2,341)
	1,502,357	1,055,399

25 Net underwriting results

	31 December 2019	31 December 2018
Income		
Gross premium written	20,413,600	22,371,113
Movement in unearned premium reserve	(220,979)	(3,892,296)
Insurance premium revenue	20,192,621	18,478,817

25 Net underwriting results (continued)

Reinsurance premium ceded	(11,368,693)	(13,117,908)
Movement in unearned premium reserve	(100,474)	2,371,788
Insurance premium retroceded to reinsurers	(11,469,167)	(10,746,120)
Net insurance premium earned	8,723,454	7,732,697
Gross claims paid	(7,364,773)	(8,126,724)
Reinsurance recoveries	3,497,713	4,863,271
Net claims paid	(3,867,060)	(3,263,453)
Change in provision for outstanding claims, gross	(7,398,671)	(4,781,498)
Change in provision for outstanding claims, reinsurance	5,461,528	3,775,739
Claims and related expenses	(5,804,203)	(4,269,212)
Policy acquisition costs	(4,556,380)	(5,388,308)
Policy acquisition costs recovered from reinsurers	2,740,999	3,473,601
Change in deferred policy acquisition costs	90,773	282,778
Interest on premium reserve	45,238	18,529
Total policy acquisition costs	(1,679,370)	(1,613,400)
Net insurance benefits and claims	(7,483,573)	(5,882,612)
Net underwriting results	1,239,881	1,850,085

26 General and administrative expenses

	31 December 2019	31 December 2018
Salaries and other related staff costs (Note 27)	1,347,793	1,009,063
Legal and professional fees	96,292	60,368
Rent	75,584	67,798
Meeting related expenses	68,273	46,947
Business travel expenses	71,896	36,951
Depreciation and amortisation (Notes 6 and 7)	55,877	45,375
Advertising and business promotion expenses	37,186	22,331
Computer expenses	31,862	19,341
Telephone, fax and postage	17,611	17,515
Office maintenance	12,891	10,090
Miscellaneous expenses	34,880	254,839
	1,850,145	1,590,618

27 Salaries and other related staff costs

	31 December 2019	31 December 2018
Salaries and allowances	997,527	796,577
Provision for leave salaries	108,289	82,446
Employees' benefit liabilities	67,187	28,767
Social security costs	52,792	44,365
Other staff costs	121,998	56,908
	1,347,793	1,009,063

28 Earnings per share per share

Earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	31 December 2019	31 December 2018
Weighted average number of shares	30,000,000	30,000,000
Net profit for the year	814,337	660,560
Earnings per share - Basic and diluted	0.027	0.022

As there are no dilutive potential shares issued by the Company, the diluted earnings per share is same as the basic earnings per share.

29 Net assets per share

The calculation of the net assets per share is based on net assets as at 31 December 2019 attributable to ordinary shareholders of RO 23,079,289 (31 December 2018: RO 22,326,113) divided by the number of shares outstanding at the year end of 30,000,000 ordinary shares (31 December 2018: 30,000,000 ordinary shares).

	31 December 2019	31 December 2018
Net assets as at the year end (RO)	23,079,289	22,326,113
Number of shares outstanding at the year-end	30,000,000	30,000,000
Net assets per share (RO)	0.77	0.74

30 Operating segment

The Company has two reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic units, the Company's Board of Directors and senior management reviews internal management reports on at least a quarterly basis.

30 Operating segment (continued)

The Company has the following operating segments:

	2019			2018		
	Facultative	Treaty	Total	Facultative	Treaty	Total
Reinsurance revenue:						
Gross written premiums	14,174,346	6,239,254	20,413,600	10,883,560	11,487,553	22,371,113
Less: premiums ceded	(8,938,086)	(2,430,607)	(11,368,693)	(7,157,595)	(5,960,313)	(13,117,908)
Net written premiums (a)	5,236,260	3,808,647	9,044,907	3,725,965	5,527,240	9,253,205
Gross unearned premiums (movement)	(2,034,254)	1,813,275	(220,979)	(1,789,489)	(2,102,807)	(3,892,296)
Less: Reinsurance unearned premiums (movement)	1,161,467	(1,261,941)	(100,474)	866,865	1,504,923	2,371,788
Net movement in unearned premiums (b)	(872,787)	551,334	(321,453)	(922,624)	(597,884)	(1,520,508)
Net insurance premium earned (c) = (a) + (b)	4,363,473	4,359,981	8,723,454	2,803,341	4,929,356	7,732,697
Cost of reinsurance revenue:						
Commission and tax paid	(3,028,614)	(1,527,766)	(4,556,380)	(2,291,233)	(3,097,075)	(5,388,308)
Reinsurance commission and tax recoveries	2,067,890	673,109	2,740,999	1,620,657	1,852,944	3,473,601
Net commission (d)	(960,724)	(854,657)	(1,815,381)	(670,576)	(1,244,131)	(1,914,707)
Deferred acquisition costs (movement)	368,118	(471,527)	(103,409)	281,496	596,906	878,402
Reinsurance deferred acquisition costs (movement)	(225,757)	419,939	194,182	(138,408)	(457,216)	(595,624)
Net deferred acquisition costs (e)	142,361	(51,588)	90,773	143,088	139,690	282,778
Interest on premium reserves (net) (f)	-	45,238	45,238	-	18,529	18,529
Net incurred acquisition costs (g) = (d) + (e) + (f)	(818,363)	(861,007)	(1,679,370)	(527,488)	(1,085,912)	(1,613,400)
Gross claims paid	(2,542,740)	(4,822,033)	(7,364,773)	(3,357,089)	(4,769,635)	(8,126,724)
Less: Reinsurance claims recovered	1,301,712	2,196,001	3,497,713	1,936,008	2,927,263	4,863,271
Net claims paid (h)	(1,241,028)	(2,626,032)	(3,867,060)	(1,421,081)	(1,842,372)	(3,263,453)
Change in gross outstanding claims	(6,837,240)	(1,660,153)	(8,497,393)	(2,047,288)	(964,633)	(3,011,921)
Less: change in reinsurance claims	5,318,023	846,402	6,164,425	2,006,845	179,312	2,186,157
Net outstanding claims (i)	(1,519,217)	(813,751)	(2,332,968)	(40,443)	(785,321)	(825,764)
IBNR movement (j)	(127,696)	523,521	395,825	222,630	(402,625)	(179,995)
Net incurred claims (k) = (h) + (i) + (j)	(2,887,941)	(2,916,262)	(5,804,203)	(1,238,894)	(3,030,318)	(4,269,212)
Total cost of insurance (l) = (g) + (k)	(3,706,304)	(3,777,269)	(7,483,573)	(1,766,382)	(4,116,230)	(5,882,612)
Net underwriting profit (m) = (c) + (l)	657,169	582,712	1,239,881	1,036,959	813,126	1,850,085
Loss Ratio	66%	67%	67%	44%	61%	55%

Assets and liabilities of the Company are commonly used across the primary segments.

31 Management of insurance and financial risk

The Company's activities expose it to a variety of insurance and financial risks: market risk (price risk, interest rate risk and currency risk), liquidity risk and credit risk. As taking risk is core to the financial business and operational risks are an inevitable consequence of any business, the Company's aim is to achieve an appropriate balance between risk and return while minimising the potential adverse effects on the financial performance.

The Board of Directors define risk limits and sets suitable policies in this regard for management of insurance risk, credit risk, liquidity risk as well as market risk relating to the investment and liability management activities of the Company. Risk Management is carried out by the management in accordance with documented policies approved by the Board of Directors.

(a) Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

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

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

The Company manages these risks through its underwriting strategy, adequate retro-insurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

The retro-insurance arrangements include excess, stop-loss and catastrophe coverage. The effect of such retro-insurance arrangements is that the Company has transferred insurance risk for the exposure taken in fire, engineering and accident classes. Further, the Company has also taken excess-of-loss coverage policy to reduce its exposure to high value losses.

Sources of uncertainty in the estimation of future claims payments

Claims on insurance and reinsurance contracts are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long-period of time, and a larger element of the claims provision relates to incurred but not reported claims (IBNR).

Claims development table

The following tables show the estimate of cumulative incurred claims, including both claims notified and IBNR for each successive underwriting year at each statement of financial position date, together with cumulative payments to date.

Oman Reinsurance Company SAOC

Notes to the financial statements for the year ended 31 December 2019

(Expressed in Omani Rial)

31 Management of insurance and financial risk (continued)

(a) Insurance Risk (continued)

Gross												
Underwriting year	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
Underwriting year	-	997,597	991,241	2,650,792	1,357,241	1,542,935	1,191,676	968,790	2,119,344	3,491,940	9,287,553	
One year later	379,865	4,832,662	3,802,818	5,273,240	2,799,868	2,563,745	4,003,017	5,565,467	5,964,466	9,089,093	-	
Two years later	901,117	6,318,611	5,398,873	7,710,919	3,471,392	3,057,699	4,341,724	8,748,573	8,312,079	-	-	
Three years later	992,955	6,889,267	6,456,307	6,688,474	3,009,363	3,061,651	4,747,923	9,131,676	-	-	-	
Four years later	1,070,281	6,912,976	6,610,766	7,276,021	3,150,437	3,120,270	4,863,556	-	-	-	-	
Five years later	1,150,075	6,573,655	6,038,340	6,993,037	3,200,669	3,122,599	-	-	-	-	-	
Six years later	1,149,185	6,530,949	5,858,439	6,789,996	3,170,736	-	-	-	-	-	-	
Seven years later	1,153,059	6,683,454	6,140,600	6,860,947	-	-	-	-	-	-	-	
Eight years later	1,131,002	6,571,997	5,916,468	-	-	-	-	-	-	-	-	
Nine years later	1,125,097	5,076,258	-	-	-	-	-	-	-	-	-	
Ten years later	**1,119,179**	-	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims	1,119,179	5,076,258	5,916,468	6,860,947	3,170,736	3,122,599	4,863,556	9,131,676	8,312,079	9,089,093	9,287,553	65,950,144
Cumulative payments to date	(1,037,224)	(4,779,643)	(5,582,655)	(6,308,250)	(2,834,946)	(2,822,828)	(4,151,136)	(6,210,295)	(5,092,862)	(3,144,441)	(570,920)	(42,535,200)
IBNR	-	-	-	-	-	6,473	46,977	247,910	809,670	3,172,838	3,135,270	7,419,138
Total gross outstanding claims liabilities as per underwriting year	81,955	296,615	333,813	552,697	335,790	306,244	759,397	3,169,291	4,028,887	9,117,490	11,851,903	30,834,082
Net												
Underwriting year	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
Underwriting year	-	468,994	565,133	1,207,180	761,454	788,473	822,441	717,075	784,647	552,901	2,755,223	
One year later	238,122	2,271,951	2,168,090	2,401,452	1,570,812	1,372,544	2,102,172	3,272,266	4,332,159	3,136,028	-	
Two years later	564,873	2,970,532	3,078,044	3,511,580	1,873,428	1,644,743	2,474,330	5,117,559	5,543,801	-	-	
Three years later	622,442	3,238,811	3,680,916	3,352,162	1,806,324	1,727,970	2,949,855	5,524,760	-	-	-	
Four years later	670,914	3,249,957	3,664,034	3,532,958	1,783,441	1,878,580	2,688,426	-	-	-	-	
Five years later	720,934	3,106,520	3,768,400	3,593,515	1,761,875	1,765,144	-	-	-	-	-	
Six years later	715,164	3,122,428	3,593,057	3,474,729	1,862,425	-	-	-	-	-	-	
Seven years later	810,627	3,171,682	3,811,190	3,542,541	-	-	-	-	-	-	-	
Eight years later	793,662	2,770,025	3,677,350	-	-	-	-	-	-	-	-	
Nine years later	1,149,124	3,007,201	-	-	-	-	-	-	-	-	-	
Ten years later	**781,015**	-	-	-	-	-	-	-	-	-	-	
Current estimate of cumulative claims	781,015	3,007,201	3,677,350	3,542,541	1,862,425	1,765,144	2,688,426	5,524,760	5,543,801	3,136,028	2,755,223	34,283,914
Cumulative payments to date	(737,525)	(2,836,962)	(3,498,048)	(3,177,876)	(1,638,095)	(1,607,272)	(2,252,944)	(4,052,188)	(3,872,355)	(1,813,145)	(337,073)	(25,823,483)
IBNR	-	-	-	-	-	6,473	46,222	178,907	451,419	1,535,602	1,380,483	3,599,106
Total net outstanding claims liabilities as per underwriting year	43,490	170,239	179,302	364,665	224,330	164,345	481,704	1,651,479	2,122,865	2,858,485	3,798,633	12,059,537

31 Management of insurance and financial risk (continued)

(b) Financial risk

The Company is exposed to a range of financial risks through its financial assets. The most important components of this financial risk are interest rate risk, foreign currency risk, credit risk and liquidity risk.

(i) Price risk

The Company is exposed to price risk because of investments held by the Company which are classified as available-for-sale. All investment securities present a risk of loss of capital. The Company controls this risk through a careful selection of securities and other financial instruments within specified limits. The maximum risk resulting from financial instruments is determined by the carrying amount of the financial instruments. The Company's overall market positions are monitored on a daily basis and are reviewed periodically by the management and Board of Directors. Impact of 5% increase/decrease of the Market Index on the Company's investments at fair value through other comprehensive income for the year would be RO 663,619 (2018 - RO 661,190). The analysis is based on the assumption that the market index had increased/decreased by 5% with all other variables held constant and all the Company's instruments would have moved according to the historical correlation with the index.

(ii) Interest rate risk

The Company's interest rate risk arises from investment in term deposits. The long-term bank deposits are with a maturity period of one to two years and the pricing is renegotiated at the end of each term. These deposits are independent of the changes in the applicable interest rates.

As part of Company's liquidity management policies, management also place cash in short-term deposits and call accounts. These placements are with a maturity period of less than a year. The interest on these placements is set at the beginning of the term. Accordingly, these placements expose the Company to cash flow interest rate risk. The Company carries out periodic analysis and monitors the market interest rates fluctuations taking into consideration the Company's needs. If the interest rates on short-term bank deposits would have changed, with all other variable held constant, by 50 basis points for the year, interest income would have been lower/higher by RO 89,776 (2018 - RO 72,375).

(iii) Foreign exchange risk

Foreign exchange risk is the risk that any foreign currency positions taken by the Company may be adversely affected due to volatility in exchange rates. The Company's exposure to foreign exchange risk arises from recognised assets and liabilities. The table below summarises the Company's exposure to foreign currency exchange rate risk at the statement of financial position date by categorising monetary assets and liabilities by major currencies.

Currency risk	31 December 2019				
	Omani Rial	US Dollar	Egyptian Pound	Others	Total
Assets					
Bank balances	10,426,325	1,652,856	-	356,473	12,435,654
Bank deposits	7,878,268				7,878,268
Investments in fair value through other comprehensive income	2,697,515	10,574,858	-	-	13,272,373
Insurance and other receivables	1,003,508	2,255,115	264,454	1,948,872	5,471,949
Accrued Income	805,511	6,072,364	105,260	1,677,698	8,660,833
Reinsurer's share of technical reserves	5,761,834	5,928,418	100,840	6,983,453	18,774,545
Total assets	28,572,961	26,483,611	470,554	10,966,496	66,493,622

31 Management of insurance and financial risk (continued)
(b) Financial risk (continued)
(iii) Foreign exchange risk (continued)

	31 December 2019				
Liabilities	**Omani Rial**	**US Dollar**	**Egyptian Pound**	**Others**	**Total**
Technical provisions -Outstanding claims reserves	8,994,761	9,930,430	308,860	11,600,032	30,834,083
Reinsurance premium and other payables excluding reinsurance accrued premium	1,426,434	2,287,772	178,691	2,481,141	6,374,038
Reinsurance premium accrued	4,039,549	-	-	-	4,039,549
Total liabilities	14,460,744	12,218,202	487,551	14,081,173	41,247,670
Net assets/(liabilities)	14,112,217	14,265,409	(16,997)	(3,114,677)	25,245,952

The Company manages the risk through regular monitoring of the currency markets and maintaining appropriate mix of net assets denominated in foreign currencies to minimise the foreign exchange risk exposure. The Company is not exposed to foreign exchange risk from net assets denominated in US Dollar or in currencies linked to the US Dollar as the rate of exchange between the Omani Rial and the US Dollar has not changed since January 1986. The Company is exposed to foreign exchange risk for net assets denominated in other foreign currencies. If the currency rates on such other foreign currencies would have changed, with all other variables held constant, by 5%, foreign exchange exposure would have been lower/higher by RO 156,584 (2018 - RO 16,300).

(iv) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from bank balances, deposits with banks as well as credit exposures to insurance companies, including outstanding amounts from related parties.

Bad debt risks in reinsurance are of relevance to the Company because the business that is accepted is not always fully retained, but instead portions are retroceded, as necessary. The retrocession partners are therefore carefully selected in light of credit considerations.

The Company attempts to control credit risk with regards to insurance receivables by monitoring credit exposures, limiting transactions with specific counter parties and assessing continually the creditworthiness of counter parties.

There is no concentration of credit risk with respect to insurance receivables, as the Company has a large number of internationally dispersed debtors.

The Company limits its credit risk with regards to long and short-term bank deposits by dealing with reputable banks of satisfactory rating. Set out below is the Company's maximum exposure to credit risk:

	2019	**2018**
Bank deposits	7,878,268	3,500,000
Insurance and other receivables-net (excluding prepayments)	5,256,442	5,019,263
Accrued income	8,660,833	9,139,069
Reinsurers' share of insurance funds (excluding unearned premium)	18,774,545	13,313,017
Bank balances and deposits	12,435,654	12,807,220
	53,005,742	43,778,569

An analysis of insurance and other receivables is set out in note 11.

31 Management of insurance and financial risk (continued)

(b) Financial risk (continued)

(v) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due as a result of cash requirements from contractual commitments. Such outflows would deplete available cash resources for operational, trading and investments activities. In extreme circumstances, lack of liquidity could result in reductions in the statement of financial position and sales of assets, or potentially an inability to fulfill contractual commitments. The risk that the Company will be unable to do so is inherent in all reinsurance operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

The Company's liquidity management process, as carried out within the Company including day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flows and monitoring the liquidity ratios of the statement of financial position against internal and regulatory requirements.

The table below analysis the Company's financial liabilities into relevant maturity grouping based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	1 to 3 month	3 to 6 months	6 months and above	Undetermined Period	Total
31 December 2019					
Reinsurance and other payables	1,598,960	3,643,231	5,171,396	-	10,413,587
Claims outstanding	-	-	23,414,944	7,419,138	30,834,082
	1,598,960	3,643,231	28,586,340	7,419,138	41,247,669
31 December 2018					
Reinsurance and other payables	1,311,303	2,979,856	5,534,457	-	9,825,616
Claims outstanding	-	-	14,917,551	8,517,860	23,435,411
	1,311,303	2,979,856	20,452,008	8,517,860	33,261,027

(c) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. As at 31 December 2018, the Company is required to maintain a minimum capital of RO 30 million. Capital requirements are prescribed by the CMA.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(d) Fair value estimation

For financial instruments that are measured in the statement of financial position at fair value, the Company is required to disclose the fair value measurement by level of the following fair value hierarchy:

- Level 1 – Quoted (unadjusted) market prices in active markets.
- 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.

The Company holds investments at fair value through other comprehensive income of RO 13,202,373 (2018 - RO 12,851,809) which are categorised as level 1. The Company's investment property is valued by applying level 2 technique. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

32 Comparative figures

Certain comparative figures of the previous year have been either regrouped or reclassified, wherever necessary, in order to conform with the presentation adopted in the current year's financial statements. Such regrouping or reclassification did not affect previously reported net profit or statement of changes in Shareholders' equity, except for the effect of adoption of IFRS 9 which has been adjusted through the opening retained earnings. As the corresponding previous years figures are not restated to give this impact, they are not comparable.

33 Subsequent events

There were no other events subsequent to 31 December 2019 and occurring before the date of the report that are expected to have a significant impact on these financial statements.