MARKET ANNOUNCEMENT

31st March 2021

Release of 2020 Audited Financial Statements

FijiCare Insurance Limited ('FijiCare') today released the Group audited financial statements for the year ended 31st December 2020. The FijiCare Group recorded a consolidated profit after income tax of $1.6m compared to $4.4m in the previous corresponding period.

The key highlights from the audited financial statements include:

- Increase in consolidated net revenue from insurance activities by $1.2m resulting in total net insurance revenue of $33m;
- Increase in consolidated incurred claims to $25.2m in the 2020 financial period compared to $22.6m in the 2019 financial period;
- Improved consolidated net assets and shareholders equity position of $16.3m as at 31st December 2020 compared to $15.3m as at 31st December 2019.

Commenting on the 2020 audited financial statements, Executive Director, Mr. Avi Raju said, *"Undoubtedly, 2020 has been a challenging and unprecedented year given the ongoing COVID 19 global pandemic. For FijiCare, the closure of international borders as well as the overall increase in local medical costs has resulted in an escalation of our medical claims. Therefore, we are enthusiastic about the opening of Nasese Private Hospital and potentially other private medical providers, which we expect will increase medical facility options for our policyholders. Additionally, it has been pleasing to note that international travel restrictions for medical treatments are being gradually eased. From November 2020, India has opened its borders for medical evacuations allowing FijiCare policy holders to access overseas medical treatments after seven months of COVID-19 lockdown restrictions in 2020."*

"Despite the decrease in profitability in 2020 which was anticipated, the Group continues to be in a sound financial position, with a strong balance sheet and solid liquidity position. Our wholly owned subsidiary company, VanCare Insurance Limited, has also demonstrated resilient financial performance. We remain optimistic about our financial performance in 2021", added Mr. Raju.

For further information, please visit the FijiCare website: www.fijicare.com.fj.

Mr. Avi Raju
Executive Director

Mr. Victor Robert
Company Secretary

FIJICARE INSURANCE LIMITED
AND SUBSIDIARY COMPANY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS	**PAGE NO.**

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statements of financial position of FijiCare Insurance Limited ("the holding company") and its subsidiary company (together "the group") as at 31 December 2020, the related statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date and report as follows:

Directors

The names of the directors in office at the date of this report are:

Dumith Fernando – Chairman	Jenny Seeto (appointed on 1 November 2020)
Peter McPherson	Sylvain Flore (appointed on 1 November 2020)
Avinesh Raju	

Principal Activities

The principal activities of the holding company during the year were that of underwriting of medical, term life, mortgage protection, wage care, personal accident, public liability, funeral benefits, motor vehicle and property (under micro insurance project) insurance risks.

The principal activity of the subsidiary company, VanCare Insurance Limited, during the year was that of underwriting of motor and other general insurance risks.

There were no significant changes in the nature of the principal activities of the group during the year.

Results

The profit after income tax of the holding company for the year was $1,012,190 (2019: $3,759,637).

The consolidated profit after income tax was $1,597,328 (2019: $4,404,908). Total consolidated comprehensive income for the year was $1,681,769 (2019: $4,353,745).

Dividends

The directors declared dividends of $688,619 during the year ended 31 December 2020 out of retained earnings as at 31 December 2019.

Basis of Accounting - Going Concern

The financial statements of the holding company and the group have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of these financial statements as they believe with the plans and strategies put in place by the holding company and the group together with the ongoing support of the shareholders, the holding company and the group will generate and maintain the required funding to meet its liabilities and commitments as and when they fall due over the next twelve months.

Bad and Doubtful Debts

Prior to the completion of the financial statements of the holding company and the group, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the making of allowance for doubtful debts. In the opinion of the directors, adequate allowance has been made for doubtful debts. As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for doubtful debts in the holding company or the group, inadequate to any substantial extent.

Current and Non-Current Assets

Prior to the completion of the financial statements of the holding company and the group, the directors took reasonable steps to ascertain whether any current and non-current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the holding company and of the group. Where necessary, these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise.

DIRECTORS' REPORT [CONT'D]

Current and Non-Current Assets (Cont'd)

As at the date of this report, the directors are not aware of any circumstances, which would render the values attributed to current and non-current assets in the financial statements of the holding company and the group misleading.

Unusual Transactions

In the opinion of the directors, other than as detailed in the following paragraph, the results of the operations of the holding company and the group during the financial year were not substantially affected by any item, transaction or event of an abnormal character, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of an abnormal character likely, in the opinion of the directors, to affect substantially the results of the operations of the holding company and the group in the current financial year.

Significant Event during the Year

The outbreak of the COVID-19 pandemic and the measures adopted by governments in countries worldwide to mitigate the pandemic's spread have significantly impacted companies across the globe. Since its declaration as a pandemic in March 2020, COVID-19 has had an impact on the operations and financial performance of the FijiCare Group. Unprecedented travel bans imposed as a response to minimising the spread of COVID-19 have increased the overall cost of medical claims. The Group remains in a sound financial position with a strong balance sheet and solid liquidity position. The Directors are satisfied that the Group has adequate resources to continue in operational existence and as such has adopted the going concern basis in preparing and presenting these financial statements.

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year which would require adjustments to, or disclosure in the financial statements.

Other Circumstances

As at the date of this report:

(i) no charge on the assets of any company in the group has been given since the end of the financial year to secure the liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the financial year for which any company in the group could become liable; and

(iii) no contingent liabilities or other liabilities of the holding company and the group have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the group to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report which would make adherence to the existing method of valuation of assets or liabilities of the holding company and the group misleading or inappropriate.

DIRECTORS' REPORT [CONT'D]

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those disclosed in the financial statements of the holding company and the group) by reason of a contract made by any company in the group or by a related corporation with the director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

For and on behalf of the board and in accordance with a resolution of the board of directors.

Dated this 30th day of March 2021.

………………………………………	………………………………………
Director	Director

DIRECTORS' DECLARATION

The declaration by directors is required by the Companies Act, 2015.

The directors of the company have made a resolution that declares:

a) In the opinion of the directors, the financial statements of the holding company and the group for the financial year ended 31 December 2020:

   i. comply with International Financial Reporting Standards and give a true and fair view of the financial position of the holding company and the group as at 31 December 2020 and of the performance and cash flows of the holding company and the group for the year ended 31 December 2020; and

   ii. have been prepared in accordance with the Companies Act, 2015;

b) The directors have received an independence declaration by the auditors as required by Section 395 of the Companies Act, 2015; and

c) At the date of this declaration, in the opinion of the directors, there are reasonable grounds to believe that the holding company and the group will be able to pay their debts as and when they become due and payable.

For and on behalf of the board and in accordance with a resolution of the board of directors.

Dated this 30 day of March 2021.

……………………………………… ………………………………………
Director Director

Tel: +679 331 4300
Fax: +679 330 1841
Email: info@bdo.com.fj
Offices in Suva and Lautoka

BDO
Chartered Accountants
Level 10, FNPF Place
343 Victoria Parade
GPO Box 855
Suva, Fiji

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF FIJICARE INSURANCE LIMITED

As group auditor for the audit of FijiCare Insurance Limited and subsidiary company for the financial year ended 31 December 2020, I declare to the best of my knowledge and belief that there have been:

(a) no contraventions of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Wathsala Suraweera
Partner
Suva, Fiji

BDO

BDO
CHARTERED ACCOUNTANTS

30 March 2021

Tel: +679 331 4300
Fax: +679 330 1841
Email: info@bdo.com.fj
Offices in Suva and Lautoka

BDO
Chartered Accountants
Level 10, FNPF Place
343 Victoria Parade
GPO Box 855
Suva, Fiji

To the Shareholders of FijiCare Insurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FijiCare Insurance Limited ("the holding company") and the consolidated financial statements of FijiCare Insurance Limited and its subsidiary company ("the group") which comprise the statements of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the holding company and of the group as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 holding company and of the group in accordance with the International Ethics Standards Board for Accountant's *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the matter
1. Measurement of outstanding claims liabilities and related assets arising from reinsurance contracts and other recoveries (Consolidated - $7,594,330 and holding company - $5,978,275) Refer to Note 3(j) (iv), and Note 16 to the financial statements The estimation of outstanding claims liabilities and related assets, including reinsurance assets, is a key audit matter owing to higher degree of uncertainty that is inherent in estimating the expected future payments for claims incurred.	Our audit procedures included, amongst others: • The evaluation and testing of key controls around the claims handling process of the group. We examined evidence of the operation of controls over estimating of individual claims. • For a sample of major outstanding claims, performed basis and calculations for estimation of claims liabilities to assess the reasonableness of management's outstanding claims liability calculations.

To the Shareholders of FijiCare Insurance Limited (Cont'd)

Key Audit Matters (Cont'd)

Key audit matters (Cont'd)	How our audit addressed the matter (Cont'd)
In particular, judgement arises over the estimation of payments for claims that have been incurred at the reporting date but have not yet been reported to the group (IBNR). There is generally less information available in relation to these claims. Classes of business where there is a greater length of time between the initial claim event and settlement also tend to display greater variability between initial estimates and final settlement. The valuation of outstanding claims relies on the quality of the underlying data. It involves complex and subjective judgements about future events, both internal and external to the business, for which changes in assumptions can result in material impacts to the estimates. The valuation of reinsurance assets requires a significant level of judgement, given its inherent dependence on underlying estimates of gross outstanding claims.	• Evaluating the effectiveness and implementation of key actuarial controls, including integrity of the key data used, estimates and assumptions made by actuary including claims ratios and expected frequency of claims and management's review of the estimates. • Evaluating whether the group's actuarial methodologies were reasonable and consistent with prior periods. • Obtaining audit evidence over the data and process for estimating reinsurance recoveries on outstanding claims and evaluated the reasonability of estimates and calculations.

Other Information

The management and directors are responsible for the other information. The other information that we received comprise of the information included in the directors report and the Annual Report of the group for the year ended 31 December 2020 but does not include the financial statements and the auditor's report thereon. The Annual Report is expected to be made available to us after the date of the auditor's report.

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 during the audit, or otherwise appears to be materially misstated. If, based upon 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 regard.

Responsibilities of the Management and Those Charge of Governance for the Financial Statements

The management and directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the Companies Act 2015, and for such internal control as the management and directors determine 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, the management and directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and directors either intend to liquidate the company in the group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group's financial reporting process.

To the Shareholders of FijiCare Insurance Limited (Cont'd)

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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group'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 the management's and directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that 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 group 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.
- Obtain sufficient appropriate audit evidence regarding the holding company and group's financial information to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

To the Shareholders of FijiCare Insurance Limited (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2015 in all material respects, and;

a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and

b) the holding company and the group have kept financial records sufficient to enable the financial statements to be prepared and audited.

BDO

BDO
CHARTERED ACCOUNTANTS

Wathsala Suraweera
Partner
Suva, Fiji
30 March 2020

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANY
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated		Holding Company	
		2020	2019	2020	2019
		$	$	$	$
Revenue	5	33,033,636	31,830,583	30,368,622	28,774,411
Incurred claims		(25,230,645)	(22,622,688)	(24,553,912)	(21,679,564)
Commission expense	6	(3,392,701)	(3,047,839)	(3,051,759)	(2,677,711)
Net revenue		4,410,290	6,160,056	2,762,951	4,417,136
Other revenue	7	931,854	2,495,396	1,486,221	2,991,517
		5,342,144	8,655,452	4,249,172	7,408,653
Advertising and promotion Expenses		(236,057)	(90,900)	(206,426)	(51,159)
Other operating expenses		(3,485,964)	(3,937,732)	(3,007,761)	(3,375,945)
		(3,722,021)	(4,028,632)	(3,214,187)	(3,427,104)
Profit before income tax	20	**1,620,123**	**4,626,820**	**1,034,985**	**3,981,549**
Income tax expense	8(a)	(22,795)	(221,912)	(22,795)	(221,912)
Profit for the year		**1,597,328**	**4,404,908**	**1,012,190**	**3,759,637**
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange difference on translating foreign operation		84,441	(51,163)	-	-
Total comprehensive income for the year		**1,681,769**	**4,353,745**	**1,012,190**	**3,759,637**
Earnings per share					
Basic and diluted earnings per share - cents	22	**18.56**	**51.55**		

The accompanying notes form an integral part of these statements of profit or loss and other comprehensive income.

	Consolidated			
	Share Capital	**Foreign Currency Translation Reserve**	**Accumulated Profits**	**Total**
	$	**$**	**$**	**$**
Balance as at 1 January 2019	4,826,213	5,237	6,625,696	11,457,146
Total comprehensive income				
Profit for the year	-	-	4,404,908	4,404,908
Other comprehensive income for the year:				
- Exchange difference on translating foreign operation	-	(51,163)	-	(51,163)
Total comprehensive income	-	(51,163)	4,404,908	4,353,745
Transactions with owners of the group				
Additional shares issued (Note 18 (a))	217,449	-	-	217,449
Dividends declared (Note 19)	-	-	(678,736)	(678,736)
Total transactions with owners of the group	217,449	-	(678,736)	(461,287)
Balance as at 31 December 2019	**5,043,662**	**(45,926)**	**10,351,868**	**15,349,604**

	Consolidated			
	Share Capital	Foreign Currency Translation Reserve	Accumulated Profits	Total
	$	$	$	$
Total comprehensive income				
Profit for the year	-	-	1,597,328	1,597,328
Other comprehensive income for the year:				
- Exchange difference on translating foreign operation	-	84,441	-	84,441
Total comprehensive income	-	84,441	1,597,328	1,681,769
Transactions with owners of the group				
Dividends declared (Note 19)	-	-	(688,619)	(688,619)
Total transactions with owners of the group	-	-	(688,619)	(688,619)
Balance as at 31 December 2020	**5,043,662**	**38,515**	**11,260,577**	**16,342,754**

The accompanying notes form an integral part of this statement of changes in equity.

STATEMENT OF CHANGES IN EQUITY [CONT'D]
FOR THE YEAR ENDED 31 DECEMBER 2020

	Holding Company		
	Share Capital	Accumulated Profits	Total
	$	$	$
Balance as at 1 January 2019	4,826,213	5,762,068	10,588,281
Total comprehensive income			
Profit for the year	-	3,759,637	3,759,637
Other comprehensive income for the year	-	-	-
Total comprehensive income	-	3,759,637	3,759,637
Transactions with owners of the company			
Additional shares issued (Note 18 (a))	217,449	-	217,449
Dividends declared (Note 19)	-	(678,736)	(678,736)
Total transactions with owners of the company	217,449	(678,736)	(461,287)
Balance as at 31 December 2019	**5,043,662**	**8,842,969**	**13,886,631**
Total comprehensive income			
Profit for the year	-	1,012,190	1,012,190
Other comprehensive income for the year	-	-	-
Total comprehensive income	-	1,012,190	1,012,190
Transactions with owners of the company			
Dividends declared (Note 19)	-	(688,619)	(688,619)
Total transactions with owners of the company	-	(688,619)	(688,619)
Balance as at 31 December 2020	**5,043,662**	**9,166,540**	**14,210,202**

The accompanying notes form an integral part of this statement of changes in equity.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	Consolidated		Holding Company	
		2020	2019	2020	2019
		$	$	$	$
CURRENT ASSETS					
Cash on hand and at bank		5,917,289	5,762,556	1,103,972	2,325,970
Trade and other receivables	9	9,996,314	11,269,275	10,012,415	11,711,888
Held-to-maturity investments	10(a)	13,606,617	12,544,740	12,859,942	11,358,866
Financial assets at fair value through profit or loss	10(b)	4,059,011	3,813,978	4,059,011	3,813,978
Deferred costs	11	1,190,378	1,182,106	1,082,666	1,073,696
Current tax asset	8(b)	221,701	8,743	221,701	8,743
Total current assets		**34,991,310**	**34,581,398**	**29,339,707**	**30,293,141**
NON-CURRENT ASSETS					
Trade and other receivables	9	155,727	213,607	155,727	213,607
Held-to-maturity investments	10(a)	200,000	398,344	200,000	200,000
Investment in subsidiaries	10(d)	-	-	609,921	609,921
Investment properties	12	2,570,000	2,570,000	2,570,000	2,570,000
Property, plant and equipment	13	392,854	454,320	344,040	389,568
Intangible assets	14	346,494	259,428	312,526	209,545
Right-of-use assets	23(a)	195,282	347,911	195,282	347,911
Deferred tax assets	8(c)	19,841	24,505	19,841	24,505
Total non-current assets		**3,880,198**	**4,268,115**	**4,407,337**	**4,565,057**
TOTAL ASSETS		**38,871,508**	**38,849,513**	**33,747,044**	**34,858,198**
CURRENT LIABILITIES					
Trade and other payables	15	1,393,404	1,834,204	1,154,679	1,549,833
Insurance contract liabilities	16	20,612,321	20,944,594	17,908,244	18,732,001
Employee entitlements	17	166,118	220,530	117,008	189,152
Lease liabilities	23(b)	155,400	151,177	155,400	151,177
Total current liabilities		**22,327,243**	**23,150,505**	**19,335,331**	**20,622,163**
NON-CURRENT LIABILITIES					
Lease liabilities	23(b)	55,791	207,335	55,791	207,335
Deferred tax liabilities	8(d)	145,720	142,069	145,720	142,069
Total non-current liabilities		**201,511**	**349,404**	**201,511**	**349,404**
TOTAL LIABILITIES		**22,528,754**	**23,499,909**	**19,536,842**	**20,971,567**
NET ASSETS		**16,342,754**	**15,349,604**	**14,210,202**	**13,886,631**

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANY
STATEMENTS OF FINANCIAL POSITION [CONT'D]
AS AT 31 DECEMBER 2020

	Notes	Consolidated		Holding Company	
		2020	2019	2020	2019
		$	$	$	$
SHAREHOLDERS' EQUITY					
Share capital	18	5,043,662	5,043,662	5,043,662	5,043,662
Foreign currency translation reserve		38,515	(45,926)	-	-
Accumulated profits		11,260,577	10,351,868	9,166,540	8,842,969
TOTAL SHAREHOLDERS' EQUITY		**16,342,754**	**15,349,604**	**14,210,202**	**13,886,631**

The accompanying notes form an integral part of these statements of financial position.

For and on behalf of the board and in accordance with a resolution of the directors.

....
Director

....
Director

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Consolidated		Holding Company	
	Inflows/ (Outflows) 2020	Inflows/ (Outflows) 2019	Inflows/ (Outflows) 2020	Inflows/ (Outflows) 2019
	$	$	$	$
Cash flows from operating activities				
Premium and fees received	33,417,112	32,271,055	30,834,052	29,076,592
Reinsurance premium paid, net	(373,440)	(431,510)	(373,440)	(431,510)
Claims and commission paid, net	(27,194,584)	(24,413,368)	(26,656,137)	(23,310,475)
Payments to suppliers and employees	(4,071,721)	(3,878,805)	(3,546,201)	(3,175,140)
Cash generated from operations	1,777,367	3,547,372	258,274	2,159,467
Income tax paid	(165,529)	(309,056)	(165,529)	(309,056)
Tax deducted at source - resident interest withholding tax	(61,909)	(34,297)	(61,909)	(34,297)
Interest paid on lease liabilities	(15,765)	(23,837)	(15,765)	(23,837)
Interest received	671,200	479,434	618,006	415,121
Net cash provided by operating activities	2,205,364	3,659,616	633,077	2,207,398
Cash flows from investing activities				
Payments for property, plant and equipment	(131,889)	(186,306)	(131,889)	(168,963)
Payments for intangible assets	(228,440)	(225,182)	(213,863)	(184,919)
Proceeds from sale of plant and equipment	27,000	46,293	27,000	46,293
Payments for held-to-maturity investments	(12,180,321)	(12,130,577)	(12,859,942)	(12,075,213)
Proceeds from held-to-maturity investments	11,358,866	9,139,155	11,358,866	9,139,155
Dividends received	17,495	14,607	600,585	564,596
Payment for purchase of shares	(226,119)	(327,501)	(226,119)	(327,501)
Repayment by / (advances to) VanCare Insurance Limited, net	-	-	426,227	(208,535)
Payment for lease liability	(147,321)	(138,068)	(147,321)	(138,068)
Net cash used in investing activities	(1,510,729)	(3,807,579)	(1,166,456)	(3,353,155)
Cash flows from financing activities				
Dividends paid	(688,619)	(461,287)	(688,619)	(461,287)
Net cash used in financing activities	(688,619)	(461,287)	(688,619)	(461,287)
Net increase / (decrease) in cash and cash equivalents	**6,016**	**(609,250)**	**(1,221,998)**	**(1,607,044)**
Effect of exchange rate movement on cash and cash equivalents	148,717	(79,170)	-	-
Cash and cash equivalents at the beginning of the year	5,762,556	6,450,976	2,325,970	3,933,014
Cash and cash equivalents at the end of the year (Note 21)	**5,917,289**	**5,762,556**	**1,103,972**	**2,325,970**

The accompanying notes form an integral part of these statements of cash flows.

NOTE 1. GENERAL INFORMATION

a) Corporate Information

FijiCare Insurance Limited (the holding company) is a licensed general insurance and publicly listed company on South Pacific Stock Exchange, limited by shares, incorporated and domiciled in Fiji.

The registered office and principal place of business of the holding company is located at Level 9, FNPF Place, 343-359 Victoria Parade, Suva.

b) Principal Activities

The principal activities of the holding company during the year were that of underwriting of medical, term life, mortgage protection, wage care, personal accident, public liability, funeral benefits, motor vehicle and property (under micro insurance project) insurance risks.

The principal activity of the subsidiary company, VanCare Insurance Limited, during the year was that of underwriting of motor and other general insurance risks.

There were no significant changes in the nature of the principal activities of the group during the year.

NOTE 2. BASIS OF PREPARATION

a) Basis of Preparation

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties, property, plant and equipment and financial assets at fair values / revalued amounts. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

In the application of International Financial Reporting Standards ('IFRS'), management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in Note 4.

b) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and with the requirements of the Companies Act, 2015.

NOTE 2. BASIS OF PREPARATION (CONT'D)

c) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the holding company and its subsidiary company which are listed in Note 26. Control is achieved when the holding company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The holding company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the holding company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The holding company considers all relevant facts and circumstances in assessing whether or not the holding company's voting rights in an investee are sufficient to give it power, including:

- the size of the holding company's holding of voting rights relative to the size and dispersion of holdings of other vote holders;
- potential voting rights held by the holding company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the holding company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the holding company obtains control over the subsidiary company and ceases when the holding company loses control of the subsidiary company.

Income and expenses of the subsidiary company are included in the consolidated statement of profit or loss and other comprehensive income from the date the holding company gains control until the date when the holding company ceases to control subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the owners of the holding company.

All inter-company balances and transactions between the holding company and its subsidiary company including any recognised profits or losses have been eliminated on consolidation.

d) Functional and Presentation Currency

Functional and presentation currency

The group operates in Fiji and Vanuatu, however the financial statements are presented in Fiji dollars, which is the holding company's functional and presentation currency.

e) Comparatives

Where necessary, comparative figures have been re-grouped to conform to changes in presentation in the current period.

NOTE 2. BASIS OF PREPARATION (CONT'D)

f) Basis of Accounting - Going Concern

The financial statements of the holding company and the group have been prepared on a going concern basis. The directors consider the application of the going concern principle to be appropriate in the preparation of these financial statements as they believe with the plans and strategies put in place by the holding company and the group together with the ongoing support of the shareholders, the holding company and the group will generate and maintain the required funding to meet its liabilities and commitments as and when they fall due over the next twelve months.

g) Changes in Accounting Policies

A. New standards, amendments and interpretation effective during the year

New standards and amendments impacting the group that have been adopted in the annual financial statements for the year ended 31 December 2020:

i. Amendments to IFRS 16 COVID-19 Related Rent Concessions

Effective 1 January 2020, IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- The reduction is lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS 16 in accounting for the concession.

The company has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the company, occurred from March 2020 to December 2020.

Accounting for the rent concessions as lease modifications would have resulted in the company remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the company is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

ii. Other new and amended standards

Other new and amended standards that have been adopted in the annual financial statements for the year ended 31 December 2020, but have not had a significant effect on the company are:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative - Definition of Material); and

- Revisions to the Conceptual Framework for Financial Reporting.

NOTE 2. BASIS OF PREPARATION (CONT'D)

(g) Changes in Accounting Policies (Cont'd)

B. New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the company has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2022:

- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract;*
- Amendments to IAS 16 *Property, Plant and Equipment: Proceeds before Intended Use;*
- Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 *Annual Improvements to IFRS Standards 2018-2020; and*
- Amendments to IFRS 3 *References to Conceptual Framework.*
- IFRS 17 Insurance Contracts *(effective 1 January 2023) - In June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023.*

Since the company is currently assessing the impact of these new accounting standards and amendments, the impact has not yet been determined.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Allowance for Doubtful Debts

The group establishes an allowance for any doubtful debts based on a review of all outstanding amounts individually at year end. Bad debts are written off during the period when they are identified.

The group periodically assesses whether there is any objective evidence of impairment. Trade and other receivables are presented net of allowances for doubtful debts. The group has individually assessed allowances against individually significant trade and other receivables.

b) Cash and Cash Equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise cash on hand, cash in banks and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

c) Dividend Distribution

Dividend distribution to the holding company's shareholders is recognised as a liability in holding company's and group's financial statements in the period in which the dividends are declared by the company's directors.

d) Earnings Per Share

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing profit or loss after income tax attributable to members of the holding company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

e) Expenditure Recognition

Expenses are recognised in the profit or loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the investment properties and property, plant and equipment in a state of operational service has been charged to the statements of profit or loss.

For the purpose of presentation of the statements of profit or loss and other comprehensive income, the "function of expenses" method has been adopted, on the basis that it fairly presents the elements of the holding company's and group's performance.

f) Financial Assets

The group classifies its financial assets in the following categories: loans and receivables, held-to-maturity investments and financial assets at fair value through profit or loss. The classification depends on the nature and purpose for which the financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after balance date, which are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' as disclosed in the statements of financial position (Note 9). Bad debts are written off during the period in which they are identified.

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are carried at amortised cost using the effective interest method less any impairment.

Held-to-maturity investments in commercial banks and financial institutions by the group are recorded at their amortised cost and not re-measured to market values as they are considered likely to be held to maturity in line with investment objectives and fixed price nature of the investments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprises of equity investments in listed and unlisted companies.

Financial assets at fair value through profit or loss has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months.

Financial assets at fair value through profit or loss are measured initially and subsequently at fair value, and gains and losses arising from changes in fair value are included in the statements of profit or loss.

Transaction costs are recognised in the statements of profit or loss. Dividend income is recognised in the statements of profit or loss as part of other revenue when the holding company's right to receive payments is established.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Foreign Currency Translations

Transactions and balances

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in the profit or loss in the period in which they arise.

Foreign controlled entity

As the foreign controlled subsidiary company of the group, VanCare Insurance Limited, is a self-sustaining entity, its assets and liabilities are translated to Fiji dollar at the average year-end buying and selling exchange rates, while its revenues and expenses are translated at the average of buying and selling rates ruling during the year. Exchange differences arising on translation are taken to the foreign currency translation reserve.

h) Impairment of Non-Financial assets

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

i) Income Tax

Current tax

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

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Income Tax (Cont'd)

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset and liability giving rise to them are recognised or settled, based on tax rates and tax laws that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statements of profit or loss except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

Capital Gains Tax

Capital Gains Tax (CGT) is applicable at 10% on capital gains realised on the sale or disposal of 'capital assets' as set out in the Income Tax Act. Accordingly, the group provides for deferred tax liability that may arise if capital assets stated at fair values are ultimately sold or traded.

j) Insurance Contracts

General

All of the general insurance products and reinsurance products on offer, or utilised, meet the definition of an insurance contract (a contract under which one party, the insurer, accepts significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholder if a specified uncertain future event, the insured event, adversely affects the policyholder) and none of the contracts contain embedded derivatives or are required to be unbundled. Insurance contracts that meet the definition of a financial guarantee contract are accounted for as insurance contracts. This means that all of the general insurance products are accounted for in the same manner.

i) Premium income

Premium revenue comprises amounts charged to policyholders (direct premium) for insurance contracts. Premium is recognised as earned on a proportionate basis over the period for which cover is provided using the 365 days pro-rata method.

The unearned portion of premium is recognised as an unearned premium liability on the statements of financial position.

ii) Reinsurance premium

Reinsurance premium is recognised as an expense on a proportionate basis over the period for which cover is provided.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Insurance Contracts (Cont'd)

ii) Reinsurance premium (Cont'd)

Accordingly, a portion of reinsurance premium expense is deferred and presented as deferred reinsurance expenses on the statements of financial position at the reporting date.

iii) Deferred commission costs

Commission cost paid to agents and brokers associated with obtaining general insurance contracts are referred to as acquisition cost. These costs are presented as deferred commission costs and are amortised and charged to expenses on the same basis as the recognition of premium income. The balance of the deferred commission costs at the reporting date represents the commission costs relating to unearned premium.

iv) Provision for outstanding claims

Provision for outstanding claims are stated net of amounts recoverable from reinsurers and are assessed by reviewing individual claims. Provision is assessed after taking into account claim information available at the time the claim is received or additional information brought to the notice of the holding company and the group till reporting date. Whilst all reasonable steps are taken to ensure that adequate information is obtained, given the uncertainty in claims provision, it is likely that the final outcome will differ from the original liability established.

Provision is also made for insurance claims incurred but not reported (IBNR). Provision for IBNR is also assessed by the management on an annual basis based on the latest available actuarial valuation report and recent claims experience and underwriting results. Valuation is obtained from independent licensed actuaries for the adequacy of provision for claims incurred but not reported on a periodic basis. Actuaries use appropriate actuarial valuation methods to value the liabilities to help inform the choice of the most appropriate method and to help assess the inherent estimation errors. Actuaries selected the method that gave the highest answer based on the holding company and the group's own data and increased where the benchmark gave a higher answer and weighted the valuation towards higher side.

Provision is also made for claim administration expenses in accordance with guidelines issued by Reserve Bank of Fiji.

Claims expenses represent claim payments adjusted for the movement in the outstanding claims liability.

k) Intangible Assets

Computer software is recorded at cost less accumulated amortisation and any impairment losses. Amortisation is charged on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each financial year.

l) Investment Properties

Investment properties principally comprising freehold land and buildings are held to earn rentals and/or for capital appreciation, are measured initially at its cost including transaction costs.

Investment properties are stated in the statements of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

m) Leases

At inception of a contract, the holding company and the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the holding company and the group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the holding company and the group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the holding company and the group has the right to direct the use of the asset. The holding company and the group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the holding company and the group has the right to direct the use of the asset if either:

  - the holding company and the group has the right to operate the asset; or

  - the holding company and the group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019. At inception or on reassessment of a contract that contains a lease component, the holding company and the group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the holding company and the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Policy applicable as a lessee

The holding company and the group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the holding company and the group's incremental borrowing rate. Generally, the holding company and the group uses its incremental borrowing rate as the discount rate.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases (Cont'd)

Policy applicable as a lessee (Cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the holding company and the group is reasonably certain to exercise, lease payments in an optional renewal period if the holding company and the group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the holding company and the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the holding company and the group's estimate of the amount expected to be payable under a residual value guarantee, or if the holding company and the group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The holding company and the group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The holding company and the group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Assets held under other leases were classified as operating leases and were not recognised in the holding company and the group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

Policy applicable as a lessor

When the holding company and the group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the holding company and the group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the holding company and the group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the holding company and the group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the holding company and the group applies the exemption described above, then it classifies the sub-lease as an operating lease.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Leases (Cont'd)

Policy applicable as a lessor (cont'd)

If an arrangement contains lease and non-lease components, the holding company and the group applies IFRS 15 to allocate the consideration in the contract.

The holding company and the group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

The accounting policies applicable to the holding company and the group as a lessor in the comparative period were not different from IFRS 16. However, when the holding company and the group was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

n) Segment Reporting

Operating Segment

An operating segment is a component of the group which may earn revenues and incur expenses and the operating results are regularly reviewed by the group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

Geographic Segment

A geographical segment constitutes the provision of products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments. The group operates in Fiji and Vanuatu.

o) Property, Plant and Equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Freehold land and buildings are stated at fair value, less any subsequent accumulated depreciation and impairment losses. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Any revaluation increase arising on the revaluation of such property is credited as other comprehensive income in the statements of profit or loss and other comprehensive income and recorded as revaluation reserve in the statements of changes in equity. Decreases that off-set previous increases of the same asset are charged against other comprehensive income and revaluation reserves in the equity; all other decreases are charged as expense in the statements of profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred to retained earnings.

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

Depreciation is provided on property, plant and equipment, including buildings but excluding freehold land. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o) Property, Plant and Equipment (Cont'd)

Freehold land is not depreciated. Depreciation on other assets is calculated on a straight-line basis over their estimated useful lives using the following rates:

Buildings	2.5%
Furniture, fittings and office equipment	10% - 40%
Motor vehicles	20%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are taken into account in determining the results for the year.

p) Provision for Employee Entitlements

Wages and salaries

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are accrued up to the reporting date.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Annual leave

The liability for annual leave is recognised in the provision for employee benefits. Liabilities for annual leave are expected to be settled within 12 months of the reporting date and are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Bonus plans

The group pays bonuses to employees based on performance of the group and achievement of individual objectives by the employees. The group accrues bonuses where contractually obliged or where there is a past practice, subject to performance evaluation.

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred.

q) Reinsurance Contracts

The holding company and the group cedes insurance risk in the normal course of business for most categories of its insurance policies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and/or reinsurance contract terms.

Ceded reinsurance arrangements do not relieve the holding company and the group from its obligation to policyholders.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r) Finance Income and Finance Costs

The holding company and group's finance income and finance costs include:

- interest income on advances;
- bank and loan administration charges; and
- impairment losses (and reversals) on investments in debt securities carried at amortised cost.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

s) Fair Value Measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in its absence, the most advantageous market to which the holding company and the group has access at that date. The fair value of a liability reflects its non performance risk.

When one is available, the holding company and the group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the holding company and the group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the holding company and the group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the holding company and the group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

t) Revenue Recognition

The holding company and the group receives premium income from policyholders as compensation for underwriting insurance risks. The holding company and the group recognises revenue at an amount that reflects the consideration to which it expects to be entitled in exchange for underwriting those insurance risks, using a five-step model for each revenue stream as prescribed in IFRS 15. The five-step model is as follows:

- Identification of the contract;
- Identification of separate performance obligations for each good or service;
- Determination of the transaction price;
- Allocation of the price to performance obligations; and
- Recognition of revenue.

Revenue recognition with respect to the holding company and the group's specific business activities are as follows:

(i) Premium revenue comprises amounts charged to policyholders (direct premium) for insurance contracts. Premium is recognised as earned on a proportionate basis over the period for which cover is provided using the 365 days pro-rata method. The unearned portion of premium is recognised as an unearned premium liability on the statements of financial position.

(ii) Dividend income from investments is recognised when the right to receive dividend is established.

(iii) Revenue from rendering of management services are recognised upon rendering of services.

(iv) Rental income is recognised on an accrual basis. Rental income represents income earned from renting out of building space and is stated net of Value Added Tax.

(v) Interest income is recognised on a time-proportion basis using the effective interest method.

u) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

v) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful debts. An allowance for doubtful debts of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Allowance is made on a specific debtor level. Significant financial difficulties of the debtors and default or delinquency in payments are considered indicators that a specific debtor balance is assessed to be doubtful. Doubtful debts assessed at a collective level is based on past experience and data in relation to actual write-offs.

Subsequent recoveries of amounts previously written off are credited in the statements of profit or loss and other comprehensive income.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that a specific debtor balance is assessed to be doubtful.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

v) Trade Receivables (Cont'd)

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statements of profit or loss and other comprehensive income within administration and operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statements of profit or loss and other comprehensive income.

w) Trade and Other Payables

Trade and other payables are recognised when the group becomes obliged to make future payments resulting from the purchase of goods and services.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

x) Value Added Tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of Value Added Tax (VAT), except:

i) Where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset or as part of an item of expense; and
ii) For trade receivables and trade payables which are recognised inclusive of VAT.

The amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

The VAT component of cash flows arising from operating and investing activities which is recoverable from or payable to, the taxation authority is classified as operating cash flows.

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In application of the group's accounting policies, which are described in Note 3, the directors and the management are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year and in future are have been disclosed under the following notes to the financial statements:

Note 3(j)(iv) - Provision for outstanding claims
Note 3 (j)(iv) - Actuarial valuation – claims incurred but not reported
Note 3(o) - Fair value measurement
Note 3(v) - Impairment of accounts receivable
Note 3(h) - Impairment of property, plant and equipment and investment properties

NOTE 5. REVENUE

	Consolidated		Holding Company	
	2020	2019	2020	2019
	$	$	$	$
Gross written premium	31,788,799	33,786,946	28,753,947	30,777,808
Reinsurance premium	(563,621)	(764,035)	(167,587)	(394,513)
	31,225,178	33,022,911	28,586,360	30,383,295
Unearned premium, net movement	1,808,458	(1,192,328)	1,782,262	(1,608,884)
Total revenue, net	33,033,636	31,830,583	30,368,622	28,774,411

NOTE 6. COMMISSION EXPENSE

Commission expense	3,392,701	3,047,839	3,051,759	2,677,711

NOTE 7. OTHER REVENUE

Dividend income	42,554	64,596	600,585	564,596
Gain on sale of motor vehicle	15,977	35,612	15,977	25,787
Interest income	575,405	647,081	522,211	562,788
Management fees	-	-	85,800	87,800
Rental income	76,149	89,790	76,149	89,790
Fair value gain on equity investments, net	18,914	1,303,302	18,914	1,303,302
Grant income (a)	150,000	326,564	150,000	326,564
Miscellaneous income, net	52,855	28,451	16,585	30,890
Total other revenue, net	931,854	2,495,396	1,486,221	2,991,517

(a) The holding company entered into a grant agreement with United Nations Capital Development Fund for receipt of grant relating to Micro Insurance Project. The Micro Insurance Project intends to provide applicable citizens with term life and non-life insurance covers. The holding company upgraded its Software, IT Infrastructure and provided awareness to the people of Fiji about insurance and its benefit.

NOTE 8. INCOME TAX

Income Tax Rate

Income tax expense for the year ended 31 December 2020 has been computed using tax rate of 10% for the holding company and 0% for the subsidiary company, VanCare Insurance Limited. Deferred tax assets and liabilities have been computed using tax rate of 10% for the holding company.

a) Income tax expense

The prima facie income tax payable on profit is reconciled to the income tax expense as follows:				
Profit before income tax	1,620,123	4,626,820	1,034,985	3,981,549
Prima facie income tax expense	103,499	398,155	103,499	398,155

NOTE 8. INCOME TAX (CONT'D)	Consolidated		Holding Company	
	2020	2019	2020	2019
	$	$	$	$
a) Income tax expense (Cont'd)				
Tax effect of:				
Non-taxable income	(61,950)	(186,790)	(61,950)	(186,790)
Non-deductible expenses and concessions	(13,173)	13,224	(13,173)	13,224
Over provision of income tax in prior year	(5,581)	(2,677)	(5,581)	(2,677)
Income tax expense	22,795	221,912	22,795	221,912
Income tax expense comprises movement in:				
Current tax liabilities	14,480	231,058	14,480	231,058
Deferred tax assets	4,664	(4,579)	4,664	(4,579)
Deferred tax liability	3,651	(4,567)	3,651	(4,567)
	22,795	221,912	22,795	221,912
b) Current tax assets				
Movements during the year were as follows:				
Balance at the beginning of the year	8,743	(110,538)	8,743	(110,538)
Tax liability for the current year	(14,480)	(231,058)	(14,480)	(231,058)
Advance taxes paid during the year	165,529	309,056	165,529	309,056
Transfer from VAT Account	-	6,986	-	6,986
Tax deducted at source – resident interest withholding tax	61,909	34,297	61,909	34,297
Balance at the end of the year	221,701	8,743	221,701	8,743
c) Deferred tax assets				
Deferred tax assets comprise the estimated future benefit at future income tax rate in respect to the following:				
Difference between Right of Use Asset and Lease Liabilities	531	1,060	531	1,060
Allowance for doubtful debts	5,000	5,000	5,000	5,000
Provision for employee entitlements	14,310	18,445	14,310	18,445
Total deferred tax assets	19,841	24,505	19,841	24,505
d) Deferred tax liabilities				
Deferred tax liabilities comprise the estimated future expense at future income tax and capital gains tax rate in respect to the following:				
Difference in cost base of investment properties and plant and equipment for accounting and income tax purposes	139,211	135,560	139,211	135,560
Unrealized gain on investment in unlisted shares	6,509	6,509	6,509	6,509
Total deferred tax liabilities	145,720	142,069	145,720	142,069

NOTE 9. TRADE AND OTHER RECEIVABLES

	Consolidated		Holding Company	
	2020	2019	2020	2019
	$	$	$	$
Current				
Trade receivables (a)	8,473,685	10,152,647	8,478,623	10,152,213
Less: allowance for doubtful debts	(50,000)	(50,000)	(50,000)	(50,000)
	8,423,685	10,102,647	8,428,623	10,102,213
Receivable from VanCare Insurance Limited (b)	-	-	47,145	473,372
Receivable from Premium Holdings Pte Limited (c)	-	78,080	-	78,080
Other advances (d)	42,922	35,060	42,922	35,060
Prepayments	326,742	120,956	319,641	118,933
Deposits	303,286	38,100	296,821	31,870
Other receivables	899,679	894,432	877,263	872,360
Total current trade and other receivables, net	9,996,314	11,269,275	10,012,415	11,711,888
Non-current				
Other advances (d)	115,623	189,014	115,623	189,014
Other receivables	40,104	24,593	40,104	24,593
Total non-current trade and other receivables	155,727	213,607	155,727	213,607

(a) Trade receivables principally comprise of premium amounts outstanding from policyholders. Trade receivables are non-interest bearing and generally settled on 30 – 60 days term.

(b) Receivable from VanCare Insurance Limited is in relation to reimbursement of expenses paid on behalf of VanCare Insurance Limited, management fees, interest and reinsurance premium income. Balance is subject to interest and repayable on demand.

(c) Receivable from director related entity, Premium Holdings Pte Limited, relates to rent, management fees and other balances which has been fully paid during the year.

(d) Other advances are secured and subject to interest and principal amount is repayable by 2022.

NOTE 10. FINANCIAL ASSETS

(a) Held-to-maturity investments

	Consolidated 2020	Consolidated 2019	Holding Company 2020	Holding Company 2019
Current				
Term investments with commercial banks and financial institutions	13,606,617	12,544,740	12,859,942	11,358,866
Non-current				
Term investments with commercial banks and financial institutions	200,000	398,344	200,000	200,000

NOTE 10. FINANCIAL ASSETS (CONT'D)

	Consolidated		Holding Company	
	2020	2019	2020	2019
(b) Financial assets at fair value through profit or loss	$	$	$	$
Equity Investments				
Investments in listed companies	3,969,310	3,724,277	3,969,310	3,724,277
Investments in Fiji Gas Limited	89,701	89,701	89,701	89,701
	4,059,011	3,813,978	4,059,011	3,813,978

(c) Valuation of Financial Assets

The holding company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: fair value on investment in listed companies is calculated using quoted prices (unadjusted) in active markets for identical assets.

Level 2: fair value on investment in Fiji Gas Limited and held-to-maturity investments are calculated using inputs other than quoted market prices included within Level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices).

Reconciliation of financial assets at fair value through profit or loss				
Balance at 1 January	3,813,978	2,183,175	3,813,978	2,183,175
Add: Fair value gain on investment in listed / unlisted companies, net	18,914	1,303,302	18,914	1,303,302
Add: Purchase of financial assets at fair value through profit or loss	226,119	327,501	226,119	327,501
Balance at 31 December	4,059,011	3,813,978	4,059,011	3,813,978
(d) Investment in subsidiary company (Note 26)				
Investment in VanCare Insurance Limited	-	-	609,921	609,921
	-	-	609,921	609,921

NOTE 11. DEFERRED COSTS

Deferred commission expenses				
Total deferred costs	1,190,378	1,182,106	1,082,666	1,073,696

NOTE 12. INVESTMENT PROPERTIES

	Freehold Land	Building	Total
	($)	($)	($)
Balance at 31 December 2019 and 2020	845,000	1,725,000	2,570,000

In December 2017, land and buildings were revalued by the directors based on independent valuation by registered valuer. The valuation methodology adopted by the valuer were Market Value Method.

The investment properties were valued at $2,570,000. The group uses valuation techniques that include valuation assessment and estimates based on observable and non-observable market data and observable internal financial data to estimate the fair value of investment properties. The directors believe that that chosen valuation techniques and assumption used were appropriate in determining the fair value of investment properties. The directors believe that the fair value of investment properties have not significantly increased from fair values as at 31 December 2017 and the company would be carrying out independent valuation of investment properties in 2021.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated				
	Leasehold improvement	Furniture, fittings and office equipment	Motor vehicles	Work in progress	Total
	($)	($)	($)	($)	($)
Gross carrying amount					
Balance at 1 January 2019	-	750,829	324,999	20,989	1,096,817
Additions	-	189,942	-	-	189,942
Transfer	20,989	-	-	(20,989)	-
Disposals	-	-	(33,826)	-	(33,826)
Balance at 31 December 2019	20,989	940,771	291,173	-	1,252,933
Additions	55,009	74,653	-	-	129,662
Disposals	-	-	(73,938)	-	(73,938)
Balance at 31 December 2020	75,998	1,015,424	217,235	-	1,308,657
Accumulated depreciation					
Balance at 1 January 2019	-	481,890	161,272	-	643,162
Depreciation expense	525	129,550	43,682	-	173,757
Disposals	-	-	(18,306)	-	(18,306)
Balance at 31 December 2019	525	611,440	186,648	-	798,613
Depreciation expense	613	154,788	23,876	-	179,277
Disposals	-	-	(62,087)	-	(62,087)
Balance at 31 December 2020	1,138	766,228	148,437	-	915,803
Net book value					
As at 31 December 2019	20,464	329,331	104,525	-	454,320
As at 31 December 2020	74,860	249,196	68,798	-	392,854

NOTE 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Holding Company				
	Leasehold improvement	Furniture, fittings and office equipment	Motor vehicles	Work in progress	Total
	($)	($)	($)	($)	($)
Gross carrying amount					
Balance at 1 January 2019	-	720,818	267,266	20,989	1,009,073
Additions	-	168,963	-	-	168,963
Transfer	20,989	-	-	(20,989)	-
Disposal	-	-	(19,500)	-	(19,500)
Balance at 31 December 2019	20,989	889,781	247,766	-	1,158,536
Additions	55,009	74,653	-	-	129,662
Disposal	-	-	(73,938)	-	(73,938)
Balance at 31 December 2020	75,998	964,434	173,828	-	1,214,260
Accumulated depreciation					
Balance at 1 January 2019	-	467,669	149,216	-	616,885
Depreciation expense	525	124,146	35,212	-	159,883
Disposal	-	-	(7,800)	-	(7,800)
Balance at 31 December 2019	525	591,815	176,628	-	768,968
Depreciation expense	613	147,260	15,466	-	163,339
Disposal	-	-	(62,087)	-	(62,087)
Balance at 31 December 2020	1,138	739,075	130,007	-	870,220
Net book value					
As at 31 December 2019	20,464	297,966	71,138	-	389,568
As at 31 December 2020	74,860	225,359	43,821	-	344,040

NOTE 14. INTANGIBLE ASSETS

	Consolidated		Holding Company	
	2020	2019	2020	2019
	$	$	$	$
Computer software	1,538,904	1,304,343	1,361,888	1,148,025
Less: accumulated amortisation	(1,192,410)	(1,044,915)	(1,049,362)	(938,480)
Total intangible assets, net	346,494	259,428	312,526	209,545

NOTE 15. TRADE AND OTHER PAYABLES

Payable to reinsurers	313,926	519,779	313,926	519,779
Other payables and accrued liabilities	1,079,478	1,314,425	840,753	1,030,054
Total trade and other payables	1,393,404	1,834,204	1,154,679	1,549,833

Trade payables principally comprise amounts outstanding for reinsurance premium and on-going costs. Trade payables are non-interest bearing and generally settled on 30 - 90 days term.

NOTE 16. INSURANCE CONTRACT LIABILITIES	**Consolidated**		**Holding Company**	
	2020	**2019**	**2020**	**2019**
	$	**$**	**$**	**$**
Unearned premiums				
Unearned premiums as at 1 January	14,525,101	13,375,542	13,512,894	11,904,011
Movement during the year, net	(1,770,703)	1,149,559	(1,782,261)	1,608,883
Balance as at 31 December	12,754,398	14,525,101	11,730,633	13,512,894
Outstanding claims				
Gross outstanding claims as at 1 January	2,642,309	2,096,025	2,485,119	1,780,180
Movement during the year, net	844,117	546,284	783,699	704,939
Balance as at 31 December	3,486,426	2,642,309	3,268,818	2,485,119
Less: Reinsurance recoveries	130,902	130,902	130,902	130,902
Outstanding claims, net	3,355,524	2,511,407	3,137,916	2,354,217
Claims administration provision				
Claims administration provision as at 1 January	255,027	203,919	208,771	166,093
Movement during the year, net	8,566	51,108	(9,435)	42,678
Balance as at 31 December	263,593	255,027	199,336	208,771
Claims incurred but not reported				
Claims incurred but not reported as at 1 January	3,424,042	2,474,634	2,656,119	1,994,670
Movement during the year, net	483,849	949,408	184,240	661,449
Claims incurred but not reported, net	3,907,891	3,424,042	2,840,359	2,656,119
Catastrophic provision (a)	330,915	229,017	-	-
Total insurance contract liabilities, net	20,612,321	20,944,594	17,908,244	18,732,001

(a) The subsidiary company, VanCare Insurance Limited is required to make a contingency provision referred to as a catastrophic provision which is 3% of total gross premiums under the Insurance Act of Vanuatu.

NOTE 17. EMPLOYEE ENTITLEMENTS

Current				
Provision for annual leave	79,419	105,147	64,418	94,328
Provision for severance	34,109	20,559	-	-
Provision for long service leave	52,590	94,824	52,590	94,824
Total current employee entitlements	166,118	220,530	117,008	189,152

NOTE 18. SHARE CAPITAL

	Consolidated		Holding Company	
	2020	2019	2020	2019
	$	$	$	$
Issued and paid up capital				
Balance as at 1 January 2020: 8,607,742 ordinary shares (2019: 8,484,194 ordinary shares)	5,043,662	4,826,213	5,043,662	4,826,213
Additional ordinary shares issued (a)	-	217,449	-	217,449
Balance as at 31 December 2020: 8,607,742 ordinary shares	5,043,662	5,043,662	5,043,662	5,043,662

(a) It was resolved that no dividend reinvestment option will be made available after consideration of the company's financial position. In prior year, 123,548 additional ordinary shares at $1.76 per share were issued by way of dividend reinvestment option exercised.

NOTE 19. DIVIDENDS

Final dividend	688,619	678,736	688,619	678,736

NOTE 20. PROFIT BEFORE INCOME TAX

Profit before income tax has been determined after charging the following expenses:

Auditor's remuneration for:				
- Audit fees	35,670	37,540	28,000	30,500
- Other services	24,749	30,235	24,749	28,406
Consultancy fees	13,044	32,336	16,032	7,769
Actuarial services	106,342	92,998	106,342	92,998
Directors' fees	71,301	66,924	48,333	44,054
FNPF contribution	77,633	184,700	67,226	171,283
Salaries, wages, training levy and allowances	1,164,785	1,439,229	1,011,453	1,254,464

NOTE 21. NOTES TO THE STATEMENTS OF CASH FLOWS

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balance with banks. Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

Cash on hand and at bank	5,917,289	5,762,556	1,103,972	2,325,970
Total cash and cash equivalents	5,917,289	5,762,556	1,103,972	2,325,970

b) Non-Cash Financing Activities

Dividends

In prior year, the holding company declared dividends of $678,736 out of which $217,449 was re-invested under the dividend reinvestment option. The consideration for the dividend re-invested was issue of 123,548 shares at $1.76 per share. These re-investment transactions are not reflected in the statements of cash flows.

NOTE 22. EARNINGS PER SHARE

	Consolidated	
	2020	2019
	$	$
Profit for the year used in calculating earnings per share	1,597,328	4,404,908
Weighted average number of ordinary shares outstanding used in calculating basic earnings per share	8,607,742	8,545,460
Weighted average number of ordinary shares outstanding used in calculating diluted earnings per share	8,607,742	8,545,460
Basic and diluted earnings per share - cents	18.56	51.55

NOTE 23. LEASES

	Group		Holding Company	
	2020	2019	2020	2019
	$	$	$	$
As a lessee				
(a) Right-of-use assets				
Balance at 1 January	347,911	129,408	347,911	129,408
Additions for the year	-	367,172	-	367,172
Depreciation charge for the year	(152,629)	(148,669)	(152,629)	(148,669)
Balance at 31 December	195,282	347,911	195,282	347,911
Lease liabilities				
Maturity analysis - contractual undiscounted cash flows				
Less than one year	163,084	167,389	163,084	167,389
One to five years	55,712	214,492	55,712	214,492
Total undiscounted lease liabilities at 31 December	218,796	381,881	218,796	381,881
(b) Lease liabilities included in the statement of financial position at 31 December				
Current	155,400	151,177	155,400	151,177
Non-current	55,791	207,335	55,791	207,335
	211,191	358,512	211,191	358,512
Amounts recognised in profit or loss				
Interest on lease liabilities	15,765	23,837	15,765	23,837
Variable and short term lease payments not included in the measurement of lease liabilities	20,718	20,718	-	-
	36,483	44,555	15,765	23,837
Amounts recognised in the statement of cash flows				
Total cash outflow for leases	147,321	138,068	147,321	138,068

NOTE 23. LEASES (CONT'D)

	Consolidated		Holding Company	
	2020 $	2019 $	2020 $	2019 $
Reconciliation of movement of liabilities to cash flows from financing activities				
Balance at 1 January	358,512	129,408	358,512	129,408
Changes from financing cash flows				
Payment of lease liabilities	(147,321)	(138,068)	(147,321)	(138,068)
Total changes from financing cash flows	(147,321)	(138,068)	(147,321)	(138,068)
Other changes - liability related				
New lease liabilities	-	367,172	-	367,172
Interest expense of lease liabilities	15,765	23,837	15,765	23,837
Interest paid of lease liabilities	(15,765)	(23,837)	(15,765)	(23,837)
Total liability related other changes	-	367,172	-	367,172
Balance at 31 December	211,191	358,512	211,191	358,512

NOTE 24. COMMITMENTS

a) Capital expenditure commitments as at 31 December 2020 amounted to $2,744,000 mainly for purchase of land (2019: $ Nil).

	Consolidated 2020 $	Consolidated 2019 $	Holding Company 2020 $	Holding Company 2019 $
b) Operating lease expense commitments contracted for rentals and services are as follows:				
Not later than one year	110,272	46,186	94,004	25,472
Total operating lease expense commitments	110,272	46,186	94,004	25,472
c) Operating lease income commitments contracted for rentals are as follows:				
Not later than one year	76,149	100,899	76,149	100,899
Later than one year but not five years	-	5,500	-	5,500
Total operating lease income commitments	76,149	106,399	76,149	106,399

d) The subsidiary company, VanCare Insurance Limited is committed to pay the holding company, FijiCare Insurance Limited, management fees of $84,000 per annum.

NOTE 25. CONTINGENT LIABILITIES

	Consolidated		Holding Company	
	2020	2019	2020	2019
	$	$	$	$
Contingent liabilities exist with respect to the following:				
Indemnity guarantees	750	750	750	750
Litigations (a)	56,559	56,559	56,559	56,559
Total contingent liabilities	57,309	57,309	57,309	57,309

(a) The holding company is subject to certain claims arising in the ordinary course of business. On the basis of advice received from the solicitors representing the holding company and assessment carried out by the management, the directors are confident that no significant liability, is expected to eventuate.

NOTE 26. INVESTMENTS IN SUBSIDIARY COMPANY

Entity	Place of Incorporation	% Owned	Investment Book Value 2020 ($)	Investment Book Value 2019 ($)
VanCare Insurance Limited	Vanuatu	100%	609,921	609,921
			609,921	609,921

NOTE 27. SEGMENT INFORMATION

(a) Operating segments

The group operates predominantly in the insurance industry.

		Medical and Health	Term Life	General Insurance	Group Total
		$	$	$	$
Revenue	Dec 20	18,403,514	9,038,890	5,591,232	33,033,636
	Dec 19	16,948,022	9,640,139	5,242,422	31,830,583
Result (Revenue less allocated costs)	Dec 20	(2,162,677)	931,981	2,864,516	1,633,820
	Dec 19	1,286,143	(1,258,417)	3,080,675	3,108,401
Add: **Unallocated - other revenue:** Dividend income, interest income, rental income, fair value gain on equity investments and on investment properties, gain on sale of fixed assets and miscellaneous income	Dec 20				931,854
	Dec 19				2,495,396
Less: **Unallocated – expenses and income tax**	Dec 20				968,346
	Dec 19				1,198,889
Profit after income tax	Dec 20				1,597,328
	Dec 19				4,404,908

NOTE 27. SEGMENT INFORMATION (Cont'd)

Segment assets and liabilities

Assets and liabilities cannot be reasonably allocated between the operating segments. Accordingly, this information has not been provided under segment information.

Additional information

Similarly, depreciation and other non-cash items cannot be reasonably allocated between the operating segments. Accordingly, this information has not been provided under segment information.

(b) Geographical segment

The group operates in Fiji and Vanuatu.

Revenue from Fiji and Vanuatu operations amounts to $30,368,622 and $2,665,014, respectively. Profit after income tax from Fiji and Vanuatu operations amounts to $1,012,190 and $585,138, respectively.

NOTE 28. RELATED PARTY DISCLOSURES

(a) Directors

The names of persons who were directors of the holding company at any time during the financial year are as follows:

Dumith Fernando – Chairman
Peter McPherson
Avinesh Raju
Jenny Seeto (appointed on 1 November 2020)
Sylvain Flore (appointed on 1 November 2020)

(b) Holding company transactions with related parties

Transactions with related parties during the year ended 31 December 2020 and 2019 with approximate transaction values are summarized as follows:

Related Party	Relationship	Nature of transaction	2020 ($)	2019 ($)
VanCare Insurance Limited	Subsidiary company	Various expenses paid on behalf of the subsidiary to be reimbursed	19,612	26,591
		Management fees	84,000	77,000
		Reinsurance premium income	402,724	377,267
PremiumCare Medical Centre	Director related entity	Rental income	34,899	34,899
		Management fees	1,800	5,400

(c) Amounts due to and receivable from related parties:

Appropriate disclosure of these amounts is contained in Note 9 to the financial statements.

(d) Ownership Interests

The ownership interests in subsidiary company is disclosed in Note 26.

NOTE 28. RELATED PARTY DISCLOSURES (CONT'D)

(e) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the year, Managing Director, Executive Director, Group Chief Operating Officer, Group Chief Financial Officer, Group Chief Information Officer, Group Chief Marketing Officer, Business Development Manager, Micro Insurance Manager and Claims Manager were identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the holding company and the group.

The remuneration of the key management personnel during the year was as follows:

	2020	2019
	$	$
Salaries and other short-term employee benefits	1,142,325	1,102,641
Director fees – executive	51,301	45,753

NOTE 29. INSURANCE CONTRACTS RISK MANAGEMENT

A key risk from operating in the general insurance industry is the exposure to insurance risk arising from underwriting general insurance contracts. The insurance contracts transfer risk to the insurer by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events. The risk is that the actual amount of claims to be paid in relation to contracts will be different to the amount estimated at the time a product was designed and priced.

The consolidated entity is exposed to this risk because the price for a contract must be set before the losses relating to the product are known. Hence the insurance business involves inherent uncertainty. The consolidated entity also faces other risks relating to the conduct of the general insurance business including financial risks.

A fundamental part of the overall risk management strategy is the effective governance and management of the risks that impact the amount, timing and uncertainty of the cash flows arising from insurance contracts.

(a) Risk management objectives and policies for mitigating insurance risk

The insurance activities primarily involve the underwriting of risks and the management of claims. A disciplined approach to risk management is adopted rather than a premium volume or market share oriented approach. It is believed this approach provides the greatest long term likelihood of being able to meet the objectives of all stakeholders, including policyholders, lenders and equity holders.

The risk management activities can be broadly separated into underwriting (acceptance and pricing risk), claims management and investment management. The objective of these risk management functions is to enhance the longer term financial performance of the overall insurance operations.

NOTE 29. INSURANCE CONTRACTS RISK MANAGEMENT (CONT'D)

(a) Risk management objectives and policies for mitigating insurance risk (Cont'd)

The key policies in place to mitigate risks arising from underwriting insurance contracts include the following:

- Acceptance of risk – Insurance and reinsurance policies are written in accordance with local management practices and regulations within each jurisdiction. Maximum limits are set for the acceptance of risk on an individual contract basis. Management information systems are maintained that provide up-to-date, reliable data on the risks to which the business is exposed at any point in time. Efforts are made, to ensure there is no misalignment between what policyholders perceive will be paid when a policy is initially sold and what is actually paid when a claim is made.

- Pricing – Statistical models are used which combine historical and projected data to calculate premiums and monitor claims patterns for each class of business. The data used includes historical pricing and claims analysis for each class of business as well as current developments in the respective markets and classes of business.

- Reinsurance – Reinsurance is used to limit exposure to large single claims and the accumulation of claims that arise from the same event or the accumulation of similar events. Reinsurers' credit risks are monitored to control exposure to reinsurance counterparty default.

- Claims management – Initial claim determination is managed by claims officers with the requisite degree of experience and competence with the assistance, where appropriate, or other party with specialist knowledge. It is the group's policy to respond and settle claims quickly whenever possible and to pay claims fairly, based on the policyholder's full entitlements.

- Investment management – Assets and liabilities are managed so as to effectively match the expected pattern of claims payments with the assets that are held to back insurance liabilities.

(b) Terms and conditions of insurance contracts

The terms and conditions attaching to insurance contracts affect the level of insurance risk accepted. Insurance contracts are generally entered into on an annual basis and at the time of entering into a contract all terms and conditions are negotiable or, in the case of renewals, renegotiable. The majority of direct insurance contracts written are entered into on a standard form basis. Non-standard and long term policies may only be written if expressly approved by a person with appropriate delegated authority. There are no special terms and conditions in any non-standard contracts that would have a material impact on the financial statements.

(c) Credit risk

Financial assets or liabilities arising from insurance contracts are presented in the statement of financial position at the amount that best represents the maximum credit risk exposure at the reporting date.

The credit risk relating to insurance contracts relates primarily to premium receivable which is due from individual policyholders and intermediaries (brokers and agents). The brokers and agents collect premium from policyholders and remit the monies to the insurer in accordance with contractual arrangements. The recoverability of premium receivable is assessed and provision is made for impairment based on objective evidence and having regard to past default experience.

NOTE 29. INSURANCE CONTRACTS RISK MANAGEMENT (CONT'D)

(d) Operational risk

Operational risk is the risk of financial loss (including lost opportunities) resulting from external events and/or inadequate or failed internal processes, people and systems to perform as required. Operational risk can have overlaps with all of the other risk categories. When controls fail, operational risks can cause damage to reputation, can have legal or regulatory implications or can lead to financial loss. The group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, is able to manage risks.

Operational risk is identified and assessed on an ongoing basis and the capital management strategy includes consideration of operational risk. Management and staff are responsible for identifying, assessing and managing operational risks in accordance with their roles and responsibilities.

NOTE 30. RISK MANAGEMENT

The group is exposed to a variety of financial risks in the normal course of business; market risk (foreign exchange risk, interest rate risk and equity price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by executive management. Executive management identifies, evaluates and monitors financial risks in close co-operation with the operating units.

(a) Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rate and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

(i) Foreign exchange risk

The group does not have significant transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations is minimal.

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk results from the holding of financial assets and liabilities in the normal course of business.

Fixed interest rate assets and variable interest rate liabilities create exposure to fair value interest rate risk. The group mitigates interest rate risk by maintaining an appropriate mix of instruments.

(iii) Equity price risk

Equity price risk is defined as exposure to movements in investment prices /values, i.e., the dollar effect of a change in market price /value of investments. The holding company minimizes the risks by:

a) Diversifying the investments portfolio across assets classes;
b) Diversifying the equity and debt portfolios across sectors and securities to the prescribed limit;
c) Proper asset (stock) selection based on relative value after a research process; and
d) Appropriate investments limits that covers asset allocation, concentration, regional location and currency.

NOTE 30. RISK MANAGEMENT (CONT'D)

(b) Credit risk

Credit risk is the risk of financial loss as a result of failure by a customer or counterparty to meet its contractual obligations. Credit risk is managed at group and at individual company level.

Credit risk relating to insurance contracts is disclosed in Note 29(c).

Credit risk also arises from cash at banks and deposits with banks. Deposits are made only with reputable financial institutions which are regulated by Reserve Bank of Fiji with known sound financial standing.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the group's maximum exposure to credit risk.

(c) Liquidity risk

Liquidity risk is concerned with the risk of there being insufficient cash resources to meet payment obligations without affecting the daily operations or the financial condition of the group. Liquidity facilitates the ability to meet expected and unexpected requirements for cash. The liquidity position is derived from operating cash flows, investment portfolios and access to outside sources of liquidity such as bank, reinsurance arrangements and other sources.

Sound liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. The nature of insurance activities means that the timing and amount of cash flows are uncertain.

Management of liquidity risk includes asset and liability management strategies. The assets held to back insurance liabilities consist predominantly of held-to-maturity investments. The assets are managed so as to effectively match the maturity profile of the assets with the expected pattern of claims payments.

The group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows.

(d) Other risk

Regulatory risk

The group's profitability can be impacted by regulatory agencies which govern the business sector in Fiji. Specifically, financial transactions are monitored by Reserve Bank of Fiji (RBF) and Reserve Bank of Vanuatu (RBV), and as an authorised underwriter of insurance risks, the group is subject to licence and regulatory control by RBF and RBV.

NOTE 31. MATURITY ANALYSIS

The following analysis of monetary assets and liabilities as at 31 December 2020 and 2019 is based on contractual terms.

	31 December 2020 – Consolidated				
	At call	1 day to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Total
	$	$	$	$	$
Assets					
Cash on hand and at bank	5,917,289	-	-	-	5,917,289
Trade and other receivables	-	9,428,379	567,935	155,727	10,152,041
Financial assets at fair value through profit or loss	-	-	4,059,011	-	4,059,011
Held-to maturity investments	-	-	13,606,617	200,000	13,806,617
Current tax asset	-	-	221,701	-	221,701
	5,917,289	9,428,379	18,455,264	355,727	34,156,659
Liabilities					
Trade and other payables	-	1,393,404	-	-	1,393,404
Insurance contract liabilities, net of unearned premium	-	7,857,923	-	-	7,857,923
	-	9,251,327	-	-	9,251,327

	31 December 2019 – Consolidated				
	At call	1 day to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Total
	$	$	$	$	$
Assets					
Cash on hand and at bank	5,762,556	-	-	-	5,762,556
Trade and other receivables	-	10,812,395	456,880	213,607	11,482,882
Financial assets at fair value through profit or loss	-	-	3,813,978	-	3,813,978
Held-to maturity investments	-	-	12,544,740	398,344	12,943,084
Current tax asset	-	-	8,743	-	8,743
	5,762,556	10,812,395	16,824,341	611,951	34,011,243
Liabilities					
Trade and other payables	-	1,834,204	-	-	1,834,204
Insurance contract liabilities, net of unearned premium	-	6,419,493	-	-	6,419,493
	-	8,253,697	-	-	8,253,697

NOTE 32. SIGNIFICANT EVENT DURING THE YEAR

The outbreak of the COVID-19 pandemic and the measures adopted by governments in countries worldwide to mitigate the pandemic's spread have significantly impacted companies across the globe. Since its declaration as a pandemic in March 2020, COVID-19 has had an impact on the operations and financial performance of the FijiCare Group. Unprecedented travel bans imposed as a response to minimising the spread of COVID-19 have increased the overall cost of medical claims. The Group remains in a sound financial position with a strong balance sheet and solid liquidity position. The Directors are satisfied that the Group has adequate resources to continue in operational existence and as such has adopted the going concern basis in preparing and presenting these financial statements.

NOTE 33. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which would require adjustments to, or disclosure in the financial statements.

NOTE 34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 30 March 2021.