

NOTES TO THE FINANCIAL STATEMENTS

13. Other financial investments - continued

The long term reinsurance loan arose on the acquisition of a life reinsurance portfolio, bears interest at 8% per annum and is not subject to fixed terms of repayment.

Loans secured on policies, included in other loans, amounted to Lm467,750 as at 31 December 1999 (1998: Lm281,299).

14. Value of in-force business

	Group & Company Lm
Net book amount at 1 January 1999	3,978,000
Increment in value of in-force business, credited to reserves (note 18)	3,072,000
At 31 December 1999	7,050,000

15. Tangible assets

Group

	Furniture, fittings & equipment Lm	Motor vehicles Lm	Total Lm
Year ended 31 December 1999			
Opening net book amount	269,317	17,269	286,586
Additions	213,047	-	213,047
Depreciation charge	(55,807)	(6,555)	(62,362)
Closing net book amount	426,557	10,714	437,271
At 31 December 1999			
Cost	593,136	32,775	625,911
Accumulated depreciation	(166,579)	(22,061)	(188,640)
Net book amount	426,557	10,714	437,271
At 31 December 1998			
Cost	380,089	32,775	412,864
Accumulated depreciation	(110,772)	(15,506)	(126,278)
Net book amount	269,317	17,269	286,586

15. Tangible assets - continued

Company	Furniture, fittings & equipment Lm	Motor vehicles Lm	Total Lm
Year ended 31 December 1999			
Opening net book amount	269,052	17,269	286,321
Additions	212,950	-	212,950
Depreciation charge	(55,727)	(6,555)	(62,282)
Closing net book amount	426,275	10,714	436,989
At 31 December 1999			
Cost	592,716	32,775	625,491
Accumulated depreciation	(166,441)	(22,061)	(188,502)
Net book amount	426,275	10,714	436,989
At 31 December 1998			
Cost	379,766	32,775	412,541
Accumulated depreciation	(110,714)	(15,506)	(126,220)
Net book amount	269,052	17,269	286,321

Included in fixed assets is an amount of Lm251,950 (1998: Lm164,832) that represents payments in advance in respect of a new computer system, which has not yet been brought into use.

16. Share capital

	Group & Company	
	1999 Lm	1998 Lm
Authorised 10,000,000 ordinary shares of Lm1 each	10,000,000	10,000,000
Issued and fully paid 4,650,000 ordinary shares of Lm1 each	4,650,000	4,650,000

NOTES TO THE FINANCIAL STATEMENTS

17. Revaluation reserve

	Group		Company	
	1999 Lm	1998 Lm	1999 Lm	1998 Lm
Balance at 1 January before taxation	305,023	127,751	280,162	127,751
Revaluation surplus arising during the year	537,261	222,396	641,147	197,535
Amount released on realisation of investments	(35,656)	(45,124)	(31,524)	(45,124)
Balance at 31 December before taxation	806,628	305,023	889,785	280,162
Deferred taxation	(43,250)	(18,636)	(96,909)	(18,636)
Balance at 31 December	763,378	286,387	792,876	261,526

The revaluation reserve is non-distributable.

18. Other reserves

	Group & Company			
	Statutory reserve Lm	Value of in-force business Lm	1999 Lm	1998 Lm
Balance at 1 January	648,951	1,328,000	1,976,951	1,597,707
25% of net profit for the year in terms of Section 8(i) of the Insurance Business Act, 1981	-	-	-	319,244
Transfer to profit and loss account	(648,951)	-	(648,951)	-
Increment in value of in-force business (see note 14)	-	3,072,000	3,072,000	60,000
Balance at 31 December	-	4,400,000	4,400,000	1,976,951

The statutory reserve was previously maintained in terms of the Insurance Business Act, 1981. Its use was discontinued by the Insurance Business Act, 1998 and the statutory reserve has been transferred to retained earnings.

19. Deferred taxation

	Group		Company	
	1999 Lm	1998 Lm	1999 Lm	1998 Lm
Balance at 1 January	(65,296)	(145,429)	(65,296)	(145,429)
Tax effect of revaluation debited/ (credited) to the revaluation reserve	(24,614)	18,343	(78,273)	18,343
Credit to profit and loss account	1,664,098	61,790	1,664,098	61,790
Balance at 31 December	1,574,188	(65,296)	1,520,529	(65,296)

Deferred taxation is calculated on all temporary differences under the liability method using a principal tax rate of 35% (1998: 35%). Deferred taxation at the year end comprises:

	Group		Company	
	1999 Lm	1998 Lm	1999 Lm	1998 Lm
Temporary differences attributable to unrealised capital gains or losses	(450,409)	(181,681)	(504,068)	(181,681)
Temporary differences attributable to fixed assets	(27,017)	(16,861)	(27,017)	(16,861)
Temporary differences attributable to tax losses carried forward	2,051,614	133,246	2,051,614	133,246
Balance at 31 December	1,574,188	(65,296)	1,520,529	(65,296)

The deferred tax asset was recognised on the basis of expectation of future profit.

20. Amounts owed to banks or credit institutions

	Group & Company	
	1999 Lm	1998 Lm
Short term – falling due within one year Bank overdraft	-	937,016
Long term – falling due after more than one year Bank loan	3,000,000	-
Total borrowings	3,000,000	937,016