PHOENIX INSURANCE (MAURITIUS) LIMITED

ANNUAL REPORT - YEAR ENDED

DECEMBER 31, 2022

PHOENIX INSURANCE (MAURITIUS) LIMITED

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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The Directors have the pleasure to submit the 45th Annual Report of Phoenix Insurance (Mauritius) (the "Company") Limited together with the audited financial statements for the year ended December 31, 2022.

1. PRINCIPAL ACTIVITIES

The principal activity of the Company has remained unchanged and is that of transacting short term and long term insurance businesses in Mauritius and Rodrigues. The Company also invests in financial assets.

2. BUSINESS REVIEW

(a) Short-Term Business

Gross premiums for the year amounted to Rs.768.4m as compared to Rs.548.3m for the preceding year.

At December 31, 2022 unearned premiums stood at Rs.240.9m against Rs.215.1m at December 31, 2021

(b) Long-Term Business

Gross premiums in 2022 amounted to Rs.4.7m as compared to Rs.5.2m in the preceding year.

At December 31, 2022, the Life Assurance Fund stood at Rs.34.5m against Rs.34.8m at December 31, 2021.

(c) Loans and receivables

Loans and receivables which amounted to Rs.0.1m (2021: Rs.0.1m) comprise mortgage and policy loans granted. These loans are on a run off basis since the Company has ceased granting mortgage loans as from 2002.

(d) Share capital and reserves

As at December 31, 2022, the Share Capital stood at Rs.87.1m (2021: Rs.87.1m) for the General business, and at Rs.15m (2021: Rs.15m) for the Life business.

(e) Dividend

The Company has no formal dividend policy. For year 2021, the Company has declared a 8% dividend for Both Ordinary shares and Preference Shares.

3. DIRECTORS

The following persons held office as directors of the Company during the year ended December 31, 2022:

#	Name of Directors	Date of appointment	Date of resignation
1	Mr Ajith Rohan Gunawardena (Chairman)	07.10.2002	-
1a	Mr Watuthanthrige Chakrine Jagath Alwis (alt. Director to Mr Ajith Rohan Gunawardena)	07.10.2002	-
2	Mrs Goonwuntee Jhoboo - Non Executive Director	29.01.1993	-
3	Mr Rooplall Jhoboo, CSK - Non Executive Director	15.02.1983	-
4	Mrs Premila Issur - Non Executive Director	29.01.1993	-

3. DIRECTORS (CONT'D)

The following persons held office as directors of the Company during the year ended December 31, 2022 (Cont'd):

#	Name of Directors	Date of appointment	Date of resignation
5	Mr Rajkumar Renganathan - Non Executive Director	07.10.2002	-
5a	Mr Elmo Thushara Lalindra Ranasinghe (alt. Director to Mr Rajkumar Renganathan)	07.10.2002	-
6	Mr Hettiarachchige Don Kamal Patrick Alwis - Non Executive Director	06.01.2003	-
6a	Mr Duncan Nugawela (alt. Director to Hettiarachchige Don Kamal Patrick Alwis)	06.01.2003	-
7	Mr Denagma Witharana Patabendige Upali - Non Executive Director	07.10.2002	-
8	Mrs Rajini Brizmohun - Non Executive Director	23.07.2021	-
9	Mr Warnapurage Tilak Sudarshana Fernando - Executive Director	06.06.2013	-
10	Dr D P D Prageeth Witharana - Independent Non-Executive director	23.07.2021	-
11	Mr Kamantha Amarasekera (Independent Non-Executive director)	09.01.2017	-
12	Mr Roshan Prabatha Sillapana Wickremasinghe (Independent Non-Executive director)	04.09.2018	-
13	Mr. Himanshu Jhoboo - Non Executive Director	05.01.2021	-
14	Mr Ahmad Nadvi Sulyman (Independent Non-Executive director)	06.07.2022	-

4. DIRECTORS' SERVICE CONTRACTS

Mr Tilak Fernando has a service contract with the Company with an expiry date of 31st December 2026. Each party shall give a notice of 30 days prior to the termination before expiry of contract.

Mr Rooplall Jhoboo and Mrs Premila Issur have service contracts which were issued respectively in 1985 and 1991, during the management of the Company by Jhoboo family.

5. DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received, or due and receivable from the Company during the year are as follows:

	2022	2021
	Rs.	Rs.
Executive Directors	**5,589,020**	4,995,925
Non Executive Directors	**4,354,876**	4,076,575
	9,943,896	9,072,500

The details of the directors's remuneration are disclosed on page 3(g).

6. DONATIONS

	2022	2021
	Rs.	Rs.
Donations made during the year	-	47,050

7. AUDITORS' REMUNERATION

The fees paid to the auditors are as follows:

	2022	2021
	Rs.	Rs.
Moore - Audit fees (inclusive of VAT)	862,500	-
BDO & Co. - Audit fees (inclusive of VAT)	-	1,150,000

The auditors did not receive any fees for other services.

8. ACKNOWLEDGEMENTS

The Directors wish to thank the Management, the Staff, the Marketing Executives/Accredited Agents, Medical Officers, Legal Advisors and all other service providers for their dedicated efforts to promote the interests of the Company as well as to Reinsurance Brokers and Reinsurers for their full support and to our esteemed clients for their continued support and we hope that our relationship will go on strengthening to our mutual benefit.

Approved by the Board of Directors on 08 MAY 2023
and signed on its behalf by :

Director

Director

Date : 08 MAY 2023

PHOENIX INSURANCE (MAURITIUS) LIMITED

STATEMENT OF COMPLIANCE
(Section 75 (3) of the Financial Reporting Act)
YEAR ENDED DECEMBER 31, 2022

Name of PIE: Phoenix Insurance (Mauritius) Limited

Reporting Period: January 1, 2022 to December 31, 2022

We, the Directors of Phoenix Insurance (Mauritius) Limited, confirm that to the best of our knowledge:

The PIE has complied with all of its obligations and requirements under the Code of Corporate Governance.

SIGNED BY:

Chairman and one director

Names: .... **CHAIRMAN**

DATE: 08 MAY 2023

.... **DIRECTOR**

DATE: 08 MAY 2023

COMPLIANCE STATEMENT

The Company is a public interest entity coming under the Mauritian Insurance Act and regulated by Financial Service Commission. The Company is committed to the highest standard of business integrity, transparency and professionalism to ensure that the Company's activities are managed ethically and responsibly to enhance business value for all stakeholders.

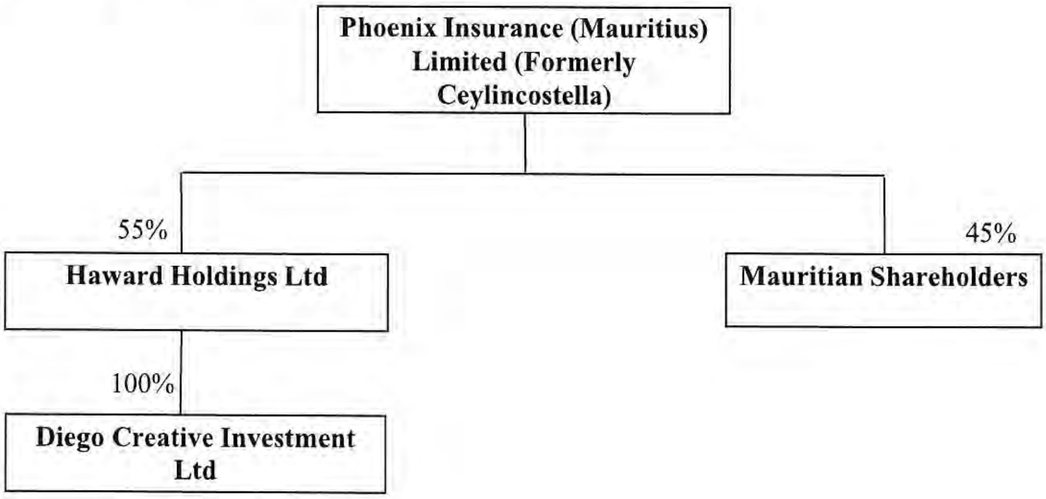
During the year under review, the Company ensured that its operations yielded acceptable returns to stakeholders and were conducted in a way that displayed the following characteristics of good governance, namely discipline, transparency, independence, accountability, fairness and social responsibility.

The Company's main stakeholders and their expectations are given below.

1. Shareholders/investors: Return on Equity, solvency of the company
2. Policyholders: the ability of the company to pay claims, that the product is of good value and premium is affordable, that the cover required is available
3. Regulator: solvency of the company, policyholders are protected and treated fairly
4. Employees: solvency of the company, profitability of the company/line of business
5. Reinsurer: that the company has robust claims handling and stringent underwriting practices so that it is not exposed to unforeseen risks

1. HOLDING STRUCTURE & COMMON DIRECTOR

(a) The holding structure is as illustrated below:



Diego Creative investment Ltd is a trust Company which holds Haward Holdings Ltd shares on trust for the beneficial ownership of Ceylinco Insurance Company (Pvt) Ltd.

The majority shares of Ceylinco Insurance Company Pvt Ltd is held by Ceylinco Insurance PLC which is a Public Company listed on Colombo Stock Exchange.

1. HOLDING STRUCTURE & COMMON DIRECTOR (CONT'D)

(b) The names of common directors at each level are as follows:

COMMON DIRECTORS		
Directors	**Haward Holdings Ltd**	**Phoenix Insurance (Mauritius) Ltd**
Mr.A.R.Gunawardena	♦	♦
Mr. W.C.J. Alwis	♦	♦
Mr.H.D.K.P.Alwis	♦	♦
Mr.D.W.P.Upali	♦	♦

2. MAJOR SHAREHOLDERS

At December 31, 2022, the following shareholders were directly interested in 5% or more of the ordinary share capital of the company:

	Interests (%) Direct	Number of Shares
Haward Holdings Ltd	55	60,000
Mrs. Goonwuntee Jhoboo Succ. Mr. Chooramun Jhoboo	16	17,150
Mr. Rooplall Jhoboo, CSK.	13	14,485
Mrs. Premila Issur	11	12,345
	95	103,980

Except for the above, no other Shareholder has reported any material interest of 5% or more of the equity share capital of the Company.

3. DIVIDEND POLICY

The Company has no formal dividend policy. For year 2021, the Company has declared a 8% dividend for Both Ordinary shares and Preference Shares.

4. THE BOARD OF DIRECTORS

(a) Composition and role

The Company's constitution provides that the Board of the Company shall consist of a minimum of 5 and a maximum of 15 directors.

The roles of the Chairperson and Chief Executive Officer are separated with Mr. A R Gunawardena and Mr. Tilak Fernando appointed to these positions respectively with separate job description including expected time commitment. Mr. A R Gunawardena is a prominent personality in the insurance industry having introduced many visionary concepts to the industry. He is available in the event of a crisis at any time. He also hold the position of Executive Chairman/Chief Executive Officer of Ceylinco Insurance PLC.

Of the fourteen (14) members serving at year-end, One (1) was executive directors nine (9) were non-executive directors and four (4) independent directors. The non-executive directors/Independent directors come from diverse business backgrounds and possess the necessary knowledge, skills, objectivity, integrity, experience and commitment to make sound judgements on various key issues relevant to the business of the Company independent of management.

4. THE BOARD OF DIRECTORS (CONT'D)

(a) Composition and role (cont'd)

The board has approved its charter, Company's Code of Ethics, organizational structure and job descriptions of key Managerial positions and accountabilities. The Board regularly monitors and evaluates compliance with its Code of ethics.

The Board ensures that the reporting requirements on corporate governance are in accordance with the principles of the Code. The Board assumed the responsibility of leading and controlling the Company in line with the all legal and regulatory requirements. The Board structure is unitary .

Both Executive and Non-Executive directors are entrusted with same responsibilities in respect of corporate strategic decisions and monitoring of corporate performance and activities. The Directors are well aware of their legal duties.

All directors receive timely information so that could contribute effectively in board meetings. All board members have access to the Company Secretary for any further information they require and independent professional advice is available to directors in appropriate circumstances, at the Company's expense. The Company secretary maintains interests register and is available for perusal to shareholders upon written request to the Company Secretary. Any related-party transaction and conflict of interest transaction is conducted in accordance with conflict of interest and related party transaction policy and Code of Ethics.

None of the directors hold directorships in any other listed companies.

Directors are appointed to the Board upon the recommendation of the Nomination Committee.

The committee assesses the skills, knowledge and experience of the individuals to ensure that they could effectively discharge their responsibilities at the periodical meetings. The committee also makes recommendations to the board with regard to any change required to the existing board of directors based on the identified needs. The size and composition of the Board is determined by Size, nature and complexity of business, requirement to establish a good group dynamic among the board members, mix of skills required, industry experience and expertise, legal and regulatory requirements, and qualifications.

The board assumes the responsibilities for succession planning and induction of new directors to the Board. The new directors will attend and participate in induction and orientation process.

Out of the fourteen board members, below are ordinarily residing in Mauritius.

Mrs. Goowuntee Jhoboo
Mr. Rooplall Jhoboo
Mrs. Premila Issur
Mr. Warnapurage Tilak Sudarshana Fernando
Mr Ahmad Nadvi Sulyman
Mrs Rajini Brizmohun

Out of the fourteen board members, three members are female.

4. THE BOARD OF DIRECTORS (CONT'D)

(b) Directors' profile

Name of Director	Age	Qualifications	Experience (Number of years in the Insurance Industry)
Mr. Ajith Rohan Gunawardena Date of Appointment - 07.10.2002	67	FCIC (Sri Lanka)	36 years Executive Chairman of the Ceylinco insurance PLC Introduced the visionary concept of "On the spot Claim settlement" first in global.
Mrs. Goowuntee Jhoboo Date of Appointment - 29.01.1993	84	-	Chairperson from 1993 - May 2015
Mr. Rooplall Jhoboo, CSK Date of Appointment - 15.02.1983	61	-	44 years. Around 2 years training and working experience with Munich Reinsurance Co of South Africa/ Munich Re-Munich and Munich Re-London/ Swaziland Royal Insurance Corporation- Swaziland/ college of Insurance-Johannesburg South Africa and member of the Insurance Institute of Mauritius since its inception 1994.
Mrs. Premila Issur Date of Appointment - 29.01.1993	53	Diploma in Business Administration	32 years
Mr. Rajkumar Renganathan Date of Appointment - 07.10.2002	69	• Fellow of the Institute of Chartered Accountants of Sri Lanka • Fellow of the Society of Certified Management Accountants of Sri Lanka	Experience in the Life Insurance Industry - 36 Yrs • Appointed a Director of Ceylinco Insurance PLC, and was chosen to lead its Life Insurance Business in 1988. • Presently the Executive Chairman of Ceylinco Insurance PLC

4. THE BOARD OF DIRECTORS (CONT'D)

(b) Directors' profile (cont'd)

Name of Director	Age	Qualifications	Experience (Number of years in the Insurance Industry)
Mr. Hettiarachchige Don Kamal Patrick Alwis Date of Appointment - 06.01.2003	65	FCIC Part qualified in Marketing from the Chartered Institute of Marketing - London.	33 years Chairman and Chief Executive Officer of Ceylinco General Insurance Ltd.
Mr. Elmo Thushara Lalindra Ranasinghe (Alternate Director to Mr Rajkumar Renganathan) Date of Appointment - 07.10.2002	62	• Chartered Marketer (UK) • MBA - Uni. Of Sri Jayawardenapura • Diploma Holder of CIM UK MCIM (UK)	35 years Chief Executive Officer of Ceylinco Life Insurance Ltd
Mr. Watuthanthrige Chakrine Jagath Alwis (Alternate Director to Mr Ajith Rohan Gunawardena) Date of Appointment - 07.10.2002	62	BSc. Fellow of Chartered Insurance Institute of London - FCII Fellow of Indian Insurance Institute - FIII	42 years Director Technical of Ceylinco General Insurance Ltd.
Mr. Denagma Witharana Patabendige Upali Date of Appointment - 07.10.2002	65	Fellow of Institute of Chartered Accountant of Sri Lanka - FCA Fellow of Institute of Certified Management Accountants of Sri Lanka - FCMA MBA - University of Colombo	38 years Managing Director Ceylinco General Insurance Ltd.
Mrs Rajini Brizmohun Date of Appointment - 23.07.2021	71	MSc Agriculture (Russia)	Non Executive Director since 2021

4. THE BOARD OF DIRECTORS (CONT'D)

(b) Directors' profile (cont'd)

Name of Director	Age	Qualifications	Experience (Number of years in the Insurance Industry)
Mr. Nugent Duncan Nugawela (Alt.Director to Mr Hettiarachchige Don Kamal Patrick Alwis) Date of Appointment - 17.02.2008	70	FCIC	49 years
Mr. Warnapurage Tilak Sudarshana Fernando Date of Appointment - 06.06.2013	60	5 Subjects in ACII London Diploma in Computer	38 years Chief Executive Officer since 2013
Mr. D P D Prageeth Witharana Date of Appointment - 23.07.2021	47	Member of Sri Lanka Medical Association	Independent Director since 2021
Mr. Kamantha Amarasekera Date of Appointment - 09.01.2017	52	BSc (Business Admin.) F.C.A. (Sri Lanka) Attorney-at-Law	24 Years Independent Director since 2017
Mr. Roshan Prabatha Sillapana Wickremasinghe Date of Appointment - 04.09.2018	49	B.Sc. Eng (Hons) Finalist CIMA (UK) Finalist CIM (UK)	5 Year Independent Director since 2018
Mr. Himanshu Chooramun Jhoboo Date of Appointment - 05.01.2021	28	Fellow of Institute of Actuary (UK)	Non Executive Director since 2021
Mr. Ahmad Nadvi Sulyman Date of Appointment - 06.07.2022	41	Association of Certified Chartered Accountants (ACCA) Bachelor of science (Bsc.)	Independent Director since 2022

4. THE BOARD OF DIRECTORS (CONT'D)

(c) Board and committees attendances

	Board	Corporate Governance Committee	Audit Committee	Risk Management Committee	Nomination Committee	Remuneration Committee	Investment Committee
No. of meetings held during the year	3	2	3	2	1	1	2
Directors:	No. of meeting attended						
Mrs. Goonwuntee Jhoboo	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Ajith Rohan Gunawardena	3	N/A	N/A	N/A	1	N/A	N/A
Mr. Rajkumar Renganathan	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Hettiarachchige Don Kamal Patrick Alwis	3	2	N/A	1	1	1	N/A
Mr. Elmo Thushara Lalindra Ranasinghe	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Watuthanthrige Chakrine Jagath Alwis	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Denagma Witharana Patabendige Upali	3	2	3	2	1	1	2
Mrs Rajini Brizmohun	3	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Nugent Duncan Nugawela	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Rooplall Jhoboo, CSK	3	N/A	N/A	N/A	N/A	N/A	N/A
Mrs. Premila Issur	3	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Warnapurage Tilak Sudharshana Fernando	3	2	N/A	2	N/A	1	2
Mr. Kamantha Amarasekera	-	N/A	3	N/A	N/A	N/A	N/A
Mr. Roshan Prabatha Sillapana Wickremasinghe	2	2	3	2	N/A	-	2
Mr Himanshu Chooramun Jhoboo	3	N/A	N/A	2	N/A	N/A	N/A
Mr Akhilesh Issur (Alternate to Mrs G Jhoboo)	3	N/A	N/A	N/A	N/A	N/A	N/A
Dr. D P D Prageeth Witharana	3	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Ahmad Nadvi Sulyman	1	N/A	N/A	N/A	N/A	N/A	N/A
Non-Directors:							
Buddhika Baddage (DGM Finance)	3	2	3	2	N/A	N/A	2

4. THE BOARD OF DIRECTORS (CONT'D)

(d) Directors' interests in shares

	2022	
	Ordinary shares	Preference shares
	No.	No.
Mrs.G.Jhoboo	500	23,739
Mr. R.Jhoboo, CSK	14,485	161,509
Mrs. P.Issur	12,345	134,468

None of the other directors including the Chief Executive Officer, Mr Tilak Fernando, is a shareholder of the Company.

(e) Shares purchased and sold during the year:
None.

5. DIRECTORS' REMUNERATION & BOARD ATTENDANCE FEES

	2022	2021
	Rs.	Rs.
Executive Directors		
Mr. W T S Fernando	**5,589,020**	4,995,925
Non Executive/Independent Directors		
Mr. Ajith Rohan Gunawardena	**20,000**	Nil
Mrs. Goowuntee Jhoboo	**606,731**	581,835
Mr. Rooplall Jhoboo	**2,215,284**	2,154,470
Mrs. Premila Issur	**1,382,861**	1,340,270
Mr. Rajkumar Renganathan		Nil
Mr. Hettiarachchige Don Kamal Patrick	**20,000**	Nil
Mr. Denagma Witharana Patabendige	**20,000**	Nil
Mr. Kamantha Amarasekera	-	Nil
Mr. Roshan Prabatha Sillapana	**20,000**	Nil
Mrs Rajini Brizmohun	**20,000**	Nil
Dr D P D Prageeth Witharana	**20,000**	
Mr. Himanshu Jhoboo	**20,000**	Nil
Mr Ahmad Nadvi Sulyman	**10,000**	Nil
	4,354,876	4,076,575
TOTAL	**9,943,896**	9,072,500

6. REMUNERATION PHILOSOPHY

The Board is responsible for the remuneration strategy of the Company and delegates the implementation of the strategy to the Remuneration Committee.

The following principles are used to determine the proper remunerations levels:

- Remuneration practices are structured to provide clear differentiation with regard to performance of individuals
- Pay levels are internally consistent and externally competitive;
- Remuneration packages promote improved performance and are affordable.

6. REMUNERATION PHILOSOPHY (CONT'D)

Executive directors' remuneration package consists of basic salary, RBO provisions, and other benefits. The company policy is to provide an appropriate level of remuneration to executive directors for managing the business in line with the strategy. In setting total remuneration, the remuneration committee will consider the remuneration level in the market as well as giving consideration to shareholders interest and best practice. The local directors have been remunerated continuously as per the initial agreement and time to time considered for an increase of remuneration.

No non-executive directors are remunerated in the form of share option or bonuses associated with the Company's performance.

Remuneration is reviewed annually after taking cognizance of market norms and practices as well as additional responsibilities placed on directors and employees.

7. BOARD COMMITTEES

In line with the requirements of the code of Corporate Governance for Mauritius, the Company has set up the following Board Committees:

(a) Corporate Governance Committee
(b) Audit Committee
(c) Risk Management Committee
(d) Remuneration Committee
(e) Nomination Committee
(f) Investment Committee

The charter of each committees have been approved by the Board and same will be published in the Company's website in the next stage of development. The Board committees comprise only members of the Board and majority should be Non-Executive directors. Each committee should comprise of minimum of three directors and should report to the Board regularly.

(a) Corporate Governance Committee

The Committee meets at least two times a year under the chairmanship of Mr. Prabath Wickremasinghe. The member are Mr. Patrick Alwis, Mr. Upali Witharana and Mr. Tilak Fernando. The Committee makes recommendations to the board regarding all corporate governance provisions to be adopted by the Company as per the Code of Corporate Governance and ensure the disclosure requirements with regards to the corporate governance in the annual report are in accordance with the code.

Membership

The members of the corporate governance committee shall be appointed by the Board from among the Directors and shall consist of not less than 3 members, a majority of whom shall be non executive or independent directors. The Chairman of the committee should be an independent director.

Frequency of Meeting

The corporate governance committee should meet often enough to undertake its role effectively and scheduled to meet not less than two times a year.

7. BOARD COMMITTEES (CONT'D)

(a) Corporate Governance Committee (cont'd)

Quorum

The quorum for the meeting shall be two members of whom at least one shall be an independent or non executive director.

Attendance at Meeting

The corporate governance committee may invite any members of Management to attend the meeting. Management is obliged to provide the corporate governance committee with adequate information in a timely manner in order to enable to function effectively.

A meeting may be held by means of electronic or other communication facilities to permit all persons participating in the meeting.

Reporting

The corporate governance committee shall report to the Board and keep the Board fully informed of its decisions and recommendations.

Relationship with other committees

The Chairman of the corporate governance committee shall coordinate with the Chairman of the other committees to fulfil their duties and responsibilities with respective risk management.

(b) The Audit Committee

The Committee meets at least two times a year under the chairmanship of Mr.Kamantha Amarasekera. The member are Mr Upali Witharana and Mr. Prabath Wickremasinghe. All members of the audit committee are financially literate. Executives attend as required. The composition of the audit committee is being reviewed for compliance with the code of Corporate Governance. The audit Committee comprise of two independent directors, the other is a non-executive director.

The role, objective and responsibilities of the Committee are to:

- monitor the integrity of the financial statements of the Company;
- review financial statements with both management and external auditors prior to their approval;
- review the Company's internal financial control and the risk management systems;
- make recommendations to the Board in relation to the appointment of the external auditors and to approve their remuneration and terms of engagement of the external auditors;
- monitor and review the external auditors' independence, objectivity and effectiveness;
- develop and implement policy on the engagement of the external auditors to provide non-audit services.

During the year the Committee has identified no critical policies, judgements and estimates which need to be discussed with external auditors. Since there were no significant issue was identified, the Audit Committee has not met external auditors during the year.

The Committee assess the effectiveness of external audit process. The assessment is conducted on,

- The competence and qualifications of the auditor

7. BOARD COMMITTEES (CONT'D)

(b) The Audit Committee (cont'd)

- Review of audit presentations and communications
- Review of quality of staff, resources,
- Reviewing of the auditor's internal quality control procedures and reports.

Membership
The members of the audit committee shall be appointed by the Board from among the Directors and shall consist of not less than 3 members, a majority of whom shall be independent directors.

Frequency of Meeting
The audit committee should meet often enough to undertake its role effectively and scheduled to meet not less than two times a year.

Quorum
The quorum for the meeting shall be two members of whom at least one shall be an independent or non executive director.

Attendance at Meeting
The audit committee may invite any members of Management to attend the meeting.

Management is obliged to provide the audit committee with adequate information in a timely manner in order to enable to function effectively.

A meeting may be held by means of electronic or other communication facilities to permit all persons participating in the meeting.

Reporting
The audit committee shall report to the Board and keep the Board fully informed of its decisions and recommendations on significant issues identified during their review.

Relationship with other committees
The Chairman of the audit committee shall coordinate with the Chairman of the other committees to fulfil their duties and responsibilities.

The terms of reference of the Audit Committee are being finalised and will be forwarded to the Board for its approval. The Committee has discharged its responsibilities for the year, and where further improvements were needed, those have been communicated to management.

(c) The Risk Management Committee

The Risk Management Committee meets at least twice a year under the chairmanship of Mr. Prabath Wickremasinghe, independent director, to review the quality, integrity and reliability of the Company's risk management systems. The members are Mr Upali Witharana, and Mr Tilak Fernando.

7. BOARD COMMITTEES (CONT'D)

(c) The Risk Management Committee (cont'd)

The objectives of the Committee are to:

- assist the Board in the discharge of its duties relating to corporate accountability and risks in terms of management, assurance and reporting;
- review and assess the integrity of the risk control systems and ensure that risk policies and strategies are effectively managed;
- set out the nature, role, responsibility and authority of risk management framework;
- outline the scope of risk management work;
- monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts.

Membership
The members of the risk management committee shall be appointed by the Board from among the Directors and shall consist of not less than 3 members, a majority of whom shall be non executive or independent directors.

Frequency of Meeting
The risk management committee should meet often enough to undertake its role effectively and scheduled to meet not less than two times a year.

Quorum
The quorum for the meeting shall be two members of whom at least one shall be an independent or non executive director.

Attendance at Meeting
The risk management committee may invite any members of Management to attend the meeting.

Management is obliged to provide the risk management committee with adequate information in a timely manner in order to enable to function effectively.

A meeting may be held by means of electronic or other communication facilities to permit all persons participating in the meeting.

Reporting
The risk management committee shall report to the Board and keep the Board fully informed of its decisions and recommendations.

Relationship with other committees
The Chairman of the risk management committee shall coordinate with the Chairman of the other committees to fulfil their duties and responsibilities with respective risk management.

(d) Remuneration Committee

The Remuneration Committee meets at least twice a year and additionally if required. The members are Mr Patrick Alwis (Chairman), Mr Tilak Fernando, Mr Upali Witharana and Mr. Prabath Wickremasinghe.

7. BOARD COMMITTEES (CONT'D)

(d) Remuneration Committee (cont'd)

The Committee is primarily responsible for assisting the Board on human resources and remuneration policies, succession planning and the appointment and terms of conditions of executive directors, senior executives below board level, the chairperson and the company secretary.

The Committee members have access to independent surveys and consultants, which are useful mechanisms for facilitating the determination of all the essential components of remuneration and establishing remuneration credibility with shareowners.

No director is involved in deciding his or her own remuneration.

Membership
The members of the remuneration committee shall be appointed by the Board from among the Directors and shall consist of not less than 3 members, a majority of whom shall be non executive or independent directors.

Frequency of meeting
The remuneration committee should meet often enough to undertake its role effectively and schedule to meet not less than two times a year.

Quorum
The quorum for the meeting shall be two members of whom at least one shall be an independent or non executive director.

Attendance at meeting
The remuneration committee may invite any members of Management to attend the meeting.

Management is obliged to provide the remuneration committee with adequate information in a timely manner in order to enable to function effectively.

A meeting may be held by means of electronic or other communication facilities to permit all persons participating in the meeting.

Reporting
The remuneration committee shall report to the Board and keep the Board fully informed of its decisions and recommendations.

Relationship with other committees
The Chairman of the remuneration committee shall coordinate with the Chairman of the other committees to fulfil their duties and responsibilities.

7. BOARD COMMITTEES (CONT'D)

(e) The Nomination Committee

The Nomination Committee meets at least once a year and additionally if required. The members are Mr. A R Gunawardena , Mr. Patrick Alwis (Chairman), Mr. Upali Witharana and Mr. Prabath Wickremasinghe. The Nomination Committee's main objective is to make recommendations to the Board on all new Board appointments. The Committee reviews the balance and effectiveness of the Board, identifies the skills needed and those individuals who might best be seen to be providing such skills in a fair and thorough manner at least once a year. The evaluation is conducted by way of discussion, observation and interviews. In doing this, board can work to identify areas for growth and change to improve performance and optimize composition in ways that can enhance long-term value. Further, Committee review the professional development and on going education of directors. No independent Board evaluator has been appointed. The Committee is also an appropriate mechanism for ensuring that the Board remains effective and focused. The board ensures that the reporting requirements on corporate governance are in accordance with the principles of the Code.

Membership

The members of the nomination committee shall be appointed by the Board from among the Directors and shall consist of not less than 3 members, a majority of whom shall be non executive or independent directors.

Frequency of meeting

The nomination committee should meet often enough to undertake its role effectively and schedule to meet at least once a year.

Quorum

The quorum for the meeting shall be two members of whom at least one shall be an independent or non executive director.

Attendance at meeting

The nomination committee may invite any members of Management to attend the meeting.

Management is obliged to provide the nomination committee with adequate information in a timely manner in order to enable to function effectively.

A meeting may be held by means of electronic or other communication facilities to permit all persons participating in the meeting.

Reporting

The nomination committee shall report to the Board and keep the Board fully informed of its decisions and recommendations.

(f) Investment Committee

The Investment Committee meets at least twice a year. The main objective of this committee is to review the investment strategy and ensure a balance among high return, liquidity and risk.

The Committee is chaired by Mr Upali Witharana and members are Mr. Tilak Fernando and Mr. Prabath Wickremasinghe.

7. BOARD COMMITTEES (CONT'D)

(f) Investment Committee (cont'd)

Membership
The members of the investment committee shall be appointed by the Board from among the Directors and shall consist of not less than 3 members, a majority of whom shall be non executive or independent directors.

Frequency of Meeting
The investment committee should meet often enough to undertake its role effectively and schedule to meet not less than two times a year.

Quorum
The quorum for the meeting shall be two members of whom at least one shall be an independent or non executive director.

Attendance at Meeting
The investment committee may invite any members of Management to attend the meeting.

Management is obliged to provide the investment committee with adequate information in a timely manner in order to enable to function effectively.

A meeting may be held by means of electronic or other communication facilities to permit all persons participating in the meeting.

Reporting
The investment committee shall report to the Board and keep the Board fully informed of its decisions and recommendations.

Relationship with other committees
The Chairman of the investment committee shall coordinate with the Chairman of the other committees to fulfil their duties and responsibilities.

8. RISK MANAGEMENT

(a) Responsibility and application

The Board is responsible for risk management and to establish the procedures in place within the organization for risk management. The Board is responsible for the definition of the overall strategy for risk tolerance. The management and assurance processes on risk management are delegated to the Board Risk Committee. The Committee is responsible for the design and implementation of the risk management processes whereas the day-to-day management of risk is performed by management. The committee has monitored and evaluated the organisation's strategic, financial, operational and compliance risk.

(b) Management of Key risks identified

Following risks have been identified as the risks that threaten the Company's business model, performance, liquidity and solvency.

8. RISK MANAGEMENT (CONT'D)

(b) Management of Key risks identified (cont'd)

- ***Insurance risk:*** Risks associated with the Company's underwriting, reinsurance and claims handling activities. A more detailed analysis is included under note 3.1 to the financial statements.
- ***Operational risk:*** Operational risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational loss events have significant negative impact on the market value of insurers.
- ***Human resource risk:*** Losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc.
- ***Fraud risks:*** Dishonest or fraudulent acts intended to defraud or misappropriate property or circumvent regulations, law and policies and involves at least one internal party and a third party respectively.
- ***Physical risks:*** Losses due to fire, cyclones, riots, etc.
- ***Technology risks:*** Includes hardware and software failures, system development and infrastructure issues.
- ***Business continuity risks:*** Losses from failed transaction processing, and process management.
- ***Reputational risks:*** Losses due to unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product.

The Company manages the above risks by ensuring that:-

- roles, responsibilities and accountabilities of employees are clearly established; and
- assets of the Company are properly safeguarded;

Reputational risks associated with professional negligence and sub-standard services are closely monitored by the Board.

- ***Financial risks:*** Losses from fluctuations in the interest rates of the investment portfolio and the borrowings, plus the limited impact from foreign exchange fluctuations relevant to transactions dealt with external parties mainly reinsurance.

Management of financial risks is further discussed in note 3.2 to the financial statements.

9. INTERNAL AUDIT

The Company's affairs are subject to Internal Audit annual reviews from an internal audit team from the managing Company, Ceylinco Insurance PLC. They are responsible to report to the board of directors on their findings and recommendations. Internal audit function is independent from senior management and directly report to the Board or Audit Committee of the Board. Internal auditor has the right to access to Company's records management or employees without any restrictions.

9. INTERNAL AUDIT (CONT'D)

The internal auditors assist the Board and management in maintaining and improving the process by which risks are identified and managed. They also help the Board in the discharge of its responsibilities in maintaining and strengthening the internal control framework of the Company. The internal audit is responsible for providing assurances to the Board regarding the implementation, operation and effectiveness of internal control and risk management systems.

During the year no material risk or deficiencies have been identified in respect of Company's system of internal controls. All significant areas are covered by appropriate and adequate internal controls and the

- Review of the accounting and internal control systems as a continuous process.
- Carrying out examination of financial and operating information.
- Review of the economy, efficiency and effectiveness of operations including non-financial controls.
- Review of compliance with laws and regulations.
- Review of compliance with management policies and other internal requirements.
- Carrying out independent investigations into the affairs of the company as required by management.

10. RELATED PARTY TRANSACTIONS

For related party transactions, please refer to note 27 of the financial statements.

11. COMPANY WEBSITE

Below information is published in the Company's website.

- The company's Constitution
- Charter of the Board
- The company's Code of Ethics and organizational chart
- The job descriptions of key Managerial positions and accountabilities within the organization
- Description of approval, monitoring and review process of Code of ethics, accountabilities within the organization
- Directors nomination and appointment process
- Brief biography of each director
- Brief biography of Company Secretary
- Policy for Conflict of interest and Related Party transactions
- Information technology and information security policy
- Annual Report
- Structure and qualifications of the key members of the internal audit function

12. CONSTITUTION

The constitution of the Company adopted on 7th October 2002 and as amended in October 2016 provides for ownership restriction and pre-emptive rights in respect of transfer of shares. It is in conformity with the Mauritian Companies Act 2001.

13. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

There were no changers in the agreements during the year under review.

14. SHARE OPTION

The Company has no share option plan.

15. CHARITABLE DONATIONS

For charitable donations, please refer to page 1(a) of the annual report.

16. POLITICAL DONATIONS

No political donations have been made during the year under review.

17. SUSTAINABILITY REPORTING

The Company is committed to the development and implementation of social, safety, health and environmental policies and practices which comply with existing legislative and regulatory frameworks.

18. INFORMATION SECURITY

Risk Management Committee review the Company's information technology and information security policy regularly. Which includes,

- Information should be classified according to an appropriate level of confidentiality, integrity and availability
- Staff with particular responsibilities for information must ensure the classification of that information; must handle that information in accordance with its classification level; and must abide by any contractual requirements for meeting those responsibilities.
- Information should be both secure and available to those with a legitimate need for access in accordance with its classification level.
- Information will be protected against unauthorized access and processing in accordance with its classification level.

The Board is responsible for information governance within the organisation and ensures that the performance of the information and information technology systems leads to business benefits and creates value. The Risk Management Committee of the Board regularly evaluate the requirement for system development and modifications. All the significant expenditures on information technology are closely monitored and evaluated by the Committee.

19. WHISTLE-BLOWING RULES AND PROCEDURES

The Company conducts its business on the principles of fairness, honesty, openness, decency, integrity and respect. It is the intention of this policy to encourage employees and other relevant stakeholders to report and disclose improper or illegal practices or activities. The Company is committed to investigate promptly any reported misconduct and to protect those who come forward to report such activities. The Company further assures that all reports shall be treated in strict confidence.

20. EXTERNAL AUDITORS

Board approved the appointment of Moore Mauritius as the Auditors at the Board Meeting held in August 2022.

20. SENIOR MANAGEMENT PROFILE

	Name	Designation	Professional Qualifications	Experience
1	Mr Warnapurage Tilak Sudharshana Fernando	Director - Operation Chief Executive Officer	* 5 Subjects in ACII London * Diploma in Computer	38 years experience in Insurance Industry
2	Mr Buddhika Susantha Baddage	DGM Finance	* Associate Member of Institute of Chartered Accountants of Sri Lanka (ACA) * B. Sc (Accountancy Special)	16 years experience in Insurance Industry
3	Mr Chanaka Ekanayake	AGM - Technical	* Certificate Insurance Institute Sri Lanka *Certificate Chartered Institute of Insurance (UK)	21 years experience in Insurance Industry
4	Mr Eric Fernando	AGM - Motor	*Certificate Chartered Institute of Insurance (UK) *National Diploma in Engineering Science-Automotive (NDES)	18 years experience in Insurance Industry

21. TIME TABLE OF IMPORTANT FORTHCOMING EVENTS

- The Annual General Meeting will be conducted before end of June 2023. The notice of the meeting will be sent to all shareholders 14 days prior to the meeting along with all relevant documents.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors acknowledge their responsibilities for:

(i) adequate accounting records and maintenance of effective internal control systems;

(ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS), IAS and Companies Act;

(iii) The Annual Report and Accounts, taken as whole, are fair, balance and understandable and provide the information necessary for shareholders and other key stakeholders to assess the Company's position and performance.

(iv) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

(v) Establishing Internal Audit function to ensure internal controls are in force.

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The directors report that:

(i) adequate accounting records and an effective system of internal controls and risk management and internal audit function have been maintained;

(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

(iii) International Financial Reporting Standards have been adhered to. Any departure in the interest of fair presentation has been disclosed, explained and quantified.

(iv) The Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

Signed on behalf of the Board of Directors:

....	....
Director	**Director**

SECRETARY'S CERTIFICATE - YEAR ENDED DECEMBER 31, 2022

We certify that, to the best of our knowledge and belief, the Phoenix Insurance (Mauritius) Limited (the "Company") has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritian Companies Act 2001.

For and on behalf of AIA CORPORATE SERVICES LIMITED
SECRETARY

Date: 08 MAY 2023

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF
PHOENIX INSURANCE (MAURITIUS) LIMITED

Report on the Audit of the financial statements

Opinion

We have audited the financial statements of PHOENIX INSURANCE (MAURITIUS) LIMITED ("the Company") set out on pages 6 to 62 which comprise the statement of financial position as at December 31, 2022 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements give a true and fair view of the financial position of the Company as at December 31, 2022 and of its financial performance, changes in equity and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, the Financial Reporting Act 2004 and the Insurance Act 2005.

Basis for opinion

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

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 for 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF
PHOENIX INSURANCE (MAURITIUS) LIMITED

Report on the audit of the financial statements (cont'd)

Key Audit Matters (cont'd)

1. Premium debtors	
Key Audit Matter	*How our Audit Addressed the Key Audit Matter*
The Company made an assessment of the recoverability of its premium debtors (included in the trade and other receivables financial statement caption). Significant judgement is required to assess the credit risk attached to these financial assets. The net carrying amount of insurance receivables are measured at amortised cost less any provision for impairment. Provision for impairment is based on objective evidence of default. As at December 31, 2022, the amount of premium receivables amounted to Rs.49.6m. The Company's assessment of the recoverability of its receivables is based on customer's repayment historical data, ageing of overdue insurance receivables credit rating and current market conditions, all of which involve a significant degree of management judgement. Given the material value of these receivables and the significant judgement applied by management in determining an appropriate provision for impairment on their outstanding exposures, we determined this area a significant risk, warranting specific audit focus.	As part of our audit procedures, we have: ▪ Assessed the appropriateness of the methodology used and tested management's key assumptions in assessing impairment; ▪ Evaluated the reasonableness of management's key assumptions in estimating credit risk and reviewed the methodology used for credit risk appraisal; and ▪ Reviewed the accounting policies and methodologies employed by the Company to assess the judgements made by management in order to provide for impairment. We also ensured that the impairment made during the year is in line with the accounting policy and methodology.
Refer to note 9 of the accompanying financial statements.	

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF
PHOENIX INSURANCE (MAURITIUS) LIMITED

Report on the audit of the financial statements (cont'd)

Key Audit Matters (cont'd)

2. Recoverable from reinsurers	
Key Audit Matter	*How our Audit Addressed the Key Audit Matter*
The Company made an assessment of the recoverability of the recoverable amount from reinsurers (included in the trade and other receivables financial statement caption). Significant judgement is required to assess the credit risk attached to these financial assets. The net carrying amount of insurance receivables are measured at amortised cost less any provision for impairment. Provision for impairment is based on objective evidence of default. As at December 31, 2022, the amount receivable amounted to Rs.96.2m and Rs.29.5m for share of claims and unearned premium respectively. Recoveries from reinsurers involve judgements, estimates and are complex. There is risk that the assumptions and estimates used are not reflective of the actual market conditions and the actual amount being recovered from reinsurers is lower. Given the material value of these receivables and the significant judgement applied by management in determining expected recoveries, we determined this area a key audit matter.	As part of our audit procedures, we have: ▪ Obtained an understanding of the process of recognising recoveries from reinsurers; ▪ Performed a review of the accuracy of the recoveries from third parties by comparing the recovery rate applied during the year to the historical recoveries received; and ▪ Reviewed the accounting policies and methodologies employed by the Company to assess the judgements made by management in order to recognise recoveries from reinsurers, if any.
Refer to note 9 of the accompanying financial statements.	

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NDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF
PHOENIX INSURANCE (MAURITIUS) LIMITED

Report on the audit of the financial statements (cont'd)

Key Audit Matters (cont'd)

3. Technical provisions – outstanding claims and unearned premium	
Key Audit Matter	*How our Audit Addressed the Key Audit Matter*
The Company has technical liabilities comprising unearned premium and outstanding claims which include claims incurred but not reported (IBNR) as disclosed in Note 17 to the financial statements. As at December 31, 2022, the technical provisions amounted to Rs.240.8m and Rs.246.6m for unearned premiums and outstanding claims respectively. The valuation of the Insurance contract liabilities, outstanding claims ("OC") which includes provision for claims IBNR are significant in magnitude and require the use of judgements, estimates as well as the use of actuarial and statistical projections. Technical provision represents estimates of future payments of reported and unreported claims for losses and related expenses at a given date, which are impacted by a number of factors which include the trends in severity of historical claims, frequency of historical claims, and changes in laws and regulations. The determination of claims to be paid is complex due to the volume of claims processed and involves the use of assumptions and subjective judgement. There is a risk that the amount paid to policy holders is not accurate. Given the volume of claims processed, their complexity and significance, the valuation of technical provisions was considered a Key Audit Matter.	As part of our audit procedures, we have: ▪ Assessed and tested the design and operating effectiveness of key controls relating to the claims handling and reserving process, including controls over completeness and accuracy of the claims' estimates recorded. We performed substantive tests on the amounts recorded for a sample of claims notified, focusing on those with the most significant impact on the financial statements, to assess whether claims are appropriately estimated and recorded. ▪ Evaluated the competence, objectivity and independence of the independent actuary appointed by management of the Company to review the adequacy of OC including claims IBNR. ▪ Tested the completeness, accuracy and integrity of the underlying insurance data provided by management to the independent actuary to estimate the IBNR provisions. We focused our test of key controls over management's collection, extraction, and data validation processes. ▪ Involved our own independent actuarial specialist to evaluate the actuarial assumptions used by management based on the analysis of the experience to date, industry practice and the financial and regulatory requirements. ▪ Critically appraised the reasonableness of assumptions used in the actuarial report through a combination of analytical procedures and benchmarking against market trends as well as regulatory and reporting requirements for consistency. ▪ Evaluated management's methodology and assumptions against actuarial practices and industry standards as well as financial and regulatory requirements.
Refer to note 16 of the accompanying financial statements.	

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF
PHOENIX INSURANCE (MAURITIUS) LIMITED

Report on the audit of the financial statements (cont'd)

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and Certificate from the Company Secretary, or statutory disclosures. The other information does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code and satisfactory explanation disclosed on the principles of the Code which have not been complied with.

Responsibilities of directors and those charged with governance for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, Financial Reporting Act 2004 and the Insurance Act 2005 and for such internal control as the 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF
PHOENIX INSURANCE (MAURITIUS) LIMITED

Report on the audit of the financial statements (cont'd)

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

As part of an audit in accordance with ISAs, we exercise professional 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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 the directors 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 applied to eliminate threats to our independence.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF
PHOENIX INSURANCE (MAURITIUS) LIMITED

Report on the audit of the financial statements (cont'd)

Auditors' responsibilities for the audit of the financial statements (cont'd)

From the matters communicated with the directors, 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. We describe these matters in our auditors' 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.

Other matter

This report is made solely to the Company's member, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Group and the Company other than in our capacity as auditors, tax advisors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Insurance Act 2005

The financial statements have been prepared in the manner and meet the requirements specified by the Financial Services Commission (FSC).

Moore

MOORE
Chartered Accountants

Port Louis
Republic of Mauritius

Arvin ROGBEER, FCA, FCCA
Licensed by FRC

Date: 08 May 2023

PHOENIX INSURANCE (MAURITIUS) LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

		2022		2021	
	Notes	LIFE	GENERAL	LIFE	GENERAL
ASSETS		Rs.	Rs.	Rs.	Rs.
Non-current assets					
Property and equipment	5	3,218,350	100,200,761	2,827,323	87,065,597
Right-of-use assets	5A	255,543	12,010,019	97,724	7,992,171
Intangible assets	6	-	636,024	-	1,505,160
Investments in financial assets	7	9,288,560	411,202,083	9,354,529	305,728,611
Non-current receivables	8	71,196	-	87,219	-
		12,833,649	524,048,887	12,366,795	402,291,539
Current assets					
Trade and other receivables	9	3,629,381	207,325,737	3,613,751	119,512,464
Investments in financial assets	7	21,319,287	49,973,717	19,109,200	98,265,946
Cash and cash equivalents	25(b)	17,200,924	53,360,873	20,091,783	79,096,339
		42,149,592	310,660,327	42,814,734	296,874,749
Total assets	Rs.	54,983,241	834,709,214	55,181,529	699,166,288
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	10	15,000,000	87,110,500	15,000,000	87,110,500
Other reserves	26		44,107,695		32,534,678
Retained earnings		-	119,589,888	-	115,973,732
Total equity		15,000,000	250,808,083	15,000,000	235,618,910
Non-current liabilities					
Life assurance fund	Page 9	34,511,382	-	34,790,024	-
Lease liabilities	5B	114,321	8,035,776	-	4,098,680
Retirement benefit obligations	13	133,719	9,432,976	107,615	14,890,458
Deferred tax liabilities	14	-	5,364,076	-	4,668,783
		34,759,422	22,832,828	34,897,639	23,657,921
Current liabilities					
Unearned premiums	16/23(B)	-	240,895,504	-	215,130,023
Outstanding claims	11/23(a)	-	246,645,743	-	153,128,837
Trade and other payables	15	5,080,407	41,516,933	3,346,907	39,956,961
Borrowings	12/25(b)	-	26,391,508	1,834,973	20,521,707
Lease liabilities	5B	143,412	4,333,525	102,010	4,114,763
Current tax liabilities	24	-	1,285,090	-	7,037,166
		5,223,819	561,068,303	5,283,890	439,889,457
Total liabilities		39,983,241	583,901,131	40,181,529	463,547,378
Total equity and liabilities	Rs.	54,983,241	834,709,214	55,181,529	699,166,288

These financial statements have been approved for issue by the Board of Directors on: 0 8 MAY 2023

)
) DIRECTORS
)

The notes on pages 12 to 62 form an integral part of these financial statements.
Auditors' report on pages 5 to 5(f).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	2022	2021
		Rs.	Rs.
Revenue - short term insurance	17/2(m)	**511,245,349**	478,265,637
Underwriting surplus	Page 8	**130,939,190**	132,736,425
Interest income	18	**15,041,339**	9,115,239
Operating profit		**145,980,529**	141,851,664
Other income	19	**30,989,321**	32,185,884
Other operating expenses	22	**(162,162,419)**	(143,995,885)
Profit before finance costs		**14,807,431**	30,041,663
Finance costs	20	**(583,187)**	(429,040)
Profit before taxation	21	**14,224,244**	29,612,623
Income tax expense	24	**(2,603,712)**	(4,427,002)
Profit for the year		**11,620,532**	25,185,621
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss:			
Gains on revaluation on land and buildings	5(f)	**8,677,555**	-
Remeasurements of post employment benefit obligations	13	**3,488,509**	3,718,493
Income tax relating to components of other comprehensive income	14	**(593,047)**	(632,144)
Other comprehensive income for the year, net of tax		**11,573,017**	3,086,349
Total comprehensive income for the year	Rs.	**23,193,549**	28,271,970

The notes on pages 12 to 64 form an integral part of these financial statements.
Auditors' report on pages 5 to 5(f).

GENERAL BUSINESS REVENUE ACCOUNT - YEAR ENDED DECEMBER 31, 2022

	Notes	2022	2021
		Rs.	Rs.
Gross Premiums		**768,417,669**	548,327,329
Premiums ceded to Reinsurers		**(237,521,400)**	(65,871,407)
Change in unearned premium reserve	23(b)	**(19,650,920)**	(4,190,285)
Net earned premiums	2(m)/17	**511,245,349**	478,265,637
Gross claims paid	23(a)	**(390,636,414)**	(309,927,036)
Claims recovered from Reinsurers	23(a)	**33,281,299**	19,006,842
Movement in gross outstanding claims		**(93,516,906)**	(39,961,977)
Recoverable from Reinsurers		**75,503,655**	(4,405,838)
Adverse companies' recoveries		**30,593,175**	22,440,386
Recoverable from adverse companies		**481,489**	2,689,329
Net claims incurred		**(344,293,702)**	(310,158,294)
Commissions receivable from Reinsurers		**9,084,224**	8,118,143
Commissions paid to agents and brokerage fees		**(45,096,682)**	(43,489,061)
Net commissions		**(36,012,458)**	(35,370,918)
Underwriting surplus	Page 7	**130,939,189**	132,736,425

The notes on pages 12 to 64 form an integral part of these financial statements.
Auditors' report on pages 5 to 5(f).

LIFE ASSURANCE FUND - YEAR ENDED DECEMBER 31, 2022

	Notes	2022	2021
		Rs.	Rs.
Gross Premiums	2(m)	**4,695,360**	5,147,939
Premiums ceded to Reinsurers		**(600,000)**	(600,000)
Net insurance premiums		**4,095,360**	4,547,939
Interest income	18	**481,724**	828,338
		4,577,084	5,376,277
Less:			
Gross and net death and disablement claims		**292,157**	606,825
Maturity claims		**3,265,022**	3,994,983
Surrenders and deferred annuity		**158,037**	54,655
Survival benefits		**1,113,767**	1,477,500
Other operating expenses	22	**495,920**	486,765
		5,032,746	6,013,903
Loss before finance costs		**(747,819)**	(1,244,451)
Finance costs	20	**(7,073)**	(11,233)
Loss before taxation	21	**(754,892)**	(1,255,684)
Income tax	24	**-**	-
Loss for the year		**(754,892)**	(1,255,684)
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive loss for the year		**(754,892)**	(1,255,684)
Fund at January 1,		**34,790,024**	36,045,708
Gain on revaluation of land & building	5(f)	**476,250**	-
Fund at December 31,	Page 6	**34,511,382**	34,790,024

The notes on pages 12 to 62 form an integral part of these financial statements.
Auditors' report on pages 5 to 5(f).

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	Share capital	Other reserves	Retained earnings	Total
GENERAL		Rs.	Rs.	Rs.	Rs.
Balance at January 1, 2022		**87,110,500**	**32,534,678**	**115,973,732**	**235,618,910**
Profit for the year		-	-	11,620,532	11,620,532
Other comprehensive income for the year		-	11,573,017	-	11,573,017
Total comprehensive income for the year		-	11,573,017	11,620,532	23,193,549
Dividend Paid		-	-	(8,004,376)	(8,004,376)
Balance at December 31, 2022	Rs.	**87,110,500**	**44,107,695**	**119,589,888**	**250,808,083**
Balance at January 1, 2021		**87,110,500**	**30,743,329**	**89,493,111**	**207,346,940**
Profit for the year		-	-	25,185,621	25,185,621
Other comprehensive income for the year		-	3,086,349	-	3,086,349
Transfer		-	(1,295,000)	1,295,000	-
Total comprehensive income for the year		**-**	**1,791,349**	**26,480,621**	**28,271,970**
Balance at December 31, 2021	Rs.	**87,110,500**	**32,534,678**	**115,973,732**	**235,618,910**
LIFE					
Balance at January 1, 2022		**15,000,000**	-	-	**15,000,000**
Other comprehensive income for the year		-	-	-	-
Balance at December 31, 2022	Rs.	**15,000,000**	**-**	**-**	**15,000,000**
Balance at January 1, 2021		**15,000,000**	-	-	**15,000,000**
Other comprehensive income for the year		-	-	-	-
Balance at December 31, 2021	Rs.	**15,000,000**	**-**	**-**	**15,000,000**

The notes on pages 12 to 62 form an integral part of these financial statements.
Auditors' report on pages 5 to 5(f).

PHOENIX INSURANCE (MAURITIUS) LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	2022 LIFE	2022 GENERAL	2021 LIFE	2021 GENERAL
		Rs.	Rs.	Rs.	Rs.
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	25(a)	**749,908**	**43,454,062**	(1,510,706)	79,256,847
Interest received		**184,802**	**1,640,724**	149,865	989,500
Tax paid		**-**	**(8,253,540)**	-	(6,758,185)
Benefits Paid	13	**-**	**(4,199,326)**	-	(696,118)
Net cash generated from/ (used in) operating activities		**934,710**	**32,641,920**	(1,360,841)	72,792,044
Cash flows from investing activities					
Acquisition of property and equipment	5	**-**	**(8,451,512)**	-	(3,210,376)
Proceeds from sale of property and equipment		**-**	**1,321,493**	-	345,201
Acquisition of intangible assets	6	**-**	**-**	-	(160,000)
Acquisition of investments in financial assets	7	**(80,306,451)**	**(156,634,421)**	(22,289,100)	(267,197,550)
Return on investment in financial assets at maturity	7	**62,481,724**	**106,453,791**	15,083,270	39,406,195
Net cash used in investing activities		**(17,824,727)**	**(57,310,649)**	(7,205,830)	(230,816,530)
Cash flows from financing activities					
Principal paid on lease liabilities		**(136,327)**	**(4,748,975)**	(127,967)	(4,067,758)
Interest paid on lease liabilities		**(7,073)**	**(583,187)**	(11,233)	(429,040)
Cash equivalent matured during the year	25(c)	**19,495,068**	**31,896,964**	8,080,791	170,012,981
Dividend paid to holding company		**-**	**(8,004,376)**	-	-
Net cash used in financing activities		**19,351,668**	**18,560,426**	7,941,591	165,516,183
Net decrease in cash and cash equivalents		**2,461,651**	**(6,108,303)**	(625,080)	7,491,697
Movement in cash and cash equivalents					
At January 1,		**(1,238,258)**	**26,677,668**	(613,178)	19,185,971
(Decrease)/ increase		**2,461,651**	**(6,108,303)**	(625,080)	7,491,697
At December 31,	25(c)	**1,223,393**	**20,569,365**	(1,238,258)	26,677,668

The notes on pages 12 to 62 form an integral part of these financial statements.
Auditors' report on pages 5 to 5(f).

1. GENERAL INFORMATION

Phoenix Insurance (Mauritius) Limited (the "Company") is a public limited liability company incorporated and domiciled in Mauritius. The address of its registered office is Stella House, 36, Sir William Newton Street, Port

The principal activity of the Company is that of transacting short term and long term insurance businesses in Mauritius and Rodrigues. The Company also invests in financial assets.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

2. 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) Basis of preparation

The financial statements of Phoenix Insurance (Mauritius) Limited comply with the Mauritian Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

These financial statements are that of an individual entity. The financial statements are presented in Mauritian Rupees, rounded to the nearest rupee.

Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:
(i) land and buildings are carried at revalued amounts;
(ii) held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

Going concern

Life Division
The Financial Services Commission has authorised the Company to treat its life assurance business under run-off as incidental to its principal insurance business under Section 8 (3) of the Mauritian Insurance Act 2005 subject to conditions described in the auditors' report (page 5).

New standards and amendments effective in the period on or after 1 January 2022

The following standards and amendments have become effective for the annual periods commencing on or after 1 January 2022.

➢ Amendments to IFRS 16 - Covid-19-Related Rent Concessions

Amendments to IFRS 16 'Leases' Covid-19 Related Rent Concessions beyond 30 June 2021

This amendment extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The amendments are applicable for annual periods commencing on or after 1 April 2021.

➢ Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before intended use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

The following standards and amendments have become effective for the annual periods commencing on or after 1 January 2022. (Cont'd)

- Amendments to IFRS 3 - Reference to the Conceptual Framework

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the financial statements of the Company as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- IFRS 17 - Insurance Contracts

IFRS 17 'Insurance contracts' establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. IFRS 17 is effective for annual periods commencing on or after 1 January 2023.

- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

Amendments to IAS 1 'Presentation of financial statements' clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The meaning of settlement of a liability is also clarified. The amendments are applicable for annual periods commencing on or after 1 January 2023.

- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture.

Amendments to IFRS 10 'Consolidated financial statements' and IAS 28 'Investments in associates' clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. Otherwise, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments have been deferred until IASB has finalised its research project on the equity method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

➢ Amendments to Disclosure of Accounting Policies and Definition of Accounting Estimates modify:

- IFRS 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;
- IAS 1, to require entities to disclose their material accounting policy information rather than their significant accounting policies;
- IAS 8, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;
- IAS 34, to identify material accounting policy information as a component of a complete set of financial statements; and
- IFRS Practice Statement 2 Making Materiality Judgements, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

➢ Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction

Amendments to Deferred tax related to assets and liabilities arising from a single transaction modify IAS 12 to clarify the accounting for deferred tax on transactions that, at the time of the transaction, give rise to equal taxable and deductible temporary differences. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The amendments clarify that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. Entities are required to recognise deferred tax on such transactions.

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

➢ IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date.

➢ IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

➢ IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the financial statements of the Company as it is not a first-time adopter.

IFRS 9 Exemption

It is expected that IFRS9 will change the classification of financial assets to either amortised cost, fair value through profit or loss or fair value through other comprehensive income. In addition, IFRS9 replaces the 'incurred loss' model in IAS39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (Cont'd)

IFRS 9 Exemption (Cont'd)

The Company has elected to defer the implementation of IFRS9 to January 2023 when IFRS17 is expected to be effective. A detailed assessment of the impact has not been made.

IFRS9 provides a temporary exemption that permits the Company to apply IAS39 rather than IFRS9 when accounting for financial instruments for annual periods beginning before January 1, 2023.

IFRS9 provides a temporary exemption that permits the Company to apply IAS39 rather than IFRS9 when accounting for financial instruments for annual periods beginning before January 1, 2023.

The Company is eligible to apply the temporary exemption from IFRS 9 due to the following criteria:

- it has not previously applied any version of IFRS 9; and
- its activities are predominantly connected with insurance.

As at December 31, 2022, the carrying amount of the liabilities arising from contracts within the scope of this IFRS4 were greater than 90% of the total carrying amount of all the liabilities. Since December 31, 2017, there has been no change in the Company's activities.

The Company's financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are all measured at fair value as they are managed and performance is evaluated on a fair value basis.

Below is the fair value balances of financial assets that are managed at fair value or whose contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal amounts:

	2022
Financial assets	**Rs.**
Non-current receivables	**71,196**
Trade and other receivables	**3,629,381**
Cash and cash equivalents	**17,200,924**
	20,901,501

New and revised IFRS Standards in issue but not yet effective

IFRS 17 (including the June 2020 amendments to IFRS 17)	Insurance Contracts *Effective date: 01 January 2023*
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture *Effective date: Not yet set by IASB*
Amendments to IAS 1	Classification of Liabilities as Current or Non-current *Effective date: 01 January 2023*
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies *Effective date: 01 January 2023*
Amendments to IAS 8	Definition of Accounting Estimates *Effective date: 01 January 2023*
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction *Effective date: 01 January 2023*

(b) Property and equipment

Land and buildings are stated at their fair values, based on quinquennial valuations, by external independent valuers, less subsequent depreciation for buildings. 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. All other property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property and equipment (cont'd)

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

Increases in the carrying amount arising on revaluation are credited to other comprehensive income and shown as revaluation surplus in shareholders' equity or the Life Assurance Fund. Decreases that offset previous increases of the same asset are charged against the revaluation surplus directly in equity or the Life Assurance Fund. All other decreases are charged to profit or loss or Life Assurance Fund.

Depreciation is calculated on the straight-line method to write off the cost or revalued amounts of the assets to their residual values over their estimated useful lives, with the exception of furniture, fittings and office equipment which are depreciated using the reducing balance basis. The annual rates are:-

Buildings	2%	
Furniture, Fittings and Office equipment	10%	(Reducing balance)
Motor Vehicles	20%	

Freehold land is not depreciated.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss or the Life Assurance Fund. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings for the General Business.

(c) Intangible assets

Computer software
Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives (3-5 years).

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software controlled by the Company and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives.

Intangible assets are derecognized from the statement of financial position on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss arising from the derecognition of an intangible asset is recognized in profit or loss at the moment of derecognition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(e) Financial assets

(i) *Categories of financial assets*

The Company classifies its financial assets in the following categories: trade and other receivables and Investments in financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Trade and other receivables

trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, trade and other receivables are measured at amortised cost using the effective interest method, less any impairment.

The Company's trade and other receivables comprise of premium debtors, recoveries, deferred acquisition costs and other short term receivables.

(b) Investments in financial assets

Investments in financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity.

Investments in financial assets are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, Investments in financial assets are measured at amortised cost using the effective interest method less any impairment.

(ii) *Recognition and measurement*

Purchases and sales of financial assets are recognised on trade-date (*or settlement date*), the date on which the Company commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs for all financial assets except those that are carried at fair value through profit or loss.

(iii) *Impairment of financial assets*

For trade and other receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, and the amount of the loss is recognised in profit or loss or the Life Assurance Fund. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial assets (cont'd)

(iii) *Impairment of financial assets*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iv) *Derecognition of financial assets*

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(f) Premium debtors

Premium debtors relate to insurance contracts and are recognised when due. These include amounts due from reinsurers, agents, brokers and insurance contract holders.

Premium debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of Premium debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss or the Life Assurance Fund.

(g) Financial liabilities

The company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other financial liabilities include the following items:

- Trade payables and other short-term liabilities, which include amounts due to reinsurers, agents, brokers and insurance contract holders. Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

- Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses will not be offset in the profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Company.

(i) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) Share capital

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

Preference share capital
Preference share capital is classified as equity if it is non-redeemable or redeemable only at the Company's option and dividend payable subject to directors' resolution.

(k) Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when the Company agrees to compensate a policyholder if a specified uncertain future event (other than a change in a financial variable) adversely affects the policyholder. Insurance contracts are derecognised when all rights and obligations are extinguished or expired. Any contracts not meeting the definition of an insurance contract under IFRS 4 are classified as investment contracts. The Company does not issue any investment contracts. Certain insurance contracts contain a Discretionary Participating Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses.

The Company transacts in both short term and long term insurance contracts which are classified within the following main categories:

Short-term insurance contracts
The Company transacts mainly in the motor business but it also sells non-motor insurance contracts namely fire and allied perils, personal accident, public liability, transport and miscellaneous. These contracts protect the policyholders for damage suffered to property or goods, for value of property and equipment lost or damaged, losses or expenses incurred, sickness and loss of earnings resulting from occurrence of the insured event.

Long-term insurance contracts

- *Long-term insurance contracts with fixed and guaranteed terms*
  These contracts insure events associated with human life events, i.e. term life, disability, critical illness over a long duration and death.

  A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract was issued. The liability is recalculated at each valuation date based on the most recent experience of the assumptions used at inception of the contracts. A margin for adverse deviations is included in the assumptions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Insurance contracts (cont'd)

(ii) Long-term insurance contracts (cont'd)

- *Long-term insurance contracts without fixed terms and with DPF*
  These type of contracts contain a DPF that entitles the policyholder to a minimum guaranteed rate per annum depending on the terms of the contract or when higher, to a bonus rate or profit declared by the Company from the DPF eligible surplus available to date. At least 90% of the eligible surplus is attributable to contract holders as a group, while the amount and timing of the distribution to individual contract holders are at the discretion of the Company, subject to the advice of its actuary.

  Any portion of the eligible surplus that is not declared as bonus or profit to contract holders is recognised as a liability in the equity component of DPF in the Life Assurance Fund until declared and credited to them in future periods. Equityholders' share represents one ninth (1/9) of the ensuring bonus declared/paid out of the DPF eligible surplus.

(l) Reinsurance contracts

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company are classified as reinsurance contracts held. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

Reinsurance contracts used by the Company are proportional and non-proportional treaties and facultative arrangements. Proportional reinsurance can be either 'quota share', where the proportion of each risk reinsured is stated or "surplus", which is a more flexible form of reinsurance and where the Company can fix its retention limit. Non-proportional reinsurance is mainly 'excess-of-loss' type of reinsurance where, in consideration for a premium, the reinsurer agrees to pay all claims in excess of a specified amount, i.e. the retention, and up to a maximum amount. The Company uses a catastrophe excess of loss arrangement to further protect its retention. Facultative insurance contracts generally relate to specific insured risks which are underwritten separately. Under treaty arrangements, risks underwritten by the Company falling under the terms and limits of the treaties are reinsured automatically.

Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance liabilities. Short-term balances due from reinsurers are classified within trade and other receivables and long term receivables are classified as reinsurance assets under trade and other receivables. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contracts.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as expenses over the period of the contract.

If a reinsurance asset is impaired, the Company reduces the carrying amount accordingly and recognises that impairment loss in the profit or loss or the Life Assurance Fund.

A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue recognition

(i) Short-term insurance

Gross written premiums on short term insurance reflect business incepted during the year as well as renewal of the short-term contracts written. Earned premiums on short-term contracts are recognised in the accounting period in which the services are rendered.

(ii) Premiums earned

(I) *Short-term business*

Revenue represents premiums receivable net of reinsurances and adjusted for unearned premiums. Premiums are recognised as revenue over the period of coverage, calculated on the 40th method.

(II) *Long-term business*

Premiums on long-term insurance contracts are recognised in the Life Assurance Fund when received. For policies which have lapsed after the prescribed period, a surrender or paid up value is refunded to the policy holders based on the terms of the contracts.

(iii) Other revenues

Other revenues earned by the Company are recognised on the following bases:

- Commission receivable - on an accrual basis in accordance with the substance of the relevant agreement.
- Policy Fees - on an accrual basis in accordance with the substance of the relevant agreement.
- Rental income - accrue on a straight line basis over term of the lease.
- Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

(n) Unearned premiums - short-term insurance

Unearned premiums represent the unexpired portion of policies in issue with periods of cover extending into the following accounting period. These are computed as a percentage of the premiums written in a year less reinsurance and have been taken at 40% of net premiums. The change in unearned premium provision is taken to the profit or loss.

Reinsurance ceded

Unearned premiums represent the unexpired portion of policies in issue with periods of cover extending into the following accounting period. These are computed as a percentage of the premiums written in a year less reinsurance and have been taken at 40% of net premiums. The change in unearned premium provision is taken to the profit or loss.

The provision is recognised when contracts are entered into and premiums are ceded, and is brought to account as premium ceded to reinsurers over the term of the contract. The change in this provision is taken to the profit or loss.

Claim expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties.

Outstanding claims provisions are made up of:

(a) provisions for claims incurred but not reported (IBNR) and

(b) the net estimated costs of claims admitted or intimated but not yet settled at the end of reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Unearned premiums - short-term insurance (cont'd)

Reinsurance ceded (cont'd)

Some delays may occasionally be experienced in the modification and settlement of certain types of claims, particularly in respect of liability business, the ultimate cost of which cannot be known with certainty at the end of the reporting period. The Company does not discount its liabilities for unpaid claims. Any estimate represents a determination within a range of possible outcomes.

(o) Claims expenses and outstanding claims provisions - short-term insurance business

Outstanding claims provisions are estimated based on known facts at the date of estimation. Estimates are generally set by the Company's claims technicians, applying their experience and knowledge to the circumstances of individual claims. The main underlying assumption is that the Company's past experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios.

Claims development is separately analysed for each line of business. Large claims are usually separately addressed based on loss adjuster's estimates or projected separately.

Outstanding claims provision represents the estimated ultimate cost of settling all claims arising from events which have occurred up to the statement of financial position date, including provision for claims incurred but not reported (IBNR). It includes related expenses and a deduction for the expected recoveries from salvage and subrogation. Some delays may occur in the notification and settlement of certain claims particularly in respect of liability business, the ultimate cost of which cannot be known with certainty at end of reporting period. The Company does not discount its liabilities for unpaid claims as permitted by Phase I of IFRS 4.

(p) Salvage and subrogation reimbursements (Recoveries)

Some insurance contracts permits the Company to sell (usually damaged) property (mainly motor vehicles) acquired in settling a claim, i.e., salvage. The Company also has the right to pursue third party (insurers) for payment of some or all costs it has already disbursed i.e., subrogation.

Estimates of salvage recoveries and subrogation reimbursements are included as allowances in the measurement of the insurance liability for claims. The salvage property and subrogation reimbursements are recognised as an asset when the Company settles the liability and the asset is derecognised when the property is sold or amount recovered from third party (insurers). Amounts recoverable from subrogation reimbursements include long tail assets due to the long delays in Court judgements. The amounts recognised have been discounted to reflect the net present value using the effective interest method and based on an estimated recovery pattern for time taken for legal actions to be concluded. At each end of reporting period, an impairment exercise is carried out and the carrying amounts of the assets are reduced to their recoverable amounts and the impairment loss is recognised in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Life Assurance fund

The decrease in the Life Assurance Fund represents the decrease in the value of liabilities due to policyholders. The adequacy of the liabilities is determined triennially by actuarial valuation. At the end of each 3 year period, a valuation of the assets and liabilities, and therefore of the DPF eligible surplus, is performed. In the light of this valuation a final bonus is set for policyholders. The cost of this bonus is met in full at the end of the 3 year period. The amount of the DPF eligible surplus distributable to shareholders is limited to 1/9th of the cost of the final bonuses allocated to policyholders. One-third of this amount, plus 1/9th of any interim bonuses credited on claims arising during the previous year and distribution to shareholders over the ensuing 3 year period is only made upon the Actuary's recommendation.

(r) Liability adequacy test

(i) *Short-term business*

At each end of reporting period, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests the Company makes use of current best estimates of future contractual cash flows, including claims handling and administrative expenses as well as investment income from assets backing such liabilities.

Any deficiency is immediately charged to the profit or loss and a provision established for any losses arising (unexpired risk provision).

(ii) *Long-term business*

The Company's long-term business liabilities are assessed by its Actuary and any shortfall is recognised in the Life Assurance Fund.

(s) Deferred acquisition costs

Deferred acquisition costs represent commissions paid to intermediaries relating to unearned premiums and are calculated at 40% of commissions paid.

(t) Retirement benefit obligations

Gratuity on retirement

The Company does not contribute to a pension plan for its employees. The net present value of severance allowances payable under the Workers' Rights Act 2019 is calculated by a qualified actuary and provided for. The obligations arising under this item are not funded as at reporting date.

The liability relates to employees who are entitled to statutory benefits prescribed under parts VIII and IX of the Workers' Rights Act (WRA). The latter provides for a lump sum on withdrawal, at retirement or death, whichever occurs earlier, based on final salary and years of service. Actuarial gains and losses are recognised directly in retained earnings. Current service cost and interest costs are recognised immediately in income.

The assets of the plan are invested in the Portable Retirement Gratuity Fund as from 01st January 2022. The contributions of the Employer into the Fund represent 4.5% of monthly remuneration as per WRA

(u) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian rupees('Rs.'), the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Mauritian rupee, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Foreign currencies (cont'd)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(v) Provisions

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(w) Long term receivables

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the asset is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using the original effective interest rate. The amount of loss is recognised in profit or loss. If there is objective evidence that an impairment loss has been incurred, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value (PV) of estimated cash flows discounted at the current market rate of return of similar financial assets.

(x) Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax

The current income tax charge is based on taxable income for the year calculated on the basis of tax laws enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Current and deferred income tax (cont'd)

Deferred tax (cont'd)

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

(y) Leases

Leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Identifying Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) There is an identified asset;

(b) The Company obtains substantially all the economic benefits from use of the asset; and

(c) The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Leases (cont'd)

Identifying Leases (cont'd)

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company if it is reasonable certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(y) Leases (cont'd)

Identifying Leases (cont'd)

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Accounting for leases - where Company is the lessor

Lease income from leases where the Company is a lessor is recognised in income on a straight line basis over the lease term. Initial direct costs incurred in obtaining the lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting IFRS 16.

(z) Contingent Liabilities

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity. A contingent liability is not recognised in the statement of financial position. However, unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed in the notes.

(aa) Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore appeared with the income tax shown in the statement of profit or loss and other comprehensive income and income tax liability on the Statement of Financial Position. The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities.

(ab) Related parties

For the purpose of the financial statements, parties are considered as related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence in making financial and operating decisions or vice versa or where the Company is subject to common control. Related parties may be individuals or other entities.

3. INSURANCE AND FINANCIAL RISK MANAGEMENT

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them. The Company has complied with Insurance (Risk Management) Rules 2016.

3.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The main risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This may happen if the frequency and severity of claims and benefits are greater than amounts estimated.

Insurance events are random and actual number and amount of claims and benefits vary from year to year. Experience however shows that the larger the portfolio of similar insurance contracts, the smaller the variability about expected outcome and a more diversified portfolio is less likely to be affected across the board in any subset of the portfolio.

3. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Insurance risk (cont'd)

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories, to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

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

3.1.1 Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Company are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of insurance companies to meet unforeseen liabilities as these arise.

3.1.2 Key risks arising from insurance contracts

(i) *General insurance*

General insurance includes mainly motor insurance. Claims are payable on a claims-occurrence basis. The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and risk management procedures adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury by employees (for employer liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim.

(ii) *Motor and liability insurance*

The frequency and severity of claims can be affected by several factors, the most significant resulting from severe weather events like cyclones, flooding, fire and perils and their consequences and liability claims awarded by the Court. Inflation is another factor that may affect claims payments.

3. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Insurance risk (cont'd)

3.1.2 Key risks arising from insurance contracts (cont'd)

(ii) *Motor and liability insurance (cont'd)*

The Company's underwriting strategy attempts to ensure that the underwritten risks are well diversified in type, amount of risk and industry. The Company has underwriting limits by type of risks and by industry. Performances of individual insurance policies are reviewed by management and the Company reserves the right not to renew individual policies.

The Company can impose deductibles and has the right to reject the payment of a fraudulent claim. Where relevant, the Company may pursue third parties for payment of some or all liabilities (subrogation). Claims development and provisioning levels are closely monitored.

The reinsurance arrangements of the Company include excess of loss and catastrophe coverage and as such, the maximum loss that the Company may suffer in any one year is predetermined.

3.1.2 Short-term insurance

(i) *Insurance liabilities*

The frequency and severity of claims can be affected by several factors, the most significant resulting from motor accident, liability claims awarded by the Court, fire and allied perils and their consequences. Inflation is also a significant factor due to the long delays in the settlement of some claims. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and the proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk and class of business.

Underwriting measures are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew certain policies, impose deductibles and reject fraudulent claims. Reinsurance arrangements of the Company which include proportional, excess of loss and catastrophe coverages ensure that the Company would not suffer losses of more than a predetermined amount in any one year.

(ii) *Sensitivity*

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios and the best estimate is used.

(iii) *Concentration of insurance risk*

The concentration of insurance risk before and after reinsurance by class of business is summarised below:

	Outstanding claims					
Class of business	**No. of claims**	**2022**		No. of claims	2021	
		Gross	**Net**		Gross	Net
		Rs'000	**Rs'000**		Rs'000	Rs'000
Motor	**1,389**	**155,700**	**65,397**	1,628	80,727	62,299
Fire and Allied Perils	**6**	**348**	**(3,943)**	3	67	(1,020)
	1,395	**156,048**	**61,454**	1,631	80,794	61,279
IBNR		**90,598**			72,335	
		246,646			153,129	

3. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Insurance risk (cont'd)

3.1.2 Short-term insurance (cont'd)

(iii) *Concentration of insurance risk (cont'd)*

The Company has procedures in place to identify, quantify and manage risk exposures by class of business. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

(iv) *Sources of uncertainty*

Claims are payable on a 'claims occurrence' basis, which makes the Company liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, claims may be settled over a long period of time and thus claims provision also include claims incurred but not reported (IBNR).

Claims can be either long tail or short tail. Short tail claims are settled within a short time and the Company's estimation processes reflect with a higher degree of certainty all factors that may influence the amount and timing of future cash flows. For long tail claims, the estimation process is more uncertain and depends largely on external factors such as judicial decision, legislation, level of claims, inflation and economic

The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures but however, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprises a provision for IBNR and a provision for reported claims not yet paid at the reporting date.

The Company ensures that claims provisions are determined using the best information available on, for example, claims settlement patterns, forecast inflation and Court awards.

Sensitivity

The impact on the Company's result, had average claim cost increased by 5% would have had the following effect:

Average Claim Cost	Impact on Gross Liabilities	Impact on Reinsurance Share	Impact on Profit before Tax
	Rs'000s	Rs'000s	Rs'000s
2022	7,802	1,094	6,708
2021	4,040	976	3,064

3. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Insurance risk (cont'd)

3.1.2 Short-term insurance (cont'd)

(iv) *Claims development table*

The table below shows the development of claims over the five year period 2018 to 2022. The table illustrates how the estimates of total claims outstanding for each year have changed at successive year ends and it reconciles the cumulative claims to the amount appearing in the statement of financial position as at December 31, 2022.

Gross estimate of ultimate claim costs	2018	2019	2020	2021	2022	TOTAL
Estimate of ultimate claim costs:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	30,130	31,508	31,185	48,837	46,737	188,397
- one year later	2,024	7,127	12,455	9,917	-	31,523
- two years later	4,648	6,163	5,191	-	-	16,002
- three years later	4,727	6,354	-	-	-	11,081
- four years later	3,532	-	-	-	-	3,532
Current estimate of cumulative claims	304,120	336,213	268,500	260,681	268,505	1,438,019
Less: Cumulative payments to date	(300,625)	(329,859)	(263,306)	(250,763)	(221,769)	(1,366,322)
Liability recognised in the Statement of financial position	3,495	6,354	5,194	9,918	46,736	71,697
Liability in respect of prior years						84,351
IBNR						90,598
Net liability at year end (note 23(a))						246,646

Note: The Company has in place a series of reinsurance covers in each of the last five years to cover for losses on these contracts.

3. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONT'D)

3.1.3 Long-term insurance

(i) *Insurance liabilities*

For contracts where death is the insured event, the most significant factors that have an impact on claims payable are diseases like diabetes, heart problems, high blood pressure, changes in life styles like eating habits, smoking, lack of exercise leading to higher and earlier claims than expected.

For contracts where survival is the insured event, the most significant factor is continued improvement in medical science and social conditions that would increase longevity.

The underwriting strategy of the Company ensures that the risk underwritten are well diversified in terms of type of risk and level of insured benefit. Medical selection is also included in the Company's underwriting procedures with premiums varied to reflect the health condition, age and medical history of the applicant. The Company reinsures the excess of the insured benefit over Rs.50,000 for standard risk under the individual life reinsurance treaty agreement. Medically impaired lives are insured at lower levels.

(ii) *Concentration of insurance risk*

The table below presents the concentration of insured benefits across bands of insured benefits per individual life assured.

Benefits assured per life assured at the end of 2022	Total benefits insured			
	Before reinsurance		After reinsurance	
Rs'000	Rs'000	%	Rs'000	%
0 - 50	16,148	29%	16,148	46%
50 - 100	28,931	51%	16,200	46%
100 - 150	2,391	4%	900	3%
150 - 200	2,560	5%	650	2%
200 - 250	955	2%	200	1%
250 - 300	1,200	2%	200	1%
300+	4,050	7%	350	1%
Total	56,235	100%	34,648	100%

(iii) *Sources of uncertainty*

The nature of the long-term business is such that a number of assumptions are made in respect of changes in mortality, morbidity and persistency rates, investment returns, expenses and in the contract holder's behaviour.

The Company uses appropriate base tables of standard mortality according to the type of contract being written and statistical data are used to adjust the crude mortality rate to produce a best estimate of expected mortality for the future.

When data is not sufficient to be statistically credible, the best estimate of future mortality is based on standard industry tables adjusted for the Company's experience.

For contracts that insure survival, an adjustment is made for future mortality improvements based on trends identified in the data and historical evidence.

3. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Concentration risk

The Company is subject to concentration risk in a variety of forms, including:

3.2.1 Product concentration risk

The Company's business is heavily concentrated in the Motor general insurance market. However, the Company offers a diversified portfolio of products for all types of motor vehicles and sold through different distribution channels to its customers which can be individuals or corporates.

3.2.2 Reinsurance concentration risk

Reinsurance strategy

Reinsurance covers are reviewed annually to ensure that the protection purchased reflect any developments in exposure and risk appetite of the Company.

Reinsurance is placed with top-rated reinsurers who meet the Company's counterparty requirements.

3.3 Pricing and underwriting risks

The risk of economic loss arising from business being inappropriately accepted (i.e. outside underwriting rules/terms and conditions) and/or incorrectly priced.

Underwriting risk is defined as the risk of insured losses in our general insurance business being higher than our expectations. This may arise from the type of products, the inaccurate pricing of risks when underwritten or when assumptions made in product design differ from the actual experience. To mitigate such risks, underwriting guidelines are reviewed regularly.

3.4 Claims risks

General insurance risk arises from: fluctuations in the timing, frequency, severity of claims and claim settlements relative to expectations, unexpected claims arising from a single source, and inadequate reinsurance protection or other risk transfer techniques. The risk is mitigated by the proportional reinsurance structure which is in place for the financial year whereby the reinsurers share the risk of claims uncertainties. The structure is reviewed and renegotiated on an annual basis.

3.5 Catastrophe risk

The risk of loss, or of adverse change, in the value of the insurance liabilities resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events. The risk is mitigated by the reinsurance structure which is in place for the financial year whereby the reinsurers share the risk of claims uncertainties. The Company also has a multiple layered excess of loss cover which mitigates any one event catastrophe. Both the proportional and non-proportional structure is reviewed and renegotiated on an annual basis.

3. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONT'D)

3.6 Financial risk factors

The Company's activities are exposed to financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance contracts. The most important components of these financial risks are:

- Market risk (including currency risk and interest rate risk);
- Credit risk;
- Liquidity risk;
- Capital management; and
- Fair value estimation.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

3.6.1 *Market risk*

(i) *Currency risk*

The Company is mainly exposed to currency risk with respect to its reinsurance contracts which it purchases abroad and is exposed primarily with respect to US Dollar. Exposure to foreign currency exchange risk is not hedged. Currency risk is considered to be low.

Sensitivity

Changes in foreign currency exchange rate of the US Dollar as at December 31, 2022 and 2021 would have had no material impact on the results of the Company.

(ii) *Interest rate risk*

Interest rate risk arises from the Company's investment in fixed income securities (short-term bank deposits and held-to-maturity) and borrowings which are exposed to fluctuations in interest rates. Exposure to interest rate risk is closely monitored by management.

Sensitivity

The impact on the Company's result, had interest rates varied by plus or minus 1%, would have had the following effect:

	Impact on results	
	+1%	-1%
At December 31, 2022	Rs'000	Rs'000
- Short term bank deposits and held-to-maturity investments (General)	**150**	**(150)**
- Short term bank deposits and held-to-maturity investments (Life)	**5**	**(5)**
At December 31, 2021		
- Short term bank deposits and held-to-maturity investments (General)	91	(91)
- Short term bank deposits and held-to-maturity investments (Life)	8	(8)

3. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONT'D)

3.6 Financial risk factors (cont'd)

3.6.1 *Market risk (cont'd)*

(ii) *Interest rate risk (cont'd)*

Short term insurance liabilities are not discounted and therefore contractually non-interest bearing. However, due to the time value of money and the impact of interest rates on the level of bodily injury related claims, a reduction of interest rates would normally produce higher insurance liability.

Changes in interest rates have no material impact on long term insurance contracts with fixed and guaranteed terms. However, contracts with DPF elements are directly affected since the underlying assets backing those liabilities are affected by changes in interest rates. With all other variables kept constant, an increase in value of assets would lead to an increase in the DPF liability and vice-versa.

The Company monitors closely such long tail claims and ensure that adequate cash flow is available at all times.

Sensitivity

A 5% increase or decrease in interest rates would have no material effect on the DPF element of the Life Assurance Fund.

3.6.2 *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to insurance receivables i.e., insurance contract holders and insurance intermediaries. The amounts presented in the statement of financial position are net of allowances for estimated irrecoverable amounts receivable, based on management's prior experience and the current economic environment.

Except for amount receivable from reinsurers, the Company has no significant concentration of credit risk, with exposure spread over a large number of clients, agents and brokers. The Company has policies in place to ensure that sales of services are made to clients, agents, brokers and reinsurers with an appropriate credit history.

Reinsurance credit exposures

The Company is however exposed to concentrations of risk with respect to its reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers with acceptable credit ratings. The Company is exposed to the possibility of default by their reinsurers in respect of share of insurance liabilities and refunds in respect of claims already paid.

The Company's largest reinsurance counterparty is General Insurance Corporation of India per GIC Re South Africa Ltd, Johanesburg, and Munich Reinsurance Company of Africa Limited for general business and life business respectively. At December 31, 2022, reinsurance assets recoverable for general business was Rs.122m (2021: Rs.44.2m) and for life business nil (2021: nil).

Amounts recoverable from reinsurers are closely monitored by management. Financial strengths of reinsurers are reviewed and assessed prior to the renewal or signing of new reinsurance contracts and management ensures that risks are ceded to top-rated and credit worthy reinsurers only.

3. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONT'D)

3.6.3 *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities and the availability of funding from an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 3 months		3 to 12 months		1-5 years		Over 5 years		No stated maturity		TOTAL	
	Life	General	Life	General	Life	General	Life	General	Life	General	Life	General
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2022												
Outstanding claims	-	**156,048**	-	-	-	-	-	-	-	-	-	**156,048**
IBNR	-	-	-	-	-	-	-	-	-	**90,598**	-	**90,598**
Lease liabilities	-	**1,267**	**143**	**3,066**	**115**	**8,036**	-	-	-	-	**258**	**12,369**
Bank borrowings	-	**26,392**	-	-	-	-	-	-	-	-	-	**26,392**
Trade and other payables	**5,080**	**39,246**	-	**16**	-	**2,255**	-	-	-	-	**5,080**	**41,517**
At December 31, 2021												
Outstanding claims	-	80,794	-	-	-	-	-	-	-	-	-	80,794
IBNR	-	-	-	-	-	-	-	-	-	72,335	-	72,335
Lease liabilities	-	1,280	102	2,835	-	4,098	-	-	-	-	102	8,213
Bank borrowings	1,835	20,522	-	-	-	-	-	-	-	-	1,835	20,522
Trade and other payables	3,347	35,762	-	4,195	-	-	-	-	-	-	3,347	39,957

The table below analyses the Company's financial assets into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than1 Year		1-5 years		Over 5 years		TOTAL	
	Life	General	Life	General	Life	General	Life	General
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2022								
Financial Assets	**21,319**	**49,973**	**9,289**	**153,324**	-	**257,878**	**30,608**	**461,175**
Cash and cash equivalents	**17,201**	**53,361**	-	-	-	-	**17,201**	**53,361**
Non-current receivable	-	-	**71,196**	-	-	-	**71,196**	-
Trade and other receivables	**3,629**	**207,326**	-	-	-	-	**3,629**	**207,326**
At December 31, 2021								
Financial Assets	19,109	98,266	9,355	137,383	-	168,346	28,464	403,995
Cash and cash equivalents	20,092	79,096	-	-	-	-	20,092	79,096
Non-current receivable	-	-	71,196	-	-	-	71,196	-
Trade and other receivables	3,614	119,512	-	-	-	-	3,614	119,512

3. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONT'D)

3.6.4 *Capital Risk Management*

The Company's objectives when managing capital are:

- General Business
  - to ensure that the Minimum Capital Requirement ratio of 150% as required by the Mauritian Insurance Act 2005, Insurance Rules and Regulations 2007 are maintained at all times;
- Life Business
  - to ensure that the Minimum Capital Requirement be maintained at all times at the higher of:
    (i) a stress test requirement determined in accordance with guidelines issued by the commission or
    (ii) the higher of an amount of Rs.25m or an amount representing 13 weeks operating expenses.
- General and Life Business
  - to safeguard the Company's ability to continue as a going concern so that it can provide returns for shareholders and benefits for other stakeholders, and
  - to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

The Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt to adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity.

The debt-to-adjusted capital ratios at 31 December 2022 and at 31 December 2021 for the general business were as follows:

	GENERAL	
	2022	2021
	Rs'000	Rs'000
Total debt (bank overdraft & Lease liabilities)	**38,761**	28,735
Less: Cash and cash equivalents	**(53,361)**	(79,096)
Net debt	**(14,600)**	(50,361)
Total equity	**250,808**	235,619
Debt-to-capital ratio	**N/A**	N/A

The operations of the Company are also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

Under the Insurance (General Insurance Business Solvency) Rules 2007, the minimum capital requirement for general business is the sum of capital required for the statement of financial position as per Rule 6, capital required for investment above concentration limit as per Rule 7, capital required for policy liabilities as per Rule 8, capital required for catastrophes as per Rule 9 and capital required for reinsurance ceded under Rule 10.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the Financial Services Commission (FSC). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written.

3. INSURANCE AND FINANCIAL RISK MANAGEMENT (CONT'D)

3.6.4 *Capital Risk Management (cont'd)*

The Company's capital management policy for its insurance is to hold sufficient capital to cover the statutory requirements based on the FSC directives, including any additional amounts required by the regulator.

For the years ended December 31, 2022 and December 31, 2021, the Company has satisfied the minimum capital requirements.

Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Company is focused on the creation of value for shareholders.

3.6.5 *Fair value estimation*

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker and industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company 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 a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Insurance Contracts

The uncertainty in the financial statements of the Company inherent to insurance arises principally in respect of insurance liabilities, which for short-term business include provisions for outstanding claims, IBNR and unearned premiums and for long-term insurance contracts, future benefits payments and premiums. In addition to the inherent uncertainty when estimating liabilities, there is also uncertainty as regard the eventual outcome of claims. As a result, the Company applies estimation techniques to determine the appropriate provisions.

(i) Short-term insurance

(a) *Claims provisions*

Provisions for liability arising from claims are determined based upon previous claims experience, knowledge of events and terms and conditions of relevant policies.

Particularly relevant is experience with similar cases and historical claims payments trends. This approach includes the consideration of expected loss ratios, levels of unpaid claims, judicial decisions and economic conditions.

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of loss adjusters' estimates or projected separately in order to allow for future developments of large claims.

Claims provisions are calculated gross of reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

There may be significant reporting lags between the occurrence of the insured event and time it is actually reported to the Company. There may still be uncertainty as to the magnitude and timing of the settlement of the claim. Factors that contribute to uncertainty include level of claims inflation, inconsistent judicial interpretations and Court judgements. The establishment of insurance liabilities is an inherently uncertain process and as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims can vary substantially in respect of long tail business.

(b) *Sensitivity analysis*

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios in order to arrive at the estimated cost of claims that represents the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1 Insurance Contracts (cont'd)

(ii) Long-term insurance

(a) *Concentration, frequency and severity of claims*

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Company's Actuary.

Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. The Actuary bases these estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Country and Company's experience.

For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements.

For long term insurance contracts with fixed and guaranteed terms and with DPF, estimates of future deaths, voluntary terminations, investment returns and administrative expenses are made at each valuation date and form the assumptions used for calculating the liabilities.

A margin for risk and uncertainty is added to these assumptions. Assumptions are reconsidered each year based on the most recent operating experience and estimates of future experience and are used to recalculate the liabilities.

(b) *Sensitivity*

The reasonableness of the estimation process of future benefit payments is tested by an analysis of sensitivity under several scenarios. This analysis enables the Company to assess the most significant assumptions and monitor the emerging variations accordingly.

4.1.1 Uncertainties and judgement

The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as:

- uncertainty as to whether an event has occurred which would give rise to a policy holder suffering an insured loss;
- uncertainty as to amount of insured loss suffered by a policyholder as a result of the event occurring;
- uncertainty over the timing to a settlement for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. For certain classes of policy, the maximum value of the settlement of a claim may be specified under the policy terms while for other classes, the cost of a claim will be determined by an actual loss suffered by the policyholder.

There may be some reporting lags between the occurrence of the insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. There are many factors that will determine the level of uncertainty such as judicial trends, unreported information, etc.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1.1 Uncertainties and judgement (cont'd)

To produce reserves developed on a best-estimate basis, development factors were estimated from the data provided.

Claims development factors derived were smoothed in cases where exceptional claims development was evident.

Development patterns were determined for each class of business independently for all business.

All estimates of IBNR claims reserves are based on run-off triangles prepared on an incurred claims basis. The triangles were prepared from individual claims data.

In estimating the technical reserves certain assumptions, about the future claims development experience have been made.

The run-off pattern of claims is assumed to remain stable. Claims inflation implicit in the data has been assumed to continue. No explicit assumptions about claims inflation have been made.

Since assumptions are based on past experience it is important to note that past experience may not be a reliable guide to the future in cases where there are:

- Changes in the economic environment;
- Changes in the claims development and settlement patterns;
- Unusually large once-off claims;
- Changes in underwriting practices;
- Changes in the mix of business; and,
- Changes in the reinsurance programme.

No significant changes to the above factors have been reported.

4.2 Held-to-maturity investments

The Company follows the guidance of International Accounting Standard (IAS) 39 - "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity. If the Company fails to keep these investments to maturity, other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value, not amortised cost.

4.3 Impairment of assets

Property and equipment and intangible assets are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.4 Limitations of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty.

4.5 Revaluation of property and equipment

The Company measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Company engaged independent valuation specialists to provide quinquennial valuations to determine fair value. The last revaluation exercise has been performed as at 31 December 2022.

4.6 Depreciation policies

Property and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Company would currently obtain from disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

4.7 Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 13.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.8 Asset lives and residual values

Property and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

4.9 Reinsurance

The Company is exposed to disputes on, and defects in, contract wordings and the possibility of default by its reinsurers. The Company monitors the financial strength of its Reinsurers. Allowance is made in the financial statements for non-recoverability due to reinsurers default as required.

5. PROPERTY AND EQUIPMENT

		Freehold land (owned)	Building on freehold land (owned)	Leasehold land (leased)	Building on leasehold land (owned)	Work in progress - Building (owned)	Furniture, Fittings and office equipment (owned)	Motor Vehicles (owned)	Total
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(a) COST OR VALUATION									
At January 1, 2022									
- Cost		3,250,000	25,445,895	-	1,994,092	1,965,185	29,479,819	9,679,770	71,814,761
- Valuation		26,750,000	14,554,105	4,000,000	5,005,908	-	-	-	50,310,013
		30,000,000	40,000,000	4,000,000	7,000,000	1,965,185	29,479,819	9,679,770	122,124,774
Additions		-	-	-	195,000	355,784	2,537,465	5,363,263	8,451,512
Transfer		-	2,320,969			(2,320,969)	-	-	-
Revaluation surplus		-	2,679,031	500,000	305,000	-	-	-	3,484,031
Disposals		-	-	-	-	-	-	(2,275,257)	(2,275,257)
At December 31, 2022									
- Cost		3,250,000	27,766,864	-	2,189,092	-	32,017,284	12,767,776	77,991,016
- Valuation		26,750,000	17,233,136	4,500,000	5,310,908	-	-	-	53,794,044
		30,000,000	**45,000,000**	**4,500,000**	**7,500,000**	**-**	**32,017,284**	**12,767,776**	**131,785,060**
DEPRECIATION									
At January 1, 2022		-	3,552,000	-	952,612	-	19,781,460	7,945,782	32,231,854
Charge for the year (Note 22)		-	926,646	-	238,516	-	1,246,114	1,525,998	3,937,274
Revaluation Adjustment		-	(4,478,646)	-	(1,191,128)	-	-	-	(5,669,774)
Disposal adjustments		-	-	-	-	-	-	(2,133,405)	(2,133,405)
At December 31, 2022		**-**	**-**	**-**	**-**	**-**	**21,027,574**	**7,338,375**	**28,365,949**
NET BOOK VALUES									
At December 31, 2022	Rs.	**30,000,000**	**45,000,000**	**4,500,000**	**7,500,000**	**-**	**10,989,710**	**5,429,401**	**103,419,111**
The fixed assets have been allocated as follows:									
Life Assurance		**-**	**-**	**1,125,000**	**1,826,250**	-	**267,100**		**3,218,350**
General Business		**30,000,000**	**45,000,000**	**3,375,000**	**5,673,750**	-	**10,722,610**	**5,429,401**	**100,200,761**
	Rs.	**30,000,000**	**45,000,000**	**4,500,000**	**7,500,000**	-	**10,989,710**	**5,429,401**	**103,419,111**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
YEAR ENDED DECEMBER 31, 2022

5. PROPERTY AND EQUIPMENT (CONT'D)

		Freehold land (owned)	Building on freehold land (owned)	Leasehold land (leased)	Building on leasehold land (owned)	Work in progress - Building (owned)	Furniture, Fittings and office equipment (owned)	Motor Vehicles (owned)	Total
(a) **COST OR VALUATION**		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At January 1, 2021									
- Cost		3,250,000	25,445,895	-	1,994,092	-	28,644,986	10,498,424	69,833,397
- Valuation		26,750,000	14,554,105	4,000,000	5,005,908	-	-	-	50,310,013
		30,000,000	40,000,000	4,000,000	7,000,000		28,644,986	10,498,424	120,143,410
Additions		-	-	-	-	1,965,185	834,833	410,358	3,210,376
Disposals		-	-	-	-	-	-	(1,229,012)	(1,229,012)
At December 31, 2021									
- Cost		3,250,000	25,445,895	-	1,994,092	1,965,185	29,479,819	9,679,770	71,814,761
- Valuation		26,750,000	14,554,105	4,000,000	5,005,908	-	-	-	50,310,013
		30,000,000	**40,000,000**	**4,000,000**	**7,000,000**	**1,965,185**	**29,479,819**	**9,679,770**	**122,124,774**
DEPRECIATION									
At January 1, 2021		-	2,664,000	-	714,456	-	18,569,916	8,118,560	30,066,932
Charge for the year (Note 22)		-	888,000	-	238,156	-	1,211,544	1,018,926	3,356,626
Disposal adjustments		-	-	-	-	-	-	(1,191,704)	(1,191,704)
At December 31, 2021		-	**3,552,000**	-	**952,612**	-	**19,781,460**	**7,945,782**	**32,231,854**
NET BOOK VALUES									
At December 31, 2021	Rs.	**30,000,000**	**36,448,000**	**4,000,000**	**6,047,388**	**1,965,185**	**9,698,359**	**1,733,988**	**89,892,920**
The fixed assets have been allocated as follows:									
Life Assurance		-	-	-	**2,530,000**	-	**297,323**	-	**2,827,323**
General Business		**30,000,000**	**36,448,000**	**4,000,000**	**3,517,388**	**1,965,185**	**9,401,036**	**1,733,988**	**87,065,597**
	Rs.	**30,000,000**	**36,448,000**	**4,000,000**	**6,047,388**	**1,965,185**	**9,698,359**	**1,733,988**	**89,892,920**

5. PROPERTY AND EQUIPMENT (CONT'D)

(c) The depreciation charge has been allocated as follows:

	LIFE		GENERAL	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
Other operating expenses (Note 22)	**85,223**	89,436	**3,852,051**	3,267,190

(d) Land and building situated at 36, Sir William Newton Street, Port Louis and building on leasehold land situated at Camp Le Roi, Rodrigues were last revalued at December 31, 2022 by an independent valuer, namely, Saddul and Partners Ltd, Chartered Property Valuer. The revaluation surplus net of applicable deferred income taxes was credited to revaluation surplus in shareholders' equity and in the life assurance fund. The Company engages independent valuer to conduct quinquennial valuation of land and buildings.

Details of the Company's land and buildings measured at fair value and information about the fair value hierarchy are as follows:

	Level 2	
	2022	2021
	Rs.	Rs.
Freehold land and building	**75,000,000**	66,448,000
Building on leasehold land and leasehold land	**12,000,000**	10,047,388
Total	**87,000,000**	76,495,388

The fair value of the freehold land and buildings was derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

Significant increases/(decreases) in estimated price per square meter in isolation would result in a significantly higher/(lower) fair value.

The fair value of the building on leasehold land was determined using the income capitalization approach, adjusted for void periods, annual rental payable, and other costs.

There has been no change to the valuation technique during the year.

(e) If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

		Land and building	
		2022	2021
		Rs.	Rs.
Cost		**33,205,956**	30,689,987
Accumulated depreciation		**(16,230,307)**	(15,564,686)
Net book value	Rs.	**16,975,649**	15,125,301

(f) Gains on valuation of land and building were credited to reserves as follows:

	2022	**2021**
	Rs.	**Rs.**
Revaluation reserve	**8,677,555**	-
Life assurance fund	**476,250**	-
Total gain credited to reserves	**9,153,805**	-

Leasehold Land

(g) The Company leases land at Camp Le Roi, Rodrigues. The Company owns a building on the same plot of land and intends to renew the leases indefinitely.

(h) For a long-term lease of land, the present value of the lease payments is likely to represent substantially all of the fair value of the land. In this case, the accounting applied by the lessee will be similar to accounting for the purchase of the land. As land has an indefinite useful life no depreciation is charged to its carrying amount.

5A. RIGHT-OF-USE-ASSETS

(i) 2022	BUILDINGS LIFE Rs.	GENERAL Rs.	TOTAL Rs.
At January 1,	97,724	7,992,171	8,089,895
Lease Modification	292,050	1,425,792	1,717,842
Additions	-	7,479,041	7,479,041
Amortisation	(134,231)	(4,886,985)	(5,021,216)
At December 31,	255,543	12,010,019	12,265,562

(i) 2021	BUILDINGS LIFE Rs.	GENERAL Rs.	TOTAL Rs.
At January 1,	228,023	5,660,843	5,888,866
Lease Modification	-	5,943,943	5,943,943
Additions	-	494,239	494,239
Amortisation	(130,299)	(4,106,854)	(4,237,153)
At December 31,	97,724	7,992,171	8,089,895

5B. LEASE LIABILITIES

(i) 2022	BUILDINGS LIFE Rs.	GENERAL Rs.	TOTAL Rs.
At January 1,	102,010	8,213,443	8,315,453
Lease Modification	292,050	1,425,792	1,717,842
Additions	-	7,479,041	7,479,041
Interest expense	7,073	583,187	590,260
Lease payments	(143,400)	(5,332,162)	(5,475,562)
At December 31,	257,733	12,369,301	12,627,034
Analysed as follows:			
Current	143,412	4,333,525	4,476,937
Non-current	114,321	8,035,776	8,150,097
	257,733	12,369,301	12,627,034

(i) 2021	BUILDINGS LIFE Rs.	GENERAL Rs.	TOTAL Rs.
At January 1,	229,977	5,843,019	6,072,996
Lease Modification	-	5,943,943	5,943,943
Additions	-	494,239	494,239
Interest expense	11,233	429,040	440,273
Lease payments	(139,200)	(4,496,798)	(4,635,998)
At December 31,	102,010	8,213,443	8,315,453
Analysed as follows:			
Current	102,010	4,114,763	4,216,773
Non-current	-	4,098,680	4,098,680
	102,010	8,213,443	8,315,453

(a) **Nature of leasing activities (in the capacity as lessee)**

The Company leases certain items of properties in the jurisdictions from which it operates. Leases of properties comprise only fixed payments over the lease terms.

All leases having lease term more than one year are categorised under right of use assets irrespective of asset value.

5B. LEASE LIABILITIES (CONT'D)

(b) Fixed/variable lease payments

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable.

	Lease Contracts	Fixed payments	Variable payments
	No.	%	%
December 31, 2022			
Property leases with fixed payments	25	100%	-
December 31, 2021			
Property leases with fixed payments	22	100%	-

(c) Extension and termination options

Extension and termination options are included in the property lease contracted by the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

(d) Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was nil.

(e) Lease disclosures

	2022		2021	
	LIFE	**GENERAL**	LIFE	GENERAL
	Rs.	**Rs.**	Rs.	Rs.
Interest expense (note 20)	**7,073**	**583,187**	11,233	429,040
The total cash outflow for leases:	**(143,400)**	**(5,332,162)**	(139,200)	(4,649,388)

6. INTANGIBLE ASSETS

(a) 2022	**LIFE**	**GENERAL**	**TOTAL**
	Rs.	**Rs.**	**Rs.**
COST			
At January 1, 2022	477,350	9,605,576	10,082,926
Additions	-	-	-
At December 31, 2022	**477,350**	**9,605,576**	**10,082,926**
AMORTISATION			
At January 1, 2022	477,350	8,100,416	8,577,766
Charge for the year (Note 22)	-	869,136	869,136
At December 31, 2022	**477,350**	**8,969,552**	**9,446,902**
NET BOOK VALUE			
At December 31, 2022 Rs.	**-**	**636,024**	**636,024**

6. INTANGIBLE ASSETS

	LIFE	GENERAL	TOTAL
(b) 2021	Rs.	Rs.	Rs.
COST			
At January 1, 2021	477,350	9,445,576	9,922,926
Additions	-	160,000	160,000
At December 31, 2021	**477,350**	**9,605,576**	**10,082,926**
AMORTISATION			
At January 1, 2021	477,350	7,252,616	7,729,966
Charge for the year	-	847,800	847,800
At December 31, 2021	**477,350**	**8,100,416**	**8,577,766**
NET BOOK VALUE			
At December 31, 2021 Rs.	-	**1,505,160**	**1,505,160**

7. INVESTMENTS IN FINANCIAL ASSETS

(a) The movement in investments in financial assets may be summarised as follows:

	2022		2021	
Held-to-maturity investments	**LIFE**	**GENERAL**	LIFE	GENERAL
	Rs.	**Rs.**	Rs.	Rs.
At January 1,	**28,463,729**	**403,994,557**	40,074,494	199,974,428
Additions	**80,306,451**	**156,634,421**	22,289,100	267,197,550
Matured	**(62,481,724)**	**(106,453,791)**	(15,083,270)	(39,406,195)
Amortisation	**(184,802)**	**(1,640,726)**	(149,865)	(989,501)
Interest accrued (Note 18)	**481,724**	**15,041,339**	828,338	9,115,239
Transferred to cash and cash equivalents (Note 25(b))	**(15,977,531)**	**(6,400,000)**	(19,495,068)	(31,896,964)
At December 31,	**30,607,847**	**461,175,800**	28,463,729	403,994,557
Analysed as follows:				
Current portion	**21,319,287**	**49,973,717**	19,109,200	98,265,946
Non-current portion	**9,288,560**	**411,202,083**	9,354,529	305,728,611
	30,607,847	**461,175,800**	28,463,729	403,994,557

(b) Held to maturity investments include the following:

	2022		2021	
	LIFE	**GENERAL**	LIFE	GENERAL
	Rs.	**Rs.**	Rs.	Rs.
Unquoted debt securities at amortised cost	**30,607,847**	**461,175,800**	28,463,729	403,994,557

(c) Held-to-maturity investments for Life comprise Government of Mauritius notes with yield to maturity between 1.0% - 3.7% per annum and maturity dates between 2023 to 2024. For the General division, held-to-maturity investments comprise Government of Mauritius notes, with yield to maturity between 2.75 - 5.75% per annum, maturing between January 2023 and January 2033.

(d) Held-to-maturity investments are unquoted and denominated in Mauritian rupee.

(e) None of the financial assets are either past due or impaired.

8. NON-CURRENT RECEIVABLES - LIFE

		2022	2021
		Rs.	Rs.
Mortgage loans		**288,498**	288,498
Less: impairment provision		**(288,498)**	(288,498)
		-	-
Policy loans		**87,219**	94,168
Less: settlement		**(16,023)**	(6,949)
		71,196	87,219
	Rs.	**71,196**	87,219

(a) The rate of interest on loans varies between 12% and 14% (2021: 12% and 14%).

(b) There is no concentration of credit risk with respect to loans and receivables since balances are widely dispersed.

(c) Loans and receivables are secured by guarantees. Impairment provision has been booked where recovery was estimated as doubtful.

9. TRADE AND OTHER RECEIVABLES

(i) General Division

		2022	2021
		Rs.	Rs.
Premium debtors		**49,670,651**	45,272,246
Less: provision for impairment (note 9(d))		**(1,446,093)**	(1,446,093)
		48,224,558	43,826,153
Recoveries		**10,522,313**	11,031,929
Other receivables and prepayments		**4,125,026**	3,024,570
Recoverable from reinsurers:			
- Share of claims (note 16)		**96,238,888**	20,735,233
- Share of unearned premiums (note 16)		**29,536,267**	23,421,706
Interest receivable		**168,492**	150,302
Deferred acquisition cost		**18,510,193**	17,322,571
	Rs.	**207,325,737**	119,512,464

(ii) Life Division

		2022	2021
		Rs.	Rs.
Interest receivable		**656,820**	615,104
Less: provision for impairment (note 9(d))		**(262,969)**	(262,969)
		393,851	352,135
Receivable from General division		**3,125,030**	3,135,616
Other receivables and prepayments		**110,500**	126,000
	Rs.	**3,629,381**	3,613,751

(a) Provision for impairment

As of December 31, 2022, the amount of the provision for trade receivable was **Rs.1,446,093** (2021: Rs.1,446,093) and **Rs.262,969** (2021: Rs.262,969) for General and Life respectively.

The ageing of these trade receivables is as follows:

		Life		General	
		2022	2021	2022	2021
		Rs.	Rs.	Rs.	Rs.
Over 12 months	Rs.	**262,969**	262,969	**1,446,093**	1,446,093

9. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Past due but not impaired

As of December 31, 2022, trade receivables of **Rs.5,885,447** (2021: Rs.6,420,408) were past due but not impaired. These relate to a number of independent policy holders for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Life		General	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
3 to 6 months	-	-	**4,861,571**	4,651,600
Over 6 months	-	-	**1,023,876**	1,768,808
Rs.	-	-	**5,885,447**	6,420,408

(c) The carrying amounts of the Company's trade and other receivables are denominated in Mauritian Rupee.

(d) Movements on the provision for impairment of trade receivables are as follows:

	Life		General	
	2022	2021	**2022**	2021
	Rs.	Rs.	**Rs.**	Rs.
At January 1 & December 31,	**262,969**	262,969	**1,446,093**	1,446,093

Recoveries are stated at amortised cost.

(e) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

(f) The Company does not hold any collateral as security.

(g) The carrying amounts of trade and other receivables approximate their fair values.

10. SHARE CAPITAL

		2022	2021
Authorised		**Rs.**	Rs.
5,000,000 (2021 :5,000,000) ordinary shares of Rs.100 each		**500,000,000**	500,000,000
2,000,000 (2021 :2,000,000) 8% non-cumulative preference shares of Rs.100 each		**200,000,000**	200,000,000
	Rs.	**700,000,000**	700,000,000

(i) **General Division**	**Ordinary shares**	**Preference shares**	**Ordinary shares**	**Preference shares**	**Total**
	No.	**No.**	**Rs.**	**Rs.**	**Rs.**
At January 1 & December 31, 2022	**110,000**	**761,105**	**11,000,000**	**76,110,500**	**87,110,500**

(ii) **Life Division**	**Ordinary shares**	**Preference shares**	**Ordinary shares**	**Preference shares**	**Total**
	No.	**No.**	**Rs.**	**Rs.**	**Rs.**
At January 1 & December 31, 2022	**-**	**150,000**	**-**	**15,000,000**	**15,000,000**

All issued shares are fully paid.

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

(a) The terms of the preference shares are as follows:

(i) Each Preference Share shall confer on the holder thereof the right to be paid out of the profits of the Company available for distribution a non-cumulative preferential dividend for such year at the rate of 8% per annum on the capital for the time being paid up or credited as paid up in respect of that Preference Share.

(ii) Preference Shares shall not confer on the holders thereof any rights other than those expressly set out in the Constitution. For avoidance of doubt,

  (i) Preference Shares shall not confer upon the holders thereof the right to vote at any meetings of the shareholders of the Company;

  (ii) Preference Shares shall be non-cumulative (i.e. the holders of the Preference Shares shall forefeit the right to a dividend in any year if the Directors do not resolve to pay a dividend on the Preference Shares) and non-convertible (i.e. Preference Shares of the Company shall not be converted into Ordinary Shares).

11. OUTSTANDING CLAIMS

		GENERAL	
		2022	2021
Gross outstanding claims (note 16):		**Rs.**	Rs.
- Motor claims		**155,699,905**	80,726,957
- Non-motor claims		**348,288**	66,646
		156,048,193	80,793,603
IBNR (note 16)		**90,597,550**	72,335,234
	Rs.	**246,645,743**	153,128,837

12. BORROWINGS

		2022		2021	
		LIFE	**GENERAL**	LIFE	GENERAL
Current		**Rs.**	**Rs.**	Rs.	Rs.
Bank overdrafts (note 25(b))	Rs.	**-**	**26,391,508**	1,834,973	20,521,707

(a) For both General and Life divisions, the bank overdraft represents a book overdraft.

(b) The carrying amounts of short-term borrowings are not materially different from their fair value.

(c) The carrying amounts of the Company's borrowings are denominated in Mauritian Rupee.

13. RETIREMENT BENEFIT OBLIGATIONS

	2022		2021	
	LIFE	**GENERAL**	LIFE	GENERAL
	Rs.	**Rs.**	Rs.	Rs.
Amounts recognised in the statement of financial position:				
Gratuity on retirement (note 13(a)(i))	**133,719**	**9,432,976**	107,615	14,890,458
Analysed as follows:				
Non-current liabilities	**133,719**	**9,432,976**	107,615	14,890,458
Amounts charged to profit or loss and Life Assurance Fund:				
Gratuity on retirement (note 13(a)(iii))	**26,104**	**2,230,353**	10,806	2,364,802
Amounts credited to other comprehensive income:				
Gratuity on retirement (note 13(a)(iv))	**-**	**3,488,509**	-	

The severance allowance comprises mainly of gratuity on retirement payable under the Workers' Rights Act 2019.

(a) **Gratuity on retirement**

(i) **The reconciliation of the opening balances to the closing balances for the severance allowances is as follows:**

		2022		2021	
		LIFE	**GENERAL**	LIFE	GENERAL
		Rs.	**Rs.**	Rs.	Rs.
At January 1,		**107,615**	**14,890,458**	96,809	16,940,267
Charged to profit and loss		**26,104**	**2,230,353**	10,806	2,364,802
Credited to other comprehensive income		**-**	**(3,488,509)**	-	(3,718,493)
Employer Contribution & Benefits paid		**-**	**(4,199,326)**	-	(696,118)
As at December 31,	Rs.	**133,719**	**9,432,976**	107,615	14,890,458

13. **RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

(a) **Gratuity on retirement (Cont'd)**

(ii) **The movement in the gratuity on retirement balance over the year is as follows:**

	2022		2021	
	LIFE	**GENERAL**	LIFE	GENERAL
	Rs.	**Rs.**	Rs.	Rs.
At January 1,	**107,615**	**14,890,458**	96,809	16,940,267
Current service cost	**26,104**	**1,628,053**	10,806	1,900,153
Interest expense	**-**	**602,300**	-	464,649
Actuarial gains	**-**	**(3,488,509)**	-	(3,718,493)
Employer Contribution & Benefits paid	**-**	**(4,199,326)**	-	(696,118)
At December 31, Rs.	**133,719**	**9,432,976**	107,615	14,890,458

(iii) **The amounts recognised in the statement of profit or loss and Life Assurance Fund are as follows:**

	2022		2021	
	LIFE	**GENERAL**	LIFE	GENERAL
	Rs.	**Rs.**	Rs.	Rs.
Current service cost	**26,104**	**1,628,053**	10,806	1,900,153
Interest expense	**-**	**602,300**	-	464,649
Total included in employee benefit expense (note 22)	**26,104**	**2,230,353**	10,806	2,364,802

Total included in employee benefit expense can be analysed as follows:

	2022		2021	
	LIFE	**GENERAL**	LIFE	GENERAL
	Rs.	**Rs.**	Rs.	Rs.
Included in:				
Other operating expenses (Note 22)	**26,104**	**2,230,353**	10,806	2,364,802

(iv) **The amounts recognised in other comprehensive income are as follows:**

	2022		2021	
	LIFE	**GENERAL**	LIFE	GENERAL
	Rs.	**Rs.**	Rs.	Rs.
Liability experience gains	**-**	**706,671**	-	(33,348)
Actuarial gains/(losses) arising from changes in financial assumptions	**-**	**2,781,838**	-	(3,685,145)
Rs.	**-**	**3,488,509**	-	(3,718,493)

(v) **The principal actuarial assumptions used for purposes of the actuarial valuations were:**

	2022	2021
	%	%
Discount rate	**6.6**	4.7
Future salary increases	**1.5**	1.5

(vi) **Sensitivity analysis on retirement gratuity at the end of the reporting date.**

	GENERAL	
	2022	2021
	Rs.	Rs.
Discount rate (1% increase)	**1,129,243**	1,467,235
Future salary increases (1% increase)	**1,402,779**	1,810,917

13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) Severance allowances (cont'd)

(vi) Sensitivity analysis on retirement gratuity at the end of the reporting date (cont'd)

The sensitivity above have been determined based on a method that extrapolates the impact on the retirement gratuity as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The sensitivity analysis may not be representative of the actual change in the retirement gratuity as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The weighted average duration of the retirement benefit obligation is 14 years at the end of the reporting period (2021: 14 years).

Phoenix Insurance (Mauritius) Limited is expected to contribute around Rs. 2.7m to the PRGF for the year ending December 31, 2023.

14. DEFERRED INCOME TAX

Deferred income tax is calculated on all temporary differences under the liability method at 17% (2021: 17%).

(a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity.

		2022		2021	
		LIFE	**GENERAL**	LIFE	GENERAL
		Rs.	**Rs.**	Rs.	Rs.
Deferred tax assets		**-**	**9,137,010**	-	(3,927,663)
Deferred tax liabilities		**-**	**(3,772,934)**	-	8,596,446
	Rs.	**-**	**5,364,076**	-	4,668,783

(b) The movement on the deferred income tax is as follows:

		2022		2021	
		LIFE	**GENERAL**	LIFE	GENERAL
		Rs.	**Rs.**	Rs.	Rs.
At January 1,		**-**	**4,668,783**	-	5,122,587
Charged/(credited) to profit or loss (Note 24(b))		**-**	**102,246**	-	(1,085,948)
Charged to other comprehensive income (Note 26)		**-**	**593,047**	-	632,144
At December 31,	Rs.	**-**	**5,364,076**	-	4,668,783

14. DEFERRED INCOME TAX (CONT'D)

(c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

	GENERAL			
	At January 1, 2022	Charged/ (credited) to profit or loss	Charged to equity	At December 31, 2022
Deferred income tax liabilities	**Rs.**	**Rs.**	**Rs.**	**Rs.**
Accelerated tax depreciation	**1,322,660**	**(185,913)**	**-**	**1,136,747**
Right of used assets	**1,358,669**	**726,476**	**-**	**2,085,145**
Asset revaluation	**5,915,117**	**-**	**-**	**5,915,117**
	8,596,446	**540,563**	**-**	**9,137,009**
Deferred income tax assets				
Lease Liabilities	**1,396,285**	**750,310**	**-**	**2,146,595**
Post employment benefit obligations	**2,531,378**	**(311,993)**	**(593,047)**	**1,626,338**
	3,927,663	**438,317**	**(593,047)**	**3,772,933**
Net deferred tax liabilities Rs.	**4,668,783**	**102,246**	**593,047**	**5,364,076**

15. TRADE AND OTHER PAYABLES

	2022		2021	
	LIFE	GENERAL	LIFE	GENERAL
	Rs.	**Rs.**	Rs.	Rs.
Amounts due to reinsurers	**1,212,016**	**9,579,410**	987,634	8,768,119
Amounts due to Life division	**-**	**3,125,030**	-	3,135,616
Amount due to related party (Note 27)	**-**	**1,587,332**	-	2,958,103
Other payables and accruals	**3,868,391**	**27,225,161**	2,359,273	25,095,123
Rs.	**5,080,407**	**41,516,933**	3,346,907	39,956,961

The carrying amounts of trade and other payables approximate their fair values.

16. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	2022	2021
	Rs.	Rs.
Gross		
- Claims reported and loss adjustment expenses (note 11)	**156,048,193**	80,793,603
- Unearned premiums (note 23(b))	**240,895,504**	215,130,023
Total gross insurance liabilities	**396,943,697**	295,923,626
Recoverable from reinsurers		
- Claims reported and loss adjustment expenses (note 9)	**96,238,888**	20,735,233
- Unearned premiums (notes 9 & 23(b))	**29,536,267**	23,421,706
Total reinsurers' share of insurance liabilities	**125,775,155**	44,156,939
Net		
- Claims reported and loss adjustment expenses (notes 3.1 & 23(a))	**59,809,305**	60,058,370
- Unearned premiums (note 23(b))	**211,359,237**	191,708,317
	271,168,542	251,766,687
Claims incurred but not reported IBNR (notes 11 & 23(a))	**90,597,550**	72,335,234
Total net insurance liabilities Rs.	**361,766,092**	324,101,921

17. REVENUE

Revenue represents premiums receivable, net of reinsurances, adjusted for unearned premiums as shown below:

		GENERAL	
		2022	2021
		Rs.	Rs.
Gross premium		**768,417,669**	548,327,329
Premiums ceded to reinsurers		**(237,521,400)**	(65,871,407)
Net insurance premiums		**530,896,269**	482,455,922
Increase in unearned premiums		**(19,650,920)**	(4,190,281)
Net earned premiums	Rs.	**511,245,349**	478,265,641

18. INVESTMENT AND INTEREST INCOME

		2022		2021	
		LIFE	**GENERAL**	LIFE	GENERAL
Interest income:		**Rs.**	**Rs.**	Rs.	Rs.
- Treasury Bills/ Bonds		**444,577**	**14,971,897**	772,702	9,046,444
- Fixed deposit		**37,147**	**69,442**	55,636	68,795
	Rs.	**481,724**	**15,041,339**	828,338	9,115,239

19. OTHER INCOME

		2022		2021	
		LIFE	**GENERAL**	LIFE	GENERAL
		Rs.	**Rs.**	Rs.	Rs.
Policy fees		-	**26,193,854**	-	22,985,039
Rental income		-	**105,600**	-	105,600
Profit on disposal of property and equipment		-	**1,179,641**	-	307,893
Others		-	**3,510,226**	-	8,787,352
	Rs.	-	**30,989,321**	-	32,185,884

20. FINANCE COSTS

		2022		2021	
		LIFE	**GENERAL**	LIFE	GENERAL
		Rs.	**Rs.**	Rs.	Rs.
Interest expense on leases	Rs.	**7,073**	**583,187**	11,233	429,040

21. PROFIT/(LOSS) BEFORE TAXATION

	2022		2021	
	LIFE	**GENERAL**	LIFE	GENERAL
Profit/(loss) before taxation is arrived at after:	**Rs.**	**Rs.**	Rs.	Rs.
Crediting:				
Profit on disposal of property and equipment	-	**1,179,641**	-	307,893
and (charging):				
Depreciation on property and equipment (note 5(c))	**(85,223)**	**(3,852,051)**	(89,436)	(3,267,190)
Amortisation of right-of-use assets (note 5A)	**(134,231)**	**(4,886,985)**	(130,299)	(4,106,854)
Amortisation of intangible assets (note 6)	-	**(869,136)**	-	(847,800)
Employee benefit expense (note 22 (a) & (b))	**26,104**	**93,477,116**	(10,806)	81,394,074

22. OTHER OPERATING EXPENSES

(a) **General**

		2022	2021
		Rs.	Rs.
Employee benefit expense (note 22(c))		**93,477,116**	81,394,074
Marketing Expenses		**13,766,149**	9,126,603
Depreciation on property and equipment (note 5(c))		**3,852,051**	3,267,190
Amortisation of right-of-use assets (note 5A)		**4,886,985**	4,106,854
Amortisation of intangible assets (note 6)		**869,136**	847,800
Advertising costs		**5,161,495**	4,763,628
Telephone, Electricity, Water & Data communication		**7,368,520**	7,496,733
Printing & stationery, Postage		**9,047,296**	6,945,105
Rent, Rates and Taxes		**4,201,985**	3,099,301
Office Maintenance		**2,362,070**	2,098,561
Professional/Consultancy Fees		**2,451,118**	2,488,435
Management fees (Note 27)		**1,580,472**	2,958,103
Traveling		**1,605,489**	1,725,681
Refund under Wage Assistance Scheme		**-**	4,957,995
Other expenses		**11,532,537**	8,719,822
Total	Rs.	**162,162,419**	143,995,885

(b) **Life**

		2022	2021
		Rs.	Rs.
Employee benefit expense (note 22(c))		**26,104**	10,806
Depreciation on property and equipment (note 5(c))		**85,223**	89,436
Amortisation of right-of-use assets (note 5A)		**134,231**	130,299
Other expenses		**250,362**	256,224
Total	Rs.	**495,920**	486,765

(c) Analysis of employee benefit expense

		GENERAL		LIFE	
		2022	2021	**2022**	2021
		Rs.	Rs.	**Rs.**	Rs.
- Wages and salaries		**86,176,801**	74,827,755	**-**	-
- Social security costs		**5,069,962**	4,201,517	**-**	-
- Pension costs (note 13 (iii))		**2,230,353**	2,364,802	**26,104**	10,806
	Rs.	**93,477,116**	81,394,074	**26,104**	10,806

23. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

(a) **Outstanding claims**

(i) **2022**

		Gross	Reinsurance	Net
		Rs.	**Rs.**	**Rs.**
At January 1,		**80,793,603**	**(20,735,233)**	**60,058,370**
Notified claims		**465,891,004**	**(108,784,954)**	**357,106,050**
Cash paid for claims settled in the year (page 8)		**(390,636,414)**	**33,281,299**	**(357,355,115)**
		156,048,193	**(96,238,888)**	**59,809,305**
Incurred but not reported (IBNR) (note 16)		**90,597,550**		
At December 31,	Rs.	**246,645,743**		

(ii) **2021**

		Gross	Reinsurance	Net
		Rs.	Rs.	Rs.
At January 1,		54,701,120	(25,141,071)	29,560,049
Notified claims		336,019,519	(14,601,004)	321,418,515
Cash paid for claims settled in the year (page 8)		(309,927,036)	19,006,842	(290,920,194)
	Rs.	80,793,603	(20,735,233)	60,058,370
Incurred but not reported (IBNR) (note 16)		72,335,234		
At December 31,		153,128,837		

23. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS (CONT'D)

(b) **Provision for unearned premiums**

		2022			2021
		Gross	Reinsurance	Net	Net
		Rs.	Rs.	Rs.	Rs.
At January 1,		**215,130,023**	**(23,421,706)**	**191,708,317**	187,518,032
Increase during the year		**25,765,481**	**(6,114,561)**	**19,650,920**	4,190,285
At December 31 (note 16),	Rs.	**240,895,504**	**(29,536,267)**	**211,359,237**	191,708,317

24. INCOME TAX EXPENSE

		GENERAL	
		2022	2021
(a) Statement of financial position		Rs.	Rs.
At January 1,		**7,037,166**	3,324,406
Tax paid on account		**(7,037,166)**	(3,324,406)
		-	-
Current tax on adjusted profit for the year at 15% (2021:15%)		**1,840,401**	9,915,991
Tax paid under APS		**(1,216,376)**	(3,433,779)
Provision for corporate social responsibility (CSR)		**661,065**	554,954
At December 31,	Rs.	**1,285,090**	7,037,166

(b) Statement of profit or loss and other comprehensive income

Current tax on adjusted profit for the year at 15% (2021: 15%)		**1,840,401**	4,957,996
Provision for corporate social responsibility for the year - 2021/22		**661,065**	554,954
Movement in deferred taxation (note 14 (b))		**102,246**	(1,085,948)
	Rs.	**2,603,712**	4,427,002

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

		2022		2021	
		LIFE	GENERAL	LIFE	GENERAL
		Rs.	Rs.	Rs.	Rs.
Deficit on Life Assurance Fund		**(754,892)**	**-**	(1,255,684)	-
Profit before tax		**-**	**14,224,244**	-	29,612,623
Tax calculated at 15% (2021: 15%)		**(113,234)**	**2,133,637**	(188,353)	4,441,893
Income not subject to tax		**(124,251)**	**(111,592)**	(124,251)	(94,273)
Expenses not deductible for tax purpose		**57,975**	**-**	57,975	-
Other timing differences		**179,510**	**(79,398)**	254,629	(475,572)
Corporate Social Responsibility		**-**	**661,065**	-	554,954
Tax charge	Rs.	**-**	**2,603,712**	-	4,427,002

25. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash (absorbed by)/generated from operations

	2022		2021	
	LIFE	**GENERAL**	LIFE	GENERAL
	Rs.	**Rs.**	Rs.	Rs.
(Loss)/profit before taxation	**(754,892)**	**14,224,244**	(1,255,684)	29,612,623
Adjustments for:				
Profit on sale of property and equipment (Note 21)	**-**	**(1,179,641)**	-	(307,893)
Depreciation on property and equipment (Note 5(c))	**85,223**	**3,852,051**	89,436	3,267,190
Amortisation of:				
- Right-of-use assets (Note 5A)	**134,231**	**4,886,985**	130,299	4,106,854
- Intangible assets (Note 6)	**-**	**869,136**	-	847,800
Movement in unearned premiums reserve (Note 23(b))	**-**	**25,765,481**	-	6,435,346
Covid Levy	**-**	**-**	-	4,957,995
Interest expense (Note 20)	**7,073**	**583,187**	11,233	429,040
Interest income (Note 18)	**(481,724)**	**(15,041,339)**	(828,338)	(9,115,239)
Provision for retirement benefit obligations (Note 13(a)(iii))	**26,104**	**2,230,353**	10,806	2,364,802
	(983,985)	**36,190,457**	(1,842,248)	42,598,518
Changes in working capital:				
- non-current receivables	**16,023**	**-**	-	-
- trade and other receivables	**(15,630)**	**(87,813,273)**	169,536	3,136,011
- outstanding claims	**-**	**93,516,906**	-	39,961,977
- trade and other payables	**1,733,500**	**1,559,972**	162,006	(6,439,659)
Cash (absorbed into)/ generated from operations	**749,908**	**43,454,062**	(1,510,706)	79,256,847

(b) Cash and cash equivalents

(i) At December 31,

	2022		2021	
	LIFE	**GENERAL**	LIFE	GENERAL
	Rs.	**Rs.**	Rs.	Rs.
Short term bank deposits & treasury Bills	**15,977,531**	**6,400,000**	19,495,068	31,896,964
Cash in hand and at bank	**1,223,393**	**46,960,873**	596,715	47,199,375
	17,200,924	**53,360,873**	20,091,783	79,096,339
Bank overdrafts (Note 12)	**-**	**(26,391,508)**	(1,834,973)	(20,521,707)
Rs.	**17,200,924**	**26,969,365**	18,256,810	58,574,632

(ii) Cash and cash equivalents include the following for the purpose of the statement of cash flows:

	2022		2021	
	LIFE	**GENERAL**	LIFE	GENERAL
	Rs.	**Rs.**	Rs.	Rs.
Cash in hand and at bank	**1,223,393**	**46,960,873**	596,715	47,199,375
Bank overdrafts (Note 12)	**-**	**(26,391,508)**	(1,834,973)	(20,521,707)
Rs.	**1,223,393**	**20,569,365**	(1,238,258)	26,677,668

(d) Non cash transactions

The principal non cash transactions are the acquisition of right-of-use assets (Note 5A).

	Jan 01,	**Cash flow**	**Non-cash changes**	**Dec 31,**
Lease liabilities	**Rs.**	**Rs.**	**Rs.**	**Rs.**
2022	**8,315,453**	**(5,475,562)**	**9,787,143**	**12,627,034**
2021	6,072,996	(4,635,998)	6,878,455	8,315,453

26. RESERVES

(a) **2022**

	GENERAL		
	Revaluation reserves	**Actuarial reserves**	**Total**
	Rs.	**Rs.**	**Rs.**
Balance at January 1,	31,807,294	727,384	32,534,678
Items that will not be reclassified to profit or loss:			
Gain on revaluation of land & building (Note 5(f))	8,677,555	-	8,677,555
Remeasurements of post employment benefit obligations (Note 13)	-	3,488,509	3,488,509
Income tax relating to components of other comprehensive income (Note 14)		(593,047)	(593,047)
Balance at December 31,	**40,484,849**	**3,622,846**	**44,107,695**

(b) **2021**

	GENERAL		
	Revaluation reserves	**Actuarial reserves**	**Total**
	Rs.	**Rs.**	**Rs.**
Balance at January 1,	33,102,294	(2,358,965)	30,743,329
Items that will not be reclassified to profit or loss:			
Transfer to retained earnings	(1,295,000)	-	(1,295,000)
Remeasurements of post employment benefit obligations (Note 13)	-	3,086,349	3,086,349
Balance at December 31,	**31,807,294**	**727,384**	**32,534,678**

27. RELATED PARTY TRANSACTIONS

		GENERAL		GENERAL	
		Management fees		**Amount owed to related party**	
		2022	2021	**2022**	2021
		Rs.	Rs.	**Rs.**	Rs.
(a) Holding company	Rs.	**1,580,472**	2,958,103	**1,587,332**	2,958,103

(b) The above transactions have been made at arm's length, on normal commercial terms and in the normal course of business. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantee provided or received from any related party.

(c) Key management personnel compensation

	2022	2021
	Rs.	Rs.
Salaries and short term employee benefits	**12,022,503**	10,708,295
Directors' remuneration and short term benefits	**9,943,896**	9,072,500
	21,966,399	19,780,795

28. COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as Rs.Nil (2021: Rs.Nil).

29. CONTINGENT LIABILITY

The Supreme Court has delivered a judgement against the Company regarding claim Iqbal Moolan case after the balance sheet date. The Court has directed Phoenix Insurance (Mauritius) Ltd, Mrs. Anne Marie Eluinette Lanappe and Mr. Clifford Pertaub to pay jointly and solido to Mr. Iqbal Moolan the sum of Rs218 Mn. The Company has lodge an appeal against the judgement. However, the Company has made a provision of Rs 72Mn for above claim in the accounts for the year ended 31st December 2022. The full amount of Rs.72Mn appeared under Reinsurance Recovery since claim is 100% reinsurance recoverable.

In common practice with insurance industry in general, the Company is subject to litigations arising in the normal course of insurance business. The Directors are of the opinion that these litigations will not have a material impact on the financial position or results of the Company as the insurance contract liabilities have been reinsured properly.

30. FINANCIAL REVIEW

	2022	2021	2020	2019	2018
	Rs.	Rs.	Rs.	Rs.	Rs.
General Business					
Share Capital					
- Issued and fully paid	**87,110,500**	87,110,500	87,110,500	87,110,500	87,110,500
Revaluation reserve	**40,484,849**	31,807,294	33,102,294	33,102,294	33,102,294
Profit before taxation	**14,224,244**	29,612,623	24,867,323	19,484,245	23,901,964
Profit for the year	**11,620,532**	25,185,621	20,983,415	16,778,283	17,647,794
Retained earnings	**119,589,888**	115,973,732	89,493,111	68,509,696	51,731,413
Life Assurance					
Life Assurance Fund	**34,511,382**	34,790,024	37,946,127	40,550,408	39,557,940

31. ULTIMATE HOLDING COMPANY

The Directors regard Harward Holdings Ltd which owns 55% of the Company's ordinary share capital, as the holding company. The holding company is incorporated in Mauritius and its registered office is KPMG Centre, 31 Citius Building, Cybercity, Ebene, Mauritius. Diego Creative Investment Ltd is a trust Company which holds Haward Holdings Ltd shares on trust for the beneficial ownership of Ceylinco Insurance Company (Pvt) Ltd. The majority shares of Ceylinco Insurance Company Pvt Ltd is held by Ceylinco Insurance PLC which is a Public Company listed on Colombo Stock Exchange. Hence the ultimate holding company is Ceylinco Insurance PLC, incorporated in Sri Lanka.

32. EVENTS AFTER REPORTING DATE

There has been no material events since the end of the reporting date.