



**Annual
Report**
2023

Reinventing Reinsurance Solutions



MucaRe provides comprehensive reinsurance solutions including insurance advisory, facultative business, underwriting, training and treaty business portfolio analysis.

Experience a new standard.

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www.muca.co.zw

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About us

Muca Reinsurance Company (Private) Limited is situated in Hatfield, Harare. The company is licenced to do non-life reinsurance. It is involved in provision of reinsurance , insurance, advisory, facultative business, underwriting, training, and treaty Business and portfolio analysis. (Certificate number 5000003760_ Authority to trade Issued 7th of February 2022)

Our Vision

To be the first-choice reinsurer in our markets.

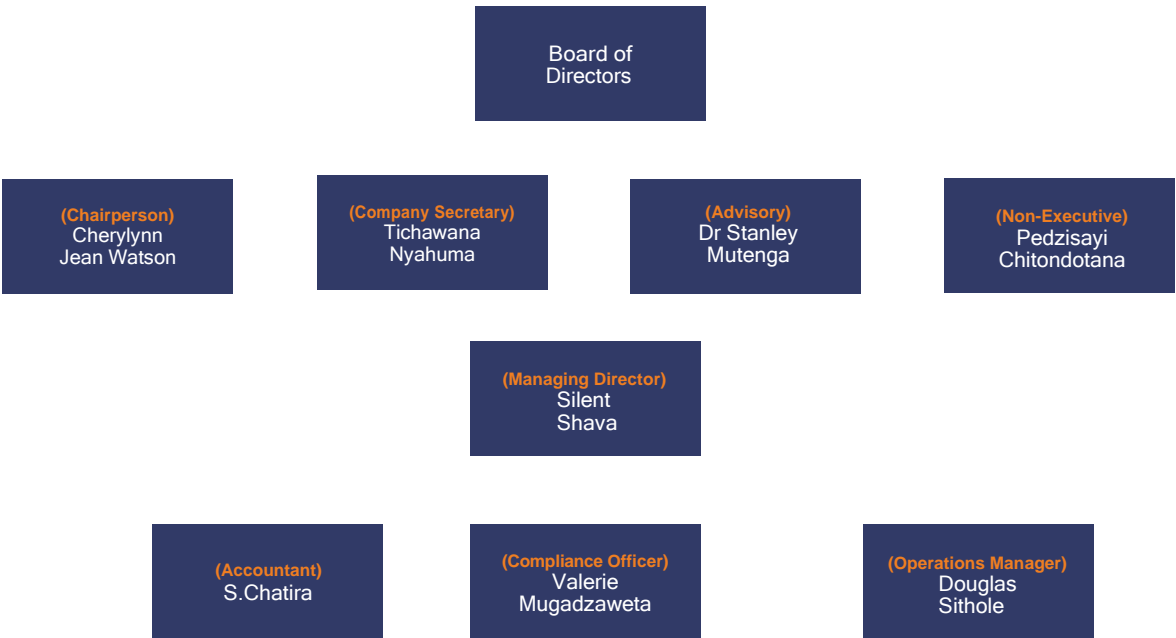
Our Mission

To provide excellent service to all our stakeholders and give viable returns to shareholders

Our Values

- Creativity
- Responsiveness
- Innovation
- Integrity
- Service
- Excellence

Company Structure



General Information

Non-Executive

Cherylynn-Jean Watson	Chairperson
Tichawana Nyahuma	Non-Executive
Pedzisayi Chindotana	Non-Executive
Stanley Mutenga	Non-Executive

Executive

Silent Shava	Managing Director
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BOARD COMMITTEES

Audit Committee

Tichawana Nyahuma	Secretary
Stanley Mutenga	Committee member

Risk Committee

Stanley Mutenga	Chairman
Pedzisayi Chindotana	Secretary
Tichawana Nyahuma	Committee member

Nominations & Remunerations Committee

Tichawana Nyahuma	Chairman
Pedzisayi Chindotana	Committee member

Investments Committee

Pedzisayi Chindotana	Chairman
Stanley Mutenga	Secretary

SENIOR MANAGEMENT

Head Office

Douglas Sithole	Operations Manager
Sithulisiwe Makumbe	Accountant
Valerie Mugadzaweta	Compliance Officer

REGISTERED OFFICE

31 Airport Road, Hatfield
Harare
Zimbabwe

COMPANY SECRETARY

Tichawana Nyahuma

SHARE TRANSFER SECRETARIES

Mwaturura & Company
285 Hebert Chitepo Avenue
Harare

AUDITORS

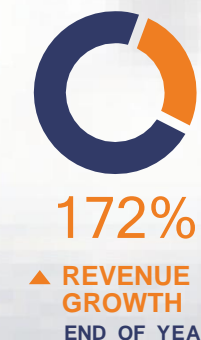
Dereflexion Consulting Chartered Accountants
2a Serendip Close
Mount Pleasant
Harare

BANKERS

Ecobank Zimbabwe Ltd
2 Piers Road, Sam Levy Village
Borrowdale
Harare

EXECUTIVE REPORTS

CHAIRPERSON'S STATEMENT



Appreciation

I am deeply honoured and privileged to address our stakeholders as the newly elected Chairman of our distinguished reinsurance company known for its excellence and innovation in the industry. I would like to express my heartfelt gratitude to the Board for entrusting me with this significant responsibility. It is with great enthusiasm and commitment that I join this esteemed team, and look forward to contributing to the continued success and growth of MucaRe.

Condolences

Before I delve into the accomplishments and outlook of MucaRe, it is with profound sadness that we remember and honor the legacy of our former Chair, Mr Christopher Mwaturura, who passed away in February. Mr. Mwaturura's visionary leadership and unwavering dedication were instrumental in shaping MucaRe into the reputable and thriving company it is today. Under his guidance, MucaRe experienced remarkable growth, surpassing expectations and setting new standards in the industry.

His tireless efforts during the company's formative years laid a solid foundation for our success, and his legacy will forever be ingrained in the fabric of MucaRe. We extend our deepest condolences to his family, friends, and colleagues, and we are forever grateful for his invaluable contributions to our company's journey.

As we reflect on Mr. Mwaturura's profound impact and enduring legacy, we are inspired to uphold the values and principles that he instilled within MucaRe. His remarkable achievements serve as a guiding light as we navigate the future and build upon the strong legacy he has left behind. We are committed to honoring his memory by continuing to drive innovation, excellence, and sustainable growth at MucaRe.

In the following sections of this Chairman's Statement, I will provide an overview of MucaRe's performance, achievements, and strategic direction for the upcoming year. I am confident

that with the dedication of our talented team and the support of our stakeholders, MucaRe will continue to grow and uphold the legacy of excellence that Mr. Mwaturura so passionately championed.

REVIEW OF OPERATIONS

Overview

I am pleased to present the 2023 performance report of Muca Reinsurance Private Limited (Muca Re) on behalf of the Board of Directors.

The past year posed significant challenges, marked by escalating local currency volatility, rampant inflation, and a challenging operating landscape. Despite these adversities, our dedicated team persevered, forging strong partnerships with reinsurance brokers and cedents while making notable strides in the realm of agricultural insurance. Their resilience and commitment to excellence have propelled Muca Re forward, solidifying our market presence, enhancing our brand, and positioning us for sustained growth. I extend my heartfelt commendations and gratitude to our exceptional team for their unwavering dedication and exceptional performance in navigating these challenging times.

Economic Overview

The local economic environment remained turbulent, characterized by currency shortages, exchange rate fluctuations, soaring inflation, and political uncertainty surrounding the General Elections. The anticipated economic growth of 6.5% was not achieved, registering an increase to 5.5%. Further challenges loom on the horizon due to the impact of the El-Niño induced drought and the escalating Russia-Ukraine conflict.

In response to these challenges, Muca Re proactively explored new opportunities in sectors such as mining and tourism, suc-

CHAIRMAN’S STATEMENT (continued)

cessfully securing business from a diverse array of countries, including Angola, Swaziland, Botswana, Ghana, Mozambique, and Malawi.

Muca Re managed to maintain its Minimum Capital Requirement (MCR) in line with IPEC Circular 42 of 2022, which mandated an increase due to erosion caused by inflation. Additionally, IPEC introduced the Cash Before Cover initiative, expected to enhance the cash flows of insurance players upon full implementation, reinforcing our commitment to regulatory compliance and financial stability.

Industry Review

Despite constrained business opportunities and heightened competition affecting premium rates, Muca Re swiftly responded by diversifying our product offerings and adopting a proactive "look beyond our borders" strategy. This strategic approach has enabled us to navigate industry challenges effectively, remain agile in responding to market dynamics, and sustain our competitive edge in the reinsurance sector.

As we navigate the evolving landscape of the reinsurance industry, Muca Re remains steadfast in our pursuit of excellence, innovation, and sustainable growth. I am confident that with our resilient team, strategic initiatives, and unwavering dedication to our core values, Muca Re is well-positioned to seize new opportunities, overcome future challenges, and deliver sustained value to our stakeholders and partners.

Financial Performance

Muca Re maintains a robust and prudent Balance Sheet, reflecting our commitment to financial stability and regulatory compliance.

Our financial strength is evident in our adherence to regulatory capital requirements, with a strong statutory solvency ratio of 132% and an IFRS solvency ratio of 145%. These metrics underscore our sound financial management practices and our ability to meet obligations while maintaining a healthy capital position.

The successful implementation of new software systems marks a significant milestone for Muca Re, setting the stage for the integration of Operational and Financial Software. This ongoing initiative is expected to enhance operational efficiency, streamline processes, and drive organizational performance in the long term.

In 2023, our revenue surged by an impressive 172%, propelled by enhanced market visibility, increased brand recognition, proactive client engagement, and active participation in key industry conferences. Each conference attended yielded tangible results in the form of new treaties and revenue growth, underscoring the effectiveness of our strategic initiatives and market engagement efforts.

Muca Re's performance in 2023 positioned us prominently in the Zimbabwean reinsurance market, securing a notable 6% market share by gross premium. Looking ahead, our strategic focus includes investing excess cash flow in high-performing assets to bolster our financial position and ensure sustainable growth.

The success of the past year can be attributed to the dedication and professionalism of our talented staff and management team, whose commitment to excellence and unwavering loyalty have been instrumental in driving our achievements. The Board extends its sincere gratitude to our exceptional team for their continued dedication and outstanding performance, which has been pivotal in Muca Re's success and growth.

In conclusion, Muca Re's financial performance in 2023 reflects our resilience, strategic foresight, and unwavering commitment to excellence. As we continue to strengthen our financial position, enhance operational efficiency, and pursue growth opportunities, we are confident in our ability to deliver sustained value to our stakeholders and drive long-term success for Muca Re.

Outlook

As we look ahead, Muca Re is poised to build on its reputation as a professional and ethical reinsurance company, solidifying its standing in the industry.

Through strategic diversification initiatives, we aim to enhance revenue generation and expand our market share in the upcoming year. Our focus remains on optimizing our net profitability ratio by driving increased turnover and maintaining a well-managed cost base, ensuring sustainable growth and financial performance.

The outlook for Muca Re is filled with promise and opportunity, and we are optimistic about the positive trajectory that lies ahead. With a steadfast commitment to excellence, innovation, and customer-centric solutions, we are well-positioned to capitalize on emerging trends, navigate challenges, and achieve our strategic objectives in the year ahead.

Directorate

The composition of the Directorate remained unchanged in 2023; however, following the passing of our esteemed Chairman in 2024, I have since assumed that role. This transition has created an opening for a new Director, and we have identified a qualified candidate whose nomination has been submitted to the Insurance and Pensions Commission (IPEC) for approval. We eagerly await the necessary approvals to complete our Board composition.

Appreciation

In closing, I extend my heartfelt appreciation to our valued customers, dedicated suppliers, talented staff, supportive shareholders, strategic partners, and esteemed Board members for their unwavering commitment and invaluable contributions to Muca Re. Your steadfast support has been instrumental in navigating the challenges of the business operating environment and driving our success. Together, we are poised to embrace the future with confidence, resilience, and a shared commitment to excellence. Thank you for your continued partnership and trust in Muca Re.



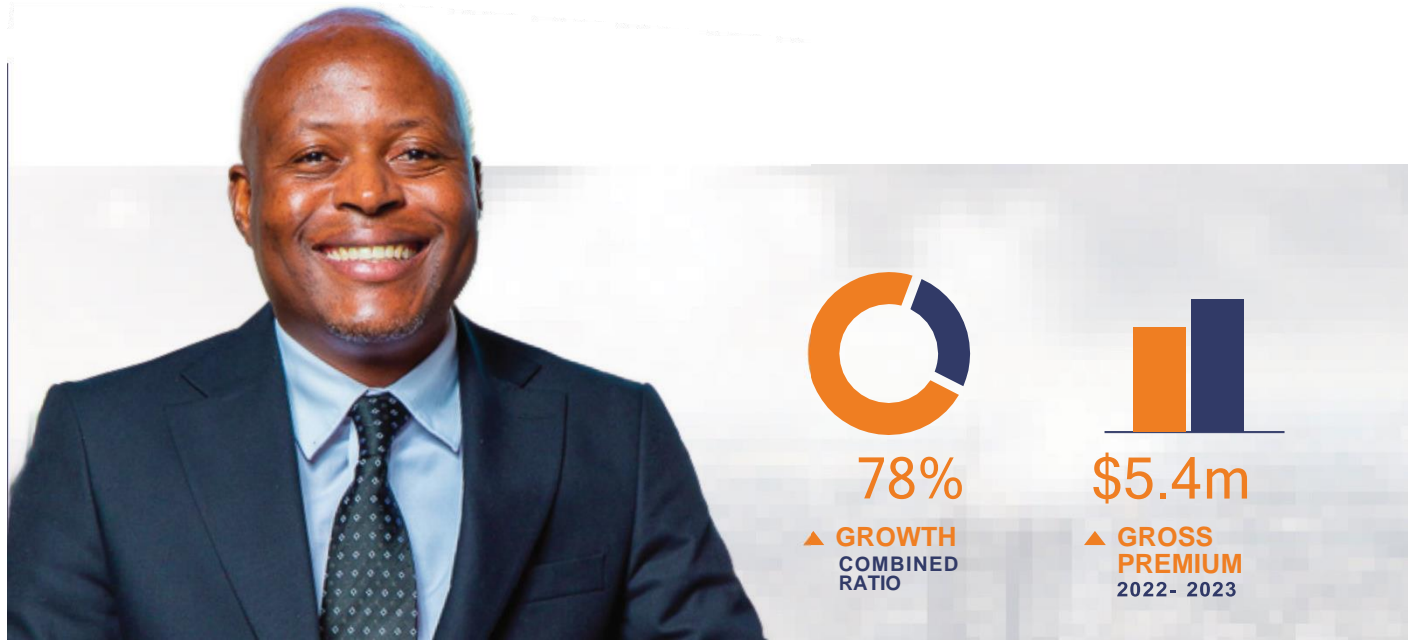
Cherylynn-Jean Watson
Chairperson

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2023

	2023 USD	2022 USD
COMPANY SUMMARY (ZWL)		
Gross premium Written	5,438,166	1,951,022
Earnings before interest, tax, depreciation and amortisation (EBITDA) excluding fair value adjustments	856,711	100,222
Finance costs	11,931	3,082
Profit before taxation	790,795	126,858
Profit attributable to shareholders	807,024	134,269
Cash generated from operating activities	520,323	85,083
Capital expenditure	70,490	65,109
Cash resources net of short-term borrowings and short-term lease liabilities	449,833	19,974
Total assets employed	2,985,533	2,019,639
ORDINARY SHARE PERFORMANCE		
Number of ordinary shares in issue	2,000	2,000
Weighted average number of shares in issue	2,000	2,000
Basic earnings per ordinary share (USD)	403.512	67.135
FINANCIAL STATISTICS		
Retention Ratio%	50%	42%
Claims cover	2 Times	1 Time
Return on shareholders equity (%)	27%	7%

MANAGING DIRECTOR'S REPORT



ECONOMIC REVIEW

Local economy:

Despite global challenges, the local economy grew by about 5.5%. This was less than the 6.5% recorded in 2022. The slight reduction in the growth rate was mainly due to some challenges including but not limited to the adverse El-Nino effect on agriculture output. Despite the growth in the economy, there had been some factors negatively impacting business operations. These include but not limited to foreign exchange rate volatility, inflation and price distortions.

Sub-Saharan Africa:

Economic activity in Sub-Saharan Africa was passive over the period under review in sympathy with the global economy characterised by tight financial conditions. Economic growth in 2023 was forecasted to shrink to 3.3% from 4% recorded in 2022. Major negative factors include supply chain disruptions due to the Russia-Ukraine conflict and El Nino. The outlook is, however, positive and some countries expected to post positive economic growth in 2024 include Angola, Ethiopia, Zambia and Malawi. Muca Reinsurance Company broad strategy is to expand business into countries with favourable conditions.

Global economy:

The global economy has slowed down in 2023. Economic growth rate estimated to further tumble from 4.4% in 2022 to 2.8% in 2023. The global economy has been characterized by rising interest rates, elevated inflation and restrictive mon-

etary policies in some of the major economies. The war in Ukraine continued to weigh on business and economy, causing supply chain disruptions and resultant price pressures across the global economy.

INSURANCE MARKET REVIEW

Local insurance market:

The local insurance market showed some resistance despite a turbulent environment. The non-life insurance market is reported to have recorded about 45% real growth by gross premium compared to the year 2022. Motor and fire classes of business were the major drivers of growth although all the lines of business recorded growth. Performance of insurance business deteriorated in 2023 compared to the year 2022, with average combined ratios for companies and reinsurance companies moving from 105% to 111% and from 111.4% to 116% respectively. The market suffered some major losses in fire class during the year.

Global Reinsurance market:

The non-life insurance market was generally resilient to the economic pressures posed by spikes in interest rates and inflation. The combine ratio for the global non-life insurance industry improved to 103.9% in 2023 from 106.1% recorded in 2022. This was mainly due to stringent trading terms in

MANAGING DIRECTOR'S REPORT (continued)

major markets. Market growth for 2023 is forecasted at 1.1%, which is a recovery from a negative 0.3% recorded in 2022. Trends that are expected in the global insurance market include continuous increase in cyber-attacks, increased demand for parametric insurance as clients need cover for non-traditional risks and the continuous impact of climate change. Muca Re continues to look for ways to benefit from the opportunities and reduce the threats from the operating environment. The changing environment ushers opportunities for product development. The company remains alert of the threats from the environment. Actions include careful selection of risks from regions exposed to catastrophic events like cyclone. Muca Re has also avoided some agriculture risks following announcement of the El Nino phenomenon ahead of the 2023/2024 agriculture season.

Overview of Business Performance

Gross premium written for the year 2023 was \$5.4 million. The premium grew by 172% compared to the year 2022. The growth was realized from new business generated from both the local market and regional market. The premium was generated from various classes of business with fire, motor and agriculture being major contributors. The business reported positive earnings with profitability before and after tax. Combined ratio was at 78% and improved from 94% recorded in 2022.

Our market

Muca Reinsurance Company was able to generate business from both the local market and regional markets. This was in line with the business' aim to diversify portfolio by geography. The local market contributed 70% of the premium while 20% was from the regional market.

Our clients

Gross premium was generated from both direct cedents and reinsurance brokers. Direct business contributed about 40% of the gross premium while business through reinsurance brokers contributed 60%

Classes of business

The premium was generated from various classes of insurance, among them fire, engineering, motor, liabilities, construction, bonds and guarantees. Fire, motor, agriculture and engineering classes were the major contributors to gross premium written.

Key figures

Gross Premium
Incurred Claims
Technical result

\$5,4 million
\$0,29 million
\$1,465 million

Key Performance Ratios

Market Share on GPW	6%
Retention ratio	50%
Net commission ratio	21%
Incurred claims ratio	29%
Combined ratio	78%

Market share - The company attained a 6% market share in 2023 based on gross reinsurance. This was in line with the target.

Retention ratio - The ratio of premium retained to gross premium was at 50%. And in line with the target. The business intends to build retention gradually.

Net commissions ratio - This was at 21% and within intended target. The position was also inline with the commissions the market offers.

Net incurred claims - The ratio of net incurred claims to earned premium was at 29%. This compares favorably to the market average of 56.5%. The business continues to target provision of reinsurance services at balanced terms and conditions.

Combine ratio - The combined ratio was at 78% and in within target. It also improved from 94% recorded in 2022.

The changing environment ushers opportunities for product development.

Outlook

The global insurance market is estimated to grow by 7% in 2024. The growth is expected to be driven by personal lines and property and casualty. Premium rates are expected to increase by 3% in property and casualty class, driving the market premium upwards.

The Zimbabwean insurance market is expected to continue recording growth despite the turbulent environment. The insurance market is also expected to benefit from the projected good agriculture season for 2024/2025. In overall, the outlook of the insurance market is positive despite the disturbing trends including climate change, cyber security and economic uncertainties among others.

Silent Shava
Managing Director

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report, together with the audited financial statements of the Company for the year ended 31 December 2023.

Going concern considerations

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in existence for the foreseeable future.

The directors have assessed the ability of the company to continue operating as a going concern and have concluded that the preparation of these financial statements on a going concern basis is appropriate. However, the directors believe that under the current economic environment a continuous assessment of the ability of the company to continue to operate as a going concern shall continuously be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

CAPITAL

Authorised

The authorised capital of the Company remained at 2,000,000,000 shares of ZWL0.001.

Reserves

The movement in the reserves of the Company are shown on page 23 of these financial statements.

Dividends

In view of the Company's need to generate and preserve the available cash, the Board has seen it prudent not to declare a dividend.

Directorate

In accordance with article 107 of the Company's Articles of Association, the Shareholders shall have the right from time to time in a General Meeting to appoint one or more Directors for a definite or indefinite period, and the provisions of Article 90 - 98 of Table A shall apply to the Directors so appointed.

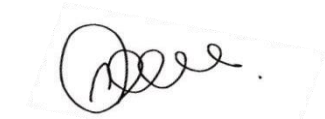
Directors' Remuneration

Non-executive directors' remuneration is subject to shareholder approval.

Auditors

At the forthcoming Annual General Meeting, as part of ordinary business, shareholders will be requested to approve fees for the auditors for the year ended 31 December 2023 and to appoint auditors for the ensuing year.

The current auditors, Messrs Dereflexion Consulting have been the Company's auditors since the year ending 31 December 2022. The Directors shall seek the Shareholders' indulgence for re-appointment of the auditors at the Company's annual general meeting (AGM).



**By Order of the Board
Company Secretary**

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Company's directors are responsible for maintaining adequate accounting records and the preparation and integrity of the annual financial statements and related information. The Company's independent external auditors, Dereflexion Consulting, have audited the financial statements and their report appears on pages 16-21

The directors are required by the Companies and Other Business Entities Act (Chapter 24:31,) Insurance and Pensions Commission (IPEC) and the relevant Statutory Instruments (SI 33/99 and SI 62/96) to maintain adequate accounting records and to prepare financial statements for each financial year which present a true and fair view of the state of affairs of the Company at the end of the financial period and the performance and cash flows for the period.

In preparing the accompanying financial statements, International Financial Reporting Standards have been applied, reasonable, and prudent judgements and estimates have been made. The financial statements incorporate full and responsible disclosure in line with the accounting philosophy of the Company.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and to detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The directors have assessed the ability of the Company to continue operating as a going concern by reviewing the prospects of the company. These assessments considered the Company's financial performance for the year ended 31 December 2023, the financial position as at 31 December 2023 and the current and medium-term forecasts for the Company. Based on this background, the directors have every reason to believe that the Company has adequate resources to continue in operation for the foreseeable future. Accordingly, these financial results were prepared on a going concern basis.

The Company's financial statements have been prepared under the supervision of Mrs Makumbe and have been audited in terms of section 191 of the Companies and Other Business Entities Act (Chapter 24:31).

The financial statements set out on pages 22 to 65 were approved by the Board of Directors and are signed on their behalf by:

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION & APPOINTMENT

The Board of Directors ("the Board") is chaired by an independent non-executive director and comprises five non-executive directors (including the chairman) and one executive director.

The Board enjoys a strong mix of skills and experience. It is the primary governance organ. The role of the Board is to determine overall policies, plans and strategies of the Company and to ensure that these are implemented in an ethical and professional manner.

The Board meets regularly, at least four times a year, and guides corporate strategy, risk management practices, annual budgets and business plans.

Special board meetings may be convened on an adhoc basis when necessary to consider issues requiring urgent attention or decision.

The Company Secretary maintains an attendance register of directors for all scheduled meetings during the year through which directors can assess their devotion of sufficient time to

the Company.

The Board has overall responsibility for ensuring the integrity of the Company's accounting and financial reporting systems including the independent audit, and that appropriate systems of control, risk management and compliance with laws are in place.

To ensure effectiveness, Board members have unfettered access to information regarding the Company's operations which is available through Board meetings, Board and Management Committees as well as strategic planning workshops organised by the Company.

The Board appointments are made to ensure a variety of skills and expertise on the Board. A third of the directors are required to retire on a rotational basis each year, along with any directors appointed to the Board during the year.

Executive directors are employed under performance-driven service contracts setting out responsibilities of their particular office.

Attendance of Directors at board and committee meetings

Directors	Board	Audit Committee	Nominations & Remuneration Committee	Investments Committee	Risk Committee
Christopher Mwaturura	3/4	–	–	–	
Tichawana Nyahuma	4/4	4/4	4/4	–	4/4
Pedzisayi Chindotana	3/4	–	4/4	4/4	4/4
Stanley Mutenga	4/4	4/4	–	4/4	4/4
Cheryllynn-Jean Watson	4/4	4/4	4/4	4/4	

Board Accountability and Delegated Functions

The Board is supported by various committees in executing its responsibilities. The committees meet quarterly to assess, review performance and provide guidance to management on both operational and policy issues.

Each committee acts within certain written terms of reference under which certain functions of the Board are delegated with clearly defined purposes. The Board may take independent professional advice at the Company's expense where necessary. The Board monitors the effectiveness of controls through reviews by the Audit Committee, the Company Internal audit function and independent assessments by the independent external auditors.

BOARD COMMITTEES

Audit Committee

The Audit Committee is chaired by a non-executive director and the independent external auditors have unrestricted access to the committee and attend all meetings. It reviews the annual financial statements, the Company's systems and controls and ensures that audit recommendations are considered and where appropriate, implemented.

CORPORATE GOVERNANCE REPORT (continued)

Nominations and Remuneration Committee

The Human Resources and Remuneration Committee is chaired by a non-executive director and reviews remuneration levels of members of staff throughout the Company.

This Committee comprises three (3) non-executive directors. This Committee is mandated to deal with staff development and formulate remuneration policies as well as approve remuneration packages for executive directors and senior executives.

The remuneration policy is designed to reward performance, to attract, motivate and retain high calibre individuals who will contribute fully to the success of each of the businesses in which Muca Re operates. The committee draws on external market survey data from independent advisors to ensure that the remuneration policy is appropriate and relevant to the prevailing times.

Investments Committee

It is chaired by a non-executive director. The Investments Committee comprises of three (3) non-executive directors.

The Committee reviews the finance policies and strategies used by the Company to achieve its objectives, the performance attained and the risks related thereto. The Committee also reviews and recommends to the board resolutions pertaining to the capital structure of the Company, including resolutions pertaining to dividends and debt issuance levels.

FINANCIAL STATEMENTS AND MANAGEMENT REPORTING

A decentralised management structure exists with business unit management attending to the daily activities of individual business units.

Annual budgets and plans are compiled by each business unit and reviewed and agreed by the Board.

The company has a comprehensive management and financial reporting disciplines, which include monthly management accounts, physical and financial expenditure controls, planned capital expenditure programmes and detailed operating budgets.

The Company maintains internal controls and systems to support these disciplines, and the results of each operation are approved by the Board. Financial progress is monitored monthly and annual forecasts are reviewed quarterly.

The annual financial statements are prepared on a going concern basis, as the directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. The statements are prepared in

accordance with International Financial Reporting Standards (IFRS) and are based on policies which are reasonable and prudent. The independent auditors are responsible for carrying out independent examination of the financial statements in accordance with International Standards on Auditing (ISA) and the directors accept responsibility for the preparation of and information presented in the financial statements.

OTHER CORPORATE GOVERNANCE MEASURES

Worker Participation

Worker participation and employer/employee relations are handled through regular meetings. Regular meetings ensure information dissemination, consultation and resolution of conflict areas timeously and to the benefit of all parties.

Environment

The Company adopts a responsible approach and complies with all regulatory and legislative requirements to ensure the protection and maintenance of the environment in which it operates.

Social Responsibility

The Company contributes to the social well-being of its employees and their dependents within the communities in which the Company's operations are located. Provision of health, educational, recreational and sporting facilities on the Company's estates provides amenities for employees as well as members of the surrounding communities.

The Company participates in fair trade label programmes and subjects its operations to audit by international organisations, to ensure compliance with the highest standards in its respective operations.

Related Party Transactions

The Company has a process in place whereby the directors and key management have confirmed that, to the best of their knowledge, the information disclosed in the Company's financial statements fairly represents their shareholding in the Company, both beneficial and indirect, interest in share options of the Company and the compensation earned from the Company for the financial year. In addition, the directors and key management have confirmed that all interests have been declared.



Cheryllynn-Jean Watson
Chairperson



Silent Shava
Managing Director

BOARD OF DIRECTORS



Cherylynn-Jean Watson
Board Chairman



Tichawana Nyahuma
Non-Executive Director



Stanley Mutenga
Non-Executive Director (Advisory)



Pedzisayi Chindotana
Non-Executive Director



Silent Shava
Managing Director

SENIOR MANAGEMENT



Silent Shava
Managing Director



Sithulisiwe Chatira
Finance



Douglas Sithole
Operations



Valerie Mugadzaweta
Compliance

AUDITOR'S REPORT

2A Serendip Close, Mt Pleasant, Harare
Tel: +263 78 867 4566 | www.dereflexion.co.zw



AUDITOR'S REPORT & FINANCIAL STATEMENTS

Independent Auditor's Report

To the shareholders of Muca Reinsurance (Private) Limited.

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the inflation-adjusted financial statements of Muca Reinsurance (Private) Limited "Muca Re", which comprise the inflation adjusted Statement of Financial Position as at 31 December 2023, the inflation-adjusted 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, notes to the financial statement including a summary of significant accounting policies and other explanatory information set out on pages 22- 65.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Muca Re as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies and Other Business Entities Act (Chapter 24:31) and Insurance Act (Chapter 24:07).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the **Auditor's Responsibilities for the Audit of the Financial Report** section of our report.

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Zimbabwe. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Zimbabwe. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach.

Audit scope.

- We conducted a full-scope audit of the company's financial statements to meet statutory audit requirements.

Key audit matters.

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

AUDITOR'S REPORT (continued)

Key Audit Matter			How the matter was addressed in the audit
Technical Reserving			
Significant judgements and estimates are involved in arriving at the following figures in the financial statements			<p>We performed the following procedures to assess the appropriateness of the balances and related income statement adjustments with respect to the technical provisions:</p> <ul style="list-style-type: none"> • We evaluated the independence and objectivity of the expert (actuary) in the context of the above and other relevant audit objectives. • We evaluated the assumptions and consistency of the methods used by the expert, with particular attention paid to specific knowledge of the business and the results of other audit procedures. <p>No material inconsistencies were noted.</p> <p>We assessed the consistency of the methods and assumptions used by the directors in determining the accounting journals passed during the year.</p> <p>No material inconsistencies were noted.</p> <p>Assessed the reasonableness of methods used to compute the technical reserves as follows:</p> <ul style="list-style-type: none"> • On a sample basis, we verified the accuracy and completeness of transactions used to compute the provisions by inspecting relevant supporting documentation. • We also recalculated the provisions using rates derived from the actuarial valuation. We noted no material aspects in this regard requiring further consideration. <p>No material differences were noted.</p> <p>We evaluated the financial statement disclosures against the requirements of IAS 37 Provisions: Contingent Liabilities and Contingent Assets, and IFRS 17: Insurance Contracts.</p> <p>No material inconsistencies were noted.</p>
Technical Provision	2023 Amount USD	2022 Amount USD	
IBNR	181,164.00	75,456.00	
Gross Outstanding Claims (ROC)	51,239.00	52,946.00	
Unearned Premium Reserve (UPR)	440,574.00	223,969.00	
Claims Handling Expense Reserve (CHE)	10,282.00	6,086.00	
Grand Total	683,259.00	358,457.00	
Revenue recognition			
There is a presumed risk of material misstatement due to fraud in revenue recognition.			<p>We performed the following procedures to assess the appropriateness of the related income statement transactions and insurance payables and receivables:</p> <ul style="list-style-type: none"> • A comprehensive examination through inspection of policy records, to determine the actual earned premium for the coverage period provided. • We assessed the completeness of the premiums and related retrocessions recorded through policy sequence checks in the system. <p>No material differences were noted.</p>

AUDITOR'S REPORT (continued)

Key Matter	How our audit addressed the key audit matter
	<p>We performed the following procedures to assess the appropriateness of the related income statement transactions and insurance payables and receivables:</p> <ul style="list-style-type: none"> • A comprehensive examination through inspection of policy records, to determine the actual earned premium for the coverage period provided. • We assessed the completeness of the premiums and related retrocessions recorded through policy sequence checks in the system. <p>No material differences were noted.</p> <p>We assessed the premium rate methods used in through the following:</p> <ul style="list-style-type: none"> • On a sample basis, we verified the accuracy and completeness of individual insurance policies through recomputation of the premium and related amounts. In addition, we inspected relevant supporting documentation. • We also compared the premiums rates determined by management against industry standards. We noted no material aspects in this regard requiring further consideration. <p>No material differences were noted.</p>
Implementation of IFRS 17: Insurance Contracts with effective date: 1 January 2022.	<p>We evaluated the financial statement disclosures against the IFRS 17: Insurance Contracts requirements, including the related disclosures.</p> <p>No material inconsistencies were noted.</p>
Fair value measurement	<p>Experts appointed by the management determined the fair values of the properties. We assessed the competence and capabilities of the valuer by verifying qualifications and experience.</p> <p>We compared the valuation approach used by the valuer against IFRS requirements and industry norms to confirm that the methodology was appropriate. The valuation method was comparable to those typically used in the market.</p>

AUDITOR'S REPORT (continued)

Key Matter	How our audit addressed the key audit matter
Investment Property The management and the board of directors elected to treat Lot 1 of Subdivision A of Lot 42 of Hatfield estate, given as equity by the shareholders, as an investment property. The properties were measured at the value prescribed at the property transfer and subsequently measured at cost less depreciation. As of 31 December 2023, the Property was valued at USD\$2,009,280	<p>The business is still converting the ownership of investment property held by shareholders into the company's name.</p> <p>We substantiated ownership by assessing the following against the conceptual framework in IFRS. Does the entity have a resource? Does the entity control the resource?</p> <p>An assessment of the documentation relating to the property was established to ensure that the question of whether there was an asset was answered. The following were the results of the work done. Muca Re manages the property and has lease agreements in their name, which they manage. Although they occupy less than 10% of the building rentals, changes to the property are initiated by the board.</p> <p>We received directors' and lawyers' representation on the ongoing and impending change of ownership.</p>
Change in functional and reporting currency The Management and the board established that more than 90% of transactions between the entity and external parties.	<p>We assessed management and transactions during the year and indeed, 90% were denoted in USD.</p> <p>No exceptions noted.</p>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. We considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Other information

The directors are responsible for the other information contained in the financial statements. The other information does not include the financial statements and our auditor's 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the directors 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 the requirements of the Companies and Other Business Enti-

AUDITOR'S REPORT (continued)

ties Act (Chapter 24:31), and the Insurance Act Chapter(24:07) , 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.

Going Concern Assumption

The Company's financial statements have been prepared using the going concern basis of assumption. Management is responsible for assessing the Company's ability to continue as a going concern, including whether the use of the going concern basis of accounting is appropriate.

Management is also responsible for disclosing in the financial statements a material uncertainty of which management becomes aware related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. As part of our audit, we conclude regarding the appropriateness of management's use of the going concern assumption in the preparation of the financial statements in the context of the applicable financial reporting framework. The use of the going concern basis of accounting has been assessed as appropriate. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken based on 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 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 the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

AUDITOR'S REPORT (continued)

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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, actions taken to eliminate threats or safeguards applied.

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 auditor's report unless the 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.



Tatenda C. Muronda

Registered Public Auditor

Partner for and on behalf of

Dereflection Consulting Chartered Accountants (Zimbabwe)

Public Auditor Registration Number 0575

22 March 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023	2022
Insurance Revenue	7	5,221,561	1,727,054
Insurance Service Expenses	8	(1,245,184)	(691,567)
Insurance Service Result from Insurance Contracts Issued		3,976,376	1,035,487
Allocation of Reinsurance Paid	9	(2,560,090)	(786,405)
Amount recoverable from reinsurers for incurred claims	9	48,968	34,275
Net expenses from reinsurance Contracts held		(2,511,122)	(752,130)
Insurance Service Result		1,465,254	283,357
Other Investment Revenue	9	14,790	75,382
Net Investment Income		14,790	75,382
Other operating and Administration Expenses	10	(677,318)	(228,800)
Other finance costs	11	(11,931)	(3,082)
Profit before tax		790,795	126,858
Taxation	12	16,229	7,411
Profit for the year		807,024	134,269
Other comprehensive income		158,870	(1,150,065)
Items that will not be reclassified to profit and loss			
Profit/(Loss) on Foreign Exchange		158,870	(1,150,065)
Total comprehensive profit/(loss) for the year		965,894	(1,015,796)

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2023

	Notes	2023 USD	2022 USD
ASSETS			
Property and equipment	13	2,046,652	2,041,140
Intangible assets	14	128,000	160,000
Held to maturity financial assets	17	73,265	86,503
Insurance contract asset	15	1,271,377	1,043,399
Reinsurance contract assets	16	100,725	31,900
Other receivables and prepayments	18	12,058	18,332
Deferred tax asset	19	93,803	47,955
Cash and cash equivalents	20	469,807	19,974
Total assets		4,195,687	3,449,202
EQUITY AND LIABILITIES			
Equity			
Share capital		3,035,435	3,035,435
Retained earnings		941,293	134,269
Foreign Currency Translation Reserve		(991,195)	(1,150,065)
Total equity		2,985,533	2,019,639
Liabilities			
Insurance contract liability	16	861,130	458,318
Reinsurance contract liability	16	88,476	670,797
Other payables and accruals	21	10,120	142,844
Provisions	22	74,817	6,670
Accruals	23	18,000	22,960
Related party transaction	24	157,611	127,974
Total liabilities		1,210,154	1,429,563
Total equity and liabilities		4,195,687	3,449,202

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share Capital USD	Retained Earnings USD	Foreign Currency Transaction Reserve USD	Total USD
Shareholders Equity as at 01 January 2022	3,035,435	-	-	3,035,435
Effects of IFRS 17				-
Profit for the financial year		134,269		134,269
Other Comprehensive Income for the year			(1,150,065)	(1,150,065)
Shareholders' Equity at end of 31 December 2022	3,035,435	134,269	(1,150,065)	2,019,639
Profit for the year		807,024		807,024
Other Comprehensive Income for the year			158,870	158,870
Shareholders Equity at end of 31 December 2023	3,035,435	941,293	(991,195)	2,985,533

STATEMENT OF CASHFLOWS

For the year ended 31 December 2023

	Notes	Historical Cost 2023 USD	Historical Cost 2022 USD
Cash Flows from Operating Activities			
Profit before tax		790,795	126,858
Adjustments for:			
Depreciation of property and equipment		80,707	48,746
Investment income		(14,790)	(75,382)
Operating cash inflows before working capital changes		856,711	100,222
Working Capital Changes		(336,388)	(15,139)
Cash generated from operations		520,323	85,083
Net cash flows from operating activities		520,323	85,083
Cash Flows from investing Activities			
Purchase of property, vehicles and equipment	9	(15,280)	(1,851)
Purchase of intangible assets	10	-	(60,000)
Purchase of short term investments	13	(70,000)	(78,641)
Interest received		14,790	75,382
Purchase of fair value assets through profit or loss assets		-	-
Disposal of short term investments		-	-
Net cash utilised in investing activities		(70,490)	(65,109)
Net increase in cash and cash and cash equivalents		449,833	19,974
Cash and Cash equivalents at the beginning of the year		19,974	-
Cash and Cash equivalents at the end of the year		469,807	19,974

NOTES TO THE FINANCIAL STATEMENTS NOTES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL DISCLOSURES

1.1 Country of Incorporation and Main Activities

MUCA Re was registered in 2021 as a reinsurer residing in Zimbabwe at 31 Airport Road, Hatfield in Harare. The company is licensed to do non-life reinsurance. The principal activities of the company is the provision of reinsurance security in all classes of general insurance and also offer support services to its clients, who are primarily insurance companies and insurance brokers. These support services include risk management support, training, and portfolio analysis.

1.2 Basis of Preparation

(i) Compliance to relevant regulations

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The company is presenting its financial statements for the first time and there is no comparative information available. These financial statements for the year ended 31 December 2023 are the first the company has prepared in accordance with IFRS.

1.3 Functional and presentation currency

These financial statements are presented in United States Dollars (USD). Due to the use of multiple currencies in the economy, management is required to assess what the functional currency of the Company is in accordance with International Accounting Standard (IAS) 21, The Effects of Changes in Foreign Exchange Rates. The Company's assessment was based on weighting the volume of the local currency business against the foreign currency business. Foreign currency transactions recorded for the Company constitute 90% by value of total transactions by value recorded for the year to 31 December 2023. It is management's view that this does constitute a significant proportion of the transactions recorded during the year, thus the functional currency for the company is United States Dollars (USD)

1.4 Borrowing powers

The directors may, at their discretion, borrow an amount equal or double the aggregate of shareholders' funds of the Company.

1.5 Preparer of financial statements

These financial statements have been prepared under the supervision of Mrs Makumbe and have been audited in terms of section 29(1) of the Companies and Other Business Entities Act (Chapter 24:31).

1.6 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or

• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

2.1 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PPE), 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.

Effective date of adoption

The amendment must be applied retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for first-time adopters.

2.2 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The amendments apply a 'directly related cost approach'. The 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.

Effective date of adoption

The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

This standard had no significant impact on the financial statements of the company.

2.3 Implementation of IFRS 17 Insurance Contracts (IFRS 17)

IFRS 17 Insurance Contracts (IFRS 17) is a comprehensive new accounting standard for insurance contracts that governs recognition, measurement, presentation and disclosure.

Whereas IFRS 4 allowed insurers to use existing local practice for the measurement of insurer liabilities, IFRS 17 provides for a comprehensive and consistent approach to insurance contracts. The new standard affected the financial statements and key performance indicators of the Company

IFRS 17 introduces three possible measurement models namely Premium Allocation Approach (PAA); General Measurement Model (GMM) and Variable Free Approach (VFA). PAA is the simplified measurement model of IFRS 17. It is an accounting policy election for mainly short term insurance contracts, but not a required approach. The theory behind this approach is that the unearned premium on a group of insurance contracts is representative of the liability for remaining coverage under the policies. In addition this liability for remaining coverage, a second component, the liability for incurred claims, will need to be recognized as claims on these policies are incurred to comprise the entire insurance contract obligation. There are some key considerations and distinctions regarding the PAA that must be taken into account before a company starts using this method.

Effective date of adoption

The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2022.[The IASB has also published 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to defer the fixed expiry date of the amendment also to annual periods beginning on or after January 1, 2023.]Effective January 1, 2021. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

2.4 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28

The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

This standard had no significant impact on the financial statements of the company.

Effective date of adoption

Effective for annual periods beginning on or after 1 January 2023.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS - CONTINUED

2.5 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

Replacement of the term 'significant' with 'material' In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The amendments may impact the accounting policy disclosures of entities. Determining whether accounting policies are material or not requires use of judgement. Therefore, entities are encouraged to revisit their accounting policy information disclosures to ensure consistency with the amended standard. Entities should carefully consider whether 'standardised information, or information that only duplicates or summarises the requirements of the IFRSs' is material information and, if not, whether it should be removed from the accounting policy disclosures to enhance the usefulness of the financial statements.

2.6 Definition of Accounting Estimates - Amendments to IAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. Changes in accounting estimates The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.

The above standards had no significant impact on the financial statements of the company.

2.7 Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

Effective date of adoption

Effective for annual periods beginning on or after 1 January 2024.

The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. After the commencement date in a sale and leaseback transaction, the seller-lessee applies paragraphs 29 to 35 of IFRS 16 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 of IFRS 16 to the lease liability arising from the leaseback. In applying paragraphs 36 to 46, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease, as required by paragraph 46(a) of IFRS 16. The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards, (IFRS), as issued by the International Accounting Standards Board (IASB).

3.2 Basis of preparation

The financial statements have been prepared based on statutory records which are maintained on a historical cost basis, except for financial instruments and financial assets that have been measured at fair. Historical cost financial statements are presented in compliance with the requirements of the Companies and Other Business Act (Chapter 24:03). The financial statements are presented in United States Dollars (USD).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or esti-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

mated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36. In addition, for financial reporting purposes, and in accordance with the guidance provided by IFRS13, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs, other than quoted prices included within level 1, that are observable for the asset or liability directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3 Going concern

The directors have assessed the ability of the Company to continue as a going concern and believe that the preparation of the financial statements on a going concern basis is appropriate.

3.4 Foreign Currencies

The financial statements of a company are presented in United States Dollars which is the functional currency determined by management after assessing the proportion of foreign currency transactions and local currency transactions, in accordance with International Accounting Standard (IAS) 21. In preparing the financial statements of the company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Exchange differences are recognised in profit or loss in the period in which they arise except when they relate to items for which gains and losses are recognised in equity.

For the purpose of presenting financial statements, the assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Company's foreign currency translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

4 IFRS 17 DISCLOSURES

Reinsurance contracts

Glossary:

LIC -Liability for incurred claims

LRC -Liability for remaining coverage

OCI - Other comprehensive income

PAA - Premium allocation approach

4.1 Key types of reinsurance contracts held

The Company issues the following types of contracts that are accounted for in accordance with IFRS 17 Reinsurance. Using the full retrospective approach.

Motor and home reinsurance policies:

These comprise comprehensive and third-party liability car reinsurance policies as well as home reinsurance policies for contents and buildings with coverage of one year or less

The Company accounts for these contracts applying the Premium Allocation Approach (PAA).

For home and motor, the Group holds facultative (excess of individual loss) reinsurance policies accounted for applying the General Model and quota share reinsurance contracts accounted for applying the PAA.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

4.2 Definitions and classifications

Products sold by the Company are classified as reinsurance contracts when the Company accepts significant reinsurance risk from a insurer by agreeing to compensate the insurer if a specified uncertain future event adversely affects the insurer.

This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the Company considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Company determines whether a contract contains significant reinsurance risk by assessing if an insured event could cause the Company to pay to the insurer additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the reinsurance contract.

The Company issues certain reinsurance contracts that allow insurers to participate in investment returns with the Company, in addition to compensation for losses from insured risk. Participating contracts meet the definition of reinsurance contracts with direct participating features if the following three criteria are met:

- The contractual terms specify that the insurer participates in a share of a clearly identified pool of underlying items
- The Company expects to pay to the insurer an amount equal to a substantial share of the fair value returns from the underlying items
- A substantial proportion of the cash flows that the Company expects to pay to the insurer is expected to vary with the change in the fair value of the underlying items

The Company assesses whether the above conditions and criteria are met using its expectations at the issue date of the contracts.

The Company also issues investment contracts with discretionary participation features. These contracts are linked to the same pool of assets as reinsurance contracts and have economic characteristics similar to those of reinsurance contracts. The Company accounts for these contracts applying IFRS 1

The Company issues the following types of contracts that are accounted for in accordance with IFRS 17 Reinsurance.

Motor and home reinsurance policies:

These comprise comprehensive and third-party liability car reinsurance policies as well as home reinsurance policies for contents and buildings with coverage of one year or less

The Company accounts for these contracts applying the Premium Allocation Approach (PAA).

For home and motor, the Company holds facultative (excess of individual loss) reinsurance policies accounted for applying the General Model and quota share reinsurance contracts accounted for applying the PAA.

4.3 Combining a set or series of contracts

Sometimes, the Company enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Company accounts for such a set of contracts as a single reinsurance contract when this reflects the substance of the contracts. When making this assessment, the Company considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually
- The Company is unable to measure one contract without considering the other

4.4 Separating components from reinsurance contracts

In addition to the provision of reinsurance coverage service, some reinsurance contracts issued by the Company have other components such as an investment component, an embedded derivative or the provision of some other distinct goods or non-reinsurance services.

The Company assesses its products to determine whether some of these components are distinct and need to be separated and accounted for applying other IFRS Accounting Standards. When these non-reinsurance components are non-distinct, they are accounted for together with the reinsurance component applying IFRS 17.

The Company first considers the need to separate distinct embedded derivatives and investment components, before assessing the need to separate any goods and non-reinsurance services component.

4.5 Combining a set or series of contracts

Sometimes, the Company enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Company accounts for such a set of contracts as a single reinsurance contract when this reflects the substance of the contracts. When making this assessment, the Company considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually
- The Company is unable to measure one contract without considering the other

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

4.6 Separating components from reinsurance contracts

In addition to the provision of reinsurance coverage service, some reinsurance contracts issued by the Company have other components such as an investment component, an embedded derivative or the provision of some other distinct goods or non-reinsurance services.

The Company assesses its products to determine whether some of these components are distinct and need to be separated and accounted for applying other IFRS Accounting Standards. When these non-reinsurance components are non-distinct, they are accounted for together with the reinsurance component applying IFRS 17.

The Company first considers the need to separate distinct embedded derivatives and investment components, before assessing the need to separate any goods and non-reinsurance services component.

4.7 Separating promises to transfer distinct goods or non-reinsurance services

After the Company has determined whether to separate embedded derivatives and investment components, it considers the separation of any promise to transfer goods or non-reinsurance services embedded in the contract.

The Company separates from the host reinsurance contract only distinct promises to transfer goods or non-reinsurance services to a insurer. Once separated, such promises are accounted for applying IFRS 15.

In determining whether an obligation to deliver a good or non-reinsurance service promised to a insurer is distinct, the Company considers whether the insurer can benefit from the good or service either on its own or together with other resources readily available to the insurer (i.e. resources that are either sold separately or already owned by the insurer). A good or non-reinsurance service that is promised to the insurer is not distinct if the cash flows and risks associated with the good or service are highly interrelated with the cash flows and risks associated with the reinsurance components. The Company provides a significant service integrating the good or non-reinsurance service with the reinsurance components.

The Company has not identified any distinct goods or non-reinsurance services.

4.8 Level of aggregation

The Company identifies portfolios by aggregating reinsurance contracts that are subject to similar risks and managed together. In grouping reinsurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines.

The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. Some products issued by different entities within the Company are considered as being managed at the issuing entity level. This is because the management of the solvency capital management, which supports the issuance of these contracts, is ringfenced within these entities.

The Company may acquire reinsurance contracts as part of a business combination or a portfolio transfer. Unlike originally issued contracts, contracts acquired in a settlement phase transfer a reinsurance risk of adverse claims development. The Company considers such risk to be different from contracts it originally issues and aggregates such contracts in separate portfolios by product line.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied.

At initial recognition, the Company segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- Contracts that are onerous on initial recognition
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- Any remaining contracts

The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis. The Company determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition and whether the contracts not onerous at initial recognition have a significant possibility of becoming onerous subsequently.

The Company applies significant judgement in determining at what level of granularity the Company has sufficient information to conclude that all contracts within a set will be in the same group. In the absence of such information, the Company assesses each contract individually.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

4.9 Level of aggregation Continued

The composition of groups established at initial recognition is not subsequently reassessed.

For motor and home reinsurance contracts accounted for applying the PAA, the Company determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. The Company assesses the likelihood of changes in applicable facts and circumstances to determine whether contracts not onerous on initial recognition belong to a group with no significant possibility of becoming onerous in the future.

If facts and circumstances indicate that some contracts may be onerous at initial recognition or the group of contracts has become onerous, the Company performs a quantitative assessment to assess whether the carrying amount of the liability for remaining coverage determined applying the PAA is less than the fulfilment cash flows related to remaining coverage determined applying the General Model.

If the fulfilment cash flows related to remaining coverage determined applying the General Model exceed the PAA carrying amount of the liability for remaining coverage, the difference is recognised in profit or loss and the liability for remaining coverage is increased by the same amount.

When motor reinsurance contracts within a portfolio would only fall into different groups due to specific constraints imposed by law or regulation on the Company's practical ability to set a different price, the Company nevertheless includes those contracts in the same group

4.10 Recognition

The Company uses facultative and treaty reinsurance to mitigate some of its risk exposures. Reinsurance contracts held are accounted for applying IFRS 17 when they meet the definition of a reinsurance contract. This includes the condition that the contract must transfer significant reinsurance risk.

Reinsurance contracts transfer significant reinsurance risk only if they transfer to the reinsurer substantially all the reinsurance risk relating to the reinsured portions of the underlying reinsurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Reinsurance contracts held are accounted for separately from underlying reinsurance contracts issued and are assessed on an individual contract basis. In aggregating reinsurance contracts held, the Company determines portfolios in the same way as it determines portfolios of underlying reinsurance contracts issued. The Company considers that each product line reinsured at the ceding entity level to be a separate portfolio. The Company disaggregates a portfolio of its reinsurance contracts held into three groups of contracts:

- Contracts that on initial recognition have a net gain
- Contracts that, on initial recognition, have no significant possibility of resulting in a net gain subsequently

4.11 Level of aggregation Continued

- Any remaining reinsurance contracts held in the portfolio

For motor and home quota share reinsurance contracts held accounted for applying the PAA, the Company assumes that all reinsurance contracts held in each portfolio will not result in a net gain on initial recognition, unless facts and circumstances indicate otherwise.

In determining the timing of initial recognition of a reinsurance contract held, the Company assesses whether the reinsurance contract's terms provide protection on losses on a proportionate basis. The Company recognises a group of reinsurance contracts held that provides proportionate coverage:

- At the start of the coverage period of that group of reinsurance contracts held
- At the initial recognition of any of the underlying reinsurance contracts, whichever is later

The Company recognises a group of non-proportional reinsurance contracts at the earliest of the beginning of the coverage period of the group or the date an underlying onerous group of contracts is recognised.

The boundary of a reinsurance contract held includes cash flows resulting from the underlying contracts covered by the reinsurance contract held. This includes cash flows from reinsurance contracts that are expected to be issued by the Company in the future if these contracts are expected to be issued within the boundary of the reinsurance contract held.

Cash flows are within the boundary of a reinsurance contract held, if they arise from the substantive rights and obliga

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

tions of the cedant that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

4.12 Reinsurance contracts held measured under the PAA

The Company measures quota share motor and home reinsurance contracts by applying the PAA. Under the PAA, the initial measurement of the asset for remaining coverage equals the reinsurance premium paid.

The Company measures the amount relating to remaining service by allocating the premium paid over the coverage period of the group. For all reinsurance contracts held, the allocation is based on the passage of time, home and motor quota share reinsurance contracts, where claims are seasonal and the allocation is based on the expected incidence of claims.

Where the reinsurance contracts held covers a group of onerous underlying reinsurance contracts, the Company adjusts the carrying amount of the asset for remaining coverage and recognises a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying reinsurance contracts or on addition of onerous underlying reinsurance contracts to a group. The recognition of this gain results in the recognition for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held

4.13 Contract boundaries

The measurement of a group of reinsurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, and from applicable laws, regulations and customary business practices. The Company determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the insurer to pay the premiums or the Company has a substantive obligation to provide the insurer with reinsurance contract services.

A substantive obligation to provide reinsurance contract services ends when the Company has the practical ability to reassess the risks of a particular insurer and, as a result, to change the price charged or the level of benefits provided for the price to fully reflect the new level of risk. If the boundary assessment is performed at a portfolio rather than individual contract level, the Company must have the practical ability to reprice the portfolio to fully reflect risk from all insurers. The Company's pricing must not take into account any risks beyond the next reassessment date.

In determining whether all risks have been reflected either in the premium or in the level of benefits, the Company considers all risks that insurers would transfer had the Company issued the contracts (or portfolio of contracts) at the reassessment date. Similarly, the Company concludes on its practical ability to set a price that fully reflects the risks in the contract or portfolio at a renewal date by considering all the risks it would assess when underwriting equivalent contracts on the renewal date for the remaining service. The assessment on the Company's practical ability to reprice existing contracts takes into account all contractual, legal and regulatory restrictions. In doing so, the Company disregards restrictions that have no commercial substance. The Company also considers the impact of market competitiveness and commercial considerations on its practical ability to price new contracts and repricing existing contracts. The Company exercises judgement in deciding whether such commercial considerations are relevant in concluding as to whether the practical ability exists at the reporting date.

The Company issues investment-linked reinsurance contracts that include an embedded reinsurance option to add reinsurance coverage at a future date. The Company has no right to compel the insurer to pay premiums and the option to add reinsurance coverage at a future date is a reinsurance component that is not measured separately from the reinsurance contract. When the reinsurance option is not in substance a separate contract and the terms are guaranteed by the Company, the cash flows arising from the option are within the boundary of the contract.

4.14 Reinsurance contracts measured under the premium allocation approach

The Company applies the PAA to the measurement of motor and home reinsurance contracts with a coverage period of each contract in the group of one year or less.

On initial recognition, the Company measures the LRC at the amount of premiums received in cash. As all issued reinsurance contracts to which the PAA is applied have coverage of a year or less, the Company applies a policy of expensing all reinsurance acquisition cash flows as they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

Premiums due to the Company for reinsurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as reinsurance revenue for reinsurance contract services provided in that period.

The Company has determined that there is no significant financing component in motor and home reinsurance contracts with a coverage period of one year or less. The Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for such reinsurance contracts.

The Company also applies the PAA to the all-quota share home and motor reinsurance contracts held. The coverage period of such reinsurance contracts held is 15 months or less. As the coverage period exceeds one year, the Company at initial recognition assesses whether the PAA is a reasonable approximation of the General Model.

For motor and home reinsurance contracts held with a coverage period longer than one year, the Company exercises judgement to determine whether a significant financing component exists. For groups of reinsurance contracts held with a significant financing component, the Company adjusts the LRC for the time value of money using discount rates determined at initial recognition.

4.15 Reinsurance contracts measured under the premium allocation approach: Continued

For both motor and home reinsurance contracts issued and reinsurance contracts held, the carrying amount of the LIC is measured applying the General Model, except that:

- For claims that the Company expects to be paid within one year or less from the date of incurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks
- For claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognised

Applying the PAA, the reinsurance revenue is measured at the amount allocated from the expected premium receipts excluding any investment component. The allocation is done on the basis of the passage of time, and motor quota share reinsurance contracts issued, where claims are seasonal and the allocation is based on the expected incidence of claims. The Company applies judgement in determining the basis of allocation.

When facts and circumstances indicate that a group of contracts has become onerous, the Company performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Company recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount

Modification and derecognition

The Company derecognises the original contract and recognises the modified contract as a new contract, if the terms of reinsurance contracts are modified and the following conditions are met:

4.15 Reinsurance contracts measured under the premium allocation approach: Continued

- Is outside of the scope of IFRS 17
- Results in a different reinsurance contract due to separating components from the host contract
- Results in a substantially different contract boundary
- Would be included in a different group of contracts

The original contract met the definition of a reinsurance contract with direct participating features, but the modified contract no longer meets the definition

- The original contract was accounted for applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach

If the contract modification meets any of the conditions, the Company performs all assessments applicable at initial recognition, derecognises the original contract and recognises the new modified contract as if it was entered for the first time. The Company derecognises a reinsurance contract when, and only when the contract is:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

- Extinguished (when the obligation specified in the reinsurance contract expires or is discharged or cancelled)
- Modified and the derecognition criteria are met

When the Company derecognises an reinsurance contract from within a group of contracts, it:

- Adjusts the fulfilment cash flows allocated to the group to eliminate the present value of the future cash flows and risk adjustment for non-financial risk relating to the rights and obligations that have been derecognised from the group

4.16 Reinsurance revenue

As the Company provides reinsurance services under a group of reinsurance contracts issued, it reduces its LRC and recognises reinsurance revenue, which is measured at the amount of consideration the Company expects to be entitled to in exchange for those services.

Reinsurance revenue also includes the portion of premiums that relate to recovering those reinsurance acquisition cash flows included in the reinsurance service expenses in each period. Both amounts are measured in a systematic way on the basis of the passage of time.

When applying the PAA, the Company recognises reinsurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service. However, when the expected pattern of release from risk during the coverage period differs significantly from the passage of time, the premium receipts are allocated based on the expected pattern of incurred reinsurance service expenses.

Adjusts the number of coverage units for expected remaining reinsurance contract services to reflect the coverage units derecognised from the group, and recognises in profit or loss in the period the amount of CSM based on that adjusted number when the Company transfers a reinsurance contract to a third party and that results in derecognition, the Company adjusts the CSM of the group from which the contract has been derecognised for the difference between the change in the carrying amount of the group caused by the derecognised fulfilment cash flows and the premium charged by the third party for the transfer.

When the Company derecognises a reinsurance contract due to modification, it derecognises the original reinsurance contract and recognises a new one. The Company adjusts the CSM of the group from which the modified contract has been derecognised for the difference between the change in the carrying amount of the group as a result of adjustment to fulfilment cash flows due to derecognition and the premium the Company would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium actually charged for the modification.

Presentation

The Company has presented separately in the statement of financial position the carrying amount of the portfolios of reinsurance contracts held that are assets and those that are liabilities.

The Company disaggregates the amounts recognised in the statement of profit or loss and other comprehensive income into an reinsurance service result sub-total that comprises reinsurance revenue and reinsurance service expenses and, separately from the reinsurance service result, the 'net reinsurance finance income or expenses' sub-total.

The Company has voluntarily included the net reinsurance finance income or expenses line in another subtotal: net reinsurance and investment result, which also includes the income from all the assets backing the Company's reinsurance liabilities.

The Company includes any assets for reinsurance acquisition cash flows recognised before the corresponding groups of reinsurance contracts are recognised in the carrying amount of the related portfolios of reinsurance contracts is- sued.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion. It includes the entire change as part of the reinsurance service result.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

When applying the PAA, the Company recognises reinsurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service. However, when the expected pattern of release from risk during the coverage period differs significantly from the passage of time, the premium receipts are allocated based on the expected pattern of incurred reinsurance service expenses.

When applying the PAA, the Company recognises reinsurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service. However, when the expected pattern of release from risk during the coverage period differs significantly from the passage of time, the premium receipts are allocated based on the expected pattern of incurred reinsurance service expenses. The Company issues home reinsurance policies with different expected patterns of occurrence of claims. For those groups of contracts, revenue is recognised based on the expected patterns of claim occurrence.

At the end of each reporting period, the Company considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

4.16.2 Reinsurance service expenses

Reinsurance service expenses arising from a group of reinsurance contracts issued comprises:

- Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components
- Changes in the LIC related to claims and expenses incurred in prior periods (related to past service)
- Other directly attributable reinsurance service expenses incurred in the period

Amortisation of reinsurance acquisition cash flows, which is recognised at the same amount in both reinsurance service expenses and reinsurance contract revenue

- Loss component of onerous groups of contracts initially recognised in the period

Changes in the LRC related to future service that do not adjust the CSM, because they are changes in the loss components of onerous groups of contracts

4.16.3 Income or expenses from reinsurance contracts held

The Company presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurers
- An allocation of the premiums paid

The Company presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

The Company establishes a loss recovery component of the asset for the remaining coverage for a group of reinsurance contracts held. This depicts the recovery of losses recognised on the initial recognition of an onerous group of underlying reinsurance contracts or on addition of onerous underlying reinsurance contracts to a group. The loss recovery component adjusts the CSM of the group of reinsurance contracts held. The loss recovery component is then adjusted to reflect:

- Changes in the fulfilment cash flows of the underlying reinsurance contracts that relate to future service and do not adjust the CSM of the respective groups to which the underlying reinsurance contracts belong to
- Reversals of loss recovery component to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held
- Allocations of the loss recovery component against the amounts recovered from reinsurers reported in line with the associated reinsured incurred claims or expenses

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

4.16.4 Reinsurance finance income and expenses

Reinsurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of reinsurance contracts and a group of reinsurance contracts held.

The use of OCI presentation for reinsurance finance income and expenses

The Company has an accounting policy choice to present all of the period's reinsurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI). When considering the choice of presentation of reinsurance finance income or expenses, the Company examines the assets held for that portfolio and how they are accounted for.

The accounting policy choice to disaggregate reinsurance finance income or expenses so that part is recognised in profit or loss and part in OCI is applied on a portfolio-by-portfolio basis.

The Company may reassess its accounting policy choice during the duration of a group of direct participating contracts when there is a change in whether the Company holds the underlying items or no longer holds the underlying items. When such change occurs, the Company includes the amount accumulated in OCI by the date of change as a reclassification adjustment to profit or loss spread across the period of change and future periods based on the method and on assumptions that applied immediately before the date of change. Comparatives are not restated.

For PAA contracts

When applying the PAA, the Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for motor and home reinsurance policies with a coverage period of one year or less. For those claims that the Company expects to be paid within one year or less from the date of incurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks. However, claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognised. The Company disaggregates reinsurance finance income or expenses between profit or loss and OCI based on the systematic allocation method over the duration of the contracts in the group.

For quota-share motor and home reinsurance contracts held measured applying the PAA, the Company adjusts the LRC for the time value of money for quota-share motor and home reinsurance contracts held with a coverage period longer than one year using discount rates determined at initial recognition. The Company elects to disaggregate presentation of reinsurance finance income or expenses.

The amounts presented in profit or loss are based on the discount rates relating to nominal cash flows that do not vary based on the returns on any underlying items determined at the date of initial recognition of a group of contracts. For facultative reinsurance contracts held measured applying the General Model, the Company has elected to present all reinsurance finance income or expenses in profit or loss.

Exchange differences

Exchange differences arising from changes in the carrying amount of groups of reinsurance contracts held are recognised in profit or loss in the period in which they arise.

Exchange differences arising from changes in the carrying amount of groups of reinsurance contracts held included in other comprehensive income, if any, are recognised in other comprehensive income.

The group of reinsurance contracts with cash flows in different foreign currencies is assessed to be denominated in a single currency. Accordingly, the risk adjustment for non-financial risks and the CSM of the group of reinsurance contracts are determined in the currency of the group of contracts.

At the end of each reporting period, the carrying amount of the group of reinsurance contracts denominated in a foreign currency is translated into the functional currency.

The amounts arising from changes in exchange rates between the currency of the cash flows and the currency of the group of contracts are considered as changes in financial risk and are accounted for as reinsurance finance income or expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

The amounts arising from changes in exchange rates between the currency of the group of contracts and the functional currency are considered as exchange differences and are recognised in profit or loss in the period in which they arise

4.17 Contracts existing at transition date

Reinsurance contracts held

For a group of reinsurance contracts held that was purchased before or at the same time the underlying reinsurance contracts were issued, the Company determines the loss-recovery component of the asset for remaining coverage at transition by multiplying the loss component of the liability for remaining coverage for the underlying reinsurance contracts at the transition date with the percentage of claims for the group of underlying onerous reinsurance contracts that the Company expects to recover from the group of reinsurance contracts held.

Where the Company does not have reasonable and supportable information to determine the loss-recovery component of the asset for remaining coverage, the Company does not identify such loss-recovery component.

Reinsurance contract revenue

For those groups of contracts for which coverage has expired at the transition date, there is no revenue recognised after the date of transition.

For groups of contracts, other than direct participating contracts, that were determined to be onerous at the date of transition, the loss component was estimated at the transition date. If there is still coverage remaining after the date of transition, revenue for such groups is recognised, but in considering changes in the LRC the Company excludes subsequent increases and decreases in the loss component.

For direct participating contracts with remaining coverage, that at transition date were determined to have been onerous on initial recognition, the Company does not track any loss component.

Revenue is recognised in the same way as for other non-onerous groups of contracts. Subsequent increase in the entity's share of the fair value of the underlying items will create a CSM, which would then be allocated to the period and included in the determination of the period's revenue.

Reinsurance finance income or expenses

The Company has elected disaggregated presentation of reinsurance finance income or expenses for indirect participating contracts and direct participating contracts issued, for motor and home reinsurance contracts issued accounted applying PAA, and for quota share reinsurance policies held measured applying PAA and the General Model.

- For motor and home reinsurance contracts issued and accounted for applying the PAA, the cumulative amount of OCI was determined as nil.

- For motor and home reinsurance contracts held accounted for applying the PAA, the cumulative amount of OCI was determined as nil.

4.18 Taxation

Income tax specifically chargeable to insurers

When income tax expenses are specifically chargeable to the insurer under the terms of the contract, they are measured applying IAS 12, and the Company includes those amounts in the fulfilment cash flows applying IFRS 17. The Company accounts for them as a reduction in the liability for remaining coverage and recognises reinsurance revenue when incurred.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, described in Note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

A. Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (addressed separately below), that the directors have made in the process of applying the Company's accounting policies and that will have the most significant effect on the amounts recognised in financial statements:

- **Assessment of significance of reinsurance risk:** The Company applies its judgement in assessing whether a contract transfers to the issuer significant reinsurance risk. A contract transfers significant reinsurance risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely. The assessment of whether additional amounts payable on the occurrence of an insured event are significant and whether there is any scenario with commercial substance in which the issuer has a possibility of a loss on a present value basis involves significant judgement and is performed at initial recognition on a contract-by-contract basis.

The type of contracts where this judgement is required are those that transfer financial and reinsurance risk and result in the latter being the smaller benefit provided. The application of judgement in this area is aided by the Company's processes to filter contracts where the additional amounts referred to above are more than 5% but less than 10% of the amounts paid if the insured event does not occur. Additional amounts that are less than 5% are considered by the Company as insignificant.

A specialist unit conducts all these judgemental classifications under IFRS 17 to maintain consistency across the Company. This assessment is performed after separation of non-closely related derivatives, distinct investment components and promises to transfer distinct goods and non-reinsurance services.

Critical accounting judgements and key sources of estimation uncertainty: Continuation

Combination of reinsurance contracts: Determining whether it is necessary to treat a set or series of reinsurance contracts as a single contract involves significant judgement and careful consideration. In assessing whether a set or series of reinsurance contracts achieve, or are designed to achieve, an overall commercial effect, the Company determines whether the rights and obligations are different when looked at together compared to when looked at individually and whether the Company is unable to measure one contract without considering the other

Separation of non-reinsurance components from reinsurance contracts: The Company issues some reinsurance contracts that have several elements in addition to the provision of the reinsurance coverage service, such as a deposit component, an investment management service, an embedded derivative and other goods or services. Some of these elements need to be separated and accounted for by applying other Standards, while other elements remain within the reinsurance measurement model. In assessing whether components meet the separation criteria and should be separated, the Companies applies significant judgement.

- **Separation of reinsurance components of a reinsurance contract:** The Company issues some reinsurance contracts that combine protection for the insurer against different types of reinsurance risks in a single contract. IFRS 17 does not require or permit separating reinsurance components of a reinsurance contract unless the legal form of a single contract does not reflect the substance of its contractual rights and obligations. In such cases, separate reinsurance elements must be recognised. Overriding the 'single contract' unit of account presumption involves significant judgement and is not an accounting policy choice. When determining whether a legal contract reflects its substance or not, the Company considers the interdependency between different risks covered, the ability of all components to lapse independently, and the ability to price and sell the components separately

- **Determination of the contract boundary:** The measurement of a group of reinsurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, from applicable law, regulation and customary business practices. Cash flows are considered to be outside of the contract boundary if the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

Company has the practical ability to reprice existing contracts to reflect their reassessed risks, and if the contract's pricing for coverage up to the date of reassessment only considers the risks until the next reassessment date.

The Company applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio.

Level of aggregation: The Company applies judgement when distinguishing between contracts that have no significant possibility of becoming onerous and other profitable contracts

- **Assessment of directly attributable cash flows:** The Company uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of reinsurance contracts. Reinsurance acquisition cash flows are included in the measurement of a group of reinsurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of reinsurance contracts to which the group belongs. When estimating fulfilment cash flows, the Company also allocates fixed and variable overheads fulfilment cash flows directly attributable to the fulfilment of reinsurance contracts.

- **Assessment of eligibility for PAA:** For quota share home and motor reinsurance contracts with a coverage period extending beyond one year, the Company elects to apply the PAA if at the inception of the group, the Company reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Model

The Company exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition.

- **Assessment of the eligibility for meeting the criteria for direct participating contracts:** Direct participating contracts are considered to be sufficiently different from other participating contracts due to the enforceable link to the underlying items, the significance of insurers' share in the pool and the significance of those returns to the overall insurer payments. The Company assesses whether a contract meets the definition of a direct participating contract using the Company's expectations existing at inception of the contract. This assessment is performed, on a contract-by-contract basis, for all reinsurance contracts with direct participating features and investment contracts with discretionary participating features (investment contracts with DPF). In assessing the significance of the insurer's share of returns from the underlying items and the degree of variability in total payments to the insurer, the Company applies significant judgement.

The Company applies significant judgement in determining the insurer share of returns. The Company considers that variable annual charges applied to the insurer amount reduce the insurer share of fair value returns. The Company considers it significant if, over the duration of the contract, on a present value probability-weighted average basis, the Company expects to pay to insurer more than [X]% of the fair value returns from underlying items. At inception, in considering the expected degree of variability in total payments to the insurer with the changes in fair value of underlying items, the Company considers the range of possible scenarios and estimates their probabilities.

Combination of reinsurance contracts: Determining whether it is necessary to treat a set or series of reinsurance contracts as a single contract involves significant judgement and careful consideration. In assessing whether a set or series of reinsurance contracts achieve, or are designed to achieve, an overall commercial effect, the Company determines whether the rights and obligations are different when looked at together compared to when looked at individually and whether the Group is unable to measure one contract without considering the other

- **Consideration whether there are investment components:** The Company considers all terms of contracts it issues to determine whether there are amounts payable to the insurer in all circumstances, regardless of contract cancellation, maturity, and the occurrence or non-occurrence of an insured event. Some amounts, once paid by the insurer, are repayable to the insurer in all circumstances. The Company considers such payments to meet the definition of an investment component, irrespective of whether the amount repayable varies over the term of the contract as the amount is repayable only after it has first been paid by the insurer

- **Separation of non-reinsurance components from reinsurance contracts:** The Company issues some reinsurance contracts that have several elements in addition to the provision of the reinsurance coverage service, such as a deposit component, an investment management service, an embedded derivative and other goods or services. Some of these elements need to be separated and accounted for by applying other Standards, while other elements remain within

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

the reinsurance measurement model. In assessing whether components meet the separation criteria and should be separated, the Company applies significant judgement.

- **Separation of reinsurance components of an reinsurance contract:** The Company issues some reinsurance contracts that combine protection for the insurer against different types of reinsurance risks in a single contract. IFRS 17 does not require or permit separating reinsurance components of an reinsurance contract unless the legal form of a single contract does not reflect the substance of its contractual rights and obligations. In such cases, separate reinsurance elements must be recognised. Overriding the 'single contract' unit of account presumption involves significant judgement and is not an accounting policy choice. When determining whether a legal contract reflects its substance or not, the Company considers the interdependency between different risks covered, the ability of all components to lapse independently, and the ability to price and sell the components separately.

- **Determination of the contract boundary:** The measurement of a group of reinsurance contracts includes all the future cash flows arising within the contract boundary. In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, from applicable law, regulation and customary business practices. Cash flows are considered to be outside of the contract boundary if the Company has the practical ability to reprice existing contracts to reflect their reassessed risks, and if the contract's pricing for coverage up to the date of reassessment only considers the risks until the next reassessment date. The Company applies its judgement in assessing whether it has the practical ability to set a price that fully reflects all the risks in the contract or portfolio.

The Company considers contractual, legal and regulatory restrictions when making its assessment and applies judgement to decide whether these restrictions have commercial substance.

- **Identification of portfolios:** The Company defines a portfolio as reinsurance contracts subject to similar risks and managed together. Contracts within the same product line are expected to be in the same portfolio as they have similar risks and are managed together. The assessment of which risks are similar and how contracts are managed requires the exercise of judgement. Where similar products are issued by different entities within a group, they are considered to be separate portfolios. Despite the oversight provided by management at the group level, the Company determines that these contracts are managed at the local issuing entity level. For some product lines, the group acquires reinsurance contracts as part of a business combination or a portfolio transfer. Unlike originally issued contracts, contracts acquired in a settlement phase transfer an reinsurance risk of adverse claims development. The Company considers such risk to be different from contracts it originally issues and aggregates such contracts in separate portfolios by product line. For investment-linked reinsurance policies, the Company considers groups of contracts participating in different pools of underlying items to be in different portfolios, because they are subject to different risks from underlying items. However, where different products participate in the same pool of underlying items (e.g. investment-linked reinsurance policies and investment contracts with discretionary participating features), these are also considered separate portfolios due to different reinsurance risks

- **Level of aggregation:** The Group applies judgement when distinguishing between contracts that have no significant possibility of becoming onerous and other profitable contracts

- **Assessment of directly attributable cash flows:** The Company uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of reinsurance contracts. Reinsurance acquisition cash flows are included in the measurement of a group of reinsurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of reinsurance contracts to which the group belongs. When estimating fulfilment cash flows, the Company also allocates fixed and variable overheads fulfilment cash flows directly attributable to the fulfilment of reinsurance contracts.

Assessment of eligibility for PAA: For quota share home and motor reinsurance contracts with a coverage period extending beyond one year, the Company elects to apply the PAA if at the inception of the group, the Company reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Model. The Company exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition. The Company considers contractual, legal and regulatory restrictions when making its assessment and applies judgement to decide whether these restrictions have commercial substance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

Critical accounting judgements and key sources of estimation uncertainty: Continuation

- Identification of portfolios: The Company defines a portfolio as reinsurance contracts subject to similar risks and managed together. Contracts within the same product line are expected to be in the same portfolio as they have similar risks and are managed together. The assessment of which risks are similar and how contracts are managed requires the exercise of judgement. Where similar products are issued by different entities within a group, they are considered to be separate portfolios. Despite the oversight provided by management at the group level, the Company determines that these contracts are managed at the local issuing entity level. For some product lines, the group acquires reinsur- ance contracts as part of a business combination or a portfolio transfer. Unlike originally issued contracts, contracts acquired in a settlement phase transfer a reinsurance risk of adverse claims development. The Company considers such risk to be different from contracts it originally issues and aggregates such contracts in separate portfolios by product line. For investment-linked reinsurance policies, the Group considers groups of contracts participating in different pools of underlying items to be in different portfolios, because they are subject to different risks from underlying items. However, where different products participate in the same pool of underlying items (e.g. investment-linked reinsurance policies and investment contracts with discretionary participating features), these are also considered separate portfolios due to different reinsurance risks

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- Assessment of directly attributable cash flows: The Company uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of reinsurance contracts. Reinsurance acquisition cash flows are included in the measurement of a group of reinsurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of reinsurance contracts to which the group belongs. When estimating fulfilment cash flows, the Group also allocates fixed and variable overheads fulfilment cash flows directly attributable to the fulfilment of reinsurance contracts. See Note 1.H for more details

- Assessment of eligibility for PAA: For quota share home and motor reinsurance contracts with a coverage period extending beyond one year, the Group elects to apply the PAA if at the inception of the group, the Company reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Model. The Company exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition.

- Assessment of the eligibility for meeting the criteria for direct participating contracts: Direct participating contracts are considered to be sufficiently different from other participating contracts due to the enforceable link to the underlying items, the significance of insurers' share in the pool and the significance of those returns to the overall insurer payments. The Company assesses whether a contract meets the definition of a direct participating contract using the Company's expectations existing at inception of the contract. This assessment is performed, on a contract-by-contract basis, for all reinsurance contracts with direct participating features and investment contracts with discretionary participating features (investment contracts with DPF). In assessing the significance of the insurer's share of returns from the underlying items and the degree of variability in total payments to the insurer, the Company applies significant judgement. The Company applies significant judgement in determining the insurer share of returns. The Company considers that variable annual charges applied to the insurer amount reduce the insurer share of fair value returns. The Company considers it significant if, over the duration of the contract, on a present value probability-weighted average basis, the Company expects to pay to insurer more than [X]% of the fair value returns from underlying items. At inception, in considering the expected degree of variability in total payments to the insurer with the changes in fair value of underlying items, the Company considers the range of possible scenarios and estimates their probabilities. The Company considers a proportion of all payments to the insurer that are expected to vary with the returns on underlying items to be substantial, if on a present value probability-weighted average of all scenarios such proportion exceeds [X]%.

- Assessment of significance of modification: The Group derecognises the original contracts and recognises the modified contract as a new contract, if the derecognition criteria are met. The Company applies judgement to assess whether the modified terms of the contract would result in the original contract meeting the criteria for derecognition

- Level of aggregation for determining the risk adjustment for non-financial risk: IFRS 17 does not define the level at which the risk adjustment for non-financial risk should be determined. The level of aggregation for determining the risk adjustment for non-financial risk is not an accounting policy choice and requires judgement. The Company considers that the benefits of diversification occur at an issuing entity level and therefore determines the risk adjustment for non-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

Critical accounting judgements and key sources of estimation uncertainty: Continuation

financial risk at that level. The diversification benefit is then allocated to all groups of reinsurance contracts. The Company considers contractual, legal and regulatory restrictions when making its assessment and applies judgement to decide whether these restrictions have commercial substance.

- Identification of portfolios: The Company defines a portfolio as reinsurance contracts subject to similar risks and managed together. Contracts within the same product line are expected to be in the same portfolio as they have similar risks and are managed together. The assessment of which risks are similar and how contracts are managed requires the exercise of judgement. Where similar products are issued by different entities within a group, they are considered to be separate portfolios. Despite the oversight provided by management at the group level, the Company determines that these contracts are managed at the local issuing entity level. For some product lines, the group acquires reinsurance contracts as part of a business combination or a portfolio transfer. Unlike originally issued contracts, contracts acquired in a settlement phase transfer a reinsurance risk of adverse claims development. The Company considers such risk to be different from contracts it originally issues and aggregates such contracts in separate portfolios by product line. For investment-linked reinsurance policies, the Company considers groups of contracts participating in different pools of underlying items to be in different portfolios, because they are subject to different risks from underlying items. However, where different products participate in the same pool of underlying items (e.g. investment-linked reinsurance policies and investment contracts with discretionary participating features), these are also considered separate portfolios due to different reinsurance risks

- Level of aggregation: The Company applies judgement when distinguishing between contracts that have no significant possibility of becoming onerous and other profitable contracts

- Assessment of directly attributable cash flows: The Company uses judgement in assessing whether cash flows are directly attributable to a specific portfolio of reinsurance contracts. Reinsurance acquisition cash flows are included in the measurement of a group of reinsurance contracts only if they are directly attributable to the individual contracts in a group, or to the group itself, or the portfolio of reinsurance contracts to which the group belongs. When estimating fulfilment cash flows, the Company also allocates fixed and variable overheads fulfilment cash flows directly attributable to the fulfilment of reinsurance contracts.

- Assessment of eligibility for PAA: For quota share home and motor reinsurance contracts with a coverage period extending beyond one year, the Company elects to apply the PAA if at the inception of the group, the Company reasonably expects that it will provide a liability for remaining coverage that would not differ materially from the General Model. The Company exercises judgement in determining whether the PAA eligibility criteria are met at initial recognition.

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- Assessment of significance of modification: As explained in Note 1.K, the Company derecognises the original

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

IFRS 17 DISCLOSURES CONTINUED

Critical accounting judgements and key sources of estimation uncertainty: Continuation

tracts and recognises the modified contract as a new contract, if the derecognition criteria are met. The Company applies judgement to assess whether the modified terms of the contract would result in the original contract meeting the criteria for derecognition

- Level of aggregation for determining the risk adjustment for non-financial risk: IFRS 17 does not define the level at which the risk adjustment for non-financial risk should be determined. The level of aggregation for determining the risk adjustment for non-financial risk is not an accounting policy choice and requires judgement. The Company considers that the benefits of diversification occur at an issuing entity level and therefore determines the risk adjustment for non-financial risk at that level. The diversification benefit is then allocated to all groups of reinsurance contracts

Estimation of allocation rate for reinsurance finance income or expenses

The Company uses either the constant or crediting rate in the systematic allocation of reinsurance finance income or expenses. The constant rate used in a period is calculated applying the formula which uses three variables: the estimate of future cash flows at the end of the reporting period (not discounted), the present value of future cash flows brought forward discounted by the constant rate used in the previous period, and the expected duration of the group contracts. In determining the constant rate, the Group estimates the expected reinsurance finance income or expenses over the remaining duration of the group that is partly implicit in the estimated cash flows. For direct participating contracts for which the Group does not hold the underlying items, the Company uses the crediting rate for the systematic allocation of reinsurance finance income or expenses. In determining the crediting rate, the Group estimates the constant factor.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation the Company requires for bearing the uncertainty about the amount and timing of the cash flows arising from reinsurance risk and other non-financial risks such as lapse risk and expense risk. It measures the degree of variability of expected future cash flows and the Company-specific price for bearing that risk and reflects the degree of the Company's risk aversion. The Company determines the risk adjustment for non-financial risk at the entity level and then allocates it to all the groups of reinsurance contracts. In estimating the risk adjustment, the Company uses the cost of capital method. The method looks at estimating the additional amount of capital required for the amount of uncertainty, and then estimating the expected cost of that capital over the period of the risk. The expected cost of capital is determined at 8% per annum applied to the present value amount of projected capital relating to non-financial risk, which is calculated at 95% confidence level (2023: 95%). The resulting risk adjustment corresponds to an 80% confidence level (2023: 80%).

SUBSEQUENT EVENTS

The Zimbabwe Gold (ZiG), the new currency, legalising the move through a Statutory Instrument (SI) 60 of 2024. SI 60 of 2024 legalises and operationalises the new ZiG currency. With effect from April 5th, 2024, the government introduced a new currency in Zimbabwe. ZWL balances will be exchanged for ZiG currency at a rate of ZiG 1 to ZW\$2498.7242. As this was after reporting date and the nature of the change is prospective application there was no adjustments in the financial statements.

Allocation of asset for reinsurance acquisition cash flows to current and future groups of contracts. The Company allocates the asset for reinsurance acquisition cash flows to an associated group of contracts and to any future groups that include the contracts that are expected to arise from the renewals of the contracts in that group using a systematic and rational method. In doing so, the Company estimates the expected contracts to be included within a future group or the number of renewals that may arise from an original group when allocating the asset.

Underwriting risk

Underwriting risk management

Underwriting risk consists of reinsurance risk, persistency risk and expense risk. Reinsurance risk is the risk of the loss event occurrence, or the timing and amount of the loss being different from expectation. The Company's main income generating activity is the issuance of reinsurance contracts and therefore reinsurance risk is a principal risk. The Company is exposed to different elements of reinsurance risks: For motor and home reinsurance policies, the most signifi-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

cant factor which could increase the amount and frequency of claims is a catastrophic event such as a hurricane, flooding or earthquake. The Company is exposed to reserve risk and premium risk arising on all reinsurance contracts issued. The Company mitigates its exposure by applying its underwriting strategy to diversify the type of reinsurance risks accepted and the level of insured benefit. The Company also mitigates these risks by purchasing excess of loss retrocessionaire programmes against large individual claims and catastrophe losses and quota-share reinsurance arrangements to reduce the overall exposure for certain classes of business. The Company has a variety of approved reinsurers to mitigate reinsurance risk, the risk of placement of ineffective retrocessionaire arrangements.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Fee and commission income

Fee and commission income consists primarily of investment contract fee income, retrocession and profit commissions, asset management fees, insurer administration fees and other contract fees. Front end fees on investment contracts with no discretionary participating features are recognised as income when investment management services are rendered over the estimated life of the contracts. Reinsurance commissions receivable are deferred in the same way as acquisition costs. All other fee and commission income is recognised as the services are provided.

5.2 Investment returns

Investment return consists of dividends, interest and rents receivable, movements in amortised cost on debt securities and other loans and receivables, realised gains and losses, and unrealised gains and losses on fair value assets.

5.3 Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

5.4 Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

5.5 Rental income

Rental income is recognised on an accruals basis.

5.6 Realised gains and losses

The realised gain or loss on disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost as appropriate.

5.7 Unrealised gains and losses

Unrealised gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognised unrealised gains and losses in respect of disposals during the year.

5.8 Benefits and claims

Gross benefits and claims consists of benefits and claims paid to insurers, changes in the valuation of the liabilities arising on insurer contracts and internal and external claims handling expenses, net of salvage and subrogation recoveries. Non-life insurance claims are recognised upon notification. Maturities and annuities are recognised when due. Claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years. Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

5.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

5.9.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. The total tax expense includes tax in respect of Zimbabwe life insurers' returns and the Company has disclosed this separately. The tax charge in respect of insurers' returns reflects the movement in current and deferred tax.

5.9.2 Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

5.10 Other intangible assets and insurance intangible assets

Software expenditure

An intangible asset arises from the purchase of software. Acquired intangible assets are measured on initial recognition at cost. The company recognizes an intangible asset if, and only if it is probable that the future economic benefits that are attributable will flow to the entity and the cost of the asset can be measured reliably. The useful lives of intangible assets are assessed to be finite.

The intangible asset is amortised on a straight-line basis over their useful lives (5 years). Amortisation method, useful values and residual values are to be reviewed at each reporting date, and adjusted prospectively, if appropriate.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

5.11 Property, plant and equipment

Items of property and equipment are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

The gains or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognised net within other income in profit or loss.

Freehold land is not depreciated.

Vehicles, fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Depreciation is recognized in the profit and loss on a straight line basis over the estimated useful lives of each part of an item of property and equipment since this mostly closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation on the assets is calculated on a straight line basis over the useful life of the asset, as follows:

Computer hardware	25% - Estimated life 4 years
Vehicles	25% - Estimated life 5 years
Fixtures and equipment	30% - Estimated life 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial position date. Depreciation methods, useful lives and residual values are reassessed at each financial year end and adjusted if appropriate.

5.12 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less any accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing cost.

5.13 Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

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

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

5.14 Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

5.14.1 Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' (HTM) investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. In general, the Company uses the FVTPL category because the Company's risk management strategy is to manage its investments on the same basis as its insurance and investment contract liabilities (i.e. at fair value).

5.14.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL. The Company chooses not to disclose the effective interest rate for debt instruments that are classified as at fair value through profit or loss.

5.14.3 Financial assets at FVTPL

Financial assets classified as at FVTPL are where the financial asset is either held for trading or it is designated as at FVTPL at inception.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in income. The net gain or loss recognised in income incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in this note below.

5.14.5 Held-to-maturity investments

Held-to-maturity investments are those with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity and are classified as held-to-maturity investments.

Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

5.14.6 Available-for-sale financial assets

Available-for-sale financial assets include listed shares and redeemable notes that are traded in an active market and non-derivative financial assets that are either designated in this category or not classified as any other category and are stated at fair value. Fair value is determined in the manner described in this note below. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Financial instrument- continued

5.14.7 Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are designated as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

5.14.8 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets and the loss is recognised in profit or loss.

With the exception of AFS equity instruments, 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.

In respect of AFS equity instruments, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

5.14.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

5.14.10 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

5.14.11 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

5.14.12 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

5.14.13 Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of the expected receivable or liability under the guarantee and the amount initially recognised less, where appropriate, cumulative amortisation.

5.14.14 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of disposal in the near future; or
- it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Company is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Fair value is determined in the manner described below.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Net asset value attributable to unit-holders and liabilities for investment contracts without DPF are designated as financial liabilities at FVTPL.

5.14.15 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

5.14.16 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

5.14.17 Provisions

Provisions for restructuring costs, legal claims and levies are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material. Provisions are not recognised for future operating losses.

5.15 Insurance contracts and investment contracts with discretionary participation features

IFRS 17 permits the continued use of previously applied standards. Except for Zimbabwe regulated with-profits funds, this basis has been adopted using recognised actuarial methods reflecting legal supervisory principles.

5.15.1 Non-life insurance business

Insurance contract assets and liabilities and reinsurance contract assets and liabilities

Provision for the liabilities of non-life insurance contracts is made for outstanding claims and settlement expenses incurred at the balance sheet date including an estimate for the cost of claims incurred but not reported (IBNR) at that date. Included in the provision is an estimate of the internal and external costs of handling the outstanding claims. Material salvage and other recoveries including retrocession recoveries are presented as assets. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Significant delays are experienced in the notification and settlement of certain types of general insurance claims, particularly in respect of liability business, environmental and pollution exposures, the ultimate cost of which may vary from the original assessment. Adjustments to the amounts of claim provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made and disclosed separately, if material.

5.15.2 Provision for unearned premiums

The provision for unearned premiums represents that part of written premiums, gross of commission payable to intermediaries, that is estimated to be earned in subsequent periods. The change in the provision is recorded in the income statement to recognise revenue over the period of the risk. The company uses the 365th method to estimate the Unearned Premiums.

5.15.3 Liability adequacy

At each reporting date the Company performs a liability adequacy test on its insurance liabilities less related deferred acquisition costs and intangible assets to ensure that the carrying value is adequate, using current estimates of future cash flows, taking into account the relevant investment return. If that assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is recognised as an expense to the income statement initially by writing off the intangible assets and subsequently by recognising an additional liability for claims provisions or recognising a provision for unexpired risks.

The unexpired risks provision is assessed in aggregate for business classes which are managed together.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

5.15.4 Non-life insurance contract liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and a reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims. Therefore, the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

5.15.5 Unearned premium reserve

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract. At each reporting date, the Company reviews its unexpired risk and a liability adequacy test is performed in with the 365th method to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the statement of profit or loss by setting up a provision for premium deficiency.

Where such business is reinsured the reinsurers' share is carried forward as deferred income.

Deferred acquisition costs and deferred origination costs are amortised systematically over the life of the contracts and tested for impairment at each balance sheet date. Any amount not recoverable is expensed. They are derecognised when the related contracts are settled or disposed of.

5.15.6 Retrocession

The Company enters into retrocession contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outwards reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised in the income statement when due.

Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance or investment contracts and in accordance with the terms of the reinsurance contract. Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of reinsurance.

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in the income statement. The asset is impaired if objective evidence is available to suggest that it is probable that the Company will not be able to collect the amounts due from reinsurers. Reinsurance contracts that principally transfer financial risk are accounted for directly through the balance sheet as financial instruments (see note 3.13) and are not included in reinsurance assets or liabilities but designated to be financial instruments at fair value through profit or loss. A deposit asset or liability is recognised based on the consideration paid or received less any explicitly identified premiums or fees to be retained by the ceding company.

5.15.7 Insurance receivables and payables

Receivables and payables arising under insurance contracts are recognised when due and measured at amortised cost. A provision for impairment is established when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been impacted. Insurance payables are recognised when due and measured on initial recognition at fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the EIR method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

6 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

6.1 Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

6.1.1 Product classification and contract liabilities

The Company's non life insurance contracts and investment contracts with discretionary participation features are classified as insurance contracts. As permitted by IFRS 4, assets and liabilities of these contracts are accounted for under previously applied IFRS. Contracts classified as investment contracts without discretionary participation features are accounted for under the requirements of IAS 39.

6.1.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, 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.

6.2 Valuation of liabilities of non-life insurance contracts

Estimates are made for both the expected ultimate cost of claims reported and claims incurred but not reported (IBNR) at the balance sheet date. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. In calculating the estimated liability, the Company uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes past trends can be used to project future developments. The carrying amount for non-life insurance contract liabilities at the balance sheet date is ZWL207,543,698.60

6.3 Fair value of financial instruments using valuation techniques

The directors use their judgement in selecting an appropriate valuation technique. Where possible, financial instruments are marked at prices quoted in active markets. In the current market environment, such price information is typically not available for all instruments and the Company uses valuation techniques to measure such instruments. These techniques use "market observable inputs" where available, derived from similar assets in similar and active markets, from recent transaction prices for comparable items or from other observable market data. For positions where observable reference data are not available for some or all parameters the Company estimates the non-market observable inputs used in its valuation models.

For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument.

Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates although some assumptions are not supported by observable market prices or rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 USD	2022 USD
7. Insurance Revenue		
Insurance Revenue - Treaty	-	-
Insurance Revenue - Facultative	5,221,561	1,727,054
	5,221,561	1,727,054
7.2 Facultative	5,221,561	1,727,054
New business for the year (Note 7a.)	5,438,166	1,951,022
New business for future periods	(216,605)	(223,969)
7.a Breakdown of New business for the year		
FIRE	1,136,866.00	536,784.23
MOTOR	657,005.00	246,957.99
MARINE	64,526.00	16,463.99
AVIATION	35,429.90	164.6398888
ENGINEERING	890,243.00	460,991.69
AGRICULTURE	986,237.00	279,723.17
MISC ACCIDENT	469,466.20	147,344.40
BONDS	762,062.62	115,247.92
LIABILITIES	232,060.91	88,406.64
OTHER	204,269.37	58,937.76
	5,438,166.00	1,951,022.44
7.b Breakdown of New business for future periods		
FIRE	64,170	43,489
MOTOR	38,896	26,276
MARINE	8,509	1,752
AVIATION	-	18
ENGINEERING	39,164	49,049
AGRICULTURE	9,772	29,762
MISC ACCIDENT	6,424	30,681
BONDS	12,444	12,262
LIABILITIES	11,579	18,409
OTHER	25,647	12,272
	216,605.47	223,968.53

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 USD	2022 USD
8. Insurance Service Expenses		
Incurred claims (Note 8.a)	286,151	37,115
Directly Attributable Expenses	-	-
Changes Related to Past Services - IBNR (Note 8.b)	105,708	75,456
Changes Related to Past Services - Claims Handling Provision	(4,196)	6,086
Changes Related to Past Services - Gross Outstanding Claims	12,994	52,946
Amortization of insurance acquisition cashflows - Facultative	356,592	-
Amortization of insurance acquisition cashflows - Treaty	487,934	519,964
	1,245,184	691,567
8.a Break down of the Incurred Claims		
FIRE	5,633	-
MOTOR	90,322	12,794
ENGINEERING	-	24,321
AGRICULTURE	162,498	-
MISC ACCIDENT	27,698	-
	286,151.13	37,115.00
8.b Breakdown of IBNR		
FIRE	39,220.78	13,779
MOTOR	12,104.55	10,878
MARINE	3498.826784	725
AVIATION	-	7
ENGINEERING	22,370.65	20,306
AGRICULTURE	4,018.07	12,321
MISC ACCIDENT	2,641.46	6,181
BONDS	6,361.49	5,077
LIABILITIES	4,946.28	3,709
OTHER	10,545.99	2,472
	105,708.11	75,455.90

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 USD	2022 USD
8.c Breakdown of DAC		
Fire	19,251.04	9,153
Motor	8,751.69	5,912
Marine	2339.9255	482
Aviation	0	5
Engineering	17,665.72	10,068
Agriculture	3,908.63	8,185
Misc Accident	2,766.54	8,437
Bonds	4,355.48	3,372
Liabilities	4,635.96	5,062
Other	8,976.40	375
	72,651.39	51,050.61
9 Net Insurance from retrocessioners contract held		
	2023 USD	2022 USD
9a Net Reinsurance Paid	2,560,090	786,405
Retrocession Ceded - Treaty	2,608,689	196,217
Comission Earned - Treaty		
Retrocession Ceded - FAC	-	967,867
Comission Earned - FAC	(48,598)	(377,679)
9b Claims Recoveries		
Claims Recovered During the Year	(48,968)	(34,275)
Claims ceded to retrocessioners	-	(773)
	(48,968)	(33,502)
Oustanding Claims Recoveries to retrocessioners	-	-
9b Investment Income	14,790	75,382
Interest from short term Investments	14,790	-
investments with Ecobank	-	41,009
investments with Nurture Asset Management	-	34,373
10. Other Operating and adminstration Costs	677,318	228,800
Staff costs	207,110	79,329
Travel	94,364	6,031
Marketing and public relations	50,314	21,323
Office costs	58,628	9,890
Professional fees	112,128	26,632
Communication costs	7,514	1,063
Motor vehicle costs	34,463	10,202
Other costs	4,242	12,418
Depreciation & Amortisation	80,707	48,746
Management fees	21,015	8,060
Exchange gain	-	(2,903)
Expected credit loss	6,834	8,008
11.Net financing costs	11,930.87	3,082
Finance charges	11,930.87	3,082

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 USD	2022 USD
12. Taxation		
12.1 Tax credit / charge	16,229	7,411
Current tax	(29,619)	(40,544)
Deferred tax movement	45,848	47,955
12.2 Income tax	29,619	-
Description		
Gross Premium	4,969,387	
Commission fees	886,019	
Commission fees deferred	130,608	
Net Revenue	5,986,014	
Less exemptions and non taxable income		
Opening premium debtors	(813,271)	
Closing premium debtors	1,271,377	
Income	5,527,908	
Transfer to UPR	371,556	
Commission Paid	1,532,931	
Claims Paid	285,352	
Reinsurance premium	2,481,249	
Operating expenses	625,295	
Net profit before tax	231,525	
ADD: DISALLOWED EXPENSES		
Provision for doubtful debts		
Opening reinsurance creditors	(636,315)	
Closing reinsurance creditors	519,687	
Provisions for claims openning bal	(52,946)	
Provisions for claims closing bal	21,300	
Opening IBNR	(87,192)	
Closing IBNR	187,242	
IMTT	11,010	
Teas and entertainment	30,472	
Total disallowable	(6,742)	
DEDUCT: CAPITAL ALLOWANCES		
SIA & Wear & Tear	104,967	
TAXABLE INCOME	224,784	
Tax at 24%	28,756	
Aids levy	863	
Tax liability	29,619	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Computer Equipment USD	Fixtures and Fittings USD	Office Equipment USD	Motor Vehicles USD	Investment Property	TOTAL USD
13. Property, Plant and Equipment						
Carrying amount as at 1 Jan 2022	7,269	435	738	17,575	2,093,000	2,119,017
Cost	8,450	450	770	19,500	2,093,000	2,122,170
Accumulated depreciation	(1,180)	(15)	(32)	(1,925)	-	(3,152)
Additions	1,170	5,883	-	-	-	7,054
Charge for the year	97.42	58	77	3,900	41,860	45,992
Carrying amount as at 31 Dec 2022	8,342	6,260	661	13,675	2,051,140	2,041,140
Cost	9,620	6,333	770	19,500	2,093,000	2,129,223
Accumulated depreciation	(1,278)	(73)	(109)	(5,825)	(41,860)	(49,145)
Additions	6,528	4,888	3,863	-	-	15,280
Charge for the year	2,381	319	246	3,900	41,860	48,707
Carrying amount as at 31 Dec 2023	12,490	10,829	4,278	9,775	2,009,280	2,046,652
Cost	16,148	11,222	4,633	19,500	2,093,000	2,144,504
Accumulated depreciation	(3,659)	(392)	(355)	(9,725)	(83,720)	(97,851)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Intangible Assets USD	TOTAL USD
14. Intangible Asset		
Carrying amount as at 31 December 2022		
Cost	160,000	160,000
Accumulated depreciation	160,000	160,000
	-	-
Additions		
Charge for the year	-	-
	32,000	32,000
Carrying amount as at 31 December 2023	128,000	128,000
Cost	160,000	160,000
Accumulated depreciation	(32,000)	(32,000)

Intangible assets comprise of right of use of software licences.

Intangible asset relates to FINs Re software system purchased from 18 A technologies (India), which was still under implementation. It is a requirement by the regulator (IPEC) for a Reinsurance company to have a reinsurance system. The total cost of the system is USD160,000.00.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

15. Insurance and reinsurance contracts

The table below sets out the carrying amounts of groups of insurance and reinsurance contract assets and liabilities at the end of reporting date. The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in asset position and that are in a liability position is set out in the table below:

	2023 USD	2022 USD
Insurance Contract Liability	861,130	458,318
Insurance Contract Asset	1,271,377	1,043,399
	2023 USD	2022 USD
Analysis of Insurance Contract Liability and Assets		
Liability for Remaining Coverage		
Unexpired Business	440,574	223,969
Opening balance	223,969	-
Movement during the year	216,605	223,969
Fire	64,170	43,489
Motor	38,896	26,276
Marine	8,509	1,752
Aviation	-	18
Engineering	39,164	49,049
Agriculture	9,772	29,762
Misc Accident	6,424	30,681
Bonds	12,444	12,262
Liabilities	11,579	18,409
Other	25,647	12,272
Deferred Acquisition Costs	(123,702)	(51,051)
Opening balance	(51,051)	-
Movement for the year	(72,651)	(51,051)
Fire	(19,251)	(9,153)
Motor	(8,752)	(5,912)
Marine	(2,340)	(482)
Aviation	-	(5)
Engineering	(17,666)	(10,068)
Agriculture	(3,909)	(8,185)
Misc Accident	(2,767)	(8,437)
Bonds	(4,355)	(3,372)
Liabilities	(4,636)	(5,062)
Other	(8,976)	(375)
	316,872	172,918

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 USD	2022 USD
Liability for Incurred Claims	181,164	75,456
Incurred But Not Reported	75,456	-
Opening balance	105,708	75,456
Movement during the year	39,221	13,779
Fire	12,105	10,878
Motor	3,499	725
Marine	-	7
Aviation	22,371	20,306
Engineering	4,018	12,321
Agriculture	2,641	6,181
Misc Accident	6,361	5,077
Bonds	4,946	3,709
Liabilities	10,546	2,472
Other		
	10,282	6,086
Claims Handling Provision	65,940	52,946
Gross Claims Outstanding	544,258	285,400
	861,130	458,318
Insurance Contract Liability		
b. Analysis of Insurance Contract Assets	1,279,044	1,043,399
Insurance Contract Receivables	(7,667)	-
Allowance for credit losses	1,271,377	1,043,399

a) Movements in insurance and reinsurance contract held balances

Motor Vehicle Insurance

The following reconciliations show how the carrying amounts of insurance and reinsurance contracts held measured under PAA changed during the year as a result of cash flows and amounts recognised in the statement of comprehensive income. The Company presents a roll-forward table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2023								
Liability for Remaning Coverage				Assets for Insurance Acquisition Cashflows	Liability for Incurred Claims			
	Excluding Loss Component	Loss Component	Total		Estimated PV of Future cashflows (Excludes risk adjustent	Risk Adjustment	Total	Insurance Contract Liability (Asset) TOTAL
Opening insurance contract assets	(1,043,399)	-	(1,043,399)	-	-	-	-	-
Opening insurance contract liabilities	223,969	-	223,969	(51,051)	285,400	-	285,400	1,043,399
Net insurance contract (assets)/liabilities	(819,430)	-	(819,430)	(51,051)	285,400	-	285,400	458,318
Changes in the statement of comprehensive income								
Insurance Revenue	5,221,561	-	5,221,561	-	-	-	-	(585,081)
Insurance service expenses:	-	-	-	-	-	-	-	5,221,561
Incurred claims and other expenses	-	-	-	-	286,151	-	286,151	286,151
Changes that relate to past service	-	-	-	-	114,507	-	114,507	114,507
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-	-	-
Insurance service result from Insurance contracts Issued	5,221,561	-	5,221,561	-	400,658	-	400,658	5,622,218
Finance income/expenses from insurance contracts	-	-	-	-	-	-	-	-
Effect of movement in exchange rates	-	-	-	-	-	-	-	-
Total Changes in the statement of comprehensive Income	5,221,561	-	5,221,561	-	400,658	-	400,658	5,622,218
Premiums received (including premium refunds)	(5,004,955)	-	(5,004,955)	-	-	-	-	(5,004,955)
Claims and other expenses paid	-	-	-	-	(150,190)	-	-	(150,190)
Insurance acquisition cash flows	-	-	-	(917,178)	-	-	-	(917,178)
Cash	(227,978)	-	(227,978)	-	-	-	-	(227,978)
Total cash flows	(5,232,933)	-	(5,232,933)	(917,178)	(150,190)	-	-	(6,300,301)
Allocation from assets for insurance acquisition cashflows to groups of insurance contracts	-	-	-	844,526	-	-	-	844,526
Other movements	-	-	-	-	-	-	-	-
Net balance at end of period	(830,803)	-	(830,803)	(123,702)	535,867	-	686,057	(418,638)
Closing insurance contract assets	(1,271,377)	-	(1,271,377)	-	-	-	-	(1,271,377)
Closing insurance contract liabilities	440,574	-	440,574	(123,702)	544,258	-	544,258	861,130
Net insurance contract (assets)/liabilities	(830,803)	-	(830,803)	(123,702)	544,258	-	544,258	(410,247)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2023								
Liability for Remaning Coverage				Assets for Insurance Acquisition Cashflows	Liability for Incurred Claims			
	Excluding Loss Component	Loss Component	Tootal		Estimated PV of Future cashflows (Excludes risk adjustent	Risk Adjustment	Total	Insurance Contract Liability (Asset) TOTAL
Opening insurance contract assets	-	-	-	-	-	-	-	-
Opening insurance contract liabilities	-	-	-	-	-	-	-	-
Net insurance contract (assets)/liabilities	-	-	-	-	-	-	-	-
Changes in the statement of comprehensive income								
Insurance Revenue	1,727,054	-	1,727,054	-	-	-	-	1,727,054
Insurance service expenses:	-	-	-	-	37,115	-	37,115	37,115
Incurred claims and other expenses	-	-	-	-	134,488	-	134,488	134,488
Losses on onerous contracts and reversals of those losses	-	-	-	-	-	-	-	-
Insurance service result from Insurance contracts Issued	1,727,054	-	1,727,054	-	171,603	-	171,603	1,898,656
Finance income/expenses from insurance contracts	-	-	-	-	-	-	-	-
Effect of movement in exchange rates	-	-	-	-	-	-	-	-
Total Changes in the statement of comprhensive Income	1,727,054	-	1,727,054	-	171,603	-	171,603	1,898,656
Premiums received (including premium refunds)	(1,503,085)	-	(1,503,085)	-	-	-	-	(1,503,085)
Claims and other expenses paid	-	-	-	-	100,803	-	100,803	100,803
Insurance acquisition cash flows	-	-	-	(571,015)	12,994	-	12,994	(558,021)
Cash	(1,043,399)	-	(1,043,399)	-	-	-	-	(1,043,399)
Total cash flows	(2,546,484)	-	(2,546,484)	(571,015)	113,797	-	113,797	(3,003,702)
Allocation from assets for insurance acquisition cashflows to groups of insurance contracts	-	-	-	519,964	-	-	-	519,964
Other movements	-	-	-	-	-	-	-	-
Net balance at end of period	(819,430)	-	(819,430)	(51,051)	285,400	-	285,400	(585,081)
Closing insurance contract assets	(1,043,399)	-	(1,043,399)	-	-	-	-	(1,043,399)
Closing insurance contract liabilities	223,969	-	223,969	(51,051)	285,400	-	285,400	458,318
Net insurance contract (assets)/liabilities	(819,430)	-	(819,430)	(51,051)	285,400	-	285,400	(585,081)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 USD	2022 USD
16. Reinsurance contracts held		
Reinsurance Contract Liability	88,476	670,797
Reinsurance Contract Asset	100,725	31,900
Analysis of Reinsurance Contract Liability and Assets		
a Analysis of Reinsurance contract liability		
Retrocession Owing	88,476	670,797
Comission Owing from Reinsurers		
b Analysis of Reinsurance contract assets		
Outstanding Claims Recoveries to retrocessioners	100,725	31,900
Outstanding claims-Retrocessioners	51,757	31,900
Facultative Recoverable Receivables	48,968	-

NOTES

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