AUREOL INSURANCE COMPANY LTD

The Preferred Insurer

No worries, we've got you covered!

2022 ANNUAL REPORT

OUR MISSION STATEMENT

To be a World Class Insurer by providing a full range of Insurance and other Financial Services in a profitable manner.

OUR OBJECTIVES

To emerge as Sierra Leone's leading Insurer and a good Corporate Citizen with Insurance as its Core Business.

AUREOL INSURANCE COMPANY LTD

2•22 ANNUAL REPORT

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01

Aureol Insurance Company Limited

AUREOL INSURANCE COMPANY LTD

Registered Office: Kissy House
54 Siaka Stevens Street
Freetown

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 36th Annual General Meeting of the Members of Aureol Insurance Company Limited will be held at The District Women's Fellowship Multi-Purpose Hall, Kingharman Road, Freetown and Via Zoom on Friday 28th July 2023 at 3:00pm for the following purposes:

1. To receive and consider the Audited Financial Statements for the year ended 31st December 2022 and the reports of Directors and Auditors thereon.
2. To declare a dividend.
3. To elect Directors and to fix their remuneration.
4. To appoint the Auditors and to authorise the Directors to fix their remuneration.

Dated this 16th day of June 2023

By Order of the Board

VIOLA I. JONES (MRS)

SECRETARY

Note: A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her, and such proxy need not also be a Member.

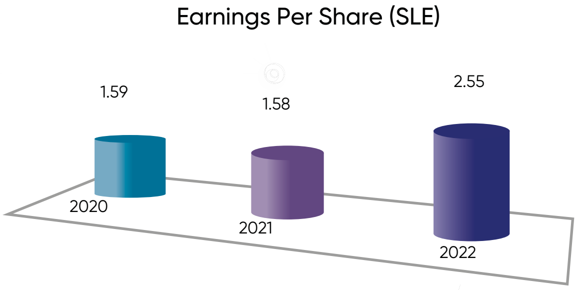
If executed by a corporation, the proxy form should be sealed.

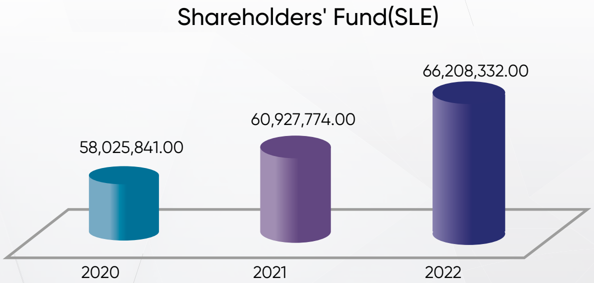
Proxies must be lodged at the Company's Registered Office, Kissy House, 54 Siaka Stevens Street, Freetown not later than 72 hours before the date of holding the meeting.

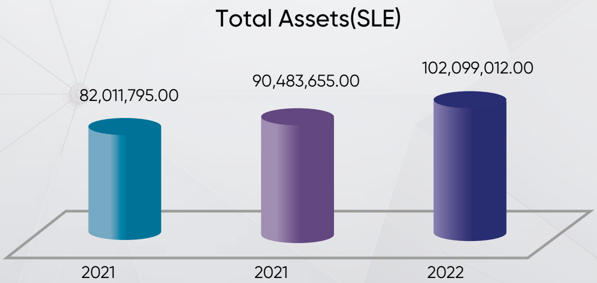
Members who wish to participate virtually should contact the following for the link:
076 607059, 076 629771, 076 628546 and info@aureolinsurance.com.

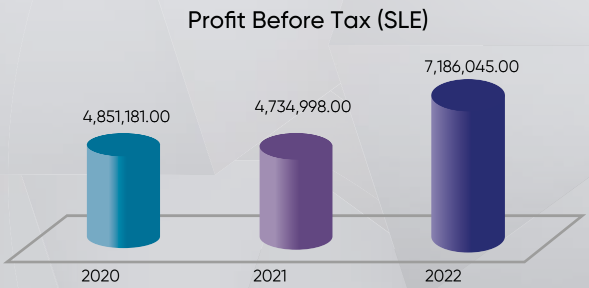
The Annual General Meeting will also be streamed live and could be viewed on our Facebook Page.

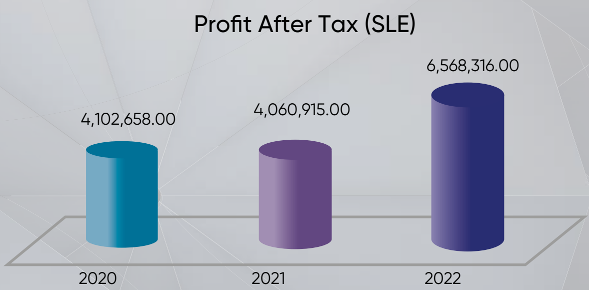
Financial Highlights











Chairperson's **Statement**

On behalf of the Board of Directors, it gives me great pleasure to welcome you to the 36th Annual General Meeting of your Company and to present to you the Company's Annual Report for the year ended 31 December 2022.

Jennifer Renner-Thomas (Mrs)
CHAIRPERSON

"your Company also settled two Marine Hull claims that amounted to SLe1.37 million, five Fire and flood losses for SLe0.932.87 and four Motor Comprehensive claims that amounted to SLe0.581.5 million"

The National Economy

Sierra Leone's real GDP growth is projected to average 4.4 % during 2022-24, with contributions from mining and agriculture, and a partial recovery in tourism and manufacturing. However, the growth outlook faces significant downside risks and uncertainties due to the war in Ukraine, global inflationary pressures, and the continued threat of the COVID outbreaks. It is anticipated that GDP growth will pick up more strongly in 2024, in line with a rise in private consumption and sustained growth in export earnings from iron ore and diamonds.

Inflation

Inflation rose to 26.1% in 2022 from 11.9% in 2021, driven by food and fuel inflation and depreciation of the Leone. The fiscal deficit declined to an estimated 4.8% of GDP from 7.3% in 2021 due to higher grants. Public debt increased to an estimated 92.9% of GDP from 79.8% in 2021.

Exchange Rate

The exchange rate was SLe17,664 to the US dollar at the end of 2022 compared to Le11,282 to US$ 1.00 as at 1st January 2022, about 56.57% drop in the value of the Leones.

One major consequence of the drop in the value of the Leones was increase in fuel prices. During the period under review the price of fuel was increased by 100% which consequently led to general increase in the prices of goods and services.

Sierra Leone Insurance Industry

Overview

The insurance industry continued to be characterised by declining insurance rates and market shares, stiff and unhealthy competition primarily driven by strong bargaining powers of buyers and slow growth which were a reflection of the overall economy. Further, the industry had to grapple with far-reaching socio economic consequences of the Covid 19 Pandemic, the weak external demand for major exports, particularly diamonds, and the declines in the mining, transport, trade, and tourism sectors.

Fellow Shareholders, it is against this backdrop that I report on the 2022 results of operations of your company.

Gross Written Premium
SLe52.21 million, up from SLe36.54 million in 2021 reflecting a 42.55% growth.

Claims Paid
SLe21.85 million compared to Le13.38 million, an increase of 63.3%.

Claims Ratio
54.58%

Results of Operations

I am pleased to report that despite economic uncertainties and the volatile business environment, your Company continued to deliver a very strong performance.

Summary of Performance

Income Statement

- Gross Written Premium; SLe52.21 million, up from SLe36.54 million in 2021 reflecting a 42.55% growth.
- Claims Paid; SLe21.85 million compared to Le13.38 million, an increase of 63.3%.
- Claims Ratio 54.58%
- I am particularly pleased to report that during the year 2022, in addition to the numerous Motor and local and overseas Medical Insurance claims, your Company also settled two Marine Hull claims that amounted to SLe1.37 million, five Fire and flood losses for SLe0.932.87 and four Motor Comprehensive claims that amounted to SLe0.581.5 million. We are extremely proud of our Claims-paying ability and want to assure our numerous clients that we will continue to pay our claims promptly. This was made possible by our prudent Reinsurance Treaties arrangements supported by First Class Reinsurance Companies. As usual with Aureol even though the future cannot be predicted, we will always protect it.
- Expense Ratio: 40.24%
- Net Investment and Other Income: SLe5.90 million, compared to SLe3.17 million in 2021. An increase of 86.12%.
- Profit Before Tax: SLe7.19 million, compared to SLe4.73 million in 2021, an increase of 52%.
- Statement Of Financial Position
- Total Assets: SLe102.10 million up from SLe90.48 million in 2021, a 12.84% growth.
- Financial Assets: SLe26.61 million compared to SLe27.65 million in 2021 reflecting a 3.76% decrease.
- Premium Reserves: SLe16.27 million, up by 16.71% from SLe13.94 million.
- Shareholders' funds: SLe66.21 million, up by 8.67% from SLe60.93 million in 2021.

Dividends

Fellow Shareholders, after a careful consideration of the results of operations and despite the very difficult operating environment, the board is pleased to recommend a dividend of Leones Le0.65 cents per share to all Members of the Company as at 31st December 2022.

Essay Competition

The Company continued its annual Essay Competition for senior secondary schools and universities. In 2022, the competition ran from July to August. The topic was "Promoting Public Trust in Insurance in Sierra Leone"

Mr. Nathaniel Pearce continues to oversee the process and the winners were awarded during the 35th Anniversary Long Service Awards and Dinner at the Aqua Sports Club on 16th December 2022.

Chairperson's Statement / Cont'd

The following persons emerged as winners:

Senior Secondary School

Joseph Bangura	1st	Methodist Boys High School
Mohamed Elvis Davies	2nd	Rising Academy
Fatu Fanny Kalokoh	3rd	Annie Walsh Memorial School

Tertiary Institutions

Hawa Dixon Dabor	1st	University of Makeni
Augustine Sessie	2nd	IPAM
Momodu Paul Sesay	3rd	IPAM

The Company would like to congratulate the winners and thank all those who participated in the competition.

Staff Matters

The development of staff continued to receive our attention during the year as members of staff benefitted from physical and virtual training both locally and overseas. The trainings covered but not limited to Claims Management, Customer Service, Takaful (Islamic) Insurance, Implementing Re-domination in Accounting Systems. These training programmes have supported them in rendering quality service to our customers and to meet the demands of our expansion programme.

Retirement

During the period under review Mr. Mohamed Kamara retired as Messenger, at the office of the Managing Director. He served the Company for 22 years. We wish him a happy retirement.

Future Outlook

The volatility and uncertainty in the national economy was further aggravated by war in Ukraine, global inflationary pressures, disruptions in the global production and supply chains and the continued threat of the of the COVID outbreaks among others. In addition fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest. However, we are optimistic that improvements in the global economic outlook and also taking advantage of the low insurance penetration in our market could present opportunities that can stimulate growth which will be of immense benefit to our Company.

Acknowledgement

Our sincere thanks go to our valued and loyal customers including agents and brokers for their patronage. We promise that we will continue to render service that will exceed their expectation.

My fellow directors and I would also like to thank the shareholders for their encouragement and support over the years to the Company and to Board members.

This solid set of results highlights our staff's ability and determination to contend with fluctuating market conditions and seize opportunities for growth.

I therefore wish on behalf of my colleagues on the Board and on your behalf to express our gratitude and appreciation to them for yet another successful year inspite of the very challenging environment.

We also thank our Reinsurance Brokers, Reinsurers and Consulting Actuaries for their continued interest in the company and their technical support and understanding.

Condolences

Finally our sincere condolences go to those mourning the loss of our customers and shareholders who died during the period under review. We pray for a peaceful repose of their souls.

Jennifer Renner-Thomas (Mrs)

CHAIRPERSON

02

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Corporate Governance

Board of Directors

Mrs Jennifer Renner-Thomas
FCIS, MBA, FWACN

Appointed Director 2009

Appointed Chairperson of the Board - Aureol Insurance Company Limited - 4th May 2021

Mrs Jennifer Renner-Thomas is a Fellow of the Institute of Chartered Secretaries and Administrators FCIS (London, UK) – (ICSA).

She holds a Masters in Business Administration MBA (London, UK) – specialized in corporate and business strategies, financial management strategies, and human resource strategies for change and quality management.

She is a Fellow of the West African College of Nursing - FWACN, (Honoris Causa) - Fellow of the West African College of Nursing.

She also holds a Diploma Theology (Freetown), Diploma Chamber of Commerce (Paris, France), Certificate financial investment strategies: The principles of the London Stock Exchange (London, UK) and Certificate monitoring and evaluation of non- profit organizations (London, UK).

She is a Business Development and Project Management Consultant and is currently CEO Well Woman Clinic and also Member of the HR Committee of the University of Sierra Leone Teaching Hospital Complex (USLTHC).

Mr Solomon J Samba

BA Dip.Ed, ACII, FWAII MIod, OOR

Appointed Director 2019

Appointed Vice Chairperson of the Board- Aureol Insurance Company Limited - 2021

Chartered Insurance Risk Manager

Retired Managing Director of Aureol Insurance Company having served the Insurance Industry for 40 years, 22 years of which as Managing Director of Aureol Insurance Company Limited. Awarded an Officer of the Order of the Rokel (OOR) by the state in recognition of his distinguished contribution to the field of Insurance, Insurance Education and Business.
Presently a Risk Management, Business and Financial Consultant.

Past President - West African Insurance Companies Association (WAICA), Sierra Leone Insurance Association
Past Director - Union Trust Bank Limited, First Discount House Limited, Sierra Leone Telecommunications Company (SIERRATEL), Founder Director and Chairman of Audit Committee - WAICA Re.

Past Lecturer, Examiner and Vice Chairman of the Governing Council of the West African Insurance Institute(WAII).

Past Council Member African Insurance Organisation -AIO.

Mr Raymond H S Macauley

BA Gen., CPCU, MBA, AIS, ACIArb, FWAII

Managing Director

Mr Macauley was appointed Managing Director of Aureol Insurance Company Limited in 2019.

He is a Chartered Property Casualty Underwriter (CPCU) from the American Institute for Chartered Property and Casualty Underwriters. He served as member of the Academic Board of the West African Insurance Institute (WAII) and is currently a visiting Lecturer in Risk Management. He is also a Member of the Governing Council and was awarded a Fellow of the West African Insurance Institute (FWAII). He is the current President of the West African Insurance Companies Association (WAICA) and the Sierra Leone Insurance Association (SLIA)

Dr Herkishin Kishore Shankerdas Mahboobani

BSc(Econs), MBA(OU), Chartered Manager, JP, MR, CO, DCL

Appointed Director 1996

Dr Mahboobani is an Industrialist. He is Managing Director of G. Shankerdas & Sons (SL) Ltd., Hon. Consul-General of Japan (since 1986), President of the Fourah Bay College Alumni Association and Chairman of the University of Sierra Leone Development Fund.
He has served as Director in various Institutions and Committees including the S L Ports Authority, Commission on Relics and Monuments, National War Memorial Committee and the Sierra Leone 50th Independence Anniversary Celebration Committee.
He is Past President of the Sierra Leone Commerce Industry and Agriculture and the Rotary Club of Freetown.
Dr Mahboobani was awarded Member of the Order of the Rokel and Commander of the Order of the Republic of Sierra Leone by the Government of the Republic of Sierra Leone. The Doctorate degree was conferred on him by the University of Sierra Leone and other Awards include the Order of the Rising Sun awarded by the Emperor of Japan and the Paul Harris Fellow awarded thrice by the Rotary Foundation of Rotary International.

Mrs Anne Koroma

BSc Ed, M. Ed

Appointed Director 2008

Mrs Koroma is a retired Principal Lecturer and Head of the Education Department – Milton Margai College of Education and Technology. She is currently the National President of the Harford Old Girls Association and Director of the Apex International School.

Dr Leonard George O. Gordon-Harris

FA(Radiology) FWACS, CORSL

Appointed Director 2013

Currently he is Consultant Radiologist at the Diagnostic Clinic (a Medical Imaging centre) and at the Choithram Memorial Hospital, and helps out with voluntary work at the Well woman clinic as and when needed. He is the foundation and current President of the College of Physicians and Surgeons (SL). Fellow of the West African College of Surgeons (Faculty of Radiology), Radiological and other medical societies. He is a member of the Radiological society of North America (RSNA), Sierra Leone Medical and Dental Association (SLMDA) and Association of Radiologists of West Africa (ARAWA).

He is a past President and Paul Harris Fellow of the Rotary Club of Freetown. He has held and still holds several directorships and trusteeships in boards of schools, hospitals, banks and religious organizations.

Haja Alimatu Y. Abdullah
B.Sc Economics with Accounting Bias

Appointed Director 2013

Haja Alimatu Abdullah worked in several Organisations as Internal Auditor, Accountant, Chief Accountant and Finance Consultant.

She is a Member and served as President of the Forum of African Women Educationalists – FAWE (Sierra Leone Chapter). She is an active member of the Women's Forum of Sierra Leone and Member of the Federation of Muslim Women's Association in Sierra Leone, she is also President of the 50-50 Women's Group of Sierra Leone.

Mr Ernest Festus Beoku-Betts
(LLB) (B.L)

Appointed Director 2021

Ernest Festus Beoku-Betts is a lawyer who has been in actual practice for over Sixteen (16) years, He works with the law firm of Basma & Macaulay, and has worked with clients ranging from start-up businesses to multinational corporations. He has served as Legal Adviser to several notable financial institutions, non-governmental organizations, and private companies, both local and foreign, on a wide range of legal issues in commercial law, mining laws & regulations, petroleum law, insurance law, labour law, maritime law, regulatory compliance, due diligence, and corporate governance.

He also serves as an Independent Non-Executive Director on the Board of Ronsabs Preparatory School.

Mr Raymond Macauley

BA Gen., Dip. Ins. WAII, AIS, MBA, CPCU, ACIArb, FWAII

Managing Director

Mr Macauley joined the Company initially in 1990 and left in 2002 to complete his Masters program in London. . He worked in the Life, Medical and Underwriting Departments.

He returned in 2005 as Underwriting Manager and rose to the position of Senior Underwriting Manager, General Manager, Deputy Managing Director and in 2019 was appointed Managing Director.

Mr Keikura Gbao

Dip. Ins. WAII, Dip. Bus. Admin, Dip. Ins. CII, BSc.(Hons.) Bus. Admin. MBA

Technical Manager - Underwriting & Claims

Mr Gbao joined the Company in 1989. He has held various positions including Assistant Manager – Underwriting (Head and Branch Offices) and has worked in the Life, Claims and Underwriting Departments. He was Officer-in-Charge of the Bo Branch from 2002 to 2006.

Mrs Viola Jones

Dip. Ins. WAII, Dip. ICSA.

Company Secretary/HR Manager

Viola joined the Company in 1989 and has worked in various Departments including Statistics/Reinsurance, Claims, Life, Underwriting and Internal Audit Departments. She has held various positions including Assistant Manager – Underwriting Dept. and Internal Auditor.

Mr Richmond Coker

FMAAT

Accounts Manager

Mr Coker joined the Company in 1991. He is a Fellow member of the Association of Accounting Technicians and has served the Company for several years.

Mrs Marian F. Kargbo

BSc. Econs, IFC, Dip. Ins.WAII, MBA, ACII (Chartered Insurer)

Manager- Life and Medical

Marian Kargbo joined the Company in 2002. She has worked in various Departments including Underwriting, Medical, Life, Marketing and Internal Audit Departments.

Mrs Susan Kosia-Gande

Int. Dip. in Admin/Personal Asst. & Secretarial Duties (CIC) - UK.

Personal Assistant to the Managing Director

Susan joined the Company in 1987 and has worked in the Underwriting Department, Offices of the General Manager and Managing Director.

Management **Staff / Cont'd**

Mr Gilford John

HND, Telecommunication, Dip. Ins. WAII.

Assistant Manager – Marketing/ Underwriting

Mr John joined the Company in 2011 and is currently working in the Underwriting and Marketing Departments.

Mrs Matilda Hughes

DIP. BUS Studies, BSc (Hons.) in Business Studies, IFC, Dip. Ins. WAII, Cert. CII

Assistant Manager – Reinsurance/ Statistics

Matilda Hughes joined the Company in 2004 and is currently working in the Reinsurance/Statistics Department.

Mrs Rosetta Cole

Assistant Manager – Life and Medical

Cert. in Vocational Studies, IFC, Cert. in Motor and General Insurances (C.Re) Dip. Ins. WAII

Rosetta Cole joined the Company in 1999 and has worked in the Underwriting and Medical Departments.

General **Information**

DIRECTORS	Mrs Jennifer Renner-Thomas (Chairperson) Mr Solomon J. Samba (Vice Chairperson) Mr Raymond Macauley (Managing Director) Dr Kishore H. M. Shankerdas Mrs Anne Koroma Dr Len Gordon-Harris Haja Alimatu Y. Abdullah Mr Ernest Beoku-Betts
CORPORATE SECRETARY	Mrs Viola I. Jones
BANKERS	Access Bank (SL) Limited Capital Discount House Commerce and Mortgage Bank (SL) Limited Ecobank (SL) Limited First Discount House Guaranty Trust Bank (SL) Limited Keystone Bank (SL) Limited Rokel Commercial Bank (SL) Limited Sierra Leone Commercial Bank Limited Skye Bank (SL) Limited Standard Chartered Bank (SL) Limited UBA (SL) Limited Union Trust Bank Limited Zenith Bank (SL) Limited
SOLICITORS	Betts and Berewa Barristers and Solicitors 20 Wilberforce Street Freetown
AUDITORS	BDO Regent House 12 Wilberforce Street Freetown
REGISTERED OFFICE	Kissy House 54 Siaka Stevens Street Freetown

Corporate **Social Responsibility**

As a Corporate citizen, our Organisation shall endeavour to be an active player in the overall development of Sierra Leone.

Aureol Insurance Company is committed to render its support to worthy causes in pursuit of our corporate social responsibilities in the field of Sports, Culture, Religion, Youth empowerment and development, Education, Health, the disadvantaged and the environment.

We continue to support the Well Woman Clinic and Thinking Breast Cancer Foundation in their fight against Breast Cancer.

An annual activity now in the Company's calendar is organising Essay Competition for Schools and Colleges which started in 2020.

During our 35th Anniversary on the 28th October 2022, Aureol Insurance extended a hand of charity to the Freetown Cheshire Home where various items including Provision, Medication and Foam Mattresses were presented by the Board, Management and staff. We continue to support the Cheshire Home with monthly supply of a Bowser of Clean Water from Guma Valley Water Company.

The Directors present their report and audited financial statements for the year ended 31 December 2022.

Directors' Responsibility Statement

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Statement of Financial Position at 31 December 2022, the Statement of Comprehensive Income, the Statement of Changes in Equity and Statement of Cashflows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Sierra Leone Companies Act 2009 and the Insurance Act 2016.

The Directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Principal Activities

The principal activities of the Company continue to be the provision of life and general insurance services.

The Company and its activities are regulated by and are subject to the provisions of the Insurance Act 2016.

Results

The results for the year are as shown in the attached financial statements.

Directors and their Interests

The following Directors served during the year:

Mrs Jennifer Renner-Thomas	-	(Chairperson)	Sierra Leonean
Mr Solomon J. Samba	-	(Vice Chairperson)	"
Mr Raymond Macauley	-	(Managing Director)	"
Dr Kishore H. M. Shankerdas	-	(Member)	"
Mrs Anne Koroma	-	(Member)	"
Dr Len Gordon-Harris	-	(Member)	"
Haja Alimatu Y. Abdullah	-	(Member)	"
Mr Ernest Beoku-Betts	-	(Member)	"

In accordance with section 68 of Table A of the Companies Act 2009, Directors Haja Alimatu Abdullah and Dr Len Gordon-Harris retire by rotation and being eligible, offer themselves for re-election.

Dividend

At a meeting of the Board of Directors held on 16 June 2023, it was proposed that a dividend of Le0.65 per share for shares ranking for dividends as at 31 December 2022 be paid.

Share Capital

The share capital as at 31 December 2022 is as disclosed in the financial statements.

Auditors

The Auditors, Messrs BDO appointed at the last Annual General Meeting have signified their willingness to continue in office. A resolution to re-appoint them will be proposed at the forth-coming Annual General Meeting.

Approval of the Financial Statements

The financial statements were approved by the Board of Directors on 16th June 2023.

Mrs Jennifer Renner-Thomas - Chair person

Mr Raymond Macauley - Managing Director

Haja Alimatu Y. Abdullah - (Director)

03

Financial Statements and Notes

Report of The Independent Auditors to The Members

Opinion

We have audited the financial statements of Aureol Insurance Company Limited set out on pages 8 to 59 which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cashflows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022 and its financial performance and its cashflows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act 2009 and the Insurance Act 2016.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have determined that there are no such matters to report.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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 company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The company complied with all legal and regulatory requirements except that:

It did not comply with Section 39 of the Insurance Act 2016 which does not permit credit on an annual policy.

The engagement partner on the audit resulting in this independent auditors' report is Ivan Jones.

Freetown, Sierra Leone

BDO

2023

Statement Of **Financial Position**

	Notes	2022	2021
ASSETS			
Property, plant and equipment	14	**3,368,152**	2,618,469
Intangible assets	14a	**72,557**	-
Investment property	15	**43,274,875**	43,144,875
Deferred tax assets	11d	**2,338,144**	2,033,922
Financial assets	16	**26,613,871**	27,646,874
Inventory		**95,045**	115,182
Loans and receivables including insurance receivables	17	**7,537,569**	8,435,529
Cash and cash equivalents	18	**17,536,424**	5,196,779
Current income tax assets	11c	**1,262,375**	1,292,025
Total assets		**102,099,012**	90,483,655
EQUITY			
Share capital	19	**2,575,516**	2,575,516
Share premium	20	**876,969**	876,969
General reserve	21	**286,500**	286,500
Revaluation reserve	22	**15,196,726**	15,196,726
Retained earnings	23	**47,272,621**	41,992,063
Total equity		**66,208,332**	60,927,774
LIABILITIES			
End of service benefits	12	**6,352,249**	5,943,010
Insurance contracts	24	**4,751,856**	2,002,873
Amounts payable on reinsurance accounts	25	**2,987,566**	2,589,274
Trade and other payables	26	**2,026,777**	1,688,290
Dividends payable	27b	**3,502,575**	3,392,954
INSURANCE FUNDS			
Non-life	9a	**7,499,512**	5,917,507
Life	9b	**8,770,145**	8,021,973
Total liabilities		**35,890,680**	29,555,881
Total equity and liabilities		**102,099,012**	90,483,655

on its behalf by:

J R Thomas .... **Mrs Jennifer Renner-Thomas** (Chair Person)

Raymond Macauley .... **Mr Raymond Macauley** (Managing Director)

A Y Abdullah .... **Haja Alimatu Y. Abdullah** (Director)

The notes on pages 26 to 59 are an integral part of these financial statements

Non-Life **Revenue Account**

	Notes	2022	2021
REVENUE			
Insurance premium revenue		52,212,783	36,542,871
Insurance premium ceded to reinsurers		(10,592,448)	(6,555,558)
Net insurance premium revenue	5.1 & 5.2	41,620,335	29,987,313
Investment income	6a	4,703,929	1,870,703
Net revenue		**46,324,264**	31,858,016
EXPENDITURE			
Claims paid, outstanding and unintimated	5.1 & 5.2	21,847,691	13,379,543
Commission paid	5.1 & 5.2	798,803	793,609
Management expenses	5.1, 5.2 & 7	15,797,702	13,100,099
Finance costs	8	312,493	298,125
		38,756,689	27,571,376
Amounts transferred to Insurance fund accounts	9a	1,582,005	847,021
		40,338,694	28,418,397
Net income from non-life operations		**5,985,570**	3,439,619

The notes on pages 26 to 59 are an integral part of these financial statements

Life Revenue Account

	Notes	2022	2021
REVENUE			
Gross premiums		2,873,471	2,460,859
Investment income	6b	1,083,710	1,142,062
Other income		1,378,551	1,807,826
		5,335,732	5,410,747
EXPENDITURE			
Claims paid		3,363,209	951,258
Management expenses	7.2	1,224,351	1,280,681
		4,587,560	2,231,939
Surplus for the year transferred to the Life Insurance			
Fund account	9b	748,172	3,178,808
		5,335,732	5,410,747

The notes on pages 26 to 59 are an integral part of these financial statements

Statement of **Comprehensive Income**

	Notes	2022	2021
Net income from Non-life operations		5,985,570	3,439,619
Other income	10	1,200,475	1,295,379
Profit before tax		7,186,045	4,734,998
Income tax expense	11a	(617,729)	(674,083)
Profit for the year		6,568,316	4,060,915
Other comprehensive income		–	–
		6,568,316	4,060,915

Earnings per share for the profit attributable to the equity holders of the Company during the year (in Leones per share)

Basic	13	2.55	1.58
Diluted	13	2.55	1.58

The notes on pages 26 to 59 are an integral part of these financial statements

Statement of **Changes In Equity**

	Share capital	Share premium	General reserve	Revaluation reserve	Retained earnings	Total
Balance at 1 January 2021	2,575,516	876,969	286,500	15,196,726	39,090,130	58,025,841
Net profit for the year	–	–	–	–	4,060,915	4,060,915
Dividend	–	–	–	–	(1,158,982)	(1,158,982)
IFSR 16 day 1 impact	–	–	–	–	–	–
Prior year adjustments	–	–	–	–	–	–
	–	–	–	–	–	–
Balance at 31 December 2021	2,575,516	876,969	286,500	15,196,726	41,992,063	60,927,774
Balance at 1 January 2022	2,575,516	876,969	286,500	15,196,726	41,992,063	60,927,774
Net profit for the year	-	-	-	-	6,568,316	6,568,316
Dividend	-	-	-	-	(1,287,758)	(1,287,758)
IFSR 16 day 1 impact	-	-	-	-	-	-
Balance at 31 December 2022	**2,575,516**	**876,969**	**286,500**	**15,196,726**	**47,272,620**	**66,208,331**

The notes on pages 26 to 59 are an integral part of these financial statements

Statement of **Cash Flows**

	Notes	2022	2021
Net cashflows from operating activities	29	8,949,062	4,834,358
Income tax paid	11c	(892,300)	(845,489)
Net cashflow from operating activities		**8,056,762**	3,988,869
INVESTING ACTIVITIES			
Interest and other income	6	5,787,639	3,012,765
Acquisition of property, plant and equipment	14	(1,149,317)	(425,587)
Improvement to investment property	15	(130,000)	–
Increase in statutory deposits		(328,617)	(483,820)
Acquisition of intangibles		(76,376)	80,435
Net cashflow from investing activities		**4,103,329**	2,183,793
CASHFLOWS FROM FINANCING ACTIVITIES			
Dividends paid	27b	(1,182,065)	(1,064,320)
Net cashflow used in financing activities		**(1,182,065)**	(1,064,320)
Cash and cash equivalents at beginning of the year		24,205,995	19,097,653
Net increase in cash and cash equivalents	18	10,978,025	5,108,342
Cash and cash equivalents at end of the year	18	**35,184,020**	24,205,995

The notes on pages 26 to 59 are an integral part of these financial statements

1 GENERAL INFORMATION

Aureol Insurance Company underwrites life and non-life insurance risks such as those associated with fire, motor, accident, medical and marine businesses. The Company also invests in treasury and other eligible bills in Sierra Leone on which it earns interest. The Company does business in Sierra Leone at its head office and branches and employed 56 people as at 31 December 2022 (2021 : 59).

The Company is a limited liability Company incorporated and domiciled in Sierra Leone. The address of its registered office is Kissy House, 54 Siaka Stevens Street, Freetown.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of presentation

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

All amounts in the notes are shown in thousands of Leones, rounded to the nearest thousand, unless otherwise stated.

2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using thecurrency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in thousands of Leones, which is the Company's presentation currency.

(b) Transactions and balances

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

2.3 Property, plant and equipment

Property, plant and equipment comprise mainly cost of improvement on the office building occupied by the Company, and its various office equipment. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts less their residual values over their estimated useful lives, as follows:

Motor vehicles	-	4 years
Furniture and equipment	-	5 - 10 years
Fixture and fitting	-	10 years

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

2.4 Investment property

Property held for long-term rental yields that is not occupied by the Company is classified as investment property.

Investment property comprises freehold land and buildings.

Property located on land that is held under an operating lease is classified as investment property as long as it is held for long-term rental yields and is not occupied by the Company.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its cost at the date of reclassification becomes its cost for subsequent accounting purposes. If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a surplus on revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the statement of comprehensive income. Upon the disposal of such investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the statement of comprehensive income.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

For qualifying assets commencing on or before 1 January 2009, borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that necessarily took a substantial period of time to get ready for its intended use or sale) were expensed as incurred.

2.6 Investments

The Company classifies its investments into the following categories: amortised cost, fair value through profit and loss and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at the end of every reporting period.

2.7 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

Amortised cost; or

- Mandatorily at fair value through profit or loss.

(This applies to contingent consideration in a business combination or to liabilities which are held for trading); or

- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.
All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, GST and prepayments, are classified as financia assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cashflows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.

If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Leone equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding GST and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables which do not contain a significant financing component at an amount equal to lifetime expected credit losses (lifetime ECL).

The loss allowance for all other trade and other receivables is measured at lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on these receivables has not increased significantly since initial recognition, then the loss allowance for those receivables is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL to trade and other receivables which do have a significant financing component, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a receivable being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a receivable or group of receivables has increased significantly since initial recognition, the company compares the risk of a default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a receivable is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

By contrast, if a receivable is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the company consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the company considers that default has occurred when a receivable is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is diverse with significantly different loss patterns for different customer segments. The company aggregates customer segments which share similar credit risk characteristics for purposes of determining the credit loss allowance.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 4) and the financial instruments and risk management note.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

Borrowings and loans from related parties

Classification

Loans from related parties are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

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 (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs.

Borrowings expose the company to liquidity risk and interest rate risk.

Loans denominated in foreign currencies

When borrowings are denominated in a foreign currency, the carrying amount of the loan is determined in the foreign currency. The carrying amount is then translated to the Leone equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade and other payables, excluding GST and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

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 (including all fees and 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 liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Leone equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and 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.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.8 Offsetting of financial instruments

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

2.9 Derivative financial instruments and hedge accounting

Initial recognition and subsequently measurement

The Company uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks, respectively. Such derivtive financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivative financial instruments are classified as held for trading unless they are designated as effective hedging instruments.

Derivatives embedded in other financial instruments are treated as separate derivatives and are recorded at fair value if their economic characteristics and risks are not closely related to those of the related host contract and the host contract is not itself recorded at fair value through the statement of comprehensive income. Embedded derivatives that meet the definition of insurance contracts are treated and measured as insurance contracts. Derivative financial instruments held for trading are typically entered into with the intention to settle in the near future. These instruments are initially recorded at fair value. Subsequent to initial recognition, these instruments are remeasured at fair value.

Derivative financial instruments designated as hedging instruments, for example, forward currency contracts and interest rate swaps, are entered into by the Company to hedge its risks associated with interest rate and foreign currency fluctuations.

Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement, except for the effective portion of cashflow and net investment hedges, which are recognised in other comprehensive income. For the purpose of hedge accounting, hedges are classified as:

(a) Fair value hedges, when the hedge exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such asset, liability or firm commitment, that is attributable to a particular risk.

(b) Cashflow hedges, when the hedge exposure to variability in cashflows of a recognised asset or liability or a highly probable forecast transaction.

(c) Hedges of a net investment in a foreign operation.

(i) Formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship is prepared before hedge accounting is applied.

(ii) The hedge is documented at inception showing that it is expected to be highly effective in offsetting the risk in the hedged item throughout the reporting period and the hedge is effective on an ongoing basis. A hedge is expected to be highly effective if the changes in fair value or cashflow attributable to hedged risk during the period for which the hedge is designated are expected to offset in range of 80% to 125%.

(iii) For a cashflow hedge, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cashflows that could ultimately affect the statement of comprehensive income.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

For designated and qualifying fair value hedges, the change in the fair value of a hedging derivative (hedge instrument) is recognised in the statement of comprehensive income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is recognised in the statement of comprehensive income.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of comprehensive income. The change in the fair value of the hedging instrument is also recognised in the statement of comprehensive income.

The Company discontinues fair value hedge accounting if the hedging instrument expires, is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Company revokes the designation. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the face value is amortised over the remaining term of the original hedge using the EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of comprehensive income.

The Company hedges interest rate risk and exchange rate risk on certain fixed interest rate investments using swaps, exchange traded futures and other forward exchange contracts.

Cashflow hedges

For designated and qualifying cashflow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cashflow hedge reserve, while the ineffective portion is recognised immediately in the statement of comprehensive income. Amounts taken to other comprehensive income are transferred to the statement of comprehensive income when the hedged transaction affects the statement of comprehensive income, such as when hedged financial income or financial expense is recognised or when the forecast sale or purchase occurs.

When the hedged item is the cost of a non-financial asset or liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or non-financial liability.

If the forecast transaction is no longer expected to occur, cumulative amounts previously recognised in other comprehensive income are transferred to the statement of comprehensive income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Current versus non-current classification

Derivative instruments that are not designated and effective hedging instruments are separated into current (amounts expected to be recovered or settled within 12 months) and non-current portions (amounts expected to be recovered or settled for more than 12 months) based on an assessment of the facts and circumstances (i.e., the underlying contracted cashflows):

(i) Where the Company will hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the reporting date, the derivative is classified as non-current (or separated into current and non-current portions) consistent with the classification of the underlying classification of the underlying item.

(ii) Embedded derivates that are not closely related to the host contract are classified consistent with the cashflows of the host contract.

(iii) Derivative instruments that are designated as, and are effective hedging instruments, are classified consistent with the classification of the underlying hedged item. The derivative instrument is separated into a current portion and non-current portion only if a reliable allocation can be made.

2.10 Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs.

For units in unit trusts and shares in open ended investment companies, fair value is determined by reference to published bid values in an active market.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cashflow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

Certain financial instruments are recorded at fair value using valuation techniques because current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the Company's best estimate of the most appropriate model assumptions.

Models are adjusted to reflect the spread for bid and ask prices to reflect costs to close out positions,counterparty credit and liquidity spread and limitations in the models. Also, profit or loss calculated when such financial instruments are first recorded ('Day 1' profit or loss) is deferred and recognised only when the inputs become observable or on derecognition of the instrument.

For discounted cashflow techniques, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate for a similar instrument. The use of different pricing models and assumptions could produce materially different estimates of fair values. The fair value of floating rate and overnight deposits with credit institutions is their carrying value. The carrying value is the cost of the deposit and accrued interest. The fair value of fixed interest bearing deposits is estimated using discounted cashflow techniques. Expected cashflows are discounted at current market rates for similar instruments at the reporting date.

If the fair value cannot be measured reliably, these financial instruments are measured at cost, being the fair value of the consideration paid for the acquisition of the investment or the amount received on issuing the financial liability. All transaction costs directly attributable to the acquisition are also included in the cost of the investment.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.12 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

2.13 Insurance contracts

In accordance with IFRS 4, Insurance Contracts, the Company has continued to apply the accounting policies it applied in accordance with the standard.

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The Company as a general guideline, determines significant insurance risks and enters into re-insurance contracts with other insurance companies.

Local statutory regulations and the terms and conditions of these contracts set out the basis for the determination of the amounts involved.

(a) Short-term insurance contracts

These contracts are casualty, property and short-duration life insurance contracts.

Casualty insurance contracts protect the Company's customers against the risk of harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability). Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost.

Short-duration life insurance contracts protect the Company's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relate to unexpired risks at the end of the reporting period is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company.

(b) Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred.

(c) Reinsurance contracts held

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

The benefits to which the Company is entitled under its reinsurance contracts held are recongised as reinsurance assets. These assets consist of balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related insurance contracts.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of comprehensive income. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets.

(d) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables.

(e) Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (i.e., salvage). The Company may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2.14 Claims

Provision is made by management for the estimated cost of claims notified but not settled at the end of the reporting period using all the information available at that time. Provision is also made by management for claims incurred but not yet notified at the end of the reporting period on an appropriate basis.

2.15 Insurance funds

In accordance with statute, forty-five percent of the net premium of the Company's general insurance business for the year is provided as an estimate of premiums unearned at the end of the reporting period.

2.16 Contingency reserve

In accordance with statute, three percent of the net premium of the Company's general insurance business for the year is provided as an estimate for contingency reserve.

2.17 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

2.18 Employee benefits

Pension obligations

The Company operates a defined contribution scheme. The scheme is generally funded through payment to the National Social Security and Insurance Trust. A defined contribution scheme is a pension plan under which the Company pays fixed contribution into the separate entity. The Company has no legal or constructive obligations to pay further contribution if the fund does not hold sufficient assets to pay all employees the benefits relating to employees service in the current and prior periods.

The Company makes contributions for all staff at the rate of 10% of employees' basic salary. In addition the employees also contribute 5% of their basic salary to the scheme.

Termination benefits

Termination benefits are payable when the employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits or when an employee retires from the Company.

2.21 Dividend income

Dividend income for equities held is recognised when the right to receive payment is established - this is the ex-dividend date for equity securities.

2.22 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of anyincentives from the lessor) are charged to the statement of comprehensive income on astraight-line basis over the period of the lease.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

2.24 Apportionment of management expenses

Management expenses are apportioned as follows:

	2022	2021
Life business	5%-10% of total management expenses	5%-10% of total management expenses
Other business	Based on earned premium income	Based on earned premium income

2.25(a) New standards, interpretations and amendments effective from 1 January 2022

New standard impacting the Company that will be adopted in the annual financial statements for the year ended 31 December 2022, and which have given rise to changes in the Company's accounting policies is:

COVID 19 - Related Rent Concessions (Amendments to IFRS 16)

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) There are is no substantive change to other terms and conditions of the lease.

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

Lessees apply other requirements in IFRS 16 in accounting for the concession.

The Company has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria.

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

Other standards

Other new standards that have been adopted in the annual financial statements for the year ended

31 December 2022, but have not had a significant effect on the Company are:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative - Definition of Material); and
- Revisions to the Conceptual Framework for Financial Reporting.

Other new and amended standards and Interpretations issued by the IASB that will apply for for the first time in the next annual financial statements are not expected to impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

2.25(b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are as follows, which are all effective for the period beginning 1 January 2022.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018–2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

The Company does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

2.26 Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial instruments	– fair value through profit or loss
- Financial instruments	– fair value through other comprehensive income
- Net defined benefit liability	- fair value of plan assets less the value of the defined benefits obligation.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The ultimate liability arising from claims made under insurance contracts

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

Allowances for credit losses

Assets accounted for at amortised cost are evaluated for impairment on a basis described in the accounting policy.

The specific counter party component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cashflows that are expected to be received. In estimating these cashflows, management makes judgements about a counter party's financial situation.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individually impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors.

4 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

4.1 Insurance risk

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

For a portfolio of insurance contracts where probability is involved in pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established.

Experience shows that the larger the portfolio of similar insurance contracts the smaller the relative variability about what the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of portfolio.

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

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

4.1.1 Casualty insurance risks

(a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of damages suffered in motor insurance and claims paid for medical business. Estimated inflation is also a significant factor due to the long period typically required to settle these cases.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangement and proactive claims handling.

The underwriting strategy attempts to ensure that the underwriting risks are welldiversified in terms of type and amount of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies. It can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (i.e. subrogation).

Furthermore, the Company's strategy limits the total exposure to any one business. The reinsurance arrangements include excess of loss and catastrophe coverage. The effect of such reinsurance arrangements is that the Company should not suffer the total net insurance losses on the contracts.

The Company has specialised claims unit dealing with the mitigation of risks surrounding known claims. The claims unit investigates and adjusts all claims. The claims are reviewed individually and adjusted to reflect the latest information on the underlying facts, current law, jurisdiction, contracted terms and conditions and other factors. The Company actively manages and pursues early settlement of claims to reduce its exposure to unpredictable developments.

(b) Sources of uncertainty in the estimation of future claim payments

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

There are several variables that affect the amount and timing of cashflows from these contracts. These mainly relate to the inherent risk of the business activities carried out by the individual contract holders and the risk management procedures they adopted.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liability for these contracts comprise a provision for IBNR, a provision for reported claims not yet paid and a provision for outstanding claims not yet reported at the end of the reporting period.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where information about the claim event is available.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims are assessed on a case by cash basis or projected separately in order to account for the possible distortive effect of their development and incidence on the rest of the portfolio.

Where possible, the Company adopts the relevant techniques to estimate the required level of provisions. This provides a greater understanding of the trends inherent in the experience being projected. The projections made by the Company also assist in estimating the range of possible outcomes.

4.1.2 Life insurance contracts

These contracts are mainly issued to employers to insure their commitments to their employees in terms of their pension fund and other employee benefit plans. The risk is affected by the nature of the industry in which the employer operates.

4.2 Financial risk

The Company is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligation arising from its insurance contracts. The most important components of this financial risk are credit risk, currency risk and liquidity risk.

Credit risk

The Company has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risks are:

- Reinsurance share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;

- Amounts due from insurance contract holders and intermediaries.

The Company has policies in place to ensure that services are rendered to customers with an appropriate credit history.

Reinsurance is used to manage insurance risk. This does not however discharge the Company's liability as primary insurer. If the reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

Management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies or other publicly available financial information.

Liquidity risk

The Company is exposed to daily calls on its available cash resources mainly for claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company manages this risk by maintaining sufficient cash, and investing any excess cash over its anticipated requirements.

Currency risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. This risk is managed by maintaining adequate foreign currency assets to meet its foreign currency liabilities as they fall due. The table below summarises the Company's exposures to foreign currency exchange rate risk at 31 December 2022. The Company's assets and liabilities at carrying amounts are included in the table below categorised by currency at their carrying amounts:

In thousands of Leones	Le	USD	GBP	Others	Total
At 31 December 2022					
Investment	26,613,871	-	-	-	26,613,871
Insurance receivables	7,537,569	-	-	-	7,537,569
Cash and cash equivalents	16,753,844	610,266	151,826	20,488	17,536,424
Total assets	**50,905,284**	**610,266**	**151,826**	**20,488**	**51,687,864**
Insurance contracts	4,751,856	-	-	-	4,751,856
Amounts payable on reinsurance contracts	2,987,566	-	-	-	2,987,566
Dividend payable	3,502,575	-	-	-	3,502,575
Trade and other accounts payable	2,026,777	-	-	-	2,026,777
End of service benefits	6,352,249	-	-	-	6,352,249
Total liabilities	**19,621,023**	**-**	**-**	**-**	**19,621,023**

	Le	USD	GBP	Others	Total
At 31 December 2021					
Investment	27,646,874	–	–	–	27,646,874
Insurance receivables	8,435,529	–	–	–	8,435,529
Cash and cash equivalents	4,928,571	160,687	94,543	12,978	5,196,779
Total assets	41,010,974	160,687	94,543	12,978	41,279,182
Insurance contracts	2,002,873	–	–	–	2,002,873
Amounts payable on reinsurance contracts	2,589,274	–	–	–	2,589,274
Dividend payable	3,392,954	–	–	–	3,392,954
Trade and other accounts payable	1,688,290	–	–	–	1,688,290
End of service benefits	5,943,010	–	–	–	5,943,010
Current income tax liabilities	–	–	–	–	–
Total liabilities	15,616,401	–	–	–	15,616,401

5 SEGMENT INFORMATION

5.1 The segments for the year ended 31 December 2022 are as follows:

As at 31 December 2022, the Company carried on non-life business in the following areas:

- Fire Insurance
- Motor Insurance
- Accident Insurance
- Medical Insurance and
- Marine Insurance

All underwriting revenue sources are captured by the five business segments shown above.

Investment and other income is generated from asset management and other related services arising from insurance and investment contracts.

5.2

In thousands of Leones

December 2022	Fire	Motor	Accident	Medical	Marine	Un-allocated	Total
Revenue							
Premiums less re-Insurance	1,675,673	9,453,971	3,120,652	27,138,317	231,722		41,620,335
Investment income	-	-	-	-	-	4,703,929	4,703,929
Total income	**1,675,673**	**9,453,971**	**3,120,652**	**27,138,317**	**231,722**	**4,703,929**	**46,324,264**
Expenditure							
Net commission paid							
Commissions paid	1,311,423	(956,253)	481,765	(1,705,134)	69,396	-	(798,803)
Commissions received on account of reinsurance ceded	-	-	-	-	-		-
	1,311,423	**(956,253)**	**481,765**	**(1,705,134)**	**69,396**	**-**	**(798,803)**
Transfer to insurance fund							
Contingency reserve	(820)	(35,693)	(17,830)	-	-	-	(54,343)
Reserve for unexpired risks being 45% of premium	(837,837)	(4,726,986)	(1,560,326)	-	-	-	(7,125,149)
income at 31 December							
Reserve for unexpired risks at 1 January	741,747	3,718,891	1,136,849	-	-	-	5,597,487
Amounts transferred to insurance fund accounts	**(96,910)**	**(1,043,788)**	**(441,307)**	**-**	**-**	**-**	**(1,582,005)**
Claims paid, outstanding and unintimated	**(1,122,637)**	**(1,876,636)**	**(567,620)**	**(16,769,305)**	**(1,511,493)**	**-**	**(21,847,691)**
Management expenses	(631,020)	(3,374,003)	(1,077,482)	(10,935,120)	(92,570)	-	(16,110,195)
Total expenses	**(539,144)**	**(7,250,680)**	**(1,604,644)**	**(29,409,559)**	**(1,534,667)**	**-**	**(40,338,694**
Income from non-life operations	**1,136,529**	**2,203,291**	**1,516,008**	**(2,271,242)**	**(1,302,945)**	**4,703,929**	**5,985,570**

In thousands of Leones

December 2021	Fire	Motor	Accident	Medical	Marine	Un-allocaed	Total
Revenue							
Premiums less re-Insurance	1,648,327	8,264,201	2,526,332	17,167,897	380,556		29,987,313
Investment income	-	-	-	-	-	1,870,703	1,870,703
Total income	1,648,327	8,264,201	2,526,332	17,167,897	380,556	1,870,703	31,858,016
Expenditure							
Net commission paid							
Commissions paid	456,811	(739,646)	335,392	(943,351)	97,185	-	(793,609)
Commissions received on account of	-	-	-	-	-	-	-
reinsurance ceded	456,811	(739,646)	335,392	(943,351)	97,185	-	(793,609)
Transfer to insurance fund							
Contingency reserve	(4,476)	(40,549)	(7,915)	-	-	-	(52,940)
Reserve for unexpired risks being 45% of premium income at 31 December	(741,747)	(3,718,891)	(1,136,849)	-	-	-	(5,597,487)
Reserve for unexpired risks at 1 January	674,611	3,110,649	1,018,146	-	-	-	4,803,406
Amounts transferred to insurance fund accounts	(71,612)	(648,791)	(126,618)	-	-	-	(847,020)
Claims paid, outstanding and unintimated	(563,231)	(2,149,081)	(156,407)	(10,490,824)	(20,000)	-	(13,379,543)
Management expenses	(718,572)	(3,479,250)	(1,094,146)	(7,933,312)	(172,944)	-	(13,398,224)
Total expenses	(896,604)	(7,016,768)	(1,041,779)	(19,367,487)	(95,759)	-	(28,418,396)
Income from non-life operations	751,723	1,247,433	1,484,553	(2,199,590)	284,797	1,870,703	3,439,619

5.3 Disclosable items

Disclosable items included in the statement of comprehensive income as part of management expenses for the period under review are as follows:

In thousands of Leones

	2022	2021
Directors' fees	**141,438**	151,858
Depreciation	**403,453**	76,839
Auditors' fees	**172,500**	154,705
Rental fees	**154,193**	131,237

The lease rentals refer to the floor space occupied at Kissy House by the Head Office. Rent is agreed and paid annually in advance, and cover the period 1 March - 28 February.

5.4 Segment assets and liabilities

a) The segment assets and liabilities at December 2022 and capital expenditure for the year then ended are as follows:

In thousands of Leones	Life insurance business	Other classes of business	Total
Investment in government securities and joint stock companies	4,706,756	16,663,900	21,370,656
Statutory deposits	502,512	4,740,703	5,243,215
Insurance assets	1,122,601.00	6,414,968	7,537,569
Other assets	371,423	67,576,149	67,947,572
Total assets	**6,703,292**	**95,395,720**	**102,099,012**
Reinsurance liability	2,943,453	44,113	2,987,566
Estimated insurance liability in respect of outstanding claims	-	4,751,856	4,751,856
Fund balances	8,770,145	7,499,512	16,269,657
Other liabilities	-	11,881,601	11,881,601
Total liabilities	11,713,598	24,177,082	35,890,680
Capital expenditure	**-**	**1,149,317**	**1,149,317**

Segment assets consist primarily of investments that match insurance liabilities, insurance assets such as receivables and operating cash.

Segment liabilities comprise financial liabilities arising mainly from insurance and investment contracts.

Capital expenditure comprises additions to property, plant and equipment.

b) The segment assets and liabilities at 31 December 2021 and capital expenditure for the year then ended are as follows:

In thousands of Leones	Life insurance business	Other classes of business	Total
Investment in government securities and7 joint stock companies	,520,393	15,211,882	22,732,275
Statutory deposits	427,912	4,486,687	4,914,599
Insurance assets	-	8,435,529	8,435,529
Other assets	747,028	53,654,224	54,401,252
Total assets	8,695,333	81,788,322	90,483,655
Reinsurance liability	382,282	2,206,992	2,589,274
Estimated insurance liability in respect of outstanding claims	-	2,002,873	2,002,873
Fund balances	8,021,973	5,917,507	13,939,480
Other liabilities	-	11,024,254	11,024,254
	8,404,255	21,151,626	29,555,881
Capital expenditure	-	425,587	425,587

c) Secondary reporting format - geographical segments

The Company's business segments operate mainly from one geographical location – Freetown, although they are managed on a country wide basis.

d) Total assets

	2022	2021
Sierra Leone	102,098,731	90,483,374
Togo	281	281
	102,099,012	90,483,655

Total assets are allocated based on where the assets are located.

e) Capital expenditure

Sierra Leone	**1,149,317**	425,587

Capital expenditure is allocated based on where the assets are located.

6 INVESTMENT INCOME

(a) Non-Life

Dividend income	652,976	111,581
Interest received	3,896,760	1,627,885
Rental income	154,193	131,237
	4,703,929	1,870,703

(b) Life

Interest income	1,083,710	1,142,062
Total investment income	**5,787,639**	3,012,765

7 EXPENSES BY NATURE

	2022	2021
Staff costs	7,826,396	7,952,794
Directors' fees	141,438	151,858
Advertising	393,717	429,458
Audit fees	172,500	154,705
Depreciation and amortisation	403,453	76,839
Amortisation – right of use assets	–	80,435
Entertainment	141,451	117,790
Electricity	504,868	283,325
Legal and professional fees	632,908	361,910
Motor vehicles	324,702	230,919
Repairs, maintenance and security	359,025	446,636
Postage and telephone	267,361	265,830
Printing and stationery	443,666	342,224
Rent and rates	719,953	610,316
Subscriptions and donations	178,254	156,152
Travelling	1,097,625	629,525
Registration fee	332,749	361,575
Miscellaneous	1,466,010	654,463
35th Anniversary Celebration	494,746	–
ECL provision/write off	1,000,000	1,000,000
Total expenses	16,900,822	14,306,754
Expenses allocated to the Life Business	(1,103,120)	(1,206,655)
Non-life expenses	15,797,702	13,100,099

7.1 Staff costs

Salaries and wages	5,506,200	4,944,684
Staff welfare	1,310,119	1,919,731
Medical	205,820	143,876
Training	43,817	184,063
Staff benefit provisions	760,440	760,440
	7,826,396	7,952,794

7.2 Life business expenses

	2022	2021
Bank charges	121,231	74,026
Expenses allocated to the life business	1,103,120	1,206,655
	1,224,351	1,280,681

8 FINANCIAL COST

Bank charges	309,202	272,125
Investment expenses	3,291	6,000
Interest expense	-	20,000
	312,493	298,125

9 INSURANCE FUNDS

(a) General business

Balance 1 January	5,917,507	5,070,486
Increase arising from changes in net premium income (Note 5.1 and 5.2)	1,582,005	847,021
Balance at 31 December	**7,499,512**	5,917,507

(b) Life business

Balance 1 January	8,021,973	4,843,165
Increase arising from life business operations	748,172	3,178,808
Balance at 31 December	**8,770,145**	8,021,973

The actuarial valuation was done by Regal Integrated Management Services Limited (Ghana). With the life fund balance being Le8.7 billion at 31 December 2022, the Life Assurance business is considered adequately funded as at the year-end.

10 OTHER INCOME

	2022	2021
Others	641,238	1,262,213
Exchange gain	559,237	33,166
	1,200,475	1,295,379

11

(a) Current tax expense

	2022	2021
Current year at 25% (2021 - 25%)	921,950	966,858
	921,950	966,858
Deferred tax expense		
Origination and reversal of temporary differences	(304,222)	(258,328)
Reconciled balance	617,728	708,530
Adjustment for deferred tax at the beginning of the year	-	(34,447)
	617,728	674,083

(b) Reconciliation of effective tax rate

	2022	2021
Profit before income tax	7,186,045	4,734,998
Income tax on profit before tax	1,796,511	1,183,750
Tax impact of permanent differences:		
DT adjustment prior years - ESB	15,454	-
Non deductible expenses	-	-
Tax exempt income	(18,254)	(7,543)
Tax incentives	(1,175,982)	(467,677)
Adjustment for deferred tax at the beginning of the year	-	(34,447)
	617,729	674,083

(c) Income tax account

	2022	2021
Balance at 1 January	(1,292,025)	(1,413,394)
Opening balance adjustment	-	-
Charge for the year	921,950	966,858
	(370,075)	(446,536)
Payments during the year	(892,300)	(845,489)
Balance at 31 December	**(1,262,375)**	(1,292,025)

(d) Deferred tax assets and liabilities

	2022 Asset	2022 Liability	2022 Net	2021 Asset	2021 Liability	2021 Net
Property, plant and equipment	–	288,143	288,143	–	240,056	240,056
Employee benefits plan	(2,143,077)	–	(2,143,077)	(2,040,768)	–	(2,040,768)
Provision for impairment of receivables	(657,200)	–	(657,200)	(407,200)	–	(407,200)
Unrealised exchange gains	–	173,990	173,990	–	173,991	173,991
	(2,800,277)	**462,133**	**(2,338,144)**	(2,447,968)	414,047	(2,033,922)

(e) Movement in temporary differences during the year 2022

	Opening balance	Recognised in profit and loss	Recognised in equity	Adjustment	Closing balance
Property, plant and equipment	240,055	48,087	–	–	288,142
Employee benefits plan	(2,040,768)	(102,309)	–	–	(2,143,077)
Provision for impairment of receivables	(407,200)	(250,000)	–	–	(657,200)
Unrealised exchange gains	173,991	–	–	–	173,991
	(2,033,922)	**(304,222)**	**–**	**–**	**(2,338,144)**

Movement in temporary differences during the year 2021

	Opening balance	Recognised in profit and loss	Recognised in equity	Adjustment	Closing balance
Property, plant and equipment	282,830	(8,328)	–	(34,447)	240,055
Employee benefits plan	(2,040,768)	–	–	–	(2,040,768)
Provision for impairment of receivables	(157,200)	(250,000)	–	–	(407,200)
Unrealised exchange gains	173,991		–	–	173,991
	(1,741,147)	(258,328)	–	(34,447)	(2,033,922)

12 END OF SERVICE BENEFITS

	2022	2021
Obligations at the end of the reporting period:		
End of service benefits	6,352,249	5,943,010

	2022	2021
Balance brought forward	5,943,010	6,048,081
Provision for current year	760,440	760,440
Payments made during the year	(351,201)	(865,511)
Balance at end of year	**6,352,249**	5,943,010

Key valuation assumptions (per annum)

The liability arising from Defined Benefit Obligation (DBO) was determined by a third party actuarial specialist using the Project Unit Credit (PUC) Method. The key valuation assumptions used were as follows:

Average Long Term Discount Rate	12%	12%
Average Long Term Pay Increase	10%	10%
Average Long Term Rate of Inflation	10%	10%

13 EARNINGS PER SHARE

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

Profit attributable to equity holders	6,568,316	4,060,915
Weighted average number of ordinary shares in issue (thousands)	2,575,516	2,575,516
Basic earnings per share (expressed in Leones per share)	2.55	1.58

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company had no category of dilutive potential ordinary shares as at 31 December 2022.

Profit attributable to equity holders	6,568,316	4,060,915
Weighted average number of ordinary shares in issue (thousands)	2,575,516	2,575,516
Dilutive earnings per share (expressed in Leones per share)	2.55	1.58

14 PROPERTY, PLANT AND EQUIPMENT

	Fixture and fitting	Freehold land	Plant and equipment	Work-in-progress	Total
Cost	563,143	520,186	4,001,785	426,146	5,511,260
Additions	5,500	219,125	200,962	-	425,587
At 31 December 2021	568,643	739,311	4,202,747	426,146	5,936,84
At 1 January 2022	568,643	739,311	4,202,747	426,146	5,936,847
Additions	-	-	1,149,317	-	1,149,317
Balance at 31 December 2022	**568,643**	**739,311**	**5,352,064**	**426,146**	**7,086,164**
Accumulated depreciation					
At 1 January 2021	521,241	-	2,720,298	-	3,241,539
Charge for the year	46,190	-	30,649	-	76,839
At 31 December 2021	567,431	-	2,750,947	-	3,318,378
At 1 January 2022	567,431	-	2,750,947	-	3,318,378
Charge for the year	606	-	399,028	-	399,634
At 31 December 2022	**568,037**	**-**	**3,149,975**	**-**	**3,718,012**
Carrying amount					
At 1 January 2021	41,902	520,186	1,281,487	426,146	2,269,721
At 31 December 2021	1,212	739,311	1,451,800	426,146	2,618,469
At 1 January 2022	**1,212**	**739,311**	**1,451,800**	**426,146**	**2,618,469**
At 31 December 2022	**606**	**739,311**	**2,202,089**	**426,146**	**3,368,152**

Depreciation of Le399,634,000 (2021: Le76,839,000) has been charged to management expenses.

14a INTANGIBLE ASSETS

Cost or valuation:	
At 1 January 2022	-
Additions	76,376
	6,376
Accumulated Depreciation:	
At 1 January 2022	-
Charge for the year	3,819
Balance at 31 December 2022	**3,819**
Net book amount:	
Beginning of year	-
End of year	**72,557**

15 INVESTMENT PROPERTIES

	2022	2021
Balance at 1 January	43,144,875	43,044,875
Additions	130,000	100,000
Balance at 31 December	**43,274,875**	43,144,875

Investment properties comprised land and buildings at 22 Wallace Johnson Street and 11 Wilberforce Street, Freetown.

16 FINANCIAL ASSETS (excluding receivables and cash equivalents)

a. Investments

Sierra Leone Government and other Securities

Treasury bills	9,347,596	12,419,216
Fixed deposits	8,300,000	6,590,000
	17,647,596	19,009,216

Statutory deposits

Treasury Bills	5,243,216	4,914,599
	5,243,216	4,914,599

Equity investments

Equity shares in Joint Stock Companies in Sierra Leone	3,722,778	3,722,778
Equity shares in foreign Joint Stock Companies	281	281
	3,723,059	3,723,059
Total investments	**26,613,871**	27,646,874

The statutory deposit of Le300m per class of business (totalling Le1,500bn) was made with the Bank of Sierra Leone in compliance with Section 23(1) of the Insurance Act 2016. The funds will continue to be maintained at the Bank of Sierra Leone, so long as the Company continues to transact insurance business in Sierra Leone. The deposits are invested in Treasury Bills (Government Securities) by the Bank of Sierra Leone on behalf of the Company.

b.The Company's financial assets are summarised below by category:

In thousands of Leones	2022	2021
Amortised cost	47,964,805	37,556,123
Fair value through other comprehensive income	3,723,059	3,723,059
Total financial assets	**51,687,864**	41,279,182

c. Amortised cost

Cash and cash equivalents	17,536,424	5,196,779
Loans and receivables including Insurance receivables	7,537,569	8,435,529
Investment securities	22,890,812	23,923,815
Total amortised cost	**47,964,805**	37,556,123

d. Fair value through other comprehensive income

Equity investment	3,723,059	3,723,059
Total FVTOCI	**3,723,059**	3,723,059

17 LOANS AND RECEIVABLES INCLUDING INSURANCE RECEIVABLES

	2022	2021
Receivables arising from insurance contracts		
Due from agents and brokers	768,372	1,792,304
Less provision for impairment of receivables from agents and brokers	(500,000)	(500,000)
Due from reinsurers	7,243	64,627
Other loans and receivables		
Sundry debtors	1,464,818	2,540,500
Prepayments	401,241	385,079
Loans to staff	357,405	454,766
Accrued income	4,532,463	3,566,316
Medical excess debtors	1,006,027	631,937
Less provision for impairment of receivables from excess debtors	(500,000)	(500,000)
Total loans and receivables including insurance receivables	**7,537,569**	8,435,529

The total amount of receivables is deemed current.

18 CASH AND CASH EQUIVALENTS

Bank balances	17,438,428	5,025,406
Cash balances	97,996	171,373
	17,536,424	5,196,779

Cash and cash equivalents include the following for the purposes of the statement of cashflows:

Cash and bank balances	17,536,424	5,196,779
Treasury bills (Note 16a)	9,347,596	12,419,216
Fixed deposits	8,300,000	6,590,000
	5,184,020	24,205,995

19 SHARE CAPITAL

	2022		2021	
Authorised:	Number of shares	Value/ Proceeds	Number of shares	Value/ Proceeds
5 billion ordinary shares of Le1 each	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid: **2,575,516,029 ordinary shares of Le1 each**				
At 1 January	2,575,516,029	2,575,516	2,575,516,029	2,575,516
At 31 December	**2,575,516,029**	**2,575,516**	2,575,516,029	2,575,516

The Sierra Leone Insurance Commission's directives on the capitalisation of Insurance companies require the Company to have and maintain a minimum paid up capital of Le480 million for each class of business (Le2,400 million in total). The Company has fully complied with this requirement.

20 SHARE PREMIUM

	2022	2021
At the beginning and the year end	876,969	876,969
	876,969	876,969

This arose on issue of shares at a premium

21 GENERAL RESERVE

Balance at 1 January	286,500	286,500
Balance at 31 December	**286,500**	286,500

The general reserve represents profits set aside to preserve the working capital of the Company.

22 REVALUATION RESERVE

	2022	2021
Balance at 1 January	15,196,726	15,196,726
Balance at 31 December	**15,196,726**	15,196,726

The above surplus arose out of the revaluation of the Company's properties at 22 Wallace Johnson Street and 11 Wilberforce Street.

23 RETAINED EARNINGS

Balance at 1 January	41,992,063	39,090,130
Net profit for the year	6,568,316	4,060,915
Dividends	(1,287,758)	(1,158,982)
	47,272,621	41,992,063

24 INSURANCE CONTRACT CLAIMS

2022

	Fire	Motor	Accident	Marine	Medical	Total	Life
Claims at start of the year	24,000	571,232	7,073	–	1,400,568	2,002,873	–
Claims incurred during the year	1,122,637	1,876,636	567,620	1,511,493	16,769,305	21,847,691	–
Claims paid during the year	(1,027,837)	(1,594,112)	(323,626)	(100,498)	(16,052,635)	(19,098,708)	–
Claims outstanding at 31 December	**118,800**	**853,756**	**251,067**	**1,410,995**	**2,117,238**	**4,751,856**	**–**

2021

	Fire	Motor	Accident	Marine	Medical	Total	Life
Claims at start of the year	–	394,799	114,665	–	1,323,501	1,832,965	–
Claims incurred during the year	563,231	2,149,081	156,407	20,000	10,490,824	13,379,543	–
Claims paid during the year	(539,231)	(1,972,648)	(263,999)	(20,000)	(10,413,757)	(13,209,635)	–
Claims outstanding at 31 December	24,000	571,232	7,073	–	1,400,568	2,002,873	–

25 ACCOUNTS PAYABLE ON REINSURANCE ACCOUNTS

Reinsurance companies	**2,987,566**	2,589,274

26 TRADE AND OTHER PAYABLES

	2022	2021
Accruals	182,370	167,790
Other creditors	254,969	204,101
Deferred income on investment	1,589,438	1,316,399
	2,026,777	1,688,290

The estimated fair values of accounts due to other trading parties and trade payables are the amounts repayable on demand. All trade and other payables are current liabilities.

27a. DIVIDEND DECLARED

Paid during the year	1,182,065	1,064,320
	1,182,065	1,064,320

During the year ended 31 December 2022, dividend of Le0.65 per ordinary share (2,575,516,029 shares) was proposed (2021: Le0.50 per ordinary share on 2,575,516,029 shares).

b. Dividend payable

Balance at beginning of year	3,392,954	2,980,750
Amount accrued in the current year	1,287,758	1,158,982
Dividend paid	(1,182,065)	(1,064,320)
Dividend write back	3,928	317,542
Balance at end of year	**3,502,575**	3,392,954

28 EFFECTS OF CHANGES IN ACCOUNTING POLICIES

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

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

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

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

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

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

- lease payments made at or before commencement of the lease;

- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

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

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

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

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

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

The Company sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Company will consider whether the absence of a break clause would exposes the Company to excessive risk Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term;
- the economic stability of the environment in which the property is located; and
- whether the location represents a new area of operations for the Company.

At 31 December 2022 the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because on both dates it was considered reasonably certain that the Company would not exercise its right to exercise any right to break the lease.

29 CASHFLOWS FROM OPERATING ACTIVITIES

	2022	2021
Profit before taxation	7,186,045	4,734,998
Depreciation	403,453	76,839
Interest and other income	(5,787,639)	(3,012,765)
Increase in receivables and prepayments	897,960	(1,566,009)
Decrease in inventories	20,137	5,518
Increase in payables	3,898,929	569,949
Increase in insurance funds	2,330,177	4,025,828
	8,949,062	4,834,358

The Company classifies the cashflows for the purchases and disposal of financial assets in its operating cashflows, as the purchases are funded from the cashflows associated with the origination of insurance and investment contracts net of the cashflows for payment of insurance benefits and claims and investment contracts benefits.

30 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2022 (2021 : nil).

31 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2022 (2021 : nil).

32 RELATED PARTY DISCLOSURE

The staff of the Company own 0.67% of the Company's shares as at 31 December 2022 (2021 : 0.67%). The public holds the remaining 99.33% of the shares.

The following transactions were carried out with related parties:

a. Key management compensation

Salaries and other short-term employee benefits	1,669,483	1,677,877
	1,669,483	1,677,877

b. Loans to related parties

Loans to key management of the Company:

	2022	2021
At beginning of year	430,849	229,436
Loans advanced during the year	15,560	355,251
Loan repayments received	(113,752)	(153,838)
At end of year	332,657	430,849

33 EVENTS AFTER THE END OF THE REPORTING PERIOD

Events subsequent to the reporting period are disclosed only to the extent that they relate directly to the financial statements and their effect is material. The following are disclosures of post balance sheet events:

Declaration of Dividend

At the meeting of 16 June 2023, the Board proposed a dividend of Le0.65 to all shareholders in the Register of Members as at 31st December 2022.

Notes

Notes

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