ZAMBIA REINSURANCE PLC

ANNUAL REPORT 2022

...Covering your risks beyond...

WELCOME TO OUR ANNUAL REPORT 2022

Table of Contents

Board Chairperson's Message

On behalf of the Board of Directors, I am delighted to present the 2022 results of Zambia Reinsurance PLC (Zambia Re).

The past year has seen further challenges and uncertainty for many business entities as we began to learn to live with the global pandemic and its impact on our day to day lives and businesses. Although 2022 was a year marked by ongoing economic volatility, lingering effects of the pandemic and geopolitical conflict, it was also a year when we started getting back to “normal” as employees returned to the workplace.

The year demonstrated the resilience of our relationships and the strong partnerships which we have built over the years, with our reinsurance brokers and clients. Thanks to their continued support and our own agility in responding, we were able to navigate these challenges to successfully strengthen the fundamentals of the Company.

The country’s macroeconomic fundamentals stabilised in 2022, with a stable exchange rate and a steady decline in the inflation rate. The annual inflation rate remained in single digit at the close of the year, although the Kwacha depreciated towards the end of the year, driven by low foreign exchange supplies amidst high demand. Although economic activity was sluggish, the Zambian economy remained relatively resilient against a challenging global economic backdrop.

Industry Review

Towards the end of 2022, there were significant market developments; key was the commencement of the new Insurance Act No. 38 of 2021 which became effective on 23rd December 2022. With the commencement of the Act, new General (Insurance) Regulations came into force on 30th December 2022, through SI No. 105 of 2022, bringing about a major shift in the supervision of the insurance market, from what was previously obtaining, to a risk-based approach to capital when assessing the solvency of (re) insurance companies.

The new Regulations also outline the minimum requirements in terms of governance, shareholding, solvency and capital adequacy, among others, with a phased approach being adopted for some of the requirements.

These changes were generally anticipated by the market, through stakeholder meetings which took place earlier in the year. Due to careful planning and strategies in place, Zambia Re does not expect any unforeseen challenges in complying with these regulations. The Board has taken a keen interest in the changed regulatory landscape and has oversight of Management’s compliance.

We welcome these regulatory developments which are progressive and should enhance financial soundness of the market players and accelerate market growth.

Board Chairperson's Message | Continued

Our Performance

Zambia Re's performance for the year, was beyond expectation.

I am pleased to report that the Company performed well above its year-end objectives with earnings per share increasing from K0.03 in 2021 to K0.13 in 2022, thus increasing shareholder value. This was underpinned by strong growth of the top line and significant returns on investments.

The profit for the year increased by 364% from K1.307 million in 2021 to K 6.063 million.

The total comprehensive income for the year was K7.658 million, an increase of 164% from K2.905 million for the previous period, whilst total assets grew by 11%.

A strong and conservative balance sheet, combined with prudent capital management, delivered an above average performance. The continued reinvestment in the Company's core business and ongoing investments will allow the Company to continue to contribute meaningfully to the economy.

Over the past year, we invested further in technology to enhance not only our underwriting system but also our information systems, which has led to increased efficiencies in claims management and has improved cost containment through such measures as limited usage of paper.

We have strengthened the foundation of the Company and the significant investments made in our business and our employees have contributed to our ability to deliver.

Governance and the Board

The Board of Directors regularly considers environmental, social and governance (ESG) matters given their importance to the business, our Stakeholders and the Company's long-term performance. These remain part of our risk management strategy and the Board continually reviews policies so as to integrate ESG practices into the Company's operations and ensure sustainability.

The Board remains focused on creating a sustainable business entity which not only delivers improved financial results, but also adds long-term value for Shareholders and meets the expectations of various Stakeholders.

During the year, some members stepped down from the Board of Directors.

On behalf of the Board, I would like to thank Messrs. Mwewa Kyamulanda, Pumulo Akapelwa and Khayalami Ngono for the services they rendered to the Company during their tenure of office.

We continually look for opportunities to shape a diverse Board to ensure that we have the full benefit of varied talents, knowledge, work and life experiences, which only diversity can bring.

Dividend

Following Zambia Re's strong financial performance for 2022, the Directors will make a recommendation to the Shareholders at their forthcoming Annual General Meeting for the declaration of Dividends.

"We have strengthened the foundation of the Company and the significant investments made in our business and our employees have contributed to our ability to deliver."

Board Chairperson's Message | Continued

Outlook for 2022

The changes in the regulatory landscape bode well for the future as we look forward to improved organic growth and a financially sound insurance market.

We continue to focus on building trusted relationships and work with our partners in developing differentiated products and services to create more value for our clients.

We believe that with the strategic decisions we have made, Zambia Re is well positioned to deliver consistent, long-term growth and strong shareholder returns in the years to come.

We approach 2023 with confidence and we remain optimistic of the future.

On behalf of the Board of Directors I would like to thank our clients for their continued support and confidence in Zambia Re.

Thank you to my fellow Directors for their contributions in providing effective oversight and to the Employees for their continued commitment and hard work during the year.

Mrs Joyce Muwo-Mwansa
Chairperson

If you think you have someone eating out of your hands, it is a good idea to count your fingers.

– African Proverb

Managing Director's Message

"The year ahead promises to be one full of opportunities and we are confident that we have the right team and a robust strategy to take full advantage of these opportunities as they present themselves."

In 2022, we saw a shift from lockdowns and social distancing to a still evolving new normal.

As we continue to engage clients and form partnerships across the continent, we are transitioning to the digital future, where virtual meetings are now part of the way of doing business.

The introduction of the 20% withholding tax (WHT) on reinsurance and retrocession premiums outgo to reinsurers not registered in Zambia, caused a serious hiccup in the market and in our own operations, impacting negatively on the top line as we saw a diversion of large volumes of business by our clients to those reinsurers who were not affected by this tax.

As a result, although top line growth was achieved, this fell below our intended target. However, we are pleased to note that the WHT has been removed with effect from 1st January 2023.

Our gross written premium grew by over 20% over the previous year, driven mainly by the property classes of Fire and Engineering. This growth came largely from the domestic market and included some key mining risks as well as those from the energy sector.

The operating environment was made difficult by the tight liquidity conditions as a result of which premium collections remained slow. Although the net claims increased, the net loss ratio remained within the projected parameters.

The Life business continues to register steady growth and we anticipate accelerated growth in all classes of business, going forward, as we focus on our growth strategies
.
The employee skillsets improved through targeted training and we continue to enhance our Enterprise Risk Management Framework to ensure continued alignment with our risk appetites considering the ever-evolving operational environment.

We worked closely with our clients and stakeholders, with a focus on regular engagement to support them and meet their needs effectively. We continue to leverage on the strong relationships and synergies we have built over time with our partners in the domestic market and across the continent.

Looking Ahead

The new Insurance Act No.38 of 2021 became effective on 23rd December 2022 and with it came the General (Insurance) Regulations issued by the Pensions and Insurance Authority, being the regulatory authority, were effective 30th December 2022.
The regulatory landscape has shifted and the Company is faced with rapidly evolving regulatory obligations many of which are to be adhered to forthwith, although some, such as shareholding, have an extended time frame for compliance.

Managing Director's Message | Continued

Looking Ahead (Cont.)

The new regulations bring many positive aspects to the insurance space and even though the shift to capital-based supervision could be regarded as onerous, we at Zambia Re welcome them, as they bring renewed confidence in the market and financial soundness.

The year ahead promises to be one full of opportunities and we are confident that we have the right team and a robust strategy to take full advantage of these opportunities as they present themselves.

The tight liquidity in the market remains a concern as premium collections continue to present a challenge but we remain focused; our strategies are forward looking and responsive to the evolving operating environment.

Part of our focus for the year ahead, will be on strengthening our organizational resilience in the face of risks arising from the effects of climate change, cyber risks and other emerging risks. We recognize that climate change risks can impact the Company's operations and we continually assess the impact of climate related events in our business operations.

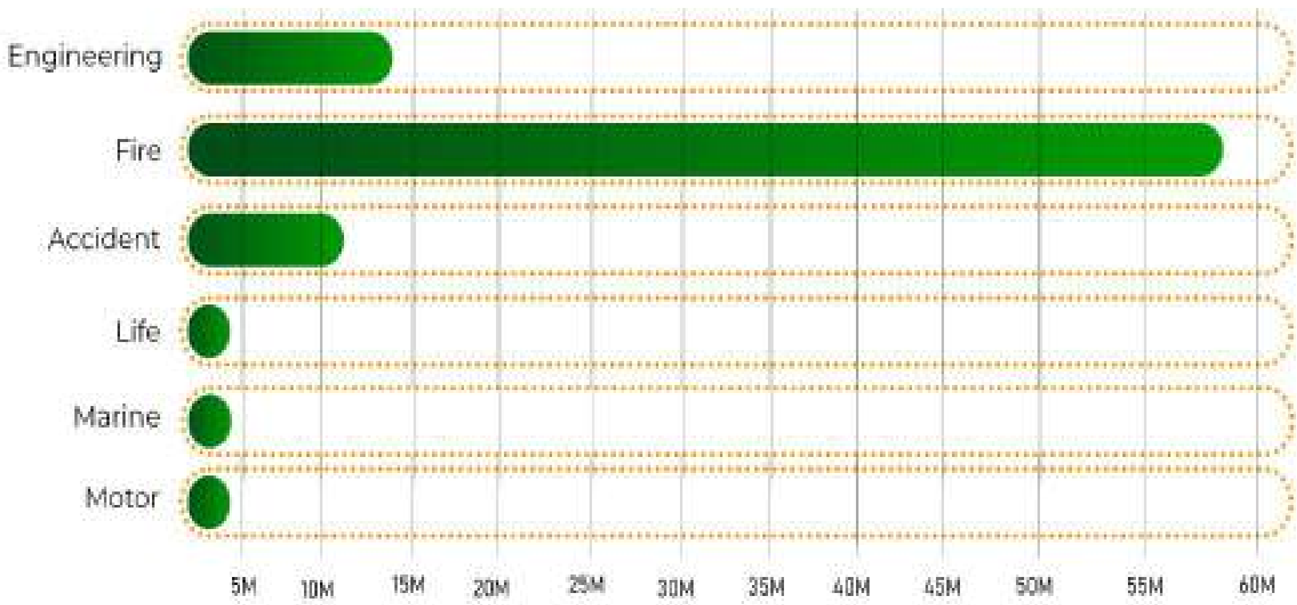
Let me thank the whole team for their diligence and hard work in delivering such a successful year. I would also like to thank the Board of Directors for their unwavering support and able guidance to Management throughout the year.

Exhilda Lumbwe
Managing Director

Performance Highlights

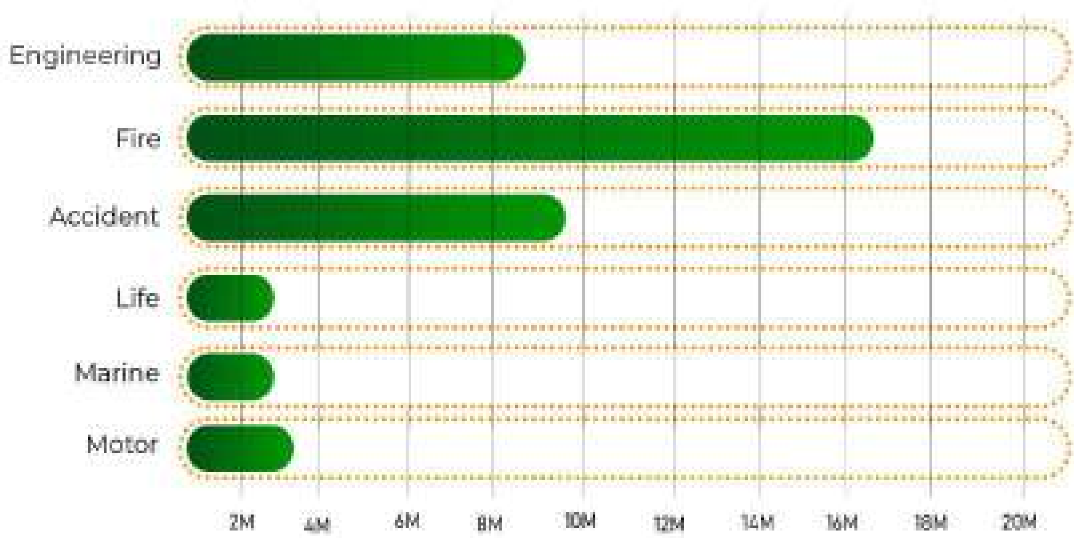
2022 Gross Written Premium

Per Class



2022 Net Written Premium

Per Class

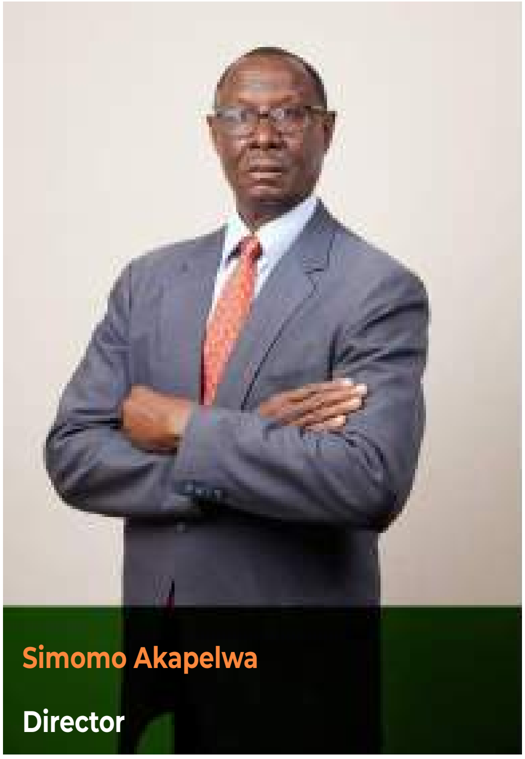


Performance Highlights | Continued

Gross Written Premium
Past 5 Years

Net Written Premium
Past 5 Years

Board of Directors



Board of Directors | Continued

Munakopa Sikaulu

Director

Mwewa Kyamulanda

Director

Pumulo Akalepwa

Director

Ngono Khayalami

Director

Senior Management

Exhilda Lumbwe
MANAGING DIRECTOR

Brian Mateyo
CHIEF OPERATING OFFICER

Chama Chipulu
CHIEF FINANCIAL OFFICER

Corporate Governance Report

Statement of Corporate Governance

The Board of Zambia Reinsurance Plc (Zambia Re) continues to be committed to high standards of corporate governance which underpin its values and are fundamental to discharging its responsibilities, whilst applying core principles of integrity, accountability and transparency, throughout its activities.

The Board believes it has complied with the Lusaka Securities Exchange (LuSE) Corporate Governance Code for listed and quoted companies, throughout the year.

The Board and Board Committees

The role of the Board is set out in its Board Charter which includes the approving and monitoring the Company's Strategic Plan, risk management, the annual budget as well as the appointment of senior members of management.

The Board is not dominated by any one individual or group in its decision-making processes and neither is there any undue reliance and or influence on any one individual or individuals.

The Board manages the overall control of the Company's affairs with reference to matters reserved for the Board's decision and takes responsibility for setting and reviewing the strategic direction of the Company. It meets formally at least four (4) times during the year, as well as when required, to review and monitor the performance of the Company and management.

As at 31 December 2022, the Board of Directors comprised of five (5) members, the number having reduced from eight, following the resignation of three members, during the course of the year.

Record of Directors' Attendance

	4 Mar	31 May	18 Aug	26 Aug	5 Dec	21 Nov	Total
Mrs Joyce Muwo-Mwansa | Non-Executive Chairperson	✓	✓	✓	✓	✓	✓	6
Mr Nathan DeAssis | Non-Executive Director	✓	✓	✓	✓	✓	✓	6
Mr. Simomo Akapelwa | Non-Executive Director	×	×	×	×	×	×	0
Mr Munakopa Sikaulu | Non-Executive Director	✓	✓	✓	✓	✓	✓	6
Mr. Mwewa Kyamulanda | Non-Executive Director	✓	✓	✓	✓	✓	✓	6
Mr. Khayalami Ngono | Non-Executive Director	✓	✓	✓	✓	×	×	4
Mr Pumulo Akhapelwa | Non-Executive Director	✓	✓	✓	✓	×	×	4
Mrs. Exhilda Lumbwe | Managing Director	✓	✓	✓	✓	✓	✓	6

Corporate Governance Report | Continued

Board Committees

There are three (3) Committees to assist the Board in exercising its responsibilities. These are: the Audit and Risk Committee, the Investment Committee and the Remuneration Committee.

The Committees operate under specific mandates and terms of reference.

Audit and Risk Committee

The Audit and Risk Committee comprises of four (4) members and it is chaired by an independent, Mr. Chrispin Daka, who does not sit on the Board.

The primary responsibility of the Committee is to ensure the integrity of the financial reporting and compliance with legal and regulatory obligations as well as overseeing a comprehensive system of controls.

To this effect, the Committee receives and reviews the Internal Audit reports which are conducted by independent auditors who are outsourced and it also has oversight of the independence of external auditors and meets with them at least once a year.

The Committee has oversight of the Company's Enterprise Risk Management (ERM) and regularly monitors its effectiveness through the identification, mitigation and management of risks that could adversely impact the Company.,

The Committee meets at least twice in a year and whenever necessary and the attendance is shown below:

Audit and Risk Committee Attendance

	4 March	19 August	2 December	Total
Mr. Chrispin Daka | Independent Chairperson	✓	✓	✓	3
Mr. Nathan DeAssis | Non-Executive Director	✓	✓	✓	3
Mr. Pumulo Akapelwa | Non-Executive Director	✓	✓	×	2
Mr. Munakopa Sikaulu | Non- Executive Director	✓	✓	✓	3

Remuneration Committee

The Remuneration Committee comprises of three (3) members and is chaired by a non-executive director.

The Committee provides oversight over the remuneration of senior management and the Company as a whole.

The Committee meets at least once in a year and whenever necessary.

Remuneration Committee Attendance

	22 November	Total
Mr. Munakopa Sikaulu | Chairperson	✓	1
Mr. Khayalami Ngono | Non- Executive Director	×	0
Mr Mwewa Kyamulanda | Non-Executive Director	✓	1

Corporate Governance Report | Continued

Investment Committee

The Investment Committee comprises of three (3) members.

The Committee's main responsibility is to review, evaluate and approve investment transactions as well as have oversight of the Company's Investment Strategy and Investment Policy.
The Committee meets at least once a year and whenever necessary.

The attendance for 2022 was as follows:

	2 December	Total
Mr. Mwewa Kyamulanda | Chairperson	✓	1
Mr. Khayalami Ngono | Non- Executive Director	×	0
Mr Munakopa Sikaulu | Non-Executive Director	✓	1

Enterprise Risk Management

The Company has in place an Anti-money Laundering and Countering the Financing of Terrorism (AML/CFT) Policy which contains measures and practices to detect and prevent money laundering, financing of terrorism or proliferation risks that are relevant to insurance business.

These measures identify and assess risks or areas in which money laundering may occur and ensure controls to manage and mitigate against such identified risks. They also include customer due diligence.

The Company has an Enterprise Risk Management (ERM) framework which effectively identifies, assesses and manages risk.

The ERM is a key pillar of the Company's strategic plan as the Company recognizes that it needs to be effected at all levels of the Company and potential events that can adversely affect the Company need to be managed within its risk appetite.

ERM, by its nature, is a process, which is ongoing and the framework is reviewed regularly with the Board, through the Audit and Risk Committee, having oversight of this process.

The Company's Management and Advisors

The Managers who held office during the year ended 31 December 2022 were:

Management

Exhilda Lumbwe	Managing Director
Brian Mateyo	Chief Operating Officer
Chama Chipulu	Chief Financial Officer

The advisors to Zambia Reinsurance Plc ('Zambia Re or the Company') are as follows:

Company Secretary

Choice Corporate Services Limited
Stand 3509/No.7 Matandani Close, Rhodes Park
P.O. Box 32565
Lusaka, Zambia

Legal Advisors

Wilson and Cornhill
5th Floor, Premium House, Independence Avenue
P.O. Box 38906, Lusaka
Zambia

Bankers

Stanbic Bank Zambia Limited
ABSA Bank Zambia Plc
Atlas Mara Zambia Limited
Zambia Industrial Commercial Bank
Indo Zambia Bank Limited
Investrust Bank Plc

External Auditors

Grant Thornton
2nd Floor, West wing,
Metropolitan Building, Danny Pule Road
P.O. Box 30885
Lusaka, Zambia

Internal Auditors

Victor and Morgan Associates
10A Twin Palm Road, Kabulonga,
P.O. Box 51598
Ridgeway, Zambia

Registered Office

The address of the Company's registered office is:
Stand 3509/No.7 Matandani Close Rhodespark,
P.O. Box 32565,
Lusaka, Zambia

The Company's principal place of business is:
Plot 7, Namambozi Road, Fairview
Postnet Box 658, P/B E891
Lusaka, Zambia

Report of the Directors

Principal Activity

The principal activity of the Company is to underwrite all classes of reinsurance business (Non-life and Life) .

Share capital

The authorised share capital of the Company is K75,000,000.00 and the issued share capital is K45,000,000.00.

Distribution of shareholders

At 31 December 2022, the shareholding was as follows:

	No of Holders	% held	No. of Shares
Less than 500 shares	200	0.13	58,366
501 - 5,000 shares	48	0.24	107,892
5,001 – 10,000 shares	9	0.15	69,044
10,001 – 100,000 shares	39	3.14	1,410,886
100,001 - 1,000,000	28	22.19	9,985,637
Over 1,000,000 shares	9	74.15	33,368,175
Total	333	100	45,000,000

Significant shareholding in the company

Shareholdings that were 5% or more were as follows:

Name of Shareholder	%	No of Shares
Industrial Development Corporation (IDC)	28.17	12,678,343
National Pension Scheme Authority (NAPSA)	14.27	6,422,842
Exhilda Mwinji Lumbwe	6.53	2,940,055
Madison Pension Trust Fund	5.52	2,483,155

Report of the Directors | Continued

Directors' Interests

The number of shares held by the Directors of the Company as at 31 December 2022 were:

	2022	2021
Exhilda Mwinji Lumbwe	**2,940,055**	2,940,055
Nathan DeAssis	**1,500**	1,500
Joyce Muwo-Mwansa	**438,956**	438,956
Munakopa Sikaulu	**392,508**	392,508
Total	**3,773,019**	3,773,019

Report of the Directors | Continued

Financial Results

The financial results of the Company for the year under review are as reported in the financial statements set out on pages 32 to 95 and are summarised below:

The Company made a profit after tax of **K6,062,800** compared to a profit of K1,307,334 in the previous year.

The result of the company are as follows;

Fiqures in Kwacha Thousands

Class of business	Fire	Accident	Motor	Engineering	Marine	Life	2022	2021
Gross Written Premium	58,753	12,989	3,468	14,465	3,232	2,965	**95,872**	78,759
Change in unearned premium reserve	(2,193)	96	185	497	(194)	-	**(1,609)**	123
Premium ceded	(39,961)	(3,342)	46	(6,507)	(111)	(125)	**(50,000)**	(47,059)
Net premiums	**16,599**	**9,743**	**3,699**	**8,455**	**2,927**	**2,840**	**44,263**	31,823
Net claims	637	(1,954)	(3,483)	(4,426)	(637)	(513)	**(10,376)**	(8,133)
Reinsurance								
commissions	12,399	367	(38)	1,162	26	-	**13,916**	13,077
	13,036	(1,587)	(3,521)	(3,264)	(611)	(513)	**3,540**	4,945
Net Commissions paid	(14,240)	(5,863)	(878)	(3,592)	(1,023)	(520)	**(26,116)**	(16,430)
Net change in deferred								
acquisition costs	1,187	287	46	61	167	-	**1,748**	(2,016)
Total claims and								
other direct expenses	**(17)**	**(7,163)**	**(4,353)**	**(6,795)**	**(1,467)**	**(1,033)**	**(20,828)**	(13,501)
	-	-	-	-	-	-		
Underwriting surplus	16,582	2,580	(654)	1,660	1,460	1,807	**23,435**	18,322
Other income							**10,529**	1,782
Other indirect expenses:								
Employment expenses							**(11,106)**	(8,639)
General expenses							**(5,224)**	(5,453)
Depreciation expenses							**(633)**	(586)
Expected credit losses on premium receivables							**(667)**	(457)
Other operating expenses							**(4,745)**	(2,142)
Profit before tax							**11,589**	2,827
Income tax credit							**(5,527)**	(1,520)
Profit after tax							**6,063**	1,307

Report of the Directors | Continued

Investments
The total value of the investments of the Company at 31 December 2022 was K78,353,359 (2021: K70,799,622).

The primary focus of the investment policy continues to be security, liquidity and maximising the rate of return.

Dividend
During the year under review, there was a dividend of K 2,655,000 paid (2021: K Nil).

Directorate and Secretariat
The following Directors held office during the year and up to the date of this report:

Mrs Joyce Muwo-Mwansa	Chairperson
Mr Nathan DeAssis	Director
Mr. Pumulo Akapelwa	Director (Appointed 21 April 2022, Resigned 26 August 2022)
Mr Munakopa Sikaulu	Director
Mr. Khayalami Ngono	Director (Appointed 21 April 2022, Resigned 26 August 2022)
Mr Mwewa Kyamulanda	Director (Resigned 31 December 2022)
Mr Simomo Akapelwa	Director
Mrs. Exhilda Lumbwe	Managing Director

The Company Secretaries and their address is:
Choice Corporate Services Limited
Stand 3509/No.7 Matandani Close
Rhodes Park
P O Box 32565
Lusaka

Net Outstanding Claims
There has been an overall increase in net outstanding claims from K4,851,134 in 2021 to K8,523,989 in 2022. The net claims outstanding consists of the following:

	2022	2021
	K	K
Outstanding claims	**3,742,327**	3,284,497
Reinsurance share of outstanding claims	**(980,961)**	(2,160,776)
Net incurred but not reported claims	**5,762,623**	3,727,413
Total	**8,523,989**	4,851,134

Report of the Directors | Continued

Employees

The average number of employees during the year was less than 100 at 17 (2021: less than 100 at 14).
The total remuneration paid to employees during the year was K 11,105,904 compared to K8,638,503 in the previous year.

Research and Development

The Company did not carry out any research and development activities during the year (2021: K Nil).

Health and Safety Matters

The Company recognises its responsibility regarding the occupational health, safety and welfare of the employees and has put in place measures to safeguard them.

With the continued Covid 19 pandemic in 2022, Management and the Board continued to focus on measures to mitigate the impact of the pandemic on its stakeholders and the business operations.

Property and Equipment

The additions to property and equipment during the year amounted to K781,372 (2021: K504,590), and comprised the following:

	2022	2021
	K	K
Furniture, equipment and motor vehicle	781,372	504,590

Other Material Facts, Circumstances and Events

The Directors are not aware of any material fact, circumstance or event which has occurred between the accounting date and the date of this report which might influence an assessment of the Company's financial position or the results of its operations.

Related Party Transactions

The Directors confirm full and adequate disclosures of all related party transactions entered during the year with all related parties and the subsequent year end balances as at 31 December 2022. See details included under note 27 to the financial statements.

(i) Directors' fees

Directors' fees of K3,347,134 (2021: K998,617) were paid during the year.

(ii) Directors' loans

No loans were advanced to the Directors of the Company (2021: K Nil).

Donations

The Company did not make any cash donations during the year (2021: K Nil).

Report of the Directors | Continued

Climate Related Risks

The Company recognizes that physical climate can impact the company's operations, which impact can be either short term or long term in nature.

For this reason, climate related risks form part of the Company's Enterprise Risk Management framework, focusing on the Company's preparedness to identify and assess natural events arising from climate change, that can adversely affect business operations such as prolonged unavailability of assets and infrastructure, cost of restoration of services and customer disruption.

Under the Company's insurance program for its assets, there is sufficient cover for the Company to be fully compensated in the event of a climate related disaster, such as flooding.

Although the physical risks arising from climate change can have significant economic and social consequences overall, they represent a very limited and manageable risk to the Company.

Covid-19 Disclosure

The Covid - 19 pandemic continues to have a negative impact not only on the country's economy but worldwide, even as some economies are starting to emerge from this. Uncertainties remain as to the overall economic impact going forward.

The Company continues to monitor the impact of covid on the recoverability of debtors.

Auditors

In accordance with the provisions of the Articles of Association of the Company, the auditors, Messrs Grant Thornton will retire as auditors of the Company at the conclusion of the forthcoming Annual General Meeting, and having expressed their willingness to continue in office, a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board.

Choice Corporate Services Limited
Company Secretary
Lusaka
Date: 9 March 2023

The axe forgets but the tree remembers.

– African Proverb

Statement of Directors' Responsibilities for the Annual Financial Statements

Statement Of Directors' Responsibilities

The Companies Act, 2017 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company. The Directors are further required to ensure the Company adhere to the corporate governance principles or practices contained in Part VII Sections 82 to 122 of the Companies Act, 2017.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act, 2017, the Insurance Act, 1997 (as amended) and the Securities Act of Zambia.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, and for such internal controls as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error. In addition, the Directors are responsible for preparing the Directors' report.

The Directors are of the opinion that the financial statements set out on pages 32 to 95 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with International Financial Reporting Standards, the Companies Act, 2017, the Insurance Act, 1997 (as amended) and the Securities Act of Zambia. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Part VII, Sections 82 to 122 of the Companies Act, 2017.

The Directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern for at least twelve (12) months from the date of this statement.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework described above.

Approval of the annual financial statements

The annual financial statements of Zambia Reinsurance Plc, set out on pages 32 to 95, were approved by the Board of Directors on 9 March 2023 and signed on its behalf by:

Joyce Muwo-Mwansa	Exhilda Lumbwe
Board Chairperson	**Managing Director**

Grant Thornton

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Independent Auditor's Report

Report on the Audit of the Financial Statements

We have audited the financial statements of Zambia Reinsurance Plc, set out on pages 32 to 95 which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies

In our opinion, the financial statements give a true and fair view of the financial position of Zambia Reinsurance Plc, as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Insurance Act 1997 (as amended), the Companies Act, 2017 and the Securities Act of Zambia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)") and other independence requirements applicable to performing audits of financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Independent Auditor's Report

Key Audit Matter	How matter was addressed in our audit
Valuation of expected credit loss (ECL) on insurance receivables	
Insurance receivables form a major portion of the company's assets. As at 31 December 2022, the Company's gross insurance receivables amounted to K32.40 million and the related provision for insurance receivables recognised totalled K14.76 million. The Company exercises significant judgment by applying assumptions in the models used to determine expected credit losses for insurance receivables. The default rates are calculated using historical data of credit loss experiences that is complete, appropriate and representative. The historical loss rates, must also reflect the current economic conditions as well as forecast of future economic conditions, provided there is availability of reasonable and supportable information and this particularly involves significant judgement. Additional information about the insurance receivables is presented in Notes 2.14.1, 3.2.1, 15 and 31 of the financial statements.	· Reviewed the Company's methodology for determining expected credit losses and engaged our internal IFRS 9 specialist to review the methodology and assumptions used for reasonableness and assess management's basis for computing the expected credit losses are in line with the requirements of IFRS 9. · Tested the input for completeness and accuracy of the underlying data inputs used in the model and the arithmetic accuracy of the computation of the ECL. · Reviewed the aging of the receivables and challenged management on all significant receivables not provided. · Assessed the adequacy of the provision by performing an independent assessment of the provision when compared against historical data adjusted for current market conditions and forward-looking information; and · Tested the accuracy of the information included in the premium receivables ageing report.

Key Audit Matter	How matter was addressed in our audit
Valuation of incurred but not reported reserve ("IBNR")	'We performed the following audit procedures:
We focused on this area because the valuation of IBNR is significant in magnitude and requires use of judgements and estimates. The determination of the IBNR requires the Company's management to make assumptions in the valuation thereof, which is determined with reference to an estimation of the ultimate cost of settling all claims incurred but not yet reported. It is reasonably possible that uncertainties inherent in the reserving process, delays in insurers reporting losses to the Company, together with the potential for adverse development, could lead to the ultimate amount paid varying materially from the amount estimated at this reporting date. We also focused on this area because Company has a significant balance of IBNR amounting to K5.76 million as at 31 December 2022. Please refer to Notes 3.2.2, 21 and 31 of the financial statements for the accounting policy, disclosures of the related judgements and estimates and other details relating to IBNR.	We evaluated management's methodology against market practice and challenged management's assumptions and their assessment of major sensitivities, based on our market knowledge and industry data where available. The main areas of judgement include the level of reserves held for specific losses, the loss development patterns selected and the initial expected loss ratios; Tested the completeness and accuracy of the underlying insurance data provided by the management to the Company's actuary; and We evaluated the reasonableness of historical reserves held against the actual claims paid out, to test adequacy of the reserve. 'Based on the work done, we conclude that the judgements and assumptions are reasonable.

Independent Auditor's Report

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report and the Statement of Responsibility for the Annual Financial Statements, as required by the Companies Act, 2017 which we obtained prior to the date of this auditor's report, and the annual report which we will receive after the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Insurance Act, 1997 (as amended) and the Companies Act, 2017 and Securities Act of Zambia for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 judgement and maintain scepticism throughout the audit. :

Independent Auditor's Report

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 or our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including

any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have compiled 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 the Directors , we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless 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 the other Legal and Regulatory Requirements

The Companies Act, 2017 of Zambia

Sections 250 (2) and 259 (3) of the Companies Act, 2017 require that in carrying out our audit, we consider and report on whether:

- There is a relationship, interest or debt which we as the Company's auditors have in Zambia Reinsurance Plc;
- There are serious breaches by the Company's Directors of the corporate governance principles or practices contained in Part VII, sections 82 to 112 of the Companies Act, 2017; and

Independent Auditor's Report

- There is an omission in the financial statements as regard particulars of loans made to a Company officer (a director, Company secretary or executive officer of a Company) during the year, and if reasonably possible, disclose such information in our opinion.

In respect of the foregoing requirements, we have no matters to report

.

Insurance Act, 1997 (as amended)

In accordance with the Insurance Act, 1997 (as amended), we report that in our opinion:

- The Company made available all necessary information to enable us to comply with the requirements of the Act;
- The Company has complied with the provisions, regulations, guidelines and prescriptions under the Act; and
- The Company met the minimum solvency margins as required by Section 36(2) of the Insurance Act, 1997 (as amended). The Company recorded a solvency margin of 33.4% as disclosed in solvency statement on page 59.

The Securities Act, 2016 of Zambia

Part III, Rule 18 of the Securities (accounting and financial reporting requirements) Rules of the Securities Act, 2016 of Zambia, require that in carrying out our audit of Zambia Reinsurance Plc we report on whether:

- The annual financial statements of the Company have been properly prepared in accordance with Securities and Exchange Commission rules;
- The Company has, throughout the financial year, kept proper accounting records in accordance with the requirements of Securities and Exchange Commission rules;
- The statement of financial position and statement of comprehensive income are in agreement with the Company's accounting records; and
- We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In respect of the foregoing requirements, we have no matters to report.

Grant Thornton

Grant Thornton
Chartered Accountants

Banda

Chilala Banda
Name of Partner signing on behalf of the firm

AUD/F004257

Date: 9 March 2023

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

Kwacha	NOTE	2022	2021
Premiums written in the year	4	**95,872,079**	78,759,253
Premiums ceded to reinsurers		**(49,999,985)**	(47,058,834)
Net change in unearned premium reserve	4	**(1,609,807)**	122,849
Net premiums		**44,262,287**	31,823,268
Investment income	5	**9,098,549**	9,819,069
Other gains and losses	6	**1,432,585**	(8,440,739)
Other income		**(2,015)**	404,060
Reinsurance commissions received		**13,915,555**	13,077,480
Other operating income		**24,444,674**	14,859,870
Gross claims paid	7	**(12,280,532)**	(14,202,084)
Change in claims outstanding		**(457,830)**	(1,158,090)
Claims ceded to reinsurers	21	**5,577,606**	6,046,176
Change in reinsurance claims		**(1,179,815)**	1,243,235
Net change in incurred but not reported reserve		**(2,035,210)**	(61,745)
Net insurance claims		**(10,375,781)**	(8,132,508)
Commissions paid to brokers and agents		**(26,115,404)**	(16,429,696)
Net change in deferred acquisition costs	17	**1,748,465**	(2,016,122)
Employee benefits expenses		**(11,105,904)**	(8,638,503)
General administrative expenses		**(5,224,300)**	(5,453,755)
Other operating expenses	8	**(4,744,993)**	(2,142,075)
Expected credit losses on premium receivables	15	**(666,510)**	(456,574)
Depreciation expense	11	**(633,043)**	(586,238)
Total operating expenses		**(46,741,689)**	(35,722,963)
Total claims and other expenses		**(57,117,470)**	(43,855,471)
Profit before tax	9	**11,589,491**	2,827,668
Income tax expense	10	**(5,526,691)**	(1,520,334)
Profit for the year		**6,062,800**	1,307,334
"Items that will not be reclassified subsequently to profit or loss "			
Gain (Loss) on investments at fair value	14	**1,595,485**	1,468,795
Deferred tax on revaluation of property and equipment	25	**-**	128,524
Total comprehensive income for the year		**7,658,285**	2,904,653
Basic and diluted earnings per share	27	**0.13**	0.03

Accounting policies and notes to the financial statements set out on pages 32 to 95 form an integral part of the financial statements.

Statement of Financial Position

As at 31 December 2022

Kwacha	NOTE	2022	2021
Assets			
Property and equipment	11	**9,793,627**	8,650,034
Right-of-use assets	24	**549,900**	-
Investment properties	12	**5,600,000**	5,040,000
Deferred tax asset	25	**-**	3,152,059
Current tax asset	10	**390,096**	-
Investments at amortised cost	13	**66,368,478**	60,970,266
Investments at fair value	14	**6,384,881**	4,789,396
Insurance receivables	15	**17,635,403**	13,494,339
Other assets	16	**16,126,756**	11,400,014
Deferred acquisition costs	17	**1,045,190**	-
Cash and cash equivalents	18	**1,480,489**	5,468,115
Total assets		**125,374,820**	112,964,223
Equity and liabilities			
Capital and reserves			
Share capital	19	**45,000,000**	45,000,000
Share premium	20	**24,978,551**	24,978,551
Revaluation reserves		**8,115,953**	5,545,108
Retained earnings		**20,184,703**	16,756,998
Total equity		**98,279,207**	92,280,657
Liabilities			
Insurance contract liabilities	21	**14,387,822**	9,105,160
Reinsurance payables	22	**7,466,452**	6,808,115
Other financial liabilities	23	**4,128,775**	2,786,820
Lease liabilities	24	**549,900**	-
Deferred reinsurance commission	17	**-**	703,276
Deferred tax liability	25	**556,221**	-
Current tax liability	10	**-**	1,275,305
Dividend payable		**6,443**	4,890
		27,095,613	20,683,566
Total equity and liabilities		**125,374,820**	112,964,223

Accounting policies and notes to the financial statements set out on pages 32 to 95 form an integral part of the financial statements.

The responsibilities of the Company's Directors with regard to the preparation of the financial statements are set out on page 26. The financial statements on pages 32 to 95 were approved and authorised for issue by the Board of Directors on 9 March 2023 and were signed on its behalf by:

Joyce Muwo - Mwansa
Director

Exhilda Lumbwe
Director

Statement of Changes in Equity

For the year ended 31 December 2022

Kwacha	Share Captital	Share Premium	Revaluation Reserves	Retained Earnings	Total
Balance at 1 January 2021	45,000,000	24,978,551	4,046,904	15,350,549	89,376,004
Profit for the year	-	-	-	1,307,334	1,307,334
Other comprehensive income, net of taxes:					
Transfer to retained earnings	-	-	(99,115)	99,115	-
Gain on investments at fair value	-	-	1,468,795	-	1,468,795
Deferred tax on revalued properties	-	-	128,524	-	128,524
Balance at 31 December 2021	45,000,000	24,978,551	5,545,108	16,756,998	92,280,657
Balance at 1 January 2022	**45,000,000**	**24,978,551**	**5,545,108**	**16,756,998**	**92,280,657**
Profit for the year	-	-	-	6,062,800	6,062,800
Other comprehensive income, net of taxes:					
Transfer to retained earnings	-	-	(19,905)	19,905	-
Gain on Revaluation of property			995,265		995,265
Gain on investments at fair value	-	-	1,595,485	-	1,595,485
Dividends paid	-	-	-	(2,655,000)	(2,655,000)
Balance at 31 December 2022	**45,000,000**	**24,978,551**	**8,115,953**	**20,184,703**	**98,279,207**

Accounting policies and notes to the financial statements set out on pages 32 to 95 form an integral part of the financial statements.

Statement of Cashflows

For the year ended 31 December 2022

Kwacha	NOTES	2022	2021
Operating activities			
Profit for the year		**6,062,800**	1,307,334
Adjusted for non cash items:			
Depreciation expense	11	**633,043**	586,238
Income tax expense	10	**5,526,691**	1,520,334
Gains on disposal of property and equipment		**(2,300)**	(116,736)
Fair value gain on investment property	6	**(546,000)**	(19,500)
Other gains (losses)		**22,742**	946,818
Interest income		**(9,098,549)**	(8,942,184)
Bad debts	15	**(666,510)**	(456,574)
Operating cash flows before movement in			
working capital		**1,931,917**	(5,174,270)
(Increase)/ decrease in insurance receivables		**(3,474,554)**	9,869,168
(Increase)/ decrease in other assets		**(4,726,742)**	261,762
(Increase)/decrease in deferred acquisition costs		**(1,748,466)**	2,016,122
Increase/(decrease) in insurance contract liabilities		**5,282,662**	(146,248)
Increase in reinsurance payables		**658,337**	622,124
Increase in other financial liabilities		**1,341,955**	(73,796)
Cash generated from operating activities		**(734,891)**	7,374,862
Interest income		**9,098,549**	8,065,299
Rental income	5	**161,606**	419,000
Dividend income	5	**417,959**	457,885
Income tax paid	10	**(3,483,812)**	(2,944,586)
Net cash generated from operating activities		**5,459,411**	13,372,460
Investing activities			
Additions to investment property	12	**(14,000)**	(20,500)
Proceeds on disposal of property and equipment		**2,300**	229,073
Purchase of property and equipment	11	**(781,372)**	(504,590)
Proceeds from investments in financial assets		**83,525,993**	56,653,579
Purchase of investments in financial assets		**(89,503,769)**	(74,773,704)
Net cash used in investing activities		**(6,770,848)**	(18,416,142)
Financing activities			
Dividends paid	29	**(2,653,447)**	-
Net cash generated from financing activities		**(2,653,447)**	-
Net cash (outflows) inflows		**(3,964,884)**	(5,043,681)
Net cash and cash equivalents at beginning of the year		**5,468,115**	11,458,615
Impact on foreign currency exchange rate changes		**(22,742)**	(946,818)
Net cash and cash equivalents at end of the year		**1,480,489**	5,468,115
Comprised of:			
Bank and cash balances	18	**980,489**	2,334,770
Short term deposits maturing within 90 days	13	**500,000**	3,133,345
		1,480,489	5,468,115

Accounting policies and notes to the financial statements set out on pages 32 to 95 form an integral part of the financial of the financial statements.

He who thinks is leading and has no one following him, is only taking a walk.

– African Proverb

Notes to the Financial Statements

For the year ended 31 December 2022

1. General Information

Zambia Reinsurance PLC (the "Company") is a public limited Company incorporated and domiciled in Zambia. The address of its registered office and principal place of business are disclosed in the corporate information on page 18. The principal activities of the Company are described in the Director's report.

The financial statements are presented in Zambian Kwacha (K), which is the Company's presentation currency. All financial information presented in Zambian Kwacha has been rounded to the nearest Kwacha unless otherwise indicated. The Company's financial currency is the Zambian Kwacha (K).

2. Summary of Significant Accounting Policies

2.1 Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in the manner required by the Insurance Act 1997 (as amended), the Companies Act, 2017 and the Securities Act of Zambia.

2.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for, leasing transactions that are within the scope of IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 Impairment of assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The Company presents its statement of financial position broadly in order of liquidity from the least liquid to the most liquid. An analysis regarding recovery of settlement within twelve months after the reporting date (current) more than 12 months (non current) is presented in the notes.

2.3 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

2. 3.1. Gross premiums

Gross written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods. Rebates that form part of the premium rate, such as no-claim rebates, are deducted from the gross premium; others are recognised as an expense.

Unearned premiums are those proportions of premiums written in a year, less retrocession premium, that relate to periods of risk after the reporting date. Unearned premiums are calculated using the 24th method as prescribed by the Insurance Act, 1997 (as amended). The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

2.3.2. Reinsurance premiums

Gross reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

2.3.3. Investment income

Interest income is recognised in profit or loss as it accrues and is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated cash receipts through the expected life of the financial asset to net carrying amount on initial recognition. Interest income relates to interest from fixed deposits, treasury bills and bank interest earned. Dividends received relates to actual dividends paid on equity investments held and rental income relates to income accrued on investment properties.

2.4. Benefits, claims and expenses recognition

2.4.1. Gross benefits and claims

These include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

2.4.2. Reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

2.4.3. Finance cost

Interest paid is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest-bearing financial liability.

2.4.4. Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

2.5 Foreign currencies

The financial statements of the Company are presented in the currency in which the majority of its transaction are conducted (its functional currency). For the purpose of the financial statements, the results and financial position of the Company are expressed in Zambian Kwacha ('K'), which is the functional currency of the Company and the presentation currency for the financial statements.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

2.5 Foreign currencies (Continued)

Preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange losses differences arising on cash and cash equivalents are treated as realised for tax purposes.

2.6 Taxation

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

2.6.1. Income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.6.2. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

"The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.6.3. Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.7 Property and equipment

Leasehold buildings are stated in the statement of financial position at valuation less depreciation. Valuations are performed as and when the Directors deem it necessary to do so but with sufficient regularity such that the carrying depreciation.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

2.7 Property and equipment (Cont.)

amount of the asset does not differ materially from that which would be determined using fair values at the reporting date. Movable machinery, fixtures and fittings and motor vehicles are stated in the statement of financial position at cost less depreciation.

Any revaluation increase arising on the revaluation of such leasehold buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Assets under construction are carried at cost, less any identified impairment loss. Such assets are initially shown as capital work in progress and transferred to the relevant class of assets when commissioned. Cost includes fees and where necessary, borrowing costs. Depreciation on these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their estimated useful lives, on a straight-line basis, at the following annual rates:

Leasehold Building	2.00%
Motor Vehicles	25.0%
Office equipment, fixtures and fittings	25.0%
Computer furniture	15.0%
Computer software	20.0%

The estimated useful lives, residual values and depreciation method are reviewed at each year end. The effect of any changes in estimate is accounted for on a prospective basis.
Management has estimated the residual values of the property and equipment at 31 December 2022 to be insignificant.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from its continued use. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Repairs and maintenance expenses are charged to the statement of comprehensive income during the year in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company.

2.8 Impairment of property and equipment

At each reporting date, the Company reviews the carrying amounts of its property and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

2.8 Impairment of property and equipment(Cont.)

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

2.9 Revaluation of property and equipment

Valuations are performed as and when the Directors deem it necessary to do so but with sufficient regularity such that the carrying amount of the asset does not differ materially from that which would be determined using fair values at the reporting date. The last independent valuation was done in 2022.

2.10 Residual values and useful lives of property and equipment

The Directors review the estimated useful lives of property and equipment at the end of each annual reporting period to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss.

2.11 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the year in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.12. Deferred expenses

Commission and other acquisition expenses relating to unearned premiums are carried forward as deferred expenses. Deferred expenses represent commission and other brokers' fees which vary directly with and are primarily related to the acquisition of new and renewable insurance contracts and are deferred and charged to profit or loss as the related premium income is recognised. Deferred expenses are calculated on a time basis using the 24th method in respect of all classes of business.

2.13. Unearned Premium

Unearned premiums relate to the unexpired risks under policies in force. Unearned premiums are calculated on a time basis using the 24th method in respect of all classes of business.

2.14. Financial instruments

2.14.1 Financial assets

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 marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

"Debt instruments that meet the following conditions are measured subsequently at amortised cost:
· the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
· the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

2.14. Financial instruments (Cont.)

2.14.1 Financial assets (Cont.)

(i) Classification of financial assets (Cont.)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).
The accounting policies adopted for specific financial assets are as set out below:

(i) Insurance and other receivables

The Company's products are classified at inception as insurance contracts. Insurance contracts are those contracts that transfer significant insurance risk, if and only if, an insured event could cause an insurer to make significant additional benefits in any scenario, excluding scenarios that lack commercial substance.

Insurance and other assets are measured at initial recognition at fair value, and are subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Insurance receivables are stated after the deduction of amounts which, in the opinion of the Directors, are required for specific provision. Specific provisions are made against identified doubtful insurance.

(ii) Deferred acquisition costs

Acquisition costs which represent commission are deferred over the year in which the related premiums are earned. The deferred portion is calculated by applying the 24th method on net commission.

(iii) Cash and cash equivalents

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

(iv) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

2 Summary of Significant Accounting Policies (Cont.)

2.14 Financial instruments (Cont.)

2.14.1 Financial assets (Cont.)

(iv) Amortised cost and effective interest method (Cont.)

allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

(v) Equity instruments designated at fair value through other comprehensive income

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables and insurance receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

2. Summary of Significant Accounting Policies (Cont.)

2.14 Financial instruments (Cont.)

2.14.1 Financial assets (Cont.)

Impairment of financial assets (Cont.)

The Company always recognises lifetime ECL for insurance receivables and lease receivables. The expected credit losses on these financial assets are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(i) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 365 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of insurance receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

2. Summary of Significant Accounting Policies (Cont.)

2.14 Financial instruments (Cont.)

2.14.1 Financial assets (Cont.)

Impairment of financial assets(Cont.)

(iii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

Derecognition of financial assets

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings. The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.14.2.Financial liabilities

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

The Company has the following financial liabilities:

(i) Reinsurance and other payables

Reinsurance and other payables are initially measured at fair value, and are subsequently measured at amortised cost.

(ii) Deferred reinsurance commission

Reinsurance income which represent commission are deferred over the year in which the related premiums are earned. The deferred portion is calculated by applying the 24th method on net commission.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

2. Summary of Significant Accounting Policies (Cont.)

2.14. Financial Instruments (Cont.)

2.14.2 Financial liabilities (Cont.)

(iii) Outstanding claims

Outstanding claims, net of reinsurance recoveries, include claims reported but unpaid, and claims incurred but not reported at the date of the statement of financial position. Any differences between the original claim provision and subsequent re-estimates or settlements are reflected in the underwriting results for the year.

Provision for the liabilities of non-life insurance contracts is made for outstanding claims and settlement expenses incurred at the reporting date including an estimate for the cost of claims incurred but not reported (IBNR) at that date. Included in the provision is an estimate of the internal and external costs of handling the outstanding claims. Material salvage and other recoveries including reinsurance recoveries are presented as other assets.

(iv) Dividends payable

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

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's 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.

2.14.3 Equity instruments

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

2.15 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of the cash flows. When some or all of the economic benefits required to settle a provision are expected to be recorded from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivables can be measured reliably.
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2.16 Retirement benefits

The Company's employees are members of a separately administered defined contribution pension scheme. Payments to the defined contribution retirement benefit plan are recognized as an expense when employees have rendered service entitling them to the contributions. The Company's contributions are charged to profit or loss as they become payable in accordance with the rules of the scheme.

For fixed term contract employees, a gratuity is payable at the end of the contract period and is accrued as a provision and settled at the end of the contracted period. Contract periods range from one to three years.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

2. Summary of Significant Accounting Policies (Cont.)

2.16 Retirement benefits (Cont.)

The Company contributes to the National Pension Authority Scheme (NAPSA) for its eligible employees as provided for by law. Membership is compulsory and monthly contributions by both employer and employees are made. The employer's contribution is charged to profit or loss in the year in which it arises.

3. Critical Accounting Estimates and Judgements

3.1 Critical judgements in applying accounting policies

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In respect of the Company, the Directors have made estimates and judgements in the area of income tax, expected credit losses on trade receivables and the provision for envirnmental liabilities as explained in detail below.

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

3.2 Key sources of uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2.1 Expected credit loss on insurance receivables

Premium receivables are non-interest bearing and their payment period is stipulated within reinsurance agreements but not exceeding one year. The Company measures the loss on premium receivables at an amount equal to lifetime expected credit loss which is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Premium receivables above 360 days are provided for based on estimated irrecoverable amounts from the reinsurance contracts, determined by reference to past default experience.
In line with IFRS 9 Financial instruments, the Company has grouped its receivables into the following categories: Direct and Brokered business. When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers such as inflation, exchange rates, level of Government expenditure and impact of Covid 19.

The Company changed its ECL calculation methodology from the general approach to the simplified approach and there was no significant impact arising from this change.

The Company has considered the impact of COVID-19 pandemic on the expected credit loss of trade receivables. The amount and timing of the expected credit losses, as well as the probability assigned thereto, has been based on the available information at the end of December 2022.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

3. Critical Accounting Estimates and Judgements (Cont.)

3.2 Key sources of uncertainty (Cont.)

3.2.1 Expected credit loss on insurance receivables (Cont.)

If the ECL rates on trade receivables had been 0.5% per cent higher (lower) as of December 2022, the loss allowance on trade receivables would have been K60,000 higher or (lower).

The Company recognises an impairment gain or loss on its premium receivables with a corresponding adjustment to their carrying amount through a loss allowance account in the statement of profit or loss.

3.2.2 Incurred but not reported reserve

The carrying value at the reporting date for the incurred but not reported reserve is K3,727,413.

Provision for the liabilities of non-life insurance contracts is made for an estimate for the cost of claims incurred but not reported (IBNR) at that date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some types of policies.

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 estimate of the liability that the Company will ultimately pay for such claims. The main assumption underlying these techniques is that the Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved. The sensitivity analysis is disclosed in note 32.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

4. Premiums Written in the Year

The Company is organised into business units according to the class of business written. The business units are the basis on which the Company reports its results:

By class of business	2022	2021
Fire	**58,753,338**	47,057,413
Engineering	**14,463,945**	16,841,607
Accident	**12,989,059**	6,285,168
Life	**2,965,183**	3,602,147
Motor	**3,468,742**	2,842,155
Marine	**3,231,819**	2,130,763
	95,872,086	78,759,253
Change in unearned premium reserve (note 21 (i))	**(1,609,807)**	122,849
Total gross premium written	**94,262,279**	78,882,102

The significant increase in the Fire business is attributed to the few large risks acquired during the year. All the business operations of the Company are located in Zambia. Refer to Note 36 for segmented reporting.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

5. Investment income	2022	2021
Interest income	**9,098,549**	8,942,184
Dividend received (note 14)	**417,959**	457,885
Rental income	**161,606**	419,000
	9,678,113	9,819,069

6. Other gains and losses

Net foreign exchange gains(losses)	**884,285**	(8,576,975)
Gain on remeasurement of investment property (note 12)	**546,000**	19,500
Gain on disposal of property and equipment	**2,300**	116,736
	1,432,585	(8,440,739)

The net foreign exchange gains(losses) above comprise the following:

Total exchange gains for the year	**16,799,526**	344,079
Total exchange losses for the year	**(15,915,241)**	(8,921,054)
Net foreign exchange gains (losses)	**884,285**	(8,576,975)

The movements in the US Dollar exchange rates during the year were as follows:

Mid market exchange rate at 1 January	**16.73**	21.17
Mid market exchange rate at 31 December	**17.14**	17.84
Average (appreciation) depreciation	**-2%**	16%

7. Gross claims paid

By class of business		
Accident	**3,890,931**	4,153,950
Fire	**2,208,927**	3,554,853
Engineering	**3,917,598**	3,229,553
Life	**900,357**	2,184,275
Motor	**918,323**	909,112
Marine	**444,396**	170,341
	12,280,532	14,202,084

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

8. Other operating expenses

	2022	2021
(i) Direct operating expenses		
Insurance levy	**930,707**	492,620
(ii) Indirect operating expenses		
Directors' fees (note 28 (a))	**3,347,134**	998,617
Property expenses	**197,082**	154,183
Advertising	**270,069**	496,655
Total operating expenses	**4,744,993**	2,142,075

9. Profit before tax

Profit before tax is stated after crediting:		
Investment income (note 6)	**9,678,113**	9,819,069
Gain on remeasurement of investment property (note 7)	**546,000**	19,500
Net exchange gains/(losses)(note 7)	**884,285**	(8,576,975)
Gain on disposal of property and equipment (note 7)	**2,300**	116,736
and after charging:		
Directors' and key management remuneration:		
- in connection with the management of		
the Company (note 27 (a))	**4,684,013**	3,657,609
- as directors of the Company (note 28 (a))	**3,347,134**	998,617
Depreciation (note 11)	**633,043**	586,238
Pension costs - Company contribution	-	123,600

Notes to the Financial Statements| Continued

For the year ended 31 December 2022

Kwacha

10. Taxation

(i) Income tax expense	2022	2021
Income tax at 35%		
Current tax charge	**1,818,411**	4,610,998
Deferred taxation (note 25)	**3,708,280**	(3,094,170)
Under provision of tax in prior year	**-**	3,506
	5,526,691	1,520,334

(ii) Current tax (asset) liabilities

The movements during the year on the income tax account are as follows:

Payable in respect of the year	**1,818,411**	4,610,998
Payable in respect of previous years	**1,275,305**	(391,107)
	3,093,716	4,219,891
Paid during the year	**(3,483,812)**	(2,944,586)
Current tax liability (asset)	**(390,096)**	1,275,305

Income tax is calculated in accordance with the Third Schedule Section 25,1(1) of the Income Tax Act 1996, as amended.

(iii) Reconciliation of the tax charge:

Profit before tax	**11,589,491**	2,827,668
Taxation applicable rate of 35%	**4,056,322**	989,684
Under provision of tax in prior year	**-**	(817,343)
Permanent differences	**(2,237,911)**	527,144
	1,818,411	699,485
Standard rate	**35%**	35%
Prior year misstatements	**-**	-
Permanent differences	**6%**	6%
	29%	29%

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

11. Property and equipment

	Buildings	Motor vehicles	Furniture and equipment	Work in Progress	Computer Software	Total
Cost/valuation						
At 1 January 2021	**7,819,990**	**3,354,130**	**1,077,559**	**-**	**1,699,002**	**13,950,681**
Additions	-	-	504,590	-	-	504,590
Disposals	-	(898,694)	(58,262)	-	-	(956,956)
At 31 December 2021	**7,819,990**	**2,455,436**	**1,523,886**	**-**	**1,699,002**	**13,498,315**
Additions	-	-	494,709	286,663	-	781,372
Valuation	500,000					500,000
Disposals	-	-	(32,021)		-	(32,021)
At 31 December 2022	**8,319,990**	**2,455,436**	**1,986,574**	**286,663**	**1,699,002**	**14,747,666**
Cost or valuation as at 31 December 2022 is represented:						
Valuation	4,452,238	-	-	-	-	4,452,238
Cost	3,867,752	2,455,436	1,986,574	286,663	1,699,002	10,295,428
	8,319,990	**2,455,436**	**1,986,574**	**286,663**	**1,699,002**	**14,747,666**
Depreciation						
At 1 January 2021	**182,466**	**2,324,936**	**900,258**	**-**	**1,699,002**	**5,106,662**
Charge for year	156,400	275,333	154,506	-	-	586,238
Disposals	-	(786,357)	(58,262)	-	-	(844,619)
At 31 December 2021	**338,866**	**1,813,912**	**996,502**	**-**	**1,699,002**	**4,848,281**
Charge for year	170,267	256,611	206,165		-	633,043
Elimination on revaluation	(495,266)					(495,266)
Disposals	-	-	(32,019)		-	(32,019)
At 31 December 2022	**13,867**	**2,070,523**	**1,170,648**	**-**	**1,699,002**	**4,954,039**
Carrying amount						
At 31 December 2022	**8,306,123**	**384,913**	**815,926**	**286,663**	**-**	**9,793,627**
At 31 December 2021	7,481,124	641,524	527,384	-	-	8,650,034

The Directors consider that fair value of leasehold land & building is at least equal to their carrying values as reflected in the statement of financial position.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

11. Property and equipment (continued)
Fair value of property and equipment

In October 2019, an independent valuation of the Company's building was performed by Bitrust Real Estate, registered valuation surveyors to determine the fair value of the buildings. The valuation was carried out on an open market basis for existing use. The book value of the property was adjusted to market value and the resultant surplus was credited to revaluation reserves in the Statement of Changes in Equity. It is the policy of the Company to transfer the excess depreciation to retained earnings from revaluation reserve (excess depreciation is the difference between depreciation on revalued carrying amount of an asset and depreciation based on historical cost) in the Statement of Changes in Equity. The different levels have been defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The property and equipment falls within Level 3. There were no transfers between different levels during the year. The property is valued using the Open Market Value approach. The most significant input into this valuation is the market value of the comparable land and buildings based on prevailing property prices.

At 31 December 2022, if leasehold and buildings had been stated at historical cost, their carrying amount would have been approximately K 3,171,557 (2021: K3,171,557).

In accordance with section 279 of the Companies Act 2017, the register of Land and Buildings is available for inspection by members and their duly authorised agents at the Registered Records Office of the Company.

At 31 December 2022

	Level 1	Level 2	Level 3	Fair Value
Buildings	-	-	8,306,123	8,306,123

At 31 December 2021

	Level 1	Level 2	Level 3	Fair Value
Buildings	-	-	7,481,124	7,481,124

Leasehold properties has been categorised into level 3 in the fair value hierarchy,and the following information is relevant:

Property	Valuation technique	Significant unobservable inputs	Sensitivity
Leasehold properties	Open market approach	Market value of the comparable land and buildings based on prevailing property prices	A slight increase in the property prices used would result in increase in property value, and vice versa

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

11. Property and Equipment (Cont.)

Fair value of property and equipment (Cont.)

	2022	2021
5% increase in value of the property	**8,721,429**	7,855,180
5% decrease in value of the property	**7,890,817**	7,107,068

12. Investment Properties

At beginning of the year	**5,040,000**	5,000,000
Additions	**14,000**	20,500
Increase in fair value during the year (note 7)	**546,000**	19,500
At end of year	**5,600,000**	5,040,000

The investment property represents two residential units acquired from Madison Capital Limited for rental to the general public. These are at Farm No. 609/265A/A15/CL30 and 609/265A/A15/CL31 Roma Park, Lusaka. The title deeds for the investment properties are yet to be transferred to the Company. The Directors are taking the necessary steps to change ownership of the properties to Zambia Reinsurance PLC.

Investment properties has been categorized into level 3 in the fair value hierarchy, and the following information is relevant:

Property	Valuation technique	Significant unobservable inputs	Sensitivity
Roma Park Residential Units	Direct Capital Comparison method	Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the property.	Significant increase in the market rent used would result in a significant increase in fair value, and vice versa.

The fair value of the Company's investment properties at 31 December 2022 has been arrived at on the basis of a valuation carried out on 7 November 2022 by Bitrust Real Estate, independent valuers, who are independent of the Company. The valuation conforms to International Valuation Standards. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The valuation was done in accordance with the international valuation standards committee (IVSC) and conform to the stipulations of the Royal Institution of Chartered Surveyors(RICS).

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

12. Investment properties(Cont.)

	Level 3 Fair value as at 31 December 2022	Level 3 Fair value as at 31 December 2021
Roma Park Residential Units (Farm No. 609/265A/A15/CL30 and CL31)	**5,600,000**	5,566,500
	2022	**2021**
0.5% increase in yield rate	**5,880,000**	5,594,333
0.5% decrease in yield rate	**5,320,000**	5,538,668

13. Investments at amortised costs

Fixed term deposits	**52,841,553**	48,963,522
Government treasury bills	**14,026,925**	15,140,089
	66,868,478	64,103,611

(i)Fixed term deposits		
Maturing within 90 days (note 18)	-	3,133,345
Maturing after 90 days	**52,841,553**	45,830,177
	52,841,553	48,963,522
(ii)Treasury bills		
Maturing within 90 days	**500,000**	-
Maturing after 90 days	**13,526,925**	15,140,089
	14,026,925	15,140,089
Total investments at amortised cost maturing after 90 days	**66,368,478**	**60,970,266**
Effective interest rates		
The weighted average effective interest rates during the year were as follows:		
Treasury bills	**14%**	13%
Fixed term deposits	**11%**	23%

The Directors consider that the carrying amounts of the above financial assets approximate their fair value.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

14. Investments at fair value through other comprehensive income

	2022	2021
At beginning of the year	**4,789,396**	3,320,601
Additions	**-**	-
Disposal	**-**	-
Unrealised gains (losses) on financial assets at fair value	**1,595,485**	1,468,795
At the end of the year	**6,384,881**	4,789,396

The available for sale investments comprise the following:

	Market share price	Number of shares		
Zambia Forestry and Forest Industries Corporation PLC	2.51	1,000,000	**2,510,000**	1,950,000
Copperbelt Energy Corporation PLC	3.78	924,357	**3,494,069**	2,449,546
Madison Financial Services PLC	2.47	50,000	**123,500**	123,500
Chilanga Cement PLC	13.38	19,231	**257,311**	266,350
			6,384,881	4,789,396

Investment income

During the year, the Company received a dividend for shares held in Zambia Forestry and Forest Industries Corporation and Copperbelt Energy Corporation PLC resulting in income of **K417,959** (2021: K457,885), as disclosed in note 5.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

15. Insurance receivables

	2022	2021
Insurance receivables comprise amounts receivable from the underwriting of insurance contracts and are made up as follows:		
Gross insurance receivable	**32,397,915**	27,725,792
Expected credit losses on insurance receivables	**(14,762,512)**	(14,231,453)
	17,635,403	13,494,339
Insurance receivables for the Company can be analysed as follows:		
By customer type:		
Reinsurance Brokers	**23,513,920**	22,455,281
Direct business	**8,883,995**	5,270,511
	32,397,915	27,725,792
By currency:		
Denominated in US Dollar	**23,872,005**	19,057,346
Denominated in Kwacha	**8,525,910**	8,668,446
	32,397,915	27,725,792
Ageing of past due receivables is as analysed below:		
60-90 days	**14,320,322**	14,547,590
90-120 days	**2,833,149**	1,956,726
Between 120 - 365 days	**13,267,467**	3,243,819
Over 365 days	**1,976,977**	7,977,657
	32,397,915	27,725,792
The movement in the allowance for bad debts is as follows:		
Balance at the beginning of the year	**14,231,453**	13,774,879
Bad debts written-off	**(135,451)**	-
Additional provisions during the year	**666,510**	456,574
	14,762,512	14,231,453

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

15. Insurance Receivables (Cont.)

The amounts presented in the statement of financial position are net of allowances for doubtful receivables. The conceptual framework adopted for the expected credit losses (ECL) is based on the simplified approach which allows the use of the provision matrix for determining ECLs on trade receivables. A provision matrix is a calculation of the impairment loss based on the default rate (loss rate) percentage applied to the group of financial assets. This approach does not require the tracking of changes in credit risk, but instead requires the recognition of lifetime ECLs. For trade receivables or contract assets that do not contain a significant financing component, which the reinsurance receivables do not, the company can choose to apply the simplified approach.

Ageing of impaired insurance receivables is shown below:	2022	2021
Current	**1,428,725**	6,253,796
Non - current	**13,333,787**	7,977,657
	14,762,512	14,231,453

The following table details the risk profile of trade receivables based on the Company provision matrix. As the Company's' historical credit loss experience shows significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer bases.

31 December 2022

	>60 to 90 days	90 to 120 days	120 to 365 days	Over 365 days	Total past due but not impaired
Expected credit loss rate	10%	19%	82%	100%	
Estimated total gross carrying amount at default	14,320,322	2,833,149	13,267,467	1,976,977	32,397,915
Lifetime ECL	(1,428,725)	(540,743)	(10,816,067)	(1,976,977)	(14,762,512)
	12,891,597	2,292,406	2,451,400	-	17,635,403

Refer to notes 3.2.1 and 32 for additional disclosures on the ECL.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

16. Other assets (continued)

	2022	2021
Reinsurance receivables	**12,081,020**	6,659,857
Sundry receivables	**3,984,943**	4,642,822
Prepayments	**60,793**	88,309
Staff advances	**-**	9,026
	16,126,756	11,400,014

Sundry receivables relate to accrued interest on investments at amortised costs.

Staff advances for the Company can be analysed as follows:

At beginning of the year	**9,026**	34,093
Repayments	**(9,026)**	(25,068)
At end of the year	**-**	9,026
Maturity analysis:		
Amounts falling due within 1 year	**-**	9,026
Amounts falling due between 2 and 5 years	**-**	-
	-	9,026

There was no impairment made against other assets as all amounts were considered recoverable. The Directors consider that there is no material difference between the fair value of the assets and their carrying value.

17. Deferred reinsurance commission/acquisition costs

The movement in deferred acquisition costs for insurance contracts during the year was as follows:

At beginning of the year	**(703,276)**	1,312,846
Movement for the year	**1,748,466**	(2,016,122)
At the end of the year	**1,045,190**	(703,276)

18. Cash And Cash Equivalents

Cash at bank and in hand	**980,489**	2,334,770
Short term call deposits with financial institutions (Note 13 (i))	**500,000**	3,133,345
	1,480,489	5,468,115

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

19. Share capital

	2021	2020
Authorised:		
75 million Ordinary shares of K1 each	**75,000,000**	75,000,000
Issued and fully paid:		
At 31 December 2022 and 31 December 2021 Ordinary shares of K1 each	**45,000,000**	45,000,000
20. Share premium		
Balance at 31 December	**24,978,551**	24,978,551

Insurance Contract Liabilities

Insurance contract liabilities comprise:		
Provision for unearned premium (i)	**5,863,833**	4,254,026
Outstanding claims and incurred but not reported reserve (IBNR) (ii)	**8,523,989**	4,851,134
	14,387,822	9,105,160
(i) Provision for unearned premium		
The movement in unearned premium reserve during the year was as follows:		
At beginning of the year	**4,254,026**	4,376,875
Movement for the year	**1,609,807**	(122,849)
At the end of the year	**5,863,833**	4,254,026

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

21. Insurance Contract Liabilities

		2022	
	Unearned premium	Reinsurance share of unearned premium	Net
At beginning of the year	**18,838,173**	**14,584,147**	**4,254,026**
Premium written in the year	**95,872,079**	**49,999,985**	**45,872,094**
Premium earned in the year	**(96,852,730)**	**(52,590,443)**	**(44,262,287)**
At end of year	**17,857,522**	**11,993,689**	**5,863,833**
		2021	
	Unearned premium	**Reinsurance share of unearned premium**	**Net**
At beginning of the year	(8,871,543)	(4,494,668)	(4,376,875)
Premium written in the year	78,759,253	47,058,834	31,700,419
Premium earned in the year	(51,049,537)	(27,980,019)	(23,069,518)
At end of year	18,838,173	14,584,147	4,254,026

(ii) Outstanding claims and incurred but not reported reserve

Outstanding claims comprise amounts outstanding in respect of claims arising from the underwriting of insurance contracts. Incurred but not reported reserve comprises an estimated reserve of claims incurred but not reported at year end.

The Directors consider that the carrying amounts of outstanding claims approximate their fair values.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022
Kwacha

21. Insurance Contract Liabilities (Cont.)
(ii) Outstanding claims and incurred but not reported reserve (Cont.)

		2022	2021
Outstanding claims		**3,742,327**	3,284,497
Reinsurance share of outstanding claims		**(980,961)**	(2,160,776)
Net Incurred but not reported reserve		**5,762,623**	3,727,413
		8,523,989	4,851,134

	2022		
	Outstanding Claims	Reinsurance share of outstanding claims	Net
At beginning of the year	**7,011,910**	**2,160,776**	**4,851,134**
Claims incurred in current year	**15,754,533**	**980,961**	**14,773,572**
Claims paid	**(12,280,532)**	**(1,179,815)**	**(11,100,717)**
At end of year	**10,485,911**	**1,961,922**	**8,523,989**

	2021		
	Outstanding Claims	Reinsurance share of outstanding claims	Net
At beginning of the year	5,792,074	917,541	4,874,533
Claims incurred in current year	15,421,920	7,289,411	8,132,509
Claims paid	(14,202,084)	(6,046,176)	(8,155,908)
At end of year	7,011,910	2,160,776	4,851,134

22. Reinsurance liabilities	2022	2021
At beginning of the year	**6,808,115**	6,185,991
Reinsurance ceded in the year	**49,999,985**	47,058,834
Payments in the year	**(49,341,648)**	(46,436,710)
At the end of the year	**7,466,452**	6,808,115

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

23. Other Financial Liabilities

Other financial liabilities principally comprise amounts outstanding in respect of purchases and ongoing costs, as well as amounts accrued in respect of operating costs. The Directors consider that the carrying amount of other payables approximates their fair value.

The make up of the other financial liabilities balance at the reporting date was as follows:

	2022	2021
Employee related liabilities	**3,214,936**	2,115,938
Sundry payables	**557,888**	429,297
Statutory obligations	**355,951**	241,585
	4,128,775	2,786,820

The employee related provisions and liabilities relate mainly to provisions for end of contract gratuity entitlements.

The movements in gratuity and the leave pay accounts during the year were as follows:

Employee related provisions and liabilities

(i) Gratuity provisions		
At beginning of the year	**2,106,724**	2,062,276
Additional provisions during the year	**2,629,217**	1,853,255
Paid during the year	**(1,530,219)**	(1,808,807)
At end of the year	**3,205,722**	2,106,724
The gratuity relates to employee entitlements at the end of their contract.		
(ii) Leave pay provisions		
At beginning of the year	**9,214**	1,772
Additional provisions during the year	**460,685**	405,712
Utilised during the year	**(460,685)**	(398,270)
At end of the year	**9,214**	9,214
Leave pay liabilities are all current.		
Total employee related provisions and liabilities	**3,214,936**	2,115,938

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

24. Right-of-use asset

Cost/valuation	Leasehold land	Total
At 1 January 2022	-	-
Additions	549,900	**549,900**
At 31 December 2022	**549,900**	**549,900**
Carrying amount		
At 31 December 2022	**549,900**	**549,900**
At 31 December 2021	-	**-**

As at 31 December 2022, the Company recognised a right-of-use asset for the land that the head office is located on. The present value of the future payments for land rates have not been included in this value. In the opinion of the Directors, this omission does not materially change the value of the right-of-use asset. The title has a 99-year lease on land number 237281 whose effective date runs from 1 July 1975. The land is vested in the Republic of Zambia. The Company purchased the property on 14 July 2010 and has 64 years remaining on the original lease.

25. Deferred Tax

	2022	2021
At beginning of the year	**(3,152,059)**	67,129
Charge to profit or loss (note 10)	**3,708,280**	(3,094,170)
Under provision of tax in the prior year	**-**	3,506
Charge to equity	**-**	(128,524)
At end of the year	**556,221**	(3,152,059)

The following are the major deferred tax liabilities (assets) recognised by the Company and their movements in the year:

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

25. Deferred Tax (Cont.)

	Accelerated	Unrealised exchange gains	Unrealised exchange losses	Bad debts Provision	Other Provisions	Total
At 1 January 2021	1,819,644	5,377,745	(442,761)	(4,735,990)	(1,951,509)	67,129
Charge (credit) to profit or loss	(226,975)	(3,099,057)	(572,304)	551,771	252,395	(3,094,170)
Under provision of tax in the prior year	3,506	-	-	-	-	3,506
Charge to equity	(128,524)	-	-	-	-	(128,524)
At 31 December 2021	1,467,651	2,278,688	(1,015,065)	(4,184,219)	(1,699,114)	(3,152,059)
Charge (credit) to profit or loss	**(1,712,969)**	**2,587,957**	**(3,050,042)**	**4,184,219**	**1,699,114**	**3,708,280**
At 31 December 2021	**(245,318)**	**4,866,645**	**(4,065,107)**	**-**	**-**	**556,221**

26. Capital Commitments and contingent liabilties

	2022	2021
Authorised by the directors but not contracted for	-	-

27. Basic and diluted earnings per share

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

	2022	2021
Net earnings attributable to shareholders	**6,062,800**	1,307,334
Weighted average number of shares in issue	**45,000,000**	45,000,000
Basic and diluted earnings per share	**0.13**	0.03

28. Related party transactions

(i) Trading transactions

The effect on the results for the year of these transactions is as follows:

a) Management and technical service expenses

Choice Corporate Services Limited	**289,772**	253,782

These are secretarial fees paid during the year under review and which are paid on a quarterly basis

b) Directors and key management personnel remuneration

The remuneration of Directors and other members of key Management during the year was as follows:

Key management staff emoluments:

In connection with the management of the Company	**4,684,013**	3,657,609

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

28. Related party transactions (Cont.)

Non-Executive Directors' Remuneration:

	2022	2021
In connection with the management of the Company as directors	**3,347,134**	998,617
Directors' fees analysed as follows:		
Mrs Joyce Muwo-Mwansa	**696,600**	159,275
Mr Nathan DeAssis	**611,400**	124,500
Mr. Khayalami Ngono	**108,000**	114,000
Mr Munakopa Sikaulu	**525,000**	118,000
Mr. Pumulo Akapelwa	**141,600**	107,167
Mr Mwewa Kyamulanda	**479,400**	110,500
Mr Simomo Akapelwa	**249,934**	128,000
Mrs. Exhilda Lumbwe	**439,200**	108,375
	3,251,134	969,817

The remuneration of Directors is determined by the shareholders while that of the Managing Director is determined by the Board of Directors.

There are no loans to Non-executive Directors as at 31 December 2022 (2021: Nil).

(c) Other fees

Other fees paid to the Audit Committee Chair, Mr. Chrispin Daka, during the year amounted to K96,000 (2021: K28,800). The Audit Committee Chair is not a Director in the Company.

29. Dividend

During the year under review, there was a dividend paid of K 2,655,000.00 (2021: Nil).

30. Events after the reporting date

There have been no material facts or circumstances that have occurred between the reporting date and the date of these financial statements which would require disclosure or adjustments to these financial statements.

31. Contingent liabilities

There were no known contingent liabilities at the reporting date.

32. Financial instruments

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of both debt and equity. The Company's overall strategy remains unchanged from 2022

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

32. Financial Instruments (Cont.)

Gearing ratio

The Company reviews the capital structure on an ongoing basis. As at year ended 31 December 2022, the Company had not sourced any funding externally. The Company had a gearing ratio of 0% (2021: 0%) determined as the proportion of net debt to equity as follows:

	2022	2021
Debt (i)	-	-
Less: cash and cash equivalents	1,480,489	5,468,115
Net debt	1,480,489	5,468,115
Equity (ii)	98,279,207	92,280,657
Net debt to equity ratio	0%	0%

Categories of financial instruments	2022	2021
Financial assets		
Investments at amortised cost	66,368,478	60,970,266
Investments at fair value through other comprehensive income	6,384,881	4,789,396
Insurance receivables	17,635,403	13,494,339
Other assets, less prepayments	16,065,963	11,311,705
Cash and bank balances	1,480,489	5,468,115
	107,935,214	96,033,821
Financial liabilities		
Insurance contract liabilities	14,387,822	9,105,160
Other financial liabilities, less taxes	3,772,824	2,545,235
Reinsurance payables	7,466,452	6,808,115
	25,627,098	18,458,510

The Directors consider that the carrying amount of the financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

32. Financial Instruments (Cont.)

Financial risk management objectives

The Company's Finance Department co-ordinates access to domestic markets and, monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Company does not enter into derivative financial instruments.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see below). The Company does not enter into any derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters as approved by the Board of Directors.

The Company is exposed to foreign exchange risk arising primarily with respect to gross premiums written and reinsurance transactions, a large proportion of which are denominated in US Dollar.

The Zambian Kwacha carrying amounts of the Company's United States Dollar denominated monetary assets and liabilities at the reporting date are as follows:

	2022	2021
Assets	**9,393,453**	6,602,726
Liabilities	**250,119**	119,122

Sensitivity analysis

At 31 December 2022, if the US Dollar had appreciated or depreciated by 18% against the Kwacha, with all other variables held constant, the increase or decrease in the profit for the year would have been K1.69 million (2021: K3.11 million) higher or lower, mainly arising from insurance receivables, cash and amounts due to reinsurers.

a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

- The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company audit and risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

- Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

32. Financial Instruments (Cont.)

(b) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in Zambian Kwacha and its exposure to foreign exchange risk arises primarily with respect to US dollar.

The Company's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled.

Year ended 31 December 2022	Kwacha	US Dollar	Total
Property and equipment	9,793,627	-	9,793,627
Investment properties	5,600,000	-	5,600,000
Other assets, excluding prepayment and taxes	16,065,963	-	16,065,963
Financial Instruments			-
Investments amortised at cost	66,368,478	-	66,368,478
Insurance receivables	8,525,910	9,109,494	17,635,403
Bank and cash balances	1,196,530	283,959	1,480,489
Total assets	**107,550,507**	**9,393,453**	**116,943,960**
Insurance contract liabilities	14,387,822	-	14,387,822
Reinsurance payables	7,216,333	250,119	7,466,452
Other financial liabilities excluding taxes	3,772,824	-	3,772,824
Total liabilities	**25,376,979**	**250,119**	**25,627,098**

Year ended 31 December 2021	Kwacha	US Dollar	Total
Property and equipment	8,650,034	-	8,650,034
Investment properties	5,040,000	-	5,040,000
Other assets, excluding prepayment and taxes	11,311,705	-	11,311,705
Financial instruments			
Investments amortised at cost	58,802,920	2,167,346	60,970,266
Insurance receivables	8,668,446	4,825,893	13,494,339
Bank and cash balances	3,246,451	2,221,664	5,468,115
Total assets	**95,719,556**	**9,214,903**	**104,934,459**
Insurance contract liabilities			
Insurance contract liabilities	9,105,160	-	9,105,160
Reinsurance payables	6,146,328	661,787	6,808,115
Other financial liabilities, excluding taxes	2,545,235	-	2,545,235
Total liabilities	**17,796,723**	**661,787**	**18,458,510**

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

32. Financial Instruments (Cont.)

The Company has no significant concentration of currency risk.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including insurance contract claim liabilities. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear.

Sensitivity analysis on financial assets

As part of the Company's investment strategy, in order to reduce both insurance and financial risk, the Company matches its investments to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets whose fair values are recorded in the profit or loss) and equity (that reflects adjustments to profit before tax and changes in fair value of financial assets whose fair values are recorded in the statement of changes in equity).

The correlation of variables will have a significant effect in determining the ultimate fair value and/or amortised cost of financial assets other than derivative financial instruments, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining an advance payment, where appropriate, as a means of mitigating the risk of financial loss from defaults.

	2022	2021
The Company's maximum exposure to credit risk is analysed below:		
Insurance receivables	**32,397,915**	27,725,792
Other assets	**16,126,756**	11,400,014
Investments amortised at cost	**66,368,478**	60,970,266
Investments at fair value	**6,384,881**	4,789,396
Bank and cash balances	**1,480,489**	5,468,115
	122,758,519	110,353,583

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

32. Financial Instruments (Continued)

(i) Credit risks

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk

- A credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's audit and risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

- Net exposure limits are set for each counterparty or Company of counterparties, geographical and industry segment (i.e., limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held).

- The Company further restricts its credit risk exposure by entering into master netting arrangements with counterparties with which it enters into significant volumes of transactions. However, such arrangements do not generally result in offsetting the statement of financial position assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis. At 31 December 2022 the Company had the right to set off financial liabilities amounting to Nil (2021: Nil) against financial assets with a fair value of Nil (2021: Nil) under such arrangements.

- Guidelines determine when to obtain collateral and guarantees (i.e., certain derivative transactions are covered by collateral and derivatives are only taken out with counterparties with a suitable credit rating). The Company maintains strict control.

- Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

- The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long–term credit ratings.

- The credit risk in respect of customer balances incurred on non–payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

The credit risk analysis below is presented in line with how the Company manages the risk. The Company manages its credit risk exposure based on the carrying value of the financial instruments.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

32. Financial Instruments (Cont)
Credit risk management (Continued)
(i) Credit risks (Continued)
Industry analysis

	Financial Institutions	Government	Other
Investments amortised at cost	52,841,553	14,026,925	-
Investments at fair value	123,500	-	6,261,381
Insurance receivables	17,635,403	-	-
Other assets	16,126,756	-	-
Bank and cash balances	1,480,489	-	-
Total credit risk exposure	88,207,701	14,026,925	6,261,381

Year ended 31 December 2021

Financial assets	Financial Institutions	Government	Other
Investments amortised at cost	38,473,004	14,467,553	-
Investments at fair value	39,808	-	2,264,000
Insurance receivables	22,906,933	-	-
Other assets	11,661,776	-	-
Deferred acquisition costs			
Bank and cash balances	11,458,615	-	-
Total credit risk exposure	84,540,136	14,467,553	2,264,000

Credit exposure by credit rating

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit ratings of counterparties:

Year ended 31 December 2022

Financial assets	Investment grade	Non investment grade: satisfactory	Non investment grade: unsatisfactory	Past due but not impaired
Investments amortised at cost	-	66,368,478	-	-
Investments at fair value	-	6,384,881	-	-
Insurance receivables	-	17,635,403	-	-
Other assets	-	16,126,756	-	-
Bank and cash balances	-	1,480,489	-	-
	-	107,996,007	-	-

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

32. Financial Instruments (Cont.)
Credit risk management (Continued)
(i) Credit risks (Continued)
Industry analysis

Year ended 31 December 2021

Financial assets	Investment grade	Non investment grade: satisfactory	Non investment grade: unsatisfactory	Past due but not impaired
Investments amortised at cost	-	60,970,266	-	-
Investments at fair value	-	4,789,389	-	-
Insurance receivables	-	13,494,339	-	-
Other assets	-	11,400,014	-	-
Bank and cash balances	-	5,468,115	-	-
	-	96,122,123	-	-

It is the Company's policy to maintain accurate and consistent risk ratings across its credit portfolio. This enables management to focus on the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial analytics combined with processed market information to provide the main inputs for the measurement of counterparty risk. All internal risk ratings are tailored to the various categories and are derived in accordance with the Company's rating policy. The attributable risk ratings are assessed and updated regularly.

Age analysis of financial assets past due but not impaired

Year ended 31 December 2022	>60 to 90 days	90 to 120 days	120 to 365 days	Over 365 days	Total past due but not impaired
Insurance receivables	14,320,322	2,833,149	13,267,467	1,976,977	32,397,915
Total	**14,320,322**	**2,833,149**	**13,267,467**	**1,976,977**	**32,397,915**
Year ended 31 December 2021	>60 to 90 days	90 to 120 days	120 to 365 days	Over 365 days	Total past due but not impaired
Insurance receivables	14,547,590	1,956,726	3,243,819	7,977,657	27,725,792
Total	14,547,590	1,956,726	3,243,819	7,977,657	27,725,792

Impaired financial assets

At 31 December 2022, there are impaired insurance receivables of K14,762,512 (2021: K 14,231,453).

For assets to be classified as "past–due and impaired" contractual payments must be in arrears for more than 365 days. No collateral is held as security for any past due or impaired assets.

The Company records impairment allowances for receivables in a separate impairment allowance account. A reconciliation of the allowance for impairment losses for receivables is, as follows:

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

32. Financial Instruments (Cont.)
Credit risk management (Continued)
(i) Credit risks (Continued)
Industry analysis

	2022	2021
At 1 January	**14,231,453**	13,774,879
Charge for the year	**666,510**	456,574
Bad debts write off	**(135,451)**	-
At 31 December	**14,762,512**	14,231,453

(ii) Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. In respect of catastrophic events there is also a liquidity risk associated with the timing differences between gross cash out–flows and expected reinsurance recoveries. The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk.

- A Company liquidity risk policy which sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations. Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.
- The Company's catastrophe excess–of–loss reinsurance contracts contain clauses permitting the immediate draw down of funds to meet claim payments should claim events exceed a certain size.

Maturity profiles
The table that follows summarises the maturity profile of the non–derivative financial assets and financial liabilities of the Company based on remaining undiscounted contractual obligations, including interest payable and receivable.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

32. Financial Instruments (Cont.)

(ii) Liquidity risk

Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

The following table detail the Company's remaining contractual maturity for it's financial assets and liabilities. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets and liabilities.

Year ended 31 December 2022	1 to 3 Months	3 months to 1 year	Total
Financial liabilities			
Insurance contract liabilities	14,387,822	-	14,387,822
Reinsurance payables	7,466,452	-	7,466,452
Other financial liabilities	4,128,775	-	4,128,775
	25,983,049	**-**	**25,983,049**
Financial assets			
Investments amortised at cost	-	66,368,478	66,368,478
Investments at fair value	6,384,881	-	6,384,881
Insurance receivables	12,891,597	4,743,806	17,635,403
Other assets	16,126,756	-	16,126,756
Bank and cash balances	1,480,489	-	1,480,489
	36,883,723	**71,112,284**	**107,996,007**
Net liquidity gap	**10,900,674**	**71,112,284**	**82,012,958**

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

32. Financial Instruments (Cont.)

(ii) Liquidity risk (Cont.)

- Liquidity risk management (Cont.)

Year ended 31 December 2021

Financial liabilities

	1 to 3 Months	3 months to 1 year	Total
Insurance contract liabilities	9,105,160	-	9,105,160
Reinsurance payable	6,808,115	-	6,808,115
Other financial liabilities	2,786,820	-	2,786,820
	18,700,095	**-**	**18,700,095**
Financial assets			
Investments amortised at cost	3,133,345	57,836,921	60,970,266
Investments at fair value	4,789,396	-	4,789,396
Insurance receivables	13,494,339	-	13,494,339
Other assets	11,400,014	-	11,400,014
Bank and cash balances	5,468,115	-	5,468,115
	38,285,209	**57,836,921**	**96,122,130**
Net liquidity gap	**19,585,114**	**57,836,921**	**77,422,035**

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers' share of unearned premiums have been excluded from the analysis as they are not contractual obligations. Unit linked liabilities are repayable or transferable on demand and are included in the up to a year column. Repayments which are subject to notice are treated as if notice were to be given immediately.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs to assist users in understanding how assets and liabilities have been matched. Reinsurance assets have been presented on the same basis as insurance liabilities. Loans and receivables include contractual interest receivable.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

32. Financial Instruments (Cont.)
(ii) Liquidity risk (Cont.)
Maturity analysis (Undiscounted cashflow basis for non derivatives)

Year ended 31 December 2022

	Carrying Amount	Up to 1 year	1 to 3 years	5 to 15 years	Total
Financial assets					
Investments amortised at cost	66,368,478	66,368,478	-	-	66,368,478
Investments at fair value	6,384,881	6,384,881	-	-	6,384,881
Insurance receivables	17,635,403	17,635,403	-	-	17,635,403
Other assets	16,126,756	16,126,756	-	-	16,126,756
Bank and cash balances	1,480,489	1,480,489	-	-	1,480,489
Total undiscounted assets	107,996,007	107,996,007	-	-	107,996,007
Financial liabilities					
Insurance contract liabilities	14,387,822	14,387,822	-	-	14,387,822
Reinsurance payables	7,466,452	7,466,452	-	-	7,466,452
Other financial liabilities	4,128,775	4,128,775	-	-	4,128,775
Total undiscounted liabilities	25,983,049	25,983,049	-	-	25,983,049
Total liquidity gap	82,012,958	82,012,958	-	-	82,012,958

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

32. Financial Instruments (Cont.)
(ii) Liquidity risk (Continued)
Maturity analysis (undiscounted cash flow basis for non derivatives) (Continued)

Year ended 31 December 2021

	Carrying Amount	Up to 1 year	1 to 3 years	5 to 15 years	Total
Financial assets					
Investments amortised at cost	60,970,266	60,970,266	-	-	60,970,266
Investments at fair value	4,789,396	4,789,396	-	-	4,789,396
Insurance receivables	13,494,339	13,494,339	-	-	13,494,339
Other assets	11,400,014	11,400,014	-	-	11,400,014
Bank and cash balances	5,468,115	5,468,115	-	-	5,468,115
Total undiscounted assets	**96,122,130**	**96,122,130**	**-**	**-**	**96,122,130**
Financial liabilities					
Insurance contract liabilities	9,105,160	9,105,160	-	-	9,105,160
Reinsurance payables	6,808,115	6,808,115	-	-	6,808,115
Other financial liabilities	2,786,820	2,786,820	-	-	2,786,820
Total undiscounted liabilities	**18,700,095**	**18,700,095**	**-**	**-**	**18,700,095**
Total liquidity gap	**77,422,035**	**77,422,035**	**-**	**-**	**77,422,035**

Year ended 31 December 2022	Current	Non Current	Total
Non financial assets			
Property and equipment	-	9,793,627	9,793,627
Investment properties	-	5,600,000	5,600,000
Financial assets			
Investments amortised at cost	66,368,478	-	66,368,478
Investments at fair value	6,384,881	-	6,384,881
Insurance receivables	17,635,403	-	17,635,403
Bank and cash balances	1,480,489	-	1,480,489
Other assets	16,126,756	-	16,126,756
Total assets	**107,996,007**	**15,393,627**	**123,389,634**

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

32. Financial Instruments (Continued)

(ii) Liquidity risk (Continued)
Maturity analysis (undiscounted cash flow basis for non derivatives) (Continued)

Year ended 31 December 2021

Financial liabilities	Current	Non Current	Total
Insurance payables	21,854,274	-	21,854,274
Other financial liabilities, less taxes	4,128,775	-	4,128,775
Total liabilities	**25,983,049**	**-**	**25,983,049**
Non financial assets			
Property and equipment	-	8,650,034	8,650,034
Investment properties	-	5,040,000	5,040,000
Financial assets			
Investments amortised at cost	60,970,266	-	60,970,266
Investments at fair value	4,789,396	-	4,789,396
Insurance receivables	13,494,339	-	13,494,339
Bank and cash balances	5,468,115	-	5,468,115
Other assets	11,400,014	-	11,400,014
Total assets	**96,122,130**	**13,690,034**	**109,812,164**
Financial liabilities			
Insurance payables	15,913,275	-	15,913,275
Other financial liabilities, less taxes	2,786,820	-	2,786,820
Total liabilities	**18,700,095**	**-**	**18,700,095**

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

33. Fair Value Measurement

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.
Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis.

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the year.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Fair value measurements

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments amortised at cost	**66,368,478**	**66,368,478**	60,970,266	60,970,266
Investments at fair value	**6,384,881**	**6,384,881**	4,789,396	4,789,396
Insurance receivables	**17,635,403**	**17,635,403**	13,494,339	13,494,339
Other assets	**16,126,756**	**16,126,756**	11,400,014	4,726,742
Bank and cash balances	**1,480,489**	**1,480,489**	5,468,115	5,468,115
Financial liabilities				
Financial liabilities held at				
amortised cost:				
– Other financial liabilities	**4,128,775**	**4,128,775**	2,786,820	2,786,820
– Insurance contract liabilities	**14,387,822**	**14,387,822**	9,105,160	9,105,160
- Reinsurance payable	**7,466,452**	**7,466,452**	6,808,115	6,808,115

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

33. Fair Value Measurement (Cont.)

	Fair value hierarchy as at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments amortised at cost	-	66,368,478	-	66,368,478
Investments at fair value	6,384,881	-	-	6,384,881
Insurance receivables	-	-	17,635,403	17,635,403
Other assets	-	-	16,126,756	16,126,756
Bank and cash balances	-	1,480,489	-	1,480,489
Total	**6,384,881**	**67,848,967**	**33,762,159**	**107,996,007**
Financial liabilities				
Financial liabilities held at				
Amortised cost:				
– Other financial liabilities	-	-	4,128,775	4,128,775
– Insurance contract liabilities	-	-	14,387,822	14,387,822
– Reinsurance payables	-	-	7,466,452	7,466,452
Total	-	-	25,983,049	25,983,049

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

34. Insurance and Financial Risk

(a) Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of reinsurance ceded out is surplus which is taken out to reduce the overall exposure of the Company. Non–proportional reinsurance is primarily excess–of–loss reinsurance designed to mitigate the Company's gross retention and the exposure to catastrophe losses.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

The Company issues contracts that transfer insurance risk or financial risk or both. 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 the theory of probability is applied to 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 using statistical techniques. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about 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 the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(i) Non–life insurance contracts (which comprise marine, motor, accident and fire)

The Company principally issues the following types of general insurance contracts: motor, fire, engineering, accident and marine. Risks under non–life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from fires, natural disasters and accidents. For longer tail claims that take some years to settle, there is also inflation risk. These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

34. Insurance And Financial Risk (Continued)

(a) Insurance risk (Continued)

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events.

The table below sets out the concentration of insurance contract liabilities by type of contract.

	Year ended 31 December 2022		Year ended 31 December 2021	
	Gross Liabilities	Reinsurance of Liabilities	Gross Liabilities	Reinsurance of Liabilities
Fire	**(1,760,879)**	**(250,718)**	(3,486,747)	(1,895,248)
Accident	**(2,248,242)**	**(231,157)**	(1,371,564)	(223,167)
Motor	**(1,594,993)**	**-**	(618,161)	(10,553)
Engineering	**(3,171,102)**	**(499,086)**	(788,383)	-
Marine	**(729,734)**	**-**	(747,005)	(31,808)
Total	**(9,504,950)**	**(980,961)**	(7,011,860)	(2,160,776)

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once–off occurrence; changes in market factors such as public attitude to claiming: economic conditions: as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

34. Insurance And Financial Risk (Continued)

(a) Insurance risk (Continued)

Year ended 31 December 2021

Sensitivities

The non–life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear.

Year ended 31 December 2022	Change in assumptions	Impact on Profit before tax	Impact on equity
Average claim cost	10%	(1,037,578)	(674,426)
Average number of claims	10%	(1,037,578)	(674,426)
Average claim settlement period	Reduce from 3 months to 1 month		
Year ended 31 December 2021			
Average claim cost	10%	(813,251)	(528,613)
Average number of claims	10%	(813,251)	(528,613)
Average claim settlement period	Reduce from 3 months to 1 month		

The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

34. Insurance And Financial Risk (Continued)

(a) Insurance risk (Continued)

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

The Company has taken advantage of the transitional rules of IFRS 4 that permit only five years of information to be disclosed upon adoption of IFRS.

As required by IFRS, in setting claims provisions the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed and exercises a degree of caution in setting reserves where there is considerable uncertainty. In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

Gross insurance contract outstanding claims provision for 2022:

Accident year	2018	2019	2020	2021	2022	Total
At beginning of accident year	7,994,726	4,056,701	7,409,160	5,792,074	7,011,910	7,994,726
Claims incurred during the year	6,571,920	13,458,896	12,969,915	15,421,920	14,773,572	63,196,223
Claims paid during the year	(10,509,945)	(10,106,437)	(14,587,001)	(14,202,084)	(12,280,532)	(61,685,999)
At the end of the year	4,056,701	7,409,160	5,792,074	7,011,910	9,504,950	9,504,950

Net insurance contract outstanding claims provision for 2022:

Accident year	2018	2019	2020	2021	2022	Total
At beginning of accident year	5,036,533	2,410,734	4,334,520	4,874,533	4,851,134	5,036,533
Claims incurred during the year	1,730,465	5,778,993	7,912,185	8,132,509	10,375,781	33,929,933
Claims paid during the year	(4,356,264)	(3,855,207)	(7,372,172)	(8,155,908)	(6,702,926)	(30,442,477)
At the end of the year	2,410,734	4,334,520	4,874,533	4,851,134	8,523,989	8,523,989

The Company has elected to present its claims development on an accident year basis as this is consistent with how the business is managed. IFRS 4 does not prescribe the format of the disclosure of claims development and the presentation of this information by underwriting year is also permissible. Additionally, IFRS 4 does not explain how entities should present exchange differences or business combinations in the claims development disclosure. The Company has elected to translate estimated claims and claims payments at the rate of exchange applicable at the end of each accident year.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

35. Adoption of new and revised standards

35.1 New and amended Standards that are effective for the current year

35.1.1 Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16

In the prior year, the Company early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

In the current financial year, the Company has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.
The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- 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

- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)

- There is no substantive change to other terms and conditions of the lease

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

35. Adoption of new and revised standards (Continued)

35.1 New and amended Standards that are effective for the current year (continued)

35.1.2 New and revised Standards in issue but not yet effective (continued)

An assessment has been done and the Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The Directors have made an assessment and there is no impact on the Company.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if a Company also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The directors have made an assessment and there is no impact on the company.

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

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

35. Adoption of new and revised standards (Continued)

35.1 New and amended Standards that are effective for the current year (continued)

35.1.2 New and revised Standards in issue but not yet effective (continued)

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The directors have made an assessment and there is no impact on the Company.

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

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The Directors have made an assessment and there is no impact on the Company. Cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

IFRS 9 Financial Instruments

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

35. Adoption of new and revised standards(Continued)

35.1 New and amended Standards that are effective for the current year (continued)

35.1.2 New and revised Standards in issue but not yet effective (continued)

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The directors have made an assessment and there is no impact on the Company.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The Directors have made an assessment and there is no impact on the Company.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

35. Adoption of new and revised standards(Continued)

35.1 New and amended Standards that are effective for the current year (continued)

35.1.2 New and revised Standards in issue but not yet effective (continued)

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset"

- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.
The directors are in the process of determining the impact of the standard on the Company.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

26. Segment Reporting (Continued)

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Executive Management who are responsible for allocating resources to the reportable segments and assesses its performance. Each segment manages insurance results, develops products and services and defines distribution strategies based on the profile and needs of its specific market niche. The Company reports information about operating segments that meet a quantitative threshold or where disclosure results in useful information. There were five reportable segments as at 31 December 2022 and their respective product and service offerings are as follows:

Reportable segment	Description
Fire	All property, Assets and Industrial All Risks.
Motor	Offers automobile and third party liability coverage for personal andcommercial vehicles. The coverage period does not exceed one year.
Engineering	Engineering projects, computers and servers, mobile plant and machinery/machinery breakdown.
Accident	Burglary, Liabilities, Goods in Transit, Bonds, Fidelity Guarantee, Professional Indemnity (Bankers Blanket Bonds), Personal Accident, Directors and Officers Liability, All Risks and Umbrella Liabilities.
Marine	Marine Cargo, Hull, Aviation and related liabilities.
Life	Offers individual life and group life insurance contracts. Once the selected term has ended, the insurance contract is terminated and a policyholder may potentially obtain new coverage on the new terms, subject to successful underwriting. All insurance contracts in this segment offer fixed and guaranteed death benefits over the contractual term. Contracts issued typically have regular monthly, quarterly or annual premiums with a small portion having a single premium arrangement.

The Executive Management Committee primarily uses net investment and insurance results to assess the performance of operating segments. This measure is calculated using the same measurement principles that are used in the preparation of the statement of profit or loss and is reconciled to the total profit and loss below. Segment information provided to the Executive Management Committee for the year ended 31 December 2022 and as at that date is as follows:

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

36. Segment Reporting (Continued)

Figures in Kwacha thousands

Class of business	Fire	Accident	Motor	Engineering	Marine	Life	Total 2022	Total 2021
Gross Written Premium	58,753	12,989	3,468	14,465	3,232	2,965	**95,872**	78,759
Change in unearned premium reserve	(2,193)	96	185	497	(194)	-	**(1,609)**	**123**
Premium ceded	(39,961)	(3,342)	46	(6,507)	(111)	(125)	**(50,000)**	(47,059)
Net premiums	**16,599**	**9,743**	**3,699**	**8,455**	**2,927**	**2,840**	**44,263**	**31,823**
Net claims	637	(1,954)	(3,483)	(4,426)	(637)	(513)	**(10,376)**	(8,133)
Reinsurance commissions	12,399	367	(38)	1,162	26	-	**13,916**	13,077
	29,635	**8,156**	**178**	**5,191**	**2,316**	**2,327**	**3,540**	**4,945**
Net Commissions paid	(14,240)	(5,863)	(878)	(3,592)	(1,023)	(520)	**(26,116)**	(16,430)
Net deferred acquisition costs	1,187	287	46	61	167	-	**1,748**	(2,016)
Total claims and other direct expenses	16,582	2,580	(654)	1,660	1,460	1,807	**(20,828)**	(13,501)
Underwriting surplus	**33,181**	**12,323**	**3,045**	**10,115**	**4,387**	**4,647**	**23,435**	**18,322**
Other income							**10,529**	1,782
Other indirect expenses:								
Employment expenses							**(11,106)**	(8,639)
General expenses							**(5,224)**	(5,453)
Depreciation expenses							**(633)**	(586)
Expected credit losses on premium receivables							**(667)**	(457)
Other operating expenses							**(4,745)**	(2,142)
Profit before tax							**11,589**	2,827
Income tax							**(5,527)**	(1,520)
Profit after tax							**6,063**	1,307

Management have considered the requirement of IFRS 8: Operating Segment paragraph 21 which requires an entity to disclose reported segment profit or loss, segment assets and segment liabilities. Management has determined the operating segments based on the reports reviewed by the Executive Management Committee that are used to make strategic decisions. The committee considers the business as a single operating segment, being Zambia operations. On the basis of information available to management, it is not practical to disclose the segment assets and segment liabilities for each reportable segment.

Notes to the Financial Statements | Continued

For the year ended 31 December 2022

Kwacha

37. Standards issued but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company in preparing these financial statements. The Company will adopt these standards, if applicable, when they become effective:

The following standard, being IFRS 17 Insurance Contracts is expected to have a material impact on the Company's statements in the period of initial application and will be applied for the first time on 1 January 2023.

(a) IFRS 17 - Insurance Contracts

The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.
Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

Solvency Statement

For the year ended 31 December 2022

Kwacha

38. Solvency stetement

	2022	2021
Admissible fixed assets	**9,793,627**	8,650,034
Admissible investments	**66,368,478**	60,970,266
Admissible current assets :		
Premium receivables	**32,397,915**	27,725,792
Less: Premium receivables impairment	**(14,762,512)**	(14,231,453)
	17,635,403	13,494,339
Other assets	**16,065,963**	11,302,679
Cash and cash equivalents	**1,480,489**	5,468,115
Investments at fair value	**6,384,881**	4,789,396
Total admissible assets	**117,728,841**	104,674,829
Less: Admissible liabilities		
Insurance funds and provisions	**(14,387,822)**	(9,105,160)
Other financial liabilities	**(4,128,775)**	(2,786,820)
Reinsurance Payable	**(7,466,452)**	(6,808,115)
Lease liability	**(549,900)**	-
Proposed dividend	**(6,443)**	(4,890)
Deferred tax	**(556,221)**	-
	(27,095,613)	(18,704,985)
Excess of assets over liabilities	**90,633,228**	85,969,844
Solvency margin	**334%**	460%
Statutory solvency margin requirements	**10%**	10%

39. Comparative figures

Comparative figures have been restated where necessarry in order to afford meaningful comparison with the current year figures.

Zambia Re Staff

SENS ANNOUCEMENT

(the "Notice"or "Annoucement"

ISSUER

Incorporated in the Republic of Zambia
Company registration number 63239
Share Code: ZAMBIA RE
ISIN : ZMW0000000326
("Zambia Re" or "the company")
(Formerly "Prima Reinsurance Plc")

Stockbrokers Zambia Limited
[Member of the Lusaka Securities Exchange}
[Regulated and licensed by the Securities and Exchange Commission of Zambia]
Contact Number : +260-211-232456
Website: www.sbz.com.zm

APPROVAL

The captioned Notice or annoucement has been approved by:
i. the Lusaka Securities Exchange
ii. the Securities and Exchange Commission
iii. Stockbrokers Zambia Limited

RISK WARNING

The Notice or Announcement contained herein contains information that may be of a price sensitive nature

Investor are advised to seek the advice of their investment advisor, Stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide security advice.

ISSUED: 10 March 2023

NOTICE OF THE 18TH TELECONFERENCE ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting (AGM) of Members of Zambia Reinsurance PLC (formerly Prima Reinsurance PLC) will be held on Friday, 31st March 2023, commencing at 09:00 hours. The AGM proceedings will be conducted by Teleconference via the Zoom video link provided below:

Meeting ID: 879 3064 3478

Passcode: https://us02web.zoom.us/j/87930643478

All Shareholders are encouraged to make arrangements to participate in the AGM proceedings via the video link provided above.

The AGM had been convened for the following purposes:

1. To approve Minutes of the 17th Annual General Meeting held on 29th March 2022..

2. To receive and adopt the Chairperson's Report, the Report of Directors, the Report of the Auditors, and the Audited Financial Statements for the year ended 31st December 2022.

3. To receive and consider the Directors recommendation to declare dividends for the year ended 31st December 2022.

4. To appoint Auditors for the year ending 31st December 2023 and to authorise the Directors to determine their remuneration.

5. To transact any other ordinary business of the company.

By Order of the Board

Choice Corporate Services Limited

COMPANY SECRETARY

10 March 2023

Registered Office:
Stand 3509/Number 7 Matandani Close
Rhodes Park
Lusaka
Zambia

Note: A member entitled to attend and vote at the meeting is entitled to appoint any person (whether a member of the Company or not) to attend and, on a poll, to vote in his/her stead. Proxy Forms are obtainable from the Company Secretary and must be lodged at the Registered Office of the Company.

By Order of the Board

Choice Corporate Services Limited

COMPANY SECRETARY

Lusaka Securities Exchange Sponsoring Broker

T | +260-211-232456
E | advisory@sbz.com.zm
W | www.sbz.com.zm

Stockbrokers Zambia Limited (SBZ) is a member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia

First Issued on 10 March 2023

Wealth is like hair in the nose: it hurts to be separated; whether from a little or from a lot.

– African Proverb

FORM OF PROXY

To: **ZAMBIA REINSURANCE PLC**

I/We...

of...

Being a Member/Members of the above-named Company hereby appoint

Mr/Mrs/Ms/Dr...

of...

....

or failing him/her...

of...

....

As my/our proxy to vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company to be held on Friday, 31st March, 2023 at 09:00 hours and at any adjournment of that meeting.

The Annual General Meeting proceedings will be conducted by Teleconference via the Zoom video link provided below:

https://us02web.zoom.us/j/87930643478

Meeting ID: 879 3064 3478

....
SIGNATURE OF APPOINTING MEMBER

Date :..2023

Address:..

Note: The Form of Proxy must be deposited with the Company Secretary at Stand 3509/No. 7 Matandani Close Rhodes Park, P.O. Box 32565, Lusaka within 48 hours before the set time of Annual General Meeting.

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To get lost is to learn the way.

– African Proverb

ZAMBIA
REINSURANCE PLC

ADDRESS

ZAMBIA REINSURANCE PLC
No. 7, Namambozi Road
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