Annual Report
2021

GFA insurance

CELEBRATING 25 Years 1997 - 2022

GFA insurance

Annual Report 2021

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About Us

GFA Insurance Ltd was incorporated in September 1996 by a group of Professionals with more than a quarter century of experience in the insurance field. Its Head Office is in Port Louis. GFA Insurance has 13 offices across the island as well as twelve Accredited Agents.

At a time when firms have a tight grip on their expense strings, the enterprise is increasing its investment in the professional and personal aspects of its employees, resulting in the Company reaping rewards. However GFA Insurance has always given a lot of importance to its staff - We believe that our people is the key resource of our Company and we are constantly providing training, whether Insurance or Information Technology and even more.

We believe that our people is the key resource of our Company

Chairman’s Message

I am delighted to present to you the Annual Report for the year 2021.

Despite the challenges presented by the COVID-19 pandemic, which we hope is now behind us, GFA has emerged as a more resilient and reinvigorated Company with a result-oriented strategy. This year marks our 25th Anniversary, and against this new backdrop, we are celebrating our successes and looking forward to a brighter future.

Our management team has been hard at work devising comprehensive and customised insurance solutions, such as working from home, accelerating our paperless policies, and focusing on online services for a wide range of products. Additionally, we have been working on a significant diversification of products and a new investment strategy.

As evidenced by this report, our financial landscape and performance speak for themselves. We are dedicated to maintaining our momentum for brand positioning, best practices for risk management, and exploring all potentials for growth opportunities to provide a state-of-the-art environment in such a competitive insurance sector.

At GFA, we firmly believe that an efficient Company is built on the effective decision-making capabilities of the Board, while its due and timely execution is entrusted to Management and its team in a disciplined way.

Our robust good corporate governance is the foundation of our values, vision, mission, and strategy, allowing us to meet our Customers’ needs and new challenges with zeal and optimism. We are committed to providing continuing training and skill development for all categories of staff in all departments and branches to attain the best results in operational and strategic objectives.

I would like to extend my heartfelt gratitude to all the dedicated staff led by the highly competent and forward-looking Managing Director for their commitment, effort, and dedication in driving the Company towards excellence and ongoing improvement. I am grateful for the unflinching support and commendable guidance of all Board Members and different committees. Additionally, I am appreciative of the secretarial backup and the benefit of the experience of the Advisor/Founder Member.

Lastly, a special word of thanks to our shareholders for their trust and confidence in the Board of Directors. I have high hopes for the progress, growth, and development of GFA in the foreseeable future while aiming to take GFA to attain new heights.

Sincerely,
Rashad Daureeawo SC
Chairman

Managing Director's Message

Dear Stakeholders,
It gives me great pleasure to welcome you to the world of GFA Insurance.
As you browse through this document, you will find a comprehensive, in-depth review of our Company, reflecting the pride of over a hundred employees take in our ongoing growth and current success. It also conveys our sense of mission and vision—to become Mauritians' preferred insurer.

From its foundation in 1997, GFA Insurance has sought to adapt quickly to customer needs and requirements.
This continuous transformation has made us more agile, cost-efficient, and aligned more than ever to the needs and requirements of our customers.

My vision as Managing Director is to take GFA Insurance to the next stage.

Our strategy is not about just extending our products and services. I often talk about taking on new challenges and I believe diversity is an essential element to this. One of the highest priorities for myself and the management team is creating an environment where diverse values and thinking are accepted and where everyone can be themselves. I am committed to bringing not only high levels of expertise, but also diverse backgrounds and different values to group operations.

The global pandemic has challenged economies, society, and each and every one of us unlike anything we have experienced before.

This brings me to an overriding question as the pandemic winds down. How will GFA adapt in a post-COVID environment to cover Mauritian clients?

Over the past twenty-five years, we have accomplished many of our transformational objectives, we have more work to do to realize our aspirational vision to be a motor and non-motor insurance provider.
GFA's transformation picked up pace last year and will continue in the years ahead.

Financial Strength

For 25 years, Mauritians have relied on GFA to cover their assets. And through both good times and difficult times, the GFA community has worked tirelessly to ensure that no one is left out.

The year 2021 proved to be a year that tested our true resilience and determination in striving for excellence. Our business continuity plans were put to the test, along with the mettle of our people in facing adversity.

Nonetheless, I am pleased to share that, even though the Company did suffer in terms of stiff competition and sluggish general growth, the situation was kept largely under control.

Our reserves, which is designed to cover possible insurance losses, are growing and will rise in the years ahead.

The Gross Premium is a crucial metric in evaluating an insurance Company's performance, and that of GFA Insurance has seen significant growth over the years. From Rs 105.9 million in 2009, it has almost doubled to Rs 209.5 million in 2021, indicating the success of our customer retention and acquisition strategy, product and service innovation and competitive policies.

Furthermore, our Total Assets have also increased from Rs 461 million in 2016 to Rs 738.5 million in 2021.

Our Solvency Margin stands at an impressive 427%, which is among the highest in the industry. This means that the Company has sufficient financial resources to fulfill its obligations and ensure long-term sustainability.

The Company's claims payment record is equally noteworthy, having paid out more than Rs 1 billion in claims between 2014 and 2021, reflecting our unflinching commitment to customers.

Our earnings per share has also seen a steady increase over the years, reaching Rs 337 in 2020, up from the previous year's earnings per share of Rs 250. This indicates our profitability and the Company's ability to reward shareholders for their investment.

I am proud to say that, through prudent financial management, we have weathered the storm and emerged stronger, continuing to pursue operational excellence and following through our long-term growth strategies as we strive towards our vision.

Customer Centricity
GFA is moving to a virtual environment, and employees and clients are displaying great flexibility and patience throughout the shift. Our performance on complaints resolution has also improved markedly during the year with significantly reduced customer complaints. We are not complacent about the progress and are being conscious and mindful of much more that needs to improve. We are working on several strategic initiatives to improve our customer service delivery.

Building for the Future
Let me introduce to our 'Project Future Ready': to **catalyse, create and capture** the next wave of growth. This will be powered by our robust technology and digital platforms and will account for a significant fraction of our future investments.

Our core enabling functions of Internal Audit, Credit and Underwriting, Risk Management and Compliance/Governance are being strengthened even further to support our growth. Our commitment to social good remains unwavering. Through our CSR initiatives, we are driving inclusivity and diversity within our organisation.

We believe that good corporate governance is a product of culture and conscience and for us, profitability and growth cannot come at the cost of these. Our focus on compliance and assurance functions is unwavering and every aspect of compliance is adhered to with all sincerity and completeness.

Yes, business and professional goals are essential. However, it is even more essential faithful to the original vision of our founding shareholders and management team - which is to bring meaningful contribution to the Mauritian economy.
I would end by thanking my Board, colleagues, clients who have given their utmost to the Company during the last two of the most trying years in human history, and all our stakeholders who have kept their faith in us.

As GFA, we recognise our modest place in the world, but we are aware we do not act alone. We are part of a bigger ecosystem. We do our part and encourage our peers, partners and stakeholders to do the same.
Join in, and together, let us create a sustainable future for all of us.
Thank you all once again.

Abdool Rahman (Abdel) Ruhomutally,
Managing Director

CELEBRATING 25 Years 1997 - 2022

Amidst a gathering of regulators, business partners, top-tier clients, and other distinguished guests, GFA Insurance Ltd commemorated its 25th anniversary at the exquisite Trou aux Biches Hotel. Despite the prevailing COVID-19 restrictions, the Company pulled out all the stops to ensure a celebratory atmosphere, adhering to the highest standards of sanitary protocols. Hon. Mahen Kumar Seeruttun, the Minister of Financial Services and Good Governance, graced the event as Chief Guest.















GFA Insurance celebrates 25th year milestone with international partners

International reinsurers as well as top business and insurance industry figures gathered in september 2022 for a cocktail at the Labourdonnais Hotel, in Port Louis, on the invitation of Mauritian insurer GFA Insurance.

The event meant to celebrate the Company's solid relationship with its international partners since its journey started 25 years ago.

These include multi-award winning reinsurance broker, J.B.Boda as well as global reinsurers General Insurance Corporation of India (GIC Re) and African Reinsurance Corporation (Africa Re).

"Never have we experienced a claim being rejected, which means two things: GIC Re is a good reinsurer and GFA shows diligence in its underwriting and claims assessment," said Abdel Ruhomutally, GFA's Managing Director.

In recognition to the unblinking relationship with its partners, the founders of GFA, Dr Raouf Ruhomutally and Mr Alaoud Ruhomutally, presented commemorative shields to Rohit Boda, MD of J.B.Boda, Holy Andriambololona of Africa Re and to GIC Re.

Dr. Raouf Ruhomutally, Founder, GFA Insurance Ltd presenting commemorative shield to Mrs. Holy Andriambololona, Assistant Director, Underwriting & Marketing, Africa Re

Africa Re is ranked 36th in the 2019 Standard & Poor's Global Reinsurance Groups and 41st in the Top 50 Global Reinsurance Groups by AM Best in 2019. Africa Re's Financial Strength and Credit Rating is A (Stable) since 2016 and A – (Stable) Standard & Poor's (since 2009).

Dr. Raouf Ruhomutally and Mr. Alaoud Ruhomutally, Founders of GFA Insurance Ltd, Mr.Rohit Boda, Managing Director, J.B.Boda Insurance & Reinsurance Brokers Ltd, Mr. Abdel Ruhomutally, Managing Director, GFA Insurance Ltd

J.B.Boda is the pioneer of Reinsurance Broking in India and is today the largest and oldest Reinsurance Brokers in India, Asia, Africa, Middle-East, developing countries. It is also the first Indian Multinational Reinsurance Broking House operating for almost eight decades.

GIC Re is an Indian nationalised reinsurance Company and operates under the ownership of India's Ministry of Finance. Ranked 15th largest global reinsurer group, GIC Re has its permanent offices in UK, Malaysia, Russia and U.A.E.

Some snapshots of the event:

From left to right: Aadil Ruhomutally, Deputy MD, GFA, Dr. Raouf Ruhomutally, Founder, GFA, Takoorpersad Seewoodoyal, shareholder, GFA, Saoud Ruhomutally, Director of SR Assure Ltd and Shareholder GFA, Ickbal Adia, MD of Adia Agencies Ltd

From left to right: Mr Afsar Ebrahim, Executive Director, KICK Advisory Services, Mr Vasish Ramkhalawon, Secretary General, Insurers Association of Mauritius

From left to right: Percy Rose, Immediate Past President, Insurance Institute of Mauritius, Shiamdass Appannah, Founding Partner, Reinsurance Solutions and Lloyd's General representative Mrs. Holy Andriambololona, Assistant Director, Underwriting & Marketing, African Reinsurance Corporation, Mr. Takoorpersad Seewoodoyal, Shareholder, GFA Insurance Ltd

From left to right: Mrs. Breenda Gungabissoon, Administrative Executive, Insurance Institute of Mauritius, Ms. Shivna Ittoo, Senior Technical Executive, Ellgeo Re, Mrs. Sheila Ujodah, Chief Executive Officer, MIoD

GFA team (From left to right): Amit Maharaja, IT Manager, Vikash Parboteeah, Branch Manager/MLRO, Me Raj Kishore Ramsaha, Independent Non-Executive Director, Tony Li Kam Shun, Finance Manager, Birendranauth Sowambur, Non-Executive Director.

GFA Insurance Ltd helps workers fight inflation with bonus, pay raise

All employees of Mauritian insurer GFA Insurance received a pay boost and a bonus in the wake of the Company's 25th anniversary.

The financial support came at a time when Mauritius continues to grapple with high inflation

"Completing 25 years is a sign of confidence from our customers, but also from our employees, who have contributed to make us who we are today. Insurance is not just about problems and numbers... It's about relationships that we have built over time and which are an integral part of our DNA," explains Abdel Ruhomutally, Managing Director of GFA.

Thus, employees received a bonus ranging from 25% to 100% of their monthly salary, proportional to their length of service.

GFA employees also received a raise of Rs500 to cope with rising costs of goods and services.

This increase is an addition to the temporary financial support of Rs1,000 granted monthly to all employees through the Mauritius Revenue Authority (MRA).

Since the bonus is valid only until June 2023, the GFA has pledged to maintain the payment by confirming it as a supplementary pay raise.

"Our teams have faced recent challenges and obstacles with professionalism and with a positive attitude that has resonated throughout our organization. We hope that the anniversary bonus and this modest pay raise will be useful to them, especially at a time when high inflation has shaken everyone's purchasing power," said GFA's boss.

Clients, he added, will not be left out. The insurer is currently offering discount vouchers for various products and services through collaborative agreements with local SMEs.

"We are also working on an initiative that we hope to launch in a few weeks. It is only by helping each other that we'll be able to navigate through these challenging times," he said.

In 2020, the international magazine 'Global Banking & Finance Review' hailed GFA Insurance as the 'Best Insurance Underwriting – Mauritius'.

Last year, the publication once again acclaimed GFA Insurance, this time as the 'Best Auto Insurance Company Award – Mauritius 2021.'

Founded in 1997, the GFA is, with 25 offices and agencies across Mauritius, among the most consulted insurance Companies on the island for general insurance services, travel insurance, home/business insurance and professional indemnity.

It has more than 40,000 active policies and employs more than a hundred people.

NON Motor Insurance

- Professional Indemnity
- Public Liability
- Employer’s Liability
- Pleasure Craft
- Fire Insurance
- Home Insurance
- Travel Insurance
- Equipments Insurance
- Marine Insurance
- Liability Insurance
- Jewellery Insurance
- Engineering Insurance

Motor Insurance Products

- Private Car
- Taxi Car
- Taxi Lorry
- Contract Car
- Taxi Van
- Private Van
- Bus (Private)
- Motorcycle
- Electric Bike (E Bike)
- Trade Plate (Car)
- Driving School (Car)
- Private Lorry
- Bus (Contract)
- Bus (School)
- Autocycle
- Bus (Taxi)

Performance Summary 2021

STATUTORY DISCLOSURES - YEAR ENDED DECEMBER 31, 2021

Dear Shareholders,

The Board of Directors is pleased to present the Annual Report of G.F.A Insurance Ltd and its subsidiary for the year ended December 31, 2021.

All shareholders agree that the Annual Report need not comply with any of the paragraphs (a), and (d) to (i) of Section 221 (1) of the Companies Act 2001.

This report was approved by the Board of Directors on 28 March 2022.

Director
Shweta Moheeput

Director
Abdool Rahman (Abdel) Ruhomutally

STATEMENT OF COMPLIANCE

Section 75 (3) of the Financial Reporting Act

Name of PIE: G.F.A. INSURANCE LTD (the 'Company')

Period of reporting: January 01 to December 31, 2021

Throughout the year ended December 31, 2021, to the best of the Board's knowledge, the Company has applied the eight principles of the National Code of Corporate Governance for Mauritius (2016) (the 'Code'), except for:

Principle 4:

• **Disclosure of Individual Remuneration of Executive Directors**

Being sensitive information, the Board has decided not to disclose individual Directors' Remuneration in accordance with the provisions of S221(4) of the Companies Act 2001.

Explanations and measures are provided in the Corporate Governance Report.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

G.F.A. INSURANCE LTD ("GFA / The Company") is a public interest entity (PIE), as defined under the Financial Reporting Act 2004, and has applied the principles of the new Code since its coming in force. The Board of Directors (The "Board") is responsible for leading and controlling the Company and is committed to high standards of corporate governance. The Code of Corporate Governance 2016 is based on an "Apply and Explain" methodology and in line with good governance principles and best practices.

The Board of GFA has recognized that, whilst there is much yet to be achieved, it humbly considers that it has applied most of the principles of the new Code throughout year ended December 31, 2021.

The Board of Directors of the Company has been dispensed of preparing an Annual Report as per Section 218(2) of the Companies Act 2001.

GOVERNANCE STRUCTURE

The Memorandum & Articles of Association

The Company is governed by its Memorandum and Articles of Association dated September 11, 1996. Together with the below listed codes and charters, they set out the main principles that govern the Company and its Board of Directors. There are no clauses in the Memorandum and Articles of Association which are material enough to be deemed to be disclosed.

Code of Ethics

The Company has adopted a Code of Ethics which is based on corporate values which are essential for the Company to maintain the trust and reliability that have been earned over the years. The Code of Ethics establishes standards for behaviour and provides guidance as to ethical dilemmas and conflicts of interests faced by the Company, its Board, and its Officers.

Compliance with the Code of Ethics is planned to be regularly monitored and evaluated through a board evaluation exercise and staff appraisal.

The Code of Ethics will be monitored and updated on a regular basis.

Board Charter

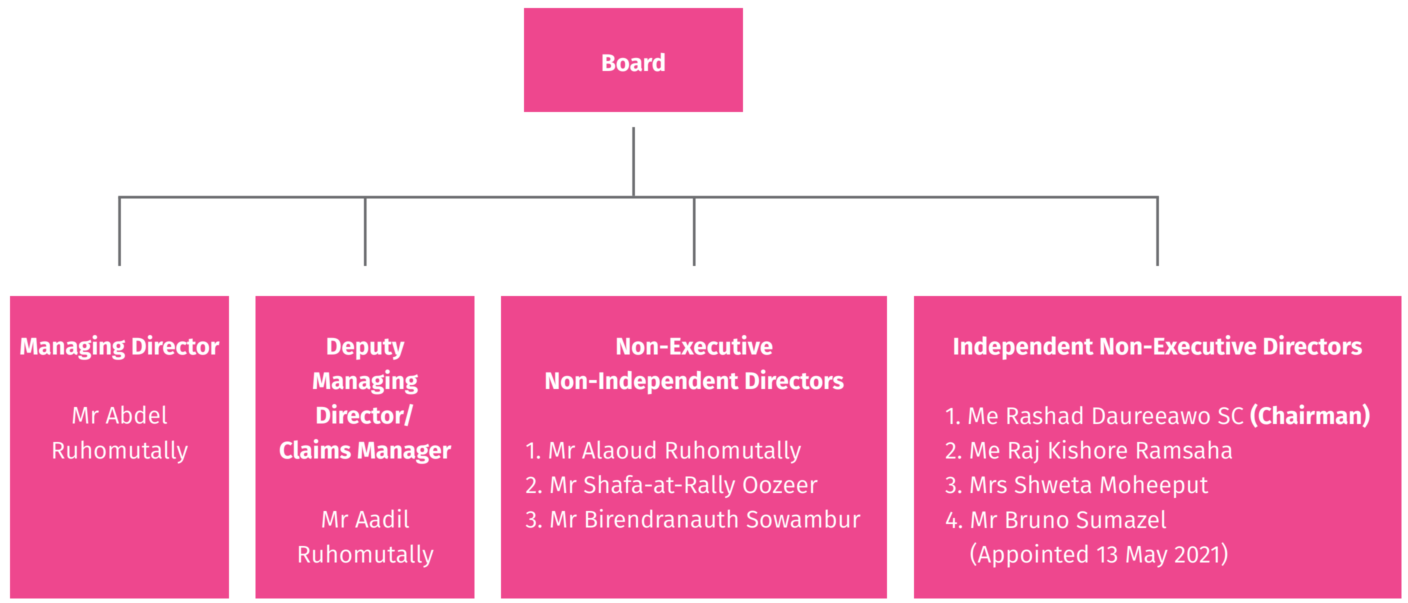
The Board Charter defines, inter alia, the role, function and objectives of the Board, its various Board Committees, Chairperson, Managing Director, and Senior Management. It also sets out how they interact to promote efficient, transparent, and ethical functioning/decision making processes within the Company.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Board Structure

G.F.A INSURANCE LTD

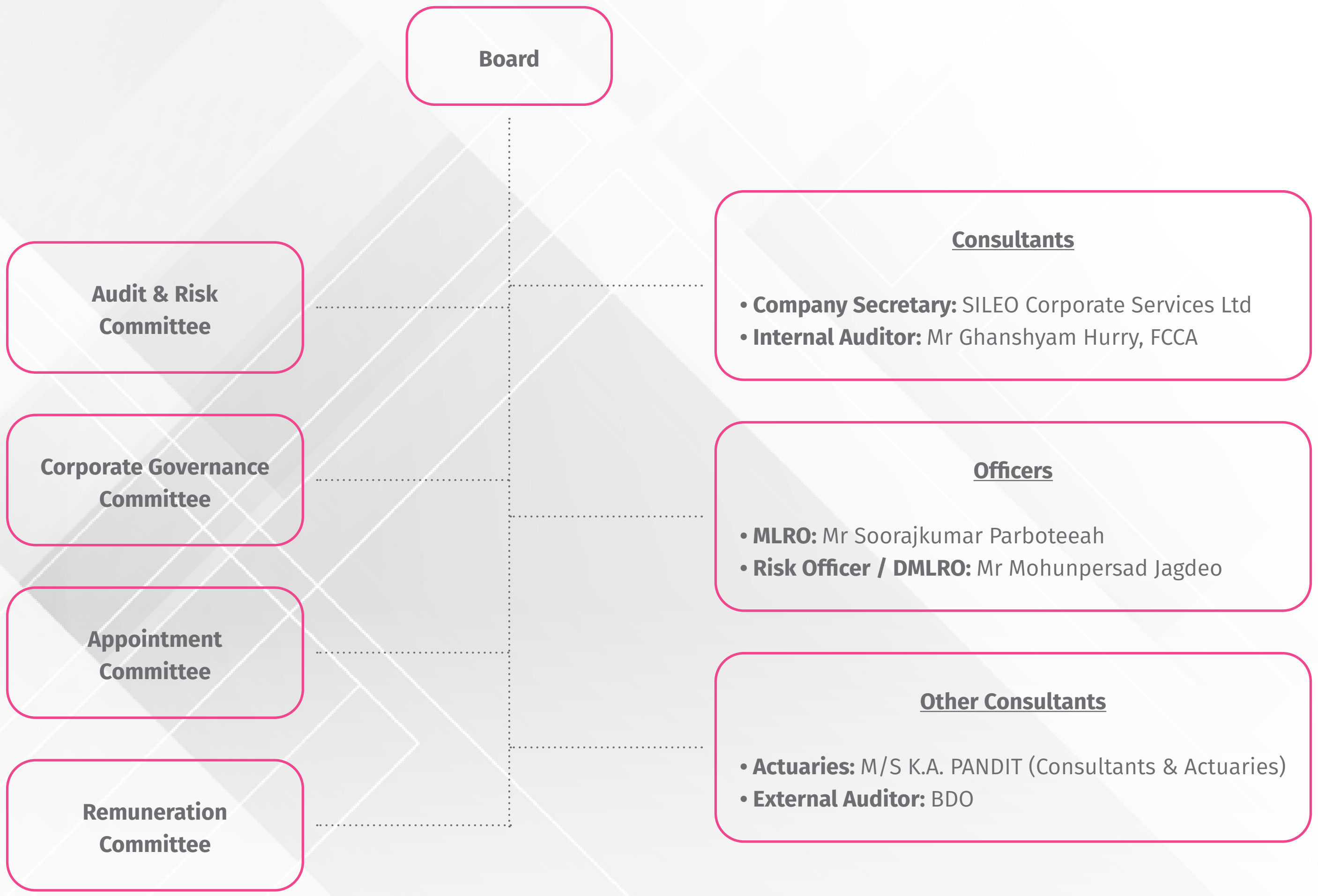
Board Structure as at 31 December 2021



CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Board Structure - Reporting Lines

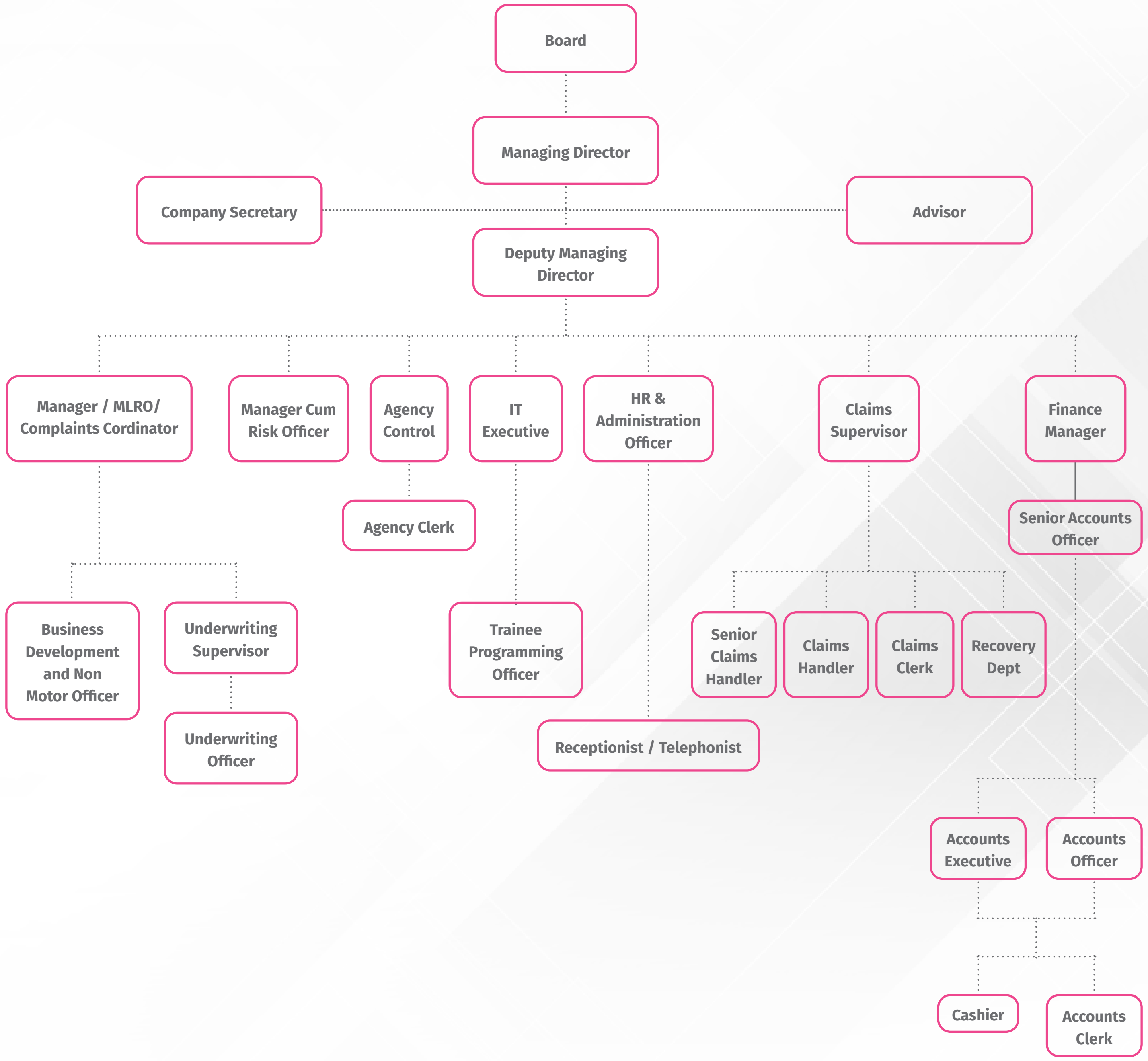
G.F.A INSURANCE LTD
Direct Reporting to Board as at 31 December 2021



CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Organisation Chart

G.F.A INSURANCE LTD
Organisational Structure



CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Responsibilities and Accountabilities

The key governance positions vital to the Board performance and for it to achieve a high level of good governance are set out below:

1. Chairperson of the Board
• Provides overall leadership to the Board and to the Company.
• Ensures smooth functioning of the Board and the Board Meetings' proceedings.
• Encourages active participation of each director in discussions.
• Makes sure that the Board is aware of the Company's and Group's affairs, and that it assumes its obligations towards all shareholders and other stakeholders.

2. Managing Director
• Is responsible for the day to day running of the Company's and Group's operations.
• Leads and directs senior management to implement the strategy and policies set by Board.
• Provides insights for short-and medium-term development of Company's and Group's operations.

3. Non-Executive Directors & Independent Directorships
• Monitor the delivery of the agreed strategy within the risk and control framework set by the Board.
• Constructively challenge the Executive Directors and Management of the Company.
• Participate in and chair the Board Committees.

4. Company Secretary
• Guides the Board on the Directors' statutory duties under the laws, disclosure obligations and corporate governance requirements and effective Board processes and ensures that the Company complies with its Memorandum and Articles of Association and the laws and regulations.
• Provides advice to the Board and the Chairperson on governance and corporate administration matters.
• Prepares and circulates agendas of Board, Board Committees and Shareholders meetings and any supporting papers, takes minutes of meetings and circulates same to members.

THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

Board of Directors
GFA is led by an effective and highly committed unitary Board. As at 31 December 2021, it consisted of nine directors as set out below:

DIRECTORS	EXECUTIVE / NON-EXECUTIVE/ INDEPENDENT
DAUREEAWO MOHAMMAD RASHAD	Independent Chairperson
DUMAZEL BRUNO	Independent
MOHEEPUT SHWETA	Independent
OOZEER MOHAMMAD SHAFA-AT RALLY	Non-Executive Non-independent
RAMSAHA RAJ KISHORE	Independent
RUHOMUTALLY AADIL	Executive
RUHOMUTALLY ABDOOL RAHMAN	Executive
RUHOMUTALLY MOHAMMAD ALAOUD	Non-Executive Non-independent
SOWAMBUR BIRENDRANUTH	Non-Executive Non-Independent

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Board of Directors (cont'd)

The Board consists of an appropriate combination of executive, non-executive, and independent non-executive directors. Each director is independent minded and is appointed according to his/her skills, knowledge and expertise required on the board and on the understanding of the amount of time and care that he/she will need to devote to the Board and to the Company for it to prosper.

The directors are re-elected every year, at the annual meeting of shareholders.

It is noted that all board members are citizens of Mauritius.

Profiles of directors and details of other directorships

Me. MOHAMMAD RASHAD DAUREEAWO, SC - INDEPENDENT DIRECTOR & CHAIRPERSON
Appointed on March 19, 2018

Rashad Daureeawo SC is Head of RD Chambers. He is a Senior Counsel (silk) of Mauritius with 50 years' experience at the Bar. He has a broad consultancy and litigation practice assisting domestic as well as international clients across a full spectrum of laws. He has regularly acted as Counsel before committees, tribunals, and in all jurisdictions of the Courts of Mauritius as well as in arbitration cases and also as Legal advisor to several parastatal and local government bodies. He also served in several boards, inter alia, MBC, Prison, DWC, MHC and Environment. He has served as Chairman of MASA, National Pension Board and MEDCO amongst others.

Me. Rashad Daureeawo has contributed greatly to developments and reforms in the legal field when he was a member of the Law Reform Commission for several years. He had previously held the position of Chairman of the Mauritius Bar Council. He is a Consultant of the United Nations Association (Mtius). He is presently the President of the Middle Temple Association (Mauritius).

Me. Rashad Daureeawo has recently served as High Commissioner of Mauritius in Pakistan for a period of about three years.

Mr. ABDOOL RAHMAN (ABDEL) RUHOMUTALLY - MANAGING DIRECTOR
Appointed Executive Director in June 2005. Deputy Managing Director up to December 13, 2013, Managing Director since December 13, 2013" Abdel was VP of Insurance Association between 2014 and 2016

Mr. Abdel Ruhomutally graduated in BA (Hons) Business Studies (Services - Finance) from the University of Westminster, United Kingdom. He also studied insurance at the London Guildhall University. Moreover, he holds Diplomas in Travel and Tourism and IATA Level II respectively. He joined the Company in 2001, after having built significant work experience overseas. He also has a strong background in I.T Infrastructure and Systems. He is an Approved Trainer of the Mauritius Qualifications Authority (MQA). Abdel was appointed as a member of the Motor Vehicle Insurance Arbitration Committee (MVIAC) by the Minister of Land Transport & Public Infrastructure in March 2008. He is also a Fellow of the prestigious Mauritius Institute of Directors since 2011. Abdel was the Vice-President of the Insurance Association between 2014 & 2016 and was elected a Council Member of the Insurance Institute of Mauritius in March 2013. He is a member of the Rotary Club of Port-Louis Citadelle and is the Chairperson of the Public Relations sub- committee of the same club. On March 08, 2013, Abdel was nominated Honorary President of the NGO Club Sportif Zenfan Vallée Pitot (Naw-N-Sha).

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Profiles of directors and details of other directorships (cont'd)

Mr. AADIL RUHOMUTALLY - DEPUTY MANAGING DIRECTOR & CLAIMS MANAGER
Appointed Deputy Managing Director as from March 19, 2018

Mr. Aadil Ruhomutally graduated in Financial Mathematics from University of Kent, United Kingdom. He also holds a BA in Business and Finance from Heriot Watt University, Edinburg, Scotland. He has a good background of the automotive industry. He joined the Company in 2011 as Assistant Administrative Officer. He has always been very much exposed to claims issues since he joined the Company. He was also the Branch Manager from 2016 to March 2018. He is presently the Deputy Managing Director and Claims Manager of the Company.

Mr. MOHAMMAD ALAOUD RUHOMUTALLY – NON - EXECUTIVE DIRECTOR
Appointed in September 1996. Managing Director up to December 2013

Mr. M. Alaoud Ruhomutally has been associated with the insurance sector for more than 40 years now. During the period 1976 to 1985, he was the CEO of S. Ruhomutally and Co Ltd, the sole representative of Groupement Français d'Assurances, a French Company based in Paris. After the departure of Groupement Français d'Assurances from Mauritius in 1985, he was appointed as the exclusive sales representative of La Prudence, Reunion Island up to August 1996. In September 1996, he founded G.F.A. Insurance Ltd, a fully Mauritian owned Company.

Mrs. SHWETA MOHEEPUT - INDEPENDENT DIRECTOR
Appointed on May 16, 2019

Mrs. Shweta Moheeput is an Audit Partner of Moore Mauritius. She is a qualified Member of the Institute of Chartered Accountants in England and Wales (ICAEW) and also holds a BSc (Hons.) in Accounting and Finance from the London School of Economics and Political Science (UK). She has also completed an Advanced Executive Leadership Program at the Harvard Business School (USA), where she has gained new strategic insights, global perspectives, and leadership skills that enable her to lead change, drive innovation, and sustain a competitive advantage.

Shweta has worked as Audit Senior at Moore Stephens LLP (London) in the International Business Group, where she had significant exposure to a diversified portfolio of international clients. Prior to joining Moore Mauritius as an Audit Senior Manager in 2015, Shweta also had the opportunity to work as Accountant at the IMF Family Association in Washington DC, USA. She possesses extensive experience in the financial audit of Companies in various sectors of the economy. She is well versed in International Financial Reporting Standards.

Her wide portfolio of clients includes insurance/re-insurance Companies, trading, manufacturing and global business Companies, money changers, investment advisors/CIS managers, subsidiaries of foreign Companies, public sector and parastatal bodies. She is also involved in several consultancy assignments commissioned by the World Bank, Indian Ocean Commission and the European Union.

Mr. PASCAL GERARD BRUNO DUMAZEL – INDEPENDENT DIRECTOR
Appointed on May 13, 2021

Mr Bruno Dumazel graduated as Géomètre Expert in 1988 (INST, Paris) and was commissioned to act as Sworn Land Surveyor in Mauritius since 1990. He holds a MBA from the University of Surrey (UK), and is currently preparing his Doctorate in Business Administration. He is a Listed E.I.A. Consultant with the Ministry of Environment and acts as Property Development Consultant & Valuer for financial institutions.

Mr Dumazel is a member of various professional bodies, namely The British Association of Project Managers (2000), the British Institute of Export, and The Mauritian Institute of Surveyors and Valuers (1990).

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Profiles of directors and details of other directorships (cont'd)

Mr. PASCAL GERARD BRUNO DUMAZEL – INDEPENDENT DIRECTOR (cont'd)
He is also the Chairperson of the "Alliance Française de l'Ile Maurice" since 2000, and of "Good Living in Mauritius (Charitable Trust)" since 2015. Former Governor of the University of Technology of Mauritius (2006 to 2012), Mr Dumazel holds the academic title of "CHEVALIER des Palmes Académiques (République Française, 2004).

He is a Non-Executive Director of Lycée La Bourdonnais since 1998 and acts as director in other private Companies.

Mr. RAJ KISHORE RAMSAHA, BARRISTER - INDEPENDENT DIRECTOR
Appointed on March 13, 2018

Me. Raj Ramsaha holds a Masters in law from the University des Sciences Sociales - Toulouse, France. He is a member of the Bar since 1992. He is a Law Practitioner since 1992 in the field of Criminal, Civil and Commercial matters. He is also a Former Chairperson of the Motor Vehicle Insurance Arbitration Committee (MVIAC) and Former Municipal Councilor of Beau Bassin Rose Hill. Me. Raj Ramsaha has been the Legal advisor of several groups and corporate Bodies namely Mauritius College of the Air, Mauritius Meat Authority, National Transport Corporation (NTC) and Municipal Council of Beau Bassin /Rose Hill. He is presently the Independent Director of Frontière Réassurance Limitée PCC and a Board member and Legal Adviser of Viva Voce Ltd (Radio one).

Mr. BIRENDRANUTH SOWAMBUR - NON-EXECUTIVE NON-INDEPENDENT DIRECTOR
Appointed on June 1, 2006

Mr Birendranuth Sowambur holds several diplomas, namely in Occupational Health and Safety, Industrial Psychology and Personnel management. He reckons about more than twenty-five years' experience in the field of Health and Safety. He has served both in public and private organisations. He attended various international conferences on Occupational Health and Safety in Asian countries. He was the former Vice President of the Institution of Occupational Safety &Health Management. He was appointed as Deputy Chairperson of the Board of film censor from the Ministry of Art & Culture from 2006 up to 2010. At present, he is the executive committee member of the above institution as well as working as an Occupational Health and Safety Consultant.

Mr. SHAFA-AT RALLY MOHAMMAD OOZEER - NON-EXECUTIVE DIRECTOR
Appointed on September 7, 2018

Mr. Shafa-at Rally Oozeer is a graduate holding Bsc (Hons) in Management from the University of Technology (Mauritius). He has an international diploma in business from NCC Education Manchester, United Kingdom and has passed the examination of the Association of Chartered Certified Accountants UK (ACCA) level 1. Moreover, he holds a Certificate in the Financial Services from the Economic Development Board. Shafa-at Rally Oozeer possesses about 5 years managerial experience in sales and marketing. He has been working as Retail/ Branch Manager at Courts Mammouth. He reckons about ten years' experience in the field of Aviation, Travel and Tourisms. He has worked as senior Customer Service Officer with Air Mauritius Ltd at the SSR international Airport for several years. Shafa-at Oozeer attended various international workshops in aviation and other fields such as: Aviation security, Dangerous Goods Regulation, Ramp Safety, Emotional Intelligence and Up lifting Service Champion. Mr Shafa-at is also a social worker and a member of the Muslim Benevolent & Welfare Society.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

List of Directorships in Public or Subsidiaries of Public Companies

DIRECTORS	Public or Subsidiaries of Public Companies	Capacity
Daureeawo Rashad	-	-
Dumazel Bruno	-	-
Moheeput Shweta	-	-
Oozeer Shafa-At Rally	-	-
Ramsaha Raj Kishore	-	-
Ruhomutally Aadil	-	-
Ruhomutally Abdel	-	-
Ruhomutally Alaoud	-	-
Sowambur Birendranuth	-	-

Balance and diversity

The size and the level of diversity of the board is commensurate with the scale of the organisation.

Age of Directors
70 – 79 years old – 1 director
60 - 69 years old – 3 directors
50 - 59 years old – 1 director
40 - 49 years old – 1 director
30 - 39 years old – 3 directors

Length of Tenure
0-3 years old – 2 directors
3-5 years old – 4 directors
More than 5 years – 3 directors

Gender Balance of the Board

The Code provides that all organisations should have directors from both genders as members of the Board. As at December 31, 2021, the Company's Board comprised of one female director. The Board is favourable to increasing the number of women on board.

Key roles and responsibilities

The Board operates under the direction of the Chairperson, Me Rashad Daureeawo, Senior Counsel. There is a clear division of responsibility between the Chairperson and the Managing Director, Mr. Abdel Ruhomutally. Whilst the Chairperson has overall responsibility that all directors participate fully and constructively in the functioning of the Company and in the decision process for leading the Board and ensuring effectiveness, the Managing Director is responsible for managing and leading the business of the Company.

The Board plays a key role in determining the Company's direction, monitoring its performance, and overseeing risks and is collectively responsible for the long-term success of the Company. The Board of Directors is committed to the highest standards of business integrity, transparency, and professionalism so as to ensure the continued prosperity of the Company.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Key roles and responsibilities (cont'd)

The Board is also responsible for ensuring that the Company's activities are managed ethically and responsibly, in line with relevant laws and regulations, to protect and enhance shareholder value.

The following table gives the record of attendance at board meetings for the year under review:

Name of Directors	**Number of meetings attended**
Me Rashad Daureeawo SC	6 out of 6
Mr Alaoud Ruhomutally	6 out of 6
Mr Abdel Ruhomutally	6 out of 6
Mr Aadil Ruhomutally	5 out of 6
Mr Raj Ramsaha	6 out of 6
Mr Birendranuth Sowambur	6 out of 6
Mr Shafa-at-Rally Oozeer	6 out of 6
Mrs Shweta Moheeput	6 out of 6
Mr Bruno Dumazel (Appointed on May 13, 2021)	3 out of 6

Board Committees

The Board of Directors, for assistance in its functions, is supported by five main sub-committees: namely the Corporate Governance Committee, Audit and Risk Committee, Investment Committee, Appointment Committee and Remuneration Committee, which make recommendations on matters delegated to them. The various committees are chaired by experienced chairpersons who then report to the Board.

The Terms of Reference of the above-mentioned Board Committees were duly approved by the Board in 2018. The Board also ensures that, with the Company Secretary's participation, all board members have unhindered access to information so that they may contribute in a meaningful way to board meetings and are able to take informed decisions.

Corporate Governance Committee

The Corporate Governance Committee is appointed by the Board. The Terms of Reference of the Corporate Governance Committee were approved at a Board meeting held on August 8, 2018.

The Committee fulfils the following main tasks:
1. Make recommendations to the Board on all corporate governance provisions to be adopted so that the Board remains effective in ensuring that the Company complies with prevailing corporate principles and practices.
2. Assist the Board in its ongoing oversight of quality of governance.
3. Ensure that the disclosure requirements with regard to corporate governance, whether in the annual report or other reports on an ongoing basis, are in accordance with the principles of the Code of Corporate Governance.
4. Recommend to the Board enhancements to the Company's governance in the interest of the Company as a whole.
5. Support the Board in maintaining alignment with regulatory expectation as regard governance.
6. Ensure that the Board is up to standard with global and national good governance standards.
7. Ensure that the Board receives regular and ongoing training and development.
8. Develop a Related Party Transaction Policy.
9. Review related party transactions and approve, ratify, revise, or reject such transactions in accordance with the Related Party Transaction Policy.
10. Review at least on an annual basis and recommend changes to the Related Party Transaction Policy.
11. Review the independence, both in appearance and in fact and develop and recommend to the Board criteria to assess the independence of Directors.
12. Develop and implement a Board/Director appraisal policy and mechanism.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Corporate Governance Committee (cont'd)

Composition

Members	Category
Mr Raj Kishore Ramsaha	Chairperson
Mrs Shweta Moheeput	Member
Mr Bruno Dumazel	Member (appointed on May 13, 2021)

Attendance at Corporate Governance Committee held on March 01 and March 15 and June 16, 2021.

Members	Number of meetings attended
Mr Raj Kishore Ramsaha	3 out of 3
Mrs Shweta Moheeput	3 out of 3
Mr Bruno Dumazel	1 out of 3

The Managing Director is invited to attend the meetings, as and when required.

Annual effectiveness review

The Corporate Governance Committee confirms that, for the year under review, it has met its key objectives and carried out its responsibilities effectively in accordance with its Terms of Reference.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities.

The mission of the Audit and Risk Committee is to establish formal and transparent arrangements regarding how to apply financial reporting and internal control principles and to maintain an appropriate relationship with the Company's auditors.

The Committee focuses on the following:
- Review the appropriateness of the Company's accounting policies;
- Focus on the reliability and accuracy of the financial information provided by Management to the Board and other users of inancial information;
- Review the integrity of the financial statements.
- Review and approve the budget, including the budget for capital expenditure;
- Focus on the risk areas of the Company's operations to be covered in the scope of the internal and external audits;
- Focus on the functioning of the Internal Auditor;
- Assess the effectiveness of the internal control processes;
- Focus on any accounting or audit concerns identified as a result of the internal or external audits of the Company's compliance with legal and regulatory requirements with regard to financial matters;
- Focus on the scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors;
- Manage the Company's risk policies;
- Review the Company's risk profile against risk appetite and effectiveness of risk management framework
- Discuss critical policies, judgements and estimates with the external auditor.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Members	Category
Mrs. Shweta Moheeput	Chairperson
Mr Raj Ramsaha	Member
Mr Bruno Dumazel	Member (Appointed on May 13, 2021)

Attendance at Audit and Risk Committee meetings on March 18, June 25 & 28, and October 19, 2021

Members	Number of meetings attended
Mrs. Shweta Moheeput	4 out of 4
Mr Raj Ramsaha	4 out of 4
Mr Bruno Dumazel	3 out of 4

The meetings are also attended by the Managing Director, the Finance Manager, the internal and external auditors as and when required.

Matters considered in FY 2021

During the year under review, the Audit and Risk Committee met twice. Matters discussed with respect to the Company included:
- Management letter from the External Auditor
- Management Accounts for the half year ended June 30, 2021
- Review of the several reports submitted by the internal auditor and the follow up on his recommendations
- Review of the Risk Management Framework and the Risk Management Function

Annual effectiveness review

The Audit and Risk Committee of GFA confirms that, for the year under review, it has fully met its key objectives and carried out its responsibilities effectively in accordance with its Terms of Reference and the risk report prepared by the Internal Auditor.

Remuneration Committee

In December 2021, a second Remuneration Committee has been created, whose members are all independent directors. The sole task of this new Remuneration Committee will be to review the remuneration of the Shareholder-Employees (Members of the Ruhomutally family). It has been named "Independent Remuneration Committee for Shareholder-Employees".

Composition

Members of the Remuneration Committee	Members of the Independent Remuneration Committee for Shareholder-Employees
Mr Abdel Ruhomutally (Chairperson)	Me Rashad Dawreeawo, SC (Chairperson)
Mr Aadil Ruhomutally	Me Raj Ramsaha
Mr Alaoud Ruhomutally	Mrs Shweta Moheeputh

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Remuneration Committee (cont'd)

The task to determine and review the basic salary and other benefits attributable to the Senior Officers and Top Management (excluding the Members of the Ruhomutally family remains the responsibility of the 'main' Remuneration Committee. The Remuneration Committee reviews the directors' and the Senior Executives' remuneration package, as well as its adequacy, on a periodic basis.

The Terms of Reference of the Remuneration Committee are currently being updated.

Appointment Committee

The main Terms of Reference of the Appointment Committee are to guide and monitor the process for recruitment, appointment, election, and re-election process of the executives of the Board and Committee.

Members	Category
Me Rashad Dawreeawo, SC	Chairperson
Mr Abdel Ruhomutally	Managing Director
Mr Alaoud Ruhomutally	Non-Executive Director

Investment Committee

The Terms of Reference of the Investment Committee, amongst others, are:
• To review and approve periodically the investment policies of the Company;
• To monitor the performance of the asset portfolio against the agreed benchmarks and targets;
• To determine an appropriate investment strategy, including asset mix.

The Company's investment strategy is becoming more dynamic, with the target to invest in new markets. The addition of Mr Bruno Dumazel as board member is a value-added for the Company, given his area of expertise and experience in real estate.

Composition

Members	Category
Mr Alaoud Ruhomutally	Non-Executive Director (Chairperson)
Mr Abdel Ruhomutally	Managing Director
Mr Aadil Ruhomutally	Deputy Managing Director

DIRECTOR APPOINTMENT PROCEDURES

As part of its mandate, the Appointment Committee and the Board carefully consider the needs of the Company in appointing Directors onto the Board. The following factors are carefully considered:
• Skills, knowledge and expertise of the proposed Director;
• Previous experience as a Director;
• Reputation of the proposed Director;
• Independence where required;
• Conflicts of Interests.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

DIRECTOR APPOINTMENT PROCEDURES (CONT'D)

To this end, the Board, through the Appointment Committee follows a rigorous, formal, and transparent procedure to select and appoint new Directors.

Selection Process from list provided by MIOD, direct applications, or referral
↓
Proceed with Interviews of shortlisted candidates
↓
Shortlisting of three best candidates
↓
Make recommendation to the Board
↓
Appointment of new director by the Board of Directors
↓
Issue letter of appointment to new Director
↓
Approval by The Financial Services Commission
↓
Induction of Newly appointed director
↓
Newly appointed director is subject to election in first year of appointment by the shareholders at the Annual Meeting

Biography of the Company Secretary - SILEO Corporate Services Ltd

SILEO is a Company limited by shares incorporated in Mauritius on August 4, 2020, founded to provide Company secretarial, consultancy and advisory services and training to Companies in Mauritius. SILEO also endeavours to promote corporate governance and help Companies willing to grow to greater heights to implement good governance practices. The Company was set up by Nisha Proag-Dookun and Véronique Magny-Antoine, both Associates of the Chartered Institute of Company Secretaries & Administrators and Associate Governance practitioner, having more than 20 years' experience in both the domestic and global business.

Board Induction

The Company Secretary assists the Chairperson in ensuring that an induction programme is in place for all new directors to acquire sufficient knowledge and understanding on the nature of business, and the opportunities and challenges facing the industry, to enable them to effectively contribute to strategic discussions. All newly appointed directors receive an induction pack containing documents pertaining to their role, duties, and responsibilities. The directors are thus committed to remain aware of their legal duties.

In addition, the Company Secretary and the Chairperson remain available for one-to-one briefings and new directors are invited to meet members of the management of GFA.

As part of the Board Induction program for Mr Dumazel (who joined in May 2021), the Managing Director has recently organized an informal session with the Non-Executive Directors to relate the history of GFA and its journey for the past 25 years. A physical visit of the office was also done, for an insight in the day-to-day work.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Professional development and training

Directors are encouraged, as far as possible, to keep themselves up to date, with the latest trends and best professional practices. During the year 2021, some of them attended a MIoD Online Workshop: “Unlocking Boardroom Performance”.

Time commitments

Board members are expected to dedicate such time as is necessary for them to effectively discharge their duties. Directors have a duty to act in the best interests of the Company and are expected to ensure that their other responsibilities do not impinge on their responsibilities as Directors.

The Chairman is committed to more then 10 days per annum including the Annual Meeting, regular Committees and Board meetings and is available at all times in event of crisis and beyond expected input.

Succession planning

The Board assumes full responsibility for succession planning. The Board of Directors believes that good succession planning contributes further to the delivery of the Company’s strategy by ensuring the desired mix of skills and experience of current and future board members. The Board is also committed to recognising and nurturing talent within executive and management levels to ensure that the Company creates opportunities to develop current and future leaders.

The Appointment Committee shall periodically review probable vacancy in the position of Senior Management Team which may arise due to retirement, resignation, death or incapacity whether temporary or permanent. The Board shall strive to fill such vacancy within internal modes through elevation and in case no suitable candidate is available to fill the position, only then external candidates shall be considered.

The Committee may also resolve to engage the services of such retired executive/member of senior management on a contractual basis subject to his/her willingness to serve the Company in such capacity.

The Board has started the process of establishing a formal succession planning for the key posts of the Company.

Board Evaluation

There are various methodologies that can be applied, and GFA has chosen a 1800 Evaluation Method, which is one of the simplest methods of evaluation, comprising of a self-evaluation questionnaire, which is then discussed on a one to one basis, with the Appointment Committee, and the contents are agreed by both parties in an open and generally face to face conversation.

The Corporate Governance Committee, with the assistance of the Company Secretary, devised the Board Evaluation Questionnaire and the acCompanying process.

The first Evaluation Exercise of the Board and of its committees has been initiated during the year under review. The results are being compiled and an action plan is being put in place, based on the outcome of the exercise, towards an enhancement of the board performance.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

DIRECTORS’ DUTIES REMUNERATION AND PERFORMANCE

Director’s Duties

All the Directors on the Board including any alternate Directors are fully aware of their duties. Once appointed on the Board, the Director receives the following documents pertaining to his/her duties and responsibilities:

- Board Charter
- Code of Ethics
- The Memorandum & Articles of Association of the Company

REMUNERATION OF DIRECTORS

Remuneration and benefits received by the Directors from the Company during the year were as follows:

	2021	2020
	Rs.	Rs.
Executives Directors	**8,510,648**	8,848,343
Non-executive & Independent Directors	**4,020,787**	3,430,197

The Directors did not receive any remuneration from its subsidiary, GFA Investments Ltd.

The Directors’ remuneration is disclosed by category and not individually in view of confidentiality and sensitivity of the information. Financial Statements will have details.

DIRECTORS’ SERVICE CONTRACTS

Mr. Abdool Rahman (Abdel) Ruhomutally, Mr. Alaoud Ruhomutally, and Mr. Aadil Ruhomutally have contracts of employment with the Company without expiry dates. The other Directors have service contracts with the Company.

Interests Register, Conflict of Interest

As a Public Interest Entity (PIE), the Company makes every effort to ensure that the Directors disclose any interest in writing to the Board. Also, the Directors’ Code of Conduct contains provision to prevent any conflict of interest. An Interest Register, which is updated on an annual basis, is maintained by the Company Secretary. Any disclosure of interest is recorded in the interest register, which is available for inspection during normal office hours upon written request to the Company Secretary. In addition, the Directors also disclosed any related party transactions.

Whistle Blowing

Whistle Blowing involves the act of reporting wrongdoing (e.g., malpractices, corruption, misconduct, mismanagement) within an organisation to internal and external parties. It is raising a concern about malpractices within an organisation or through an independent structure associated with it.

The Board of Directors is conscious of the need for the Company to have a policy regarding whistle blowing.

The Whistle blowing policy has been formally put in place during the year.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Remuneration Philosophy

All Board Members are paid an attendance fee per Board / Committee meeting. The chairpersons of the Board and of the board committees receive an additional remuneration.

The remuneration of Directors is based on standards in the market and reflects demands to competencies and efforts in the light of the scope of their work.

The non-executive directors have not received any remuneration in the form of share options or bonuses associated with organisational performance.

The Board and Committees fees are reviewed by the Remuneration Committee and approved by the Board.

RELATED PARTY TRANSACTIONS

Please refer to Note 31 to the Financial Statements.

INTERNAL CONTROL AND RISK MANAGEMENT

The Directors are responsible for maintaining an effective system of internal control and risk management. Though these two functions are delegated to the Audit and Risk Committee, the governance of risk, the nature and risk appetite of the Company remain the ultimate responsibility of the Board.

Other responsibilities of the Board also include:
• Ensuring that structures and processes are in place for management of risks,
• Identifying the principal risks and uncertainties,
• Ensuring that systems and processes are in place for implementing, maintaining, and monitoring internal controls,
• Identifying any deficiency in the system of internal control.

The Board should be responsible for risk governance and should ensure that the organisation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system.

Internal audit charter

A formal internal audit charter was established during the year 2021. The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

The internal audit activity is established by the Audit and Risk Committee. The internal audit activity's responsibilities are defined by the Audit and Risk Committee as part of their oversight role.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Risk Management

Objectives
GFA Insurance Ltd places particular emphasis on the effective monitoring and management of its undertaken risks with a view of maintaining stability, financial soundness, and continuity of operations, as well as achieving its strategic goals as set out in its business and restructuring plans, fully aligned with the budget, capital and liquidity planning and policy.

In this context, GFA Insurance Ltd has put in place a Risk Management Framework which constitutes GFA's fundamental attitude towards risk management. A Risk Management Framework aims to foster sound corporate governance principles and risk culture, clear strategy and adequate policies, procedures, and methodologies. This framework is supported by infrastructure and resources, in compliance with the regulatory framework and supervisory requirements.

GFA Insurance Ltd and its Board of Directors consider that a full and consistent application of the risk management arrangements in place, would adequately address the risks inherent in the risk profile and strategy of the Company and acknowledge that a robust risk culture should remain a key focus area for continuous improvement.

The Risk Management Framework:
• Links Risk Appetite to strategic business and capital plans;
• Supports a risk-aware culture;
• Sets out accountabilities and governance arrangements for the management of risk within the 'three lines of defence' model;
• Enhances business risk-based decision-making.

The Board recognises that an effective Risk Management Framework requires the existence of a positive risk culture within the business, with clear ownership and accountability for risk. As a key provider of insurance services in Mauritius, it is essential that GFA Insurance Ltd, employees understand their accountabilities and expected standards of conduct. From its formation, the overarching objective of the risk function has been to focus on promoting a positive risk culture and building the necessary risk infrastructure commensurate with size and market position.

The GFA risk culture is enforced through the Code of Conduct, the leadership framework, as well as through remuneration policies which look to recognise and reward behaviours that reflect the desired risk culture and have appropriate consequences for undesirable behaviour.

The risk culture is also enhanced through:
• Clarity of roles and accountability;
• Transparent and open dialogue in an environment where people feel safe to raise issues or concerns;
• Ensuring alignment with the desired risk culture when engaging with our people, including recruitment, induction, training, reward and recognition;
• Regularly checking on the health of the risk culture through feedback mechanisms, such as customer surveys, performance appraisals and one-on-one talks.

This Risk Management Framework (RMF) and Risk Management Strategy (RMS) aim to document the:
• Actual risks that have been identified by the Board as material;
• Methods adopted to minimise these risks; and
• Way these risks are monitored on an ongoing basis.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Risk Management (cont'd)

Objectives (cont'd)
The RMF and RMS do not:
• Address every possible risk to GFA Insurance Ltd; or
• Necessarily set out the full detail of the procedures and processes adopted to manage the risk.

Responsibilities

The Board is responsible for:
• Approves strategic objectives and validates our Risk Appetite,
• Reviews the Company's risks and mitigating measures,
• Reviews the Company's Risk Management and Internal Control Systems,
• Assesses these systems effectiveness through its Audit and Risk Committee

The Senior Management of GFA Insurance Ltd is responsible for:
• Is responsible for the "tone at the top"
• Oversees design and implementation of Risk Management and Internal Control Systems
• Defines and allocates Risk Appetite
• Makes decisions when substantial risk is at stake
• Evaluates the adequacy of risk mitigation plans

The Risk Management Process

GFA Insurance Ltd, aims to conduct its business in compliance with all relevant laws, rules, regulations, industry standards and codes, internal policies, and procedures, and having regard to accepted community and ethical standards. It also acts promptly to correct incidents of non-compliance no matter how identified, including determining whether a compliance failure is a breach that is reportable to a regulator.

As part of the RMF, internal controls have been implemented across GFA Insurance Ltd to ensure appropriate risk identification, assessment, control, management, monitoring, and reporting. These controls support the proactive management of risk, including the regular maintenance of risk profiles which provide the Board and Management with clear oversight of risk.

In accordance with Financial Services Commission's ("FSC") Prudential Standards, regulated entities must submit a Risk Management declaration to FSC, signed by the Board annually, confirming the adequacy of the regulated entity's Risk Management systems. The Risk Management declarations are based on reports considered and reviews conducted by the Board Risk Committee during the year and on the representations, Management provides to the Board and Managing Director with regard to the adequacy of GFA's Risk Management systems.

Policies and procedures are being developed to ensure open communications with regulators occur in a timely manner including the referral of any material correspondence between GFA and regulators to the Board or relevant Board committee.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Risk Management

Objectives
GFA Insurance Ltd places particular emphasis on the effective monitoring and management of its undertaken risks with a view of maintaining stability, financial soundness, and continuity of operations, as well as achieving its strategic goals as set out in its business and restructuring plans, fully aligned with the budget, capital and liquidity planning and policy.

In this context, GFA Insurance Ltd has put in place a Risk Management Framework which constitutes GFA's fundamental attitude towards risk management. A Risk Management Framework aims to foster sound corporate governance principles and risk culture, clear strategy and adequate policies, procedures, and methodologies. This framework is supported by infrastructure and resources, in compliance with the regulatory framework and supervisory requirements.

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The GFA risk culture is enforced through the Code of Conduct, the leadership framework, as well as through remuneration policies which look to recognise and reward behaviours that reflect the desired risk culture and have appropriate consequences for undesirable behaviour.

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• Clarity of roles and accountability;
• Transparent and open dialogue in an environment where people feel safe to raise issues or concerns;
• Ensuring alignment with the desired risk culture when engaging with our people, including recruitment, induction, training, reward and recognition;
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This Risk Management Framework (RMF) and Risk Management Strategy (RMS) aim to document the:
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• Methods adopted to minimise these risks; and
• Way these risks are monitored on an ongoing basis.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Risk Management (cont'd)

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The Board is responsible for:
• Approves strategic objectives and validates our Risk Appetite,
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The Senior Management of GFA Insurance Ltd is responsible for:
• Is responsible for the "tone at the top"
• Oversees design and implementation of Risk Management and Internal Control Systems
• Defines and allocates Risk Appetite
• Makes decisions when substantial risk is at stake
• Evaluates the adequacy of risk mitigation plans

The Risk Management Process

GFA Insurance Ltd, aims to conduct its business in compliance with all relevant laws, rules, regulations, industry standards and codes, internal policies, and procedures, and having regard to accepted community and ethical standards. It also acts promptly to correct incidents of non-compliance no matter how identified, including determining whether a compliance failure is a breach that is reportable to a regulator.

As part of the RMF, internal controls have been implemented across GFA Insurance Ltd to ensure appropriate risk identification, assessment, control, management, monitoring, and reporting. These controls support the proactive management of risk, including the regular maintenance of risk profiles which provide the Board and Management with clear oversight of risk.

In accordance with Financial Services Commission's ("FSC") Prudential Standards, regulated entities must submit a Risk Management declaration to FSC, signed by the Board annually, confirming the adequacy of the regulated entity's Risk Management systems. The Risk Management declarations are based on reports considered and reviews conducted by the Board Risk Committee during the year and on the representations, Management provides to the Board and Managing Director with regard to the adequacy of GFA's Risk Management systems.

Policies and procedures are being developed to ensure open communications with regulators occur in a timely manner including the referral of any material correspondence between GFA and regulators to the Board or relevant Board committee.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Risk Management (cont'd)

The Risk Management Process (cont'd)

The key elements of the Risk Management processes are as follows:

• *Communicate and consult* Communicate and consult with internal and external stakeholders as appropriate at each stage of the Risk Management process and concerning the process.

• *Establish the context*
Establish the external, internal and Risk Management context in which the rest of the process will take place. Criteria against which risk will be evaluated should be established and the structure of the analysis defined.

• *Identify risks*
Identify where, when, why, and how events could prevent, degrade, delay or enhance the achievement of the objectives.

• *Analyse risks*
Identify and evaluate existing controls. Determine consequences and likelihood and hence the level of risk. This analysis considers the range of potential consequences and how these could occur.

• *Evaluate risks*
Compare estimated levels of risk against the pre-established criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and about priorities.

• *Treat risks*
Develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs.

• *Monitor and review*
Monitor the effectiveness of all steps of the Risk Management process. This is important for continuous improvement. Risks and the effectiveness of treatment measures need to be monitored to ensure changing circumstances do not alter priorities.

Regulatory Requirements

The Insurance (Risk Management) Rules 2016 ('the Rules') issued by the Financial Services Commission (FSC) require insurers registered under the Insurance Act 2005 to establish and at all times maintain a Risk Management Framework to effectively develop and implement strategies, policies, procedures and controls to manage their material risks.

The Risk Management Framework shall consider the materiality of the risks described in the Schedule of the Insurance (Risk Management) Rules 2016, mentioned below, in accordance with its nature, scale and complexity.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Regulatory Requirements (cont'd)

• Business continuity risk,
• Capital risk,
• Credit risk,
• Group affiliation risk,
• Insurance risk,
• Investment risk,
• Liquidity risk,
• Operational risk,
• Outsourcing risk,
• Reinsurance risk, and
• Other material risk.

The Risk Management Framework should include the following and shall be aproved by the Board:
• Risk Appetite Statement;
• Risk Management Strategy;
• 3-years Business Plan and Financial Forecast;
• Own Risk and Solvency Assesement Framework;
• Liquidity Policy;
• Designated Risk Management Function; and
• Defined Responsibilities and Reporting Lines for the Management of material risks.

The existing Enterprise Risk Management (ERM) Program ensures that all requirements of the Rules are being complied with. However, given that the Framework is in a nascent stage of development and implementation, GFA Insurance Ltd has developed and maintained the liquidity policy for year 2021 and basically the following:

Risk Appetite Statement
↓
Risk Tolerance Limit
↓
Risk Management Startegy
↓
Own Risk and Solvency Assessment

Moreover, following circular letter from the FSC Ref:CL166417/RAS the FSC issue a list of significant activities whereby all insurers would need to cover in the Risk Appetite Statement up to the Own Risk and Solvency Assessment.

The Board of Directors is responsible for risk management and for the Company's systems of internal control. The Company's policy on risk management encompasses all significant business risks including physical, operational, business continuity, financial compliance and reputational which could influence the achievement of the Company's objectives.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Regulatory Requirements (cont'd)

The risk management mechanism in place includes:
• A system for the ongoing identification and assessment of risk;
• Development of strategies in respect of risks and definition of acceptable and non-acceptable levels of risk;
• Review the Company's risk profile against risk appetite and effectiveness of risk management framework;
• Reviewing the effectiveness of the system of internal control, and
• Processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined by the Board.

Risk Management refers to the process used by the Company to monitor and mitigate its exposure to risk. The objective of risk management is not to eliminate risk altogether, but to reduce it to an acceptable level having regard to the objectives of the Company.

While the Board is responsible for the overall risk management and internal control systems, oversight of the Company's risk management process, with the exception of the legal risk, has been delegated to the Audit and Risk Committee.

A Risk Management Framework has been implemented and is being upgraded and properly documented to;
• ensure all material risks are identified and reported to management, to the Audit and Risk Committee and to the Board,
• ensure mitigation activities are developed, communicated, agreed and measured to ensure objectives are achieved, and
• ensure continuous identification of new risks that may arise so as to implement mitigation controls.

The following risk areas have been identified for the Company:

Insurance Risks

The main activity of the Company is the acceptance of risk under an insurance contract where in return for a consideration (the premium), a policyholder is compensated for pecuniary loss suffered as a result of a specified uncertain future event, or of a certain future event where the timing of the occurrence is uncertain.

The main risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. Risks are mainly associated with the Company's underwriting, reinsurance and claims handling activities.

Motor and Liability Insurance Risk

The Company's underwriting strategy attempts to ensure that the underwriting risks are acceptable, well priced and diversified in type. Statistics captured and analysed by computer software are extensively used to assess and review risks and the Company reserves the right not to renew policies and/or to impose deductibles.

The Company determines the extent of risks retainable and transfers, through reinsurance led by top rated reinsurers, risks in excess of its capacity. Thus, through effective proportional, excess of loss and facultative reinsurance covers, the maximum loss for a given risk that the Company may suffer in any one year is predetermined.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Motor and Liability Insurance Risk (cont'd)

Claims handling is closely monitored so as to ensure that the loss reported is covered and properly assessed. Where relevant, the Company may sue third parties for payment of some or all liabilities (subrogation). The Company ensures that claims provisions are determined using the best information available of claims settlement patterns, forecast inflation and settlement of claims. Estimation techniques also involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the best overall estimates.

Financial Risks

The Company is exposed to financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities . In particular, the key financial risk is that proceeds from financial assets are not sufficient to fund the obligations arising from insurance contracts. The main risks to which the Company is exposed include:
• Credit risk
• Liquidity risk
• Market risk
• Reinsurers' default

Credit Risk

The Company's credit risk is primarily attributable to debtors including agents for insurance premium payable. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment. The Company structures the levels of its credit risk it accepts by placing limits on its exposure to a single counter party. Such risks are subject to frequent review.
Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet shortterm debts. Liquidity risk is considered to be very low.

Market Risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Investment Committee ensures that investments are sufficiently diversified in order to match assets and liabilities and liquidity requirements.

Reinsurer's Default

The Company is exposed to the possibility of default by its Reinsurers for their share of insurance liabilities and refunds in respect of claims already settled by it. Management monitors the financial strength of its Reinsurers and the Company's set procedures ensure that risks are only ceded to top-rated and credit-worthy Reinsurers.

Operational Risks

Operational risks are risks of loss/or opportunity gain foregone resulting from inadequate or failed internal processes, people and systems or from external events. These losses may be caused by one or more of the following:

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Operational Risks (cont'd)

Human Resources Risk
Human resource risk is the risk that the personnel responsible for managing and controlling different sectors of the organisation or a business process do not possess the requisite knowledge, skills and experience needed to ensure that critical business objectives are achieved and significant business risks are reduced to an acceptable level.

Compliance Risk
Compliance risk, also referred to as non-conformance risk, results in lower quality, higher costs, lost revenues and unnecessary delays. Non-conformance also gives rise to product/service failure risk because if not detected and corrected before a product or service is delivered to the customer, a product or performance failure could result. A Compliance Department has been set up and a compliance officer has been appointed to monitor these issues.

Business Interruption Risk
The Company's capability to continue critical operations and processes are highly dependent on avalibility of information technologies, skilled labour and other resources. If people with the requisite experience and skills or other critical resources were unavailable or if critical systems broke down, the Company would experience difficulty in continuing operations. A business interruption plan has been set up involving the duplication of our records and information systems on back up media which are stored. Insurance transactions are backed-up daily in branch offices and same is exported to Head Office by removable media on a weekly basis (Each office operates independently and is not linked to a single server. Full customer service can be restored within a maximum of two hours).

Product/Service Failure Risk
During insurance operations there may be a risk of customers receiving faulty insurance policies or service. These failures would result in customer complaints, litigated claims, cancelled policies, increased claim frequency or severity. These can significantly affect the Company's reputation, profitability, future business and and market share. A Customers' Complaints Handling unit has been implemented.

Health and Safety Risk
Worker health and safety risks are significant if not controlled because they can expose the Company to substantial liability in respect of workers' compensation. Non-compliance with Health and Safety Legislation may result in heavy fines. The Health and Safety Committee ensures that these risks are minimised through control, follow-up and communication procedures. The Human Resources Department ensures compliance with labour laws.

With regard to the operational risks, management is currently rating the risks by applying appropriate methods based on the recurring nature of the risk and the financial and operational impact of the risk.

Under the risk management framework that is currently being established, a priority plan of action aimed at developing and implementing mitigating controls will be prepared. Clear responsibilities and targets will be established and monitored. The overall effort to establish a risk management framework is being undertaken under the close supervision of the Audit and Risk Committee.

GFA Insurance recognises that diversity is not just a goal but a necessity. We are proud that around 60% of our employees are women.

Providing equal opportunities to both men and women in education and employment leads to economic empowerment. This can result in more stable and prosperous families, which in turn can contribute to a more inclusive and equitable nation.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Information Security Governance

Information Security Policy is a key component of the Company's overall information security management framework. The Board is responsible for the governance information. It is the role of senior executives to manage information technology and ensure information security. Since years back, information policies are applicable at GFA Insurance Ltd. It reflects Management intents on information security commitments. The main programs and guidelines covered by the said policy are listed below:

- Antivirus Management Procedures
- Backup Procedures
- Date Destruction Procedures
- Incident Management Procedures
- Information Handling Procedures
- Log Review Procedures
- Patch Management Procedures
- User Account Management Procedures
- Guidelines Server Rooms
- Guidelines User

Besides, our Company is well equipped by Disaster Recovery (DR) to ensure the Company's valuable data, software, server and applications are securely kept.

The aim of this policy is to establish and maintain the security and confidentiality of information, information systems, applications and networks owned or held by the Company. In this respect, security solutions are being deployed to keep abreast of new security threats. The policy applies to all information, information systems, networks, applications, locations, and users of the Company or supplier under contract to it.

The current IT Infrastructure and softwares have been implemented under the MD's supervision over the past years. When the IT Manager Amit Maharaja was recruited, over time, he has been entrusted with the responsibility to assess, monitor, and improve the IT Hardware Infrastructure and softwares.

Information technology infrastructure, including hardware, has its own life cycle and the IT Manager makes his recommendations on fast moving technology. Servers are upgraded (with more memory, hard disk space, etc) after at least 5 years. PCs can be used beyond 7 years.

He evaluates the need for any IT infrastructure upgrades. Last year he recommended the need to shift the production server and upgrade the broadband bandwidth following COVID-19 and assessing the existing DR and server hardware. He met several potential suppliers and Rogers Capital was selected for this project, after the relevant cost benefit analysis.

The second evaluation was on replacing the payroll software which has become obsolete and costly to maintain. After assessing, the Sicorax payroll system from Uniconsult was selected and implemented.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Internal controls

Internal controls regroup all of the policies and procedures that management uses to achieve the following goals.

- Safeguard's assets – well-designed internal controls protect assets from accidental loss or loss from fraud;
- Ensure the reliability and integrity of financial information - Internal controls ensure that management has accurate, timely and complete information, including accounting records, in order to plan, monitor and report business operations;
- Ensure compliance - Internal controls help to ensure GFA is in compliance with the laws and regulations affecting the operations of our business;
- Promote efficient and effective operations – Internal controls provide an environment in which managers and staff can maximize the efficiency and effectiveness of their operations;
- Accomplishment of goals and objectives - The Internal control system provides a mechanism for management to monitor the achievement of operational goals and objectives.

Responsibility for internal controls

Management Responsibility
The management of GFA Insurance Ltd, is responsible for maintaining an adequate system of internal control and for communicating the expectations and duties of staff as part of a control environment. They are also responsible for assuring that the other major areas of an internal control framework are addressed.

Staff Responsibility
The Staff of GFA Insurance Ltd both administrative and operating personnel are responsible for carrying out the internal control activities set forth by management.

Framework for internal control at GFA

The framework of GFA Insurance Ltd internal control system incorporates the following:

• Control environment – A sound control environment is created by management through communication, attitude and example. This includes a focus on integrity, a commitment to investigating discrepancies, diligence in designing systems and assigning responsibilities.

• Risk assessment - This involves identifying the areas in which the greatest threat or risk of inaccuracies or loss exist. To be most efficient, the greatest risks receive the greatest amount of effort and level of control.

• Monitoring and reviewing - The system of internal control is periodically reviewed by Management. By performing a periodic assessment, Management assures that internal control activities have not become obsolete or lost due to turnover or other factors.

• Information and communication - The availability of information and a clear and evident plan for communicating responsibilities and expectations is paramount to a good internal control system.

• Control activities - These are the activities that occur within an internal control system. They are mainly, authorization, documentation, reconciliation, security and separation of duties.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Internal Audit

Internal Audit is an independent appraisal function which examines and evaluates the activities and the appropriateness of the systems of internal control, risk management and governance.

Mr. Ghanshyam Hurry, FCCA, was appointed as internal auditor in April 2018. He is a Fellow of the Association of Chartered Certified Accountants (ACCA). He has more than fifteen years of experience in both accountancy, audit of domestic and global business Companies. He holds an auditor's licence from the Financial Reporting Council (FRC) and is a member of Mauritius Institute of Professional Accountants (MIPA). He also holds an insolvency practitioner licence.

The scope of the Internal Auditor's work encompasses:
- Identifying risk areas and evaluating the level of risk for each risk area.
- Reviewing internal control processes and making appropriate recommendations to the Audit and Risk Committee and the Management,
- Monitoring the implementation of the recommendations and reporting on these implementations to the Audit and Risk Committee.

Internal audit charter

A formal internal audit charter was established during the year 2021. The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

The internal audit activity is established by the Audit and Risk Committee. The internal audit activity's responsibilities are defined by the Audit and Risk Committee as part of their oversight role.

Reporting Lines

The Internal Auditor has a direct reporting line to the Audit and Risk Committee and maintains an open and constructive communication with Management. The Internal Auditor also has direct access to the Chairman of the Board. This structure allows the Internal Auditor to remain independent.

Coverage

The Internal Audit Plan, which is approved by the Audit and Risk Committee, is based on the principles of risk management designed to ensure that the scope of work aligns with the degree of risk attributable to the area being audited.

Restrictions

The Internal Auditor has unrestricted access to the Company's accounting records, to management and to employees.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

External Audit

The responsibility of the external auditor is to express an opinion on the financial statements based on their audit. They conduct their audit in accordance with International Standards on Auditing which involve ethical requirements. The external auditors of the Company are BDO & Co, who was appointed at the annual meeting of shareholders. The Chairman of the audit committee discusses critical policies and external audit issues with BDO & Co as and when necessary. The Board assesses the effectiveness of the external audit process via feedback received from management team. Areas of improvement are thereafter discussed with the external auditor.

The last tender exercise was made in 2013, and BDO & Co. has been acting as the auditors of the Company for the past 8 years.

AUDITORS FEES

The fees paid to external auditors and other services were:

	2021	2020
	Rs.	Rs.
BDO & Co:		
Audit Fees	**494,500**	460,000
Review of Insurance Return	**36,800**	34,500
Review of Compliance with Insurance (Risk Management) Rules 2016	**57,500**	34,500

Non-auditing services, if any, are provided by a team different from the Audit team.

The fees paid to internal auditors were:

	2021	2020
	Rs.	Rs.
Internal Audit Fees:		
Mr. Ghanshyam Hurry	**483,000**	483,000

RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

Through its values, GFA engages itself towards meeting its different stakeholders' expectations/needs.

The Company's relevant stakeholders are kept informed of developments on a regular basis through:
- Annual Meeting of shareholders
- Press releases
- Public communiqués
- Automatic mobile SMS
- Road shows, fairs and exhibitions
- Employees through Human Capital Function

Shareholders

The Board keeps its shareholders informed of any material events affecting the Company and encourages the shareholders to attend all shareholders meeting.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Share Capital

The stated capital of the Company is made up of 25,000 ordinary shares and 1 founder share held by Mr. Mohammad Alaoud Ruhomutally. The Company has two class of shares and all shareholders have the same voting rights.

Substantial Shareholders

A substantial shareholder is defined as a person who holds by him/ herself or his/ her nominee, a share or an interest in a share which entitles him/ her to exercise not less than 5% of the aggregate voting power exercisable at a shareholders' meeting. The table below highlights the shareholders holding more than 5% ordinary shares.

Substantial shareholders of the Company as at December 31, 2021

Mr Alaoud Ruhomutally	40.90%
Dr Abdool Raouf Ruhomutally	13.00%
AYFA Investment Ltd	7.28%
Mrs. Ww Beebee Madina Beebeejaun, Mrs Fatmahbee Ruveida Beebeejaun and	5.47%
Estate Ally Ahmud Beebeejaun	34,500

Shareholders' Meetings

A notice from the Company Secretary addressed to the shareholders is annexed with the annual report and provides detailed information on the forthcoming Annual Meeting of shareholders.

The Chairperson of the Board as well as the board and committee members are all invited to attend the annual meeting and shall make themselves available to answer questions that the shareholders may have on the Company and the management.

The opportunity is also given to the shareholders to re-elect the directors at the annual meeting.

Dividend Policy

At the Board Meeting of June 28, 2021, the Company approved its dividend policy. Due to the sensitive nature of the information, the Board has agreed not to disclose the details of the policy.

Website

Stakeholders are also kept informed of the Company's affairs through its website www.gfainsurance.mu.

All important information and documentation, as disclosed in this Report, are also uploaded on the website. One can therein find the different board and organization structures, profiles of the directors, consultants and key officers, the Board Charter, the Terms of Reference of the Committees, amongst others. It is a dynamic website, whereby data is reviewed and updated as and when required.

For instance, during the year under review, the website has been updated with the following:
1. Online Quotation system
2. Photo and video gallery added
4. Career page to applying online for vacancies
5. Product pages and texts update

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Website (cont'd)

The website will be upgraded even more in 2022; the designing is in progress. A new customer portal will be introduced, to ease communication with clients and offer more support.

PR Exercise

Over the years, GFA has witnessed soaring client base and resilient financials which have proven that GFA has gradually emerged from a minor player to a strong partner. The way GFA is positioned in the market ultimately determines how consumers view its ability to meet their needs.

Since the beginning of 2021, GFA has embarked on a bold adventure towards the revitalisation of its brand and more communication on how it serves the Mauritian community.

Priority focus has been laid on:
• Realigning all customer/stakeholder/media communications
• Building transparency and efficiency
• Strengthening public trust

During the first year of implementation, the approach was to quickly spark enhanced attention from the media, stakeholders, and the public in general. For the first time, GFA made it to the cover of Business Magazine in February 2022, with the interview of the MD Abdel Ruhomutally as main story.

Additionally, expertise has been brought in, to coordinate coherent responses to shared challenges.
• Creation of a Crisis Communication team
• Extensive internal communications on brand purpose and diversity. Two strategic sessions were held at the Labourdonnais Hotel in August 2021.
• Enhanced communication with regulators, industry organisations and other stakeholders on key national issues.
• Feasibility/Preliminary phase: Digitalisation of GFA's offerings to increase visibility as a brand and create a single, coherent identity

GFA is pursuing its efforts to revitalise its brand with upcoming experiential brand/communication initiatives, so that dealing with our services become more meaningful - in other words, have a deeper purpose than just a decent customer experience.

CHARITABLE DONATIONS

	2021	2020
	Rs.	Rs.
Charitable Donations	**Nil**	Nil

CONTRIBUTION TO POLITICAL PARTIES

No contribution was made to any political party during the year under review.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

Calendar of Forthcoming Shareholders Events

2022	Events
March	Presentation of the 2021 Annual figures
May	Presentation of Q1 figures
June	Annual Meeting of shareholders
July	Presentation of Q2 figures
October	Follow up meeting
December	Presentation of Q3 figures & Budget 2023

GFA'S 25TH ANNIVERSARY CELEBRATIONS

GFA celebrated its silver jubilee in March 2022, during a two-day event at the Trou aux Biches Hotel with a restricted number of guests due to COVID-19 restrictions.

The event was attended by shareholders, employees, clients and well-wishers. The chief guest of the official event was Hon. Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance.

During both events, GFA paid tribute to the Company's founding fathers. The story behind the setting up of the Company was recalled in a video that has also been shared with its clients and the public.

As part of the revitalisation project, GFA will soon be moving further to higher value-added products.

Adding to insurance, GFA is also envisaging a bold diversification project that will create even more jobs.

To be able to achieve this, an experienced, educated and qualified workforce is required. To achieve this, GFA will be offering, in 2022, five bursaries in any financial services related field, in a Mauritian university, to the best-performing children of its employees.

These bursaries will also include on-site training in the GFA offices and guaranteed employment upon successful completion of their studies.

As a committed corporate citizen, GFA will, this year, also financially support 25 NGOs that are playing a key role in the community.

GFA remains faithful to the original vision of the founding shareholders and Management team - which is to bring meaningful contribution to the Mauritian economy.

The Year of Freedom of Choice

After a lonely and uphill battle that took almost two decades, GFA's call for the reinforcement of Section 81 of the Insurance Act 2005 (freedom of choice) has been heard.

The Financial Services Commission, reacting to a correspondence from GFA in late 2021, issued a public communiqué on 24 January 2022.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

The Year of Freedom of Choice (cont'd)

The communiqué, published both in English and French, made clear the following:

"Any person who is required to provide an insurance policy to guarantee a debt or other obligation must be able to confirm, in writing, that he has been informed of his right to this free choice under Section 81 of the Insurance Act 2005 and that he has exercised this right freely and willingly."

During the 25th anniversary celebrations of GFA, Hon. Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance took a step further by announcing a major awareness campaign to be funded by the Financial Services Fund.

Minister Seeruttun officially announced that the campaign would incorporate Section 81 so that consumers are better informed of their rights with regard to free choice.

GFA is pleased that its persistent calls to successive governments and regulators have finally been heard.

Pending the launch of the campaign, it remains steadfast in its pursuit towards the unconditional freedom of choice.

This is key for Mauritius to emerge as a truly fair market: not only in the insurance sector but in all business spheres.

CORPORATE GOVERNANCE REPORT - YEAR ENDED DECEMBER 31, 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors acknowledge their responsibilities for:

(i) adequate accounting records and maintenance of effective internal control systems,
(ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that year and which comply with International Financial Reporting Standards (IFRS),
(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

On March 11, 2020, the World Health Organisation declared the Covid-19 outbreak to be a pandemic. The situation remains uncertain with various cities and countries around the world responding in different ways to address the outbreak. There have been significant direct and indirect impacts on Companies across multiple industries and the world. The Group and the Company will continue to monitor the impact Covid-19 has on them and reflect the consequences as appropriate in their accounting and reporting. The directors have made an assessment of the Group's and the Company's ability to continue as going concerns, taking into account all available information about the future including the analysis of the possible impacts in relation to Covid-19, which is at least, but is not limited to, twelve months from the end of the reporting period and from the date of signature of these consolidated and separate financial statements. They have no reason to believe that the businesses will not be going concerns in the year ahead.

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

The Directors report that:
(i) adequate accounting records and an effective system of internal controls and risk management have been maintained,
(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently,
(iii) IFRS, the Companies Act, the Financial reporting Act and the Insurance Act 2005 have been adhered to. Any departure in the interest of fair presentation has been disclosed, explained and quantified; and
(iv) the Code of Corporate Governance has been adhered to. Reasons have been provided in the Corporate Governance Report in case of non-compliance with any requirement.

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

Rashad Daureeawo, SC
Chairman
Date: March 28, 2022

Abdool Rahman (Abdel) Ruhomutally,
Managing Director
Date: March 28, 2022

SECRETARY'S CERTIFICATE - YEAR ENDED DECEMBER 31, 2021

I certify that, to the best of my knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritian Companies Act 2001, i.e, S166(d).

Nisha Proag-Dookun, ACIS
Authorised Representative for
SILEO Corporate Services Ltd
Company Secretary

Date: March 28, 2022

More than

Rs 1 Billion

claims paid (2014 - 2021)

Among the
highest Solvency
margin
in the industry:

427%

Dividend per share:

Rs 337

(2020 – Rs 250)

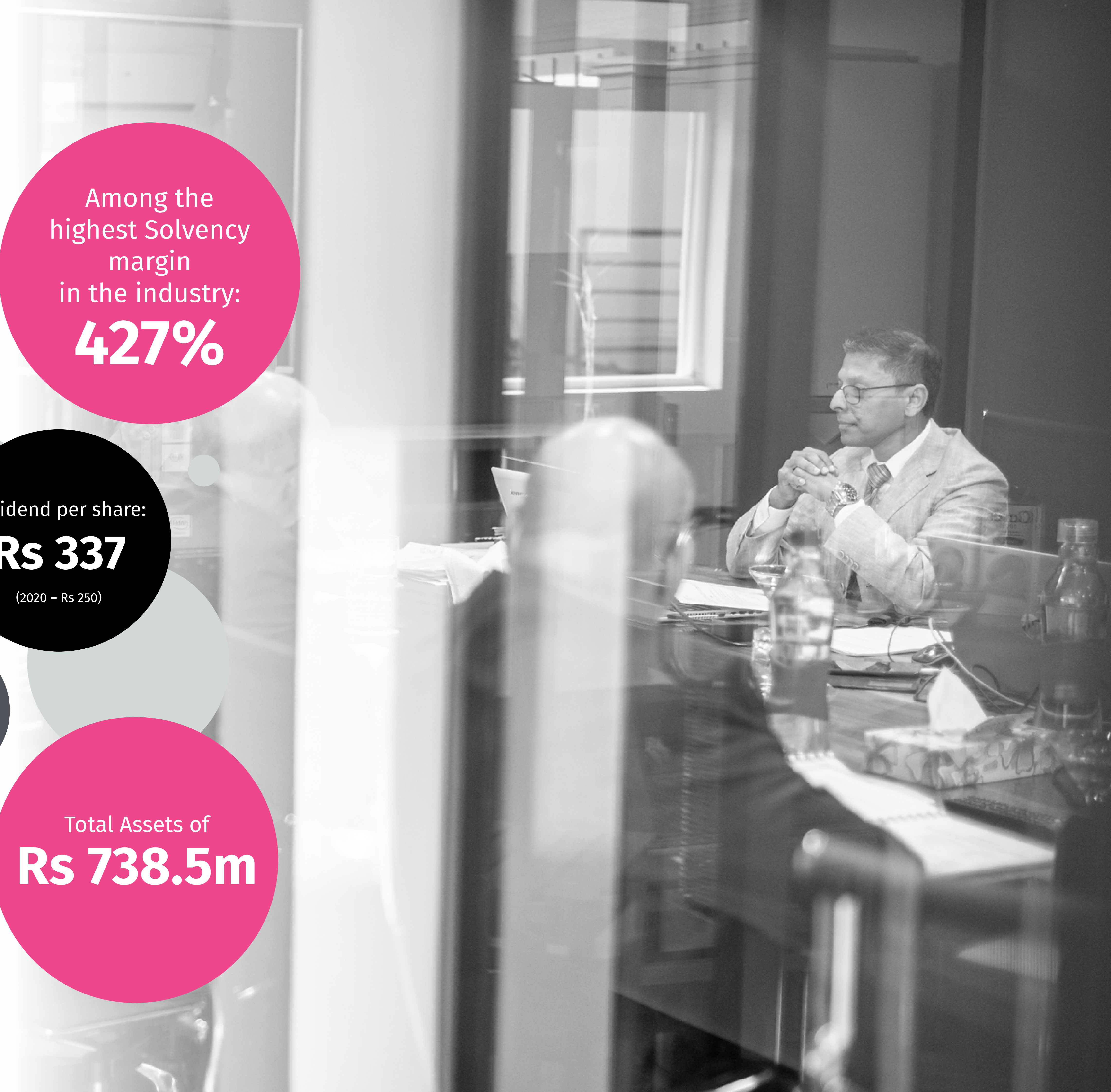
Gross Premium

Rs 209.5m

(Rs 105.9m in 2009)

Total Assets of

Rs 738.5m



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of G.F.A. Insurance Ltd

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of G.F.A. Insurance Ltd and its subsidiary (the Group), and the Company's separate financial statements (the Company) on pages 6 to 67 which comprise the statements of financial position as at December 31, 2021, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 6 to 67 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2021, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

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 Group and of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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 (CONT'D)

To the Shareholders of G.F.A. Insurance Ltd

Key Audit Matters (cont'd)

KEY AUDIT MATTER	AUDIT RESPONSE
1. OUTSTANDING CLAIMS AND IBNR	
At December 31, 2021, the Group's outstanding claims provision and IBNR amounted to Rs.189,373,992 (2020: Rs.199,397,696). Outstanding claims provisions and IBNR are based upon previous claims experience, knowledge of events, the terms and conditions of the relevant policies and on interpretation of circumstances. The Group's outstanding claims provision covers the estimated cost of settling all expected future claims and whether or not those losses have been reported at the reporting date. Provisions for claims incurred but not reported (IBNR) to the Group involve significant judgement and the use of actuarial and statistical projections. This includes whether any claims will result in payments made periodically over several years. Claims and potential claims increase the complexity and uncertainty of the estimation of the amount payable due to the increased range of assumptions required. Risk of inadequate provisioning relating to claims from counterparties (insurance Companies). There is a risk that the IBNR is wrongly valued at the end of reporting date. GFA Insurance Ltd has appointed a management expert to for the valuation of IBNR as at the end of reporting date. However, the Auditors do not have the adequate technical knowledge to review the valuation of the IBNR. Hence, the Auditors have appointed an Auditors' expert to review the valuation of IBNR at the end of reporting date. It is a key audit matter due to the use of significant judgement and estimates in determining the IBNR provision.	Our audit procedures included the following: We tested a sample of claims files to ensure the accuracy and adequacy of claim provisions at the end of the reporting period. We have assessed the credentials of the external actuaries used by management. An audit expert was appointed to review the assumptions used in the IBNR report. We have assessed their credentials and reviewed their findings.

Refer to note 2(iv), note 3.1(c), note 4.1(a), note 18 and note 19 of the acCompanying financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of G.F.A. Insurance Ltd

Key Audit Matters (cont'd)

KEY AUDIT MATTER	AUDIT RESPONSE
2. TRADE AND OTHER RECEIVABLES	
At December 31, 2021, the Group's receivables from insurers/reinsurers amounted to Rs.50,652,774 (2020: Rs.42,844,009). The Group uses historical data in determining the recoverability of its receivables from insurers. Receivables from reinsurers arising from risks ceded requires judgement to reflect the credit risk exposure attached to the assets. Receivables from insurers/reinsurers are significant and are exposed to credit risk for expired policies. There is a need to assess the potential for provision for impairment on those balances which will require significant estimates and judgement. The Group assesses the recoverability of these assets and amounts which cannot be recovered are provided for. It is a key audit matter due to the uncertainty of recoveries and the use of significant judgement and estimates in determining the provision for impairment.	Our audit procedures included the following: We reviewed management's key assumptions used in the assessment of potential impairment on clear cut cases of recovery, cases referred to MVIAC, court cases and police cases. We requested external confirmation of the outstanding amount from counterparties and re-insurers, and where responses were poor, we performed alternative tests including agreeing to the respective policies and verification of subsequent receipts to ensure existence and accuracy of those receivables.

Refer to note 4.2 and note 15 of the acCompanying financial statements.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of G.F.A. Insurance Ltd

Key Audit Matters (cont'd)

KEY AUDIT MATTER	AUDIT RESPONSE
3. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES	
At December 31, 2021, the Group's Property, plant and equipment and investment properties amounted to Rs.82,633,305 (2020: Rs.86,027,051) and Rs.84,900,000 (2020: Rs.84,900,000) respectively. Land and building are revalued every three to five years, unless there is evidence that the fair value of an asset differs materially from the carrying amount. The fair value of land and buildings is determined by an independent external valuer. The last valuation was carried out at December 31, 2020. The valuation process involves significant judgement in determining the valuation methodology to be used and in estimating the underlying assumptions to be applied. The recent valuation was based on recent market transaction on arm's length terms for similar properties determined based on market comparable approach or on depreciated replacement cost when appropriate market value cannot be established. It is a key audit matter due the use of significant assumptions and estimates in determining the valuation of PPE and investment properties.	Our audit procedures included the following: Confirm the independence of management's expert (the external valuer) including their experience and qualifications. Obtain the valuation reports prepared by the external valuer and assessed for reasonability by assessing key assumptions used and comparing with available market data. Ensure that the measurement basis for the valuation and valuation methods used were in accordance with International Financial Reporting Standards. Satisfy ourselves that the techniques used in the open market value models by the external valuers are appropriate in the circumstances and have been applied consistently.

Refer to note 2(vii) and note 5 of the acCompanying financial statements.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the statutory disclosures, but does not include the financial statements and our auditor's report thereon.

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of G.F.A. Insurance Ltd

Other information (cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Corporate Governance Report

Our responsibility under the Mauritian Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to Section 75 of the Mauritian Financial Reporting Act 2004, complied with the requirements of the Code.

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

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the 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 Group and 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 Group and the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of G.F.A. Insurance Ltd

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

- Obtain an understanding of internal 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 Group and of the Company's internal control.

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

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and 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 Group and the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Shareholders of G.F.A. Insurance Ltd

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report on the following matters. We confirm that:

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

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

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

The total remuneration and benefits for Executive Directors Rs.8,510,648 and Non-Executive Directors Rs.4,020,787 have been disclosed in the Corporate Governance Report. However, Section 221 (1) (e) of the Companies Act 2001 requires disclosure of Directors' remuneration and benefits individually but such disclosure has not been made in the financial statement. The Group & the Company have therefore not complied with Section 221(1)(e) of the Companies Act 2001.

Mauritian Insurance Act 2005

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

Other Matter

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

Port Louis,
Mauritius.

BDO & Co

BDO & Co
Chartered Accountants

Shabnam Peerbocus, FCA
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2021

		THE GROUP			THE COMPANY		
	Notes	**December 31, 2021**	December 31, 2020	January 1, 2020	**December 31, 2021**	December 31, 2020	January 1, 2020
ASSETS		**Rs.**	*Restated Rs.	*Restated Rs.	**Rs.**	*Restated Rs.	*Restated Rs.
Non-current assets							
Property, plant and equipment	5	**82,633,305**	86,027,051	73,119,585	**82,507,219**	86,026,938	73,117,911
Right-of-use assets	6A	**4,540,109**	5,267,671	2,887,629	**4,540,109**	5,267,671	2,887,629
Investment properties	7	**84,900,000**	84,900,000	81,395,000	**26,000,000**	26,000,000	24,200,000
Intangible assets	8	**550,047**	723,379	835,639	**550,047**	723,379	835,639
Investment in subsidiary Company	9	**-**	-	-	**25,000,000**	25,000,000	25,000,000
Statutory deposits	10	**8,000,000**	3,000,000	8,000,000	**8,000,000**	3,000,000	8,000,000
Investment in financial assets	11	**92,442,688**	144,693,121	161,928,949	**92,442,688**	144,693,121	161,928,949
Fixed deposits	12	**236,655,006**	203,000,000	231,500,000	**235,655,006**	198,500,000	227,000,000
Loans to related parties	14	**-**	865,457	1,696,723	**-**	865,457	1,696,723
		509,721,155	528,476,679	561,363,525	**474,695,069**	490,076,566	524,666,851
Current assets							
Statutory deposits	10	**-**	5,000,000	-	**-**	5,000,000	-
Investment in financial assets	11	**73,682,086**	-	-	**73,682,086**	-	-
Trade and other receivables	15	**74,425,430**	66,507,202	61,252,412	**74,220,819**	66,344,740	61,053,062
Loans to related parties	14	**-**	831,266	2,635,300	**-**	831,266	2,635,300
Short-term deposits	12	**53,000,000**	120,500,000	73,000,000	**49,500,000**	120,500,000	73,000,000
Current tax assets	22(a)	**-**	-	1,864,038	**-**	-	1,864,038
Cash and cash equivalents	28(b)	**70,581,250**	41,955,797	23,173,063	**66,372,828**	40,273,365	21,638,888
		271,688,766	234,794,265	161,924,813	**263,775,733**	232,949,371	160,191,288
Total assets	Rs.	**781,409,921**	763,270,944	723,288,338	**738,470,802**	723,025,937	684,858,139
EQUITY AND LIABILITIES							
Capital and Reserves (attributable to owners of the parent Company)							
Share capital	16	**25,000,000**	25,000,000	25,000,000	**25,000,000**	25,000,000	25,000,000
Other reserves	17	**14,638,470**	6,733,148	7,497,630	**14,638,470**	6,733,148	7,497,630
Retained earnings		**384,548,995**	361,681,543	337,950,930	**349,661,563**	329,018,930	306,395,401
		424,187,465	393,414,691	370,448,560	**389,300,033**	360,752,078	338,893,031
Non-current liabilities							
Lease liabilities	6B	**3,158,828**	3,729,826	1,603,300	**3,158,828**	3,729,826	1,603,300
Retirement benefit obligations	20	**16,626,700**	14,691,500	13,345,000	**16,626,700**	14,691,500	13,345,000
Deferred tax liabilities	13	**9,180,415**	9,703,522	7,865,017	**2,418,723**	3,009,197	1,406,115
		28,965,943	28,124,848	22,813,317	**22,204,251**	21,430,523	16,354,415

STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2021 - (CONT'D)

		THE GROUP			THE COMPANY		
	Notes	**December 31, 2021**	December 31, 2020	January 1, 2020	**December 31, 2021**	December 31, 2020	January 1, 2020
		Rs.	*Restated Rs.	*Restated Rs.	**Rs.**	*Restated Rs.	*Restated Rs.
Current liabilities							
Insurance liabilities	19(a)	**189,373,992**	199,397,696	211,629,627	**189,373,992**	199,397,696	211,629,627
Unearned premiums	19(b)	**113,345,616**	106,848,963	99,363,163	**113,345,616**	106,848,963	99,363,163
Trade and other payables	21A	**20,553,340**	26,813,056	16,533,766	**19,263,345**	25,924,987	16,117,998
Deferred commision income	21B	**1,628,360**	1,655,638	1,126,349	**1,628,360**	1,655,638	1,126,349
Current tax liabilities	22(a)	**1,727,127**	5,268,101	-	**1,727,127**	5,268,101	-
Lease liabilities	6B	**1,628,078**	1,747,951	1,373,556	**1,628,078**	1,747,951	1,373,556
		328,256,513	341,731,405	330,026,461	**326,966,518**	340,843,336	329,610,693
Total equity and liabilities	Rs.	**781,409,921**	763,270,944	723,288,338	**738,470,802**	723,025,937	684,858,139

These financial statements have been approved for issue by the Board of Directors on 28 March 2022

Shweta Moheeput
Director

Abdool Rahman (Abdel) Ruhomutally
Director

* The effects of the restatements are disclosed in note 34 of the financial statements.

The notes on pages 12 to 67 form an integral part of these financial statements.

Auditor's report on pages 5 to 5(f).

STATEMENTS OF PROFIT OR LOSS - YEAR ENDED DECEMBER 31, 2021

	Notes	THE GROUP 2021 Rs.	THE GROUP 2020 *Restated Rs.	THE COMPANY 2021 Rs.	THE COMPANY 2020 *Restated Rs.
Gross premiums	2(iv)	**209,548,624**	202,150,659	**209,548,624**	202,150,659
Premium ceded to reinsurers	2(iii)	**(14,274,803)**	(15,589,723)	**(14,274,803)**	(15,589,723)
		195,273,821	186,560,936	**195,273,821**	186,560,936
Change in gross unearned premiums	19(b)	**(6,496,653)**	(7,485,800)	**(6,496,653)**	(7,485,800)
Change in unearned premiums ceded	15(h)	**(61,267)**	1,635,502	**(61,267)**	1,635,502
Net earned premiums		**188,715,901**	180,710,638	**188,715,901**	180,710,638
Gross claims paid	19(a)	**147,256,209**	135,911,315	**147,256,209**	135,911,315
Claims recovered	15(f)	**(43,090,293)**	(32,710,265)	**(43,090,293)**	(32,710,265)
Movement in claims outstanding and IBNR	19(a)	**(10,023,704)**	(12,231,931)	**(10,023,704)**	(12,231,931)
Net claims incurred		**94,142,212**	90,969,119	**94,142,212**	90,969,119
Underwriting results		**94,573,689**	89,741,519	**94,573,689**	89,741,519
Commission receivable from reinsurers	21B	**2,762,694**	2,166,022	**2,762,694**	2,166,022
Commission payable to agents	15(g)	**(8,816,621)**	(6,863,743)	**(8,816,621)**	(6,863,743)
Net commissions payable		**(6,053,927)**	(4,697,721)	**(6,053,927)**	(4,697,721)
Underwriting surplus		**88,519,762**	85,043,798	**88,519,762**	85,043,798
Investment income	23	**4,085,852**	3,692,976	**1,390,972**	2,380,711
Interest income	23	**14,011,319**	16,567,080	**14,057,569**	16,371,612
Policy fees	2(v)/24	**5,080,100**	5,022,900	**5,080,100**	5,022,900
Operating profit		**111,697,033**	110,326,754	**109,048,403**	108,819,021
Other income	24	**375,528**	4,193,377	**350,329**	4,178,377
		112,072,561	114,520,131	**109,398,732**	112,997,398
Administrative and other expenses	25	**(75,221,772)**	(70,662,676)	**(74,840,129)**	(70,482,450)
Profit from operations		**36,850,789**	43,857,455	**34,558,603**	42,514,948
Finance costs	26	**(332,974)**	(374,031)	**(332,974)**	(374,031)
Profit before taxation	25	**36,517,815**	43,483,424	**34,225,629**	42,140,917
Taxation	22(b)	**(6,150,363)**	(8,002,811)	**(6,082,996)**	(7,767,388)
Profit for the year	Rs.	**30,367,452**	35,480,613	**28,142,633**	34,373,529

The notes on pages 12 to 67 form an integral part of these financial statements.

Auditor's report on pages 5 to 5(f).

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED - DECEMBER 31, 2021

	Notes	THE GROUP 2021 Rs.	THE GROUP 2020 *Restated Rs.	THE COMPANY 2021 Rs.	THE COMPANY 2020 *Restated Rs.
Profit for the year		**30,367,452**	35,480,613	**28,142,633**	34,373,529
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Gains on revaluation of land and buildings	5	-	9,902,751	**-**	9,902,751
Income tax relating to components of other comprehensive income	13(b)	-	(1,683,468)	**-**	(1,683,468)
Items that may be reclassified subsequently to profit or loss:					
Change in fair value of available-for-sale financial assets	11(a)	**7,254,887**	(8,887,521)	**7,254,887**	(8,887,521)
Reclassification adjustments on disposal of financial assets	17	**650,435**	(96,244)	**650,435**	(96,244)
Other comprehensive income, net of income tax		**7,905,322**	(764,482)	**7,905,322**	(764,482)
Total comprehensive income for the year	**Rs.**	**38,272,774**	34,716,131	**36,047,955**	33,609,047

* The effects of the restatements are disclosed in note 34 of the financial statements.

The notes on pages 12 to 67 form an integral part of these financial statements.

Auditor's report on pages 5 to 5(f).

STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2021

THE GROUP	**Notes**	Share capital	Revaluation surplus	Available-for-sale fair value reserve	Retained earnings	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
Balance at January 1, 2021						
- As previously reported		25,000,000	15,828,346	(9,095,198)	353,670,241	385,403,389
- Prior year adjustment	34	-	-	-	8,011,302	8,011,302
- As restated		25,000,000	15,828,346	(9,095,198)	361,681,543	393,414,691
Profit for the year		-	-	-	30,367,452	30,367,452
Other comprehensive income for the year		-	-	7,905,322	-	7,905,322
Total comprehensive income for the year		-	-	7,905,322	30,367,452	38,272,774
Dividends - 2021	27				(7,500,000)	(7,500,000)
Balance at December 31, 2021		**25,000,000**	**15,828,346**	**(1,189,876)**	**384,548,995**	**424,187,465**
Balance at January 1, 2020						
- As previously reported		25,000,000	7,609,063	(111,433)	332,954,287	365,451,917
- Prior year adjustment		-	-	-	4,996,643	4,996,643
- As restated		25,000,000	7,609,063	(111,433)	337,950,930	370,448,560
Restated profit for the year		-	-	-	35,480,613	35,480,613
Other comprehensive income for the year		-	8,219,283	(8,983,765)	-	(764,482)
Total comprehensive income for the year		-	8,219,283	(8,983,765)	35,480,613	34,716,131
Dividends - 2020	27	-	-	-	(11,750,000)	(11,750,000)
Balance at December 31, 2020	**Rs.**	**25,000,000**	**15,828,346**	**(9,095,198)**	**361,681,543**	**393,414,691**

The notes on pages 12 to 67 form an integral part of these financial statements.

Auditor's report on pages 5 to 5(f).

STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2021

THE COMPANY	**Notes**	Share capital	Revaluation surplus	Available-for-sale fair value reserve	Retained earnings	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
Balance at January 1, 2021						
- As previously reported		25,000,000	15,828,346	(9,095,198)	321,007,628	352,740,776
- Prior year adjustment	34	-	-	-	8,011,302	8,011,302
- As restated		25,000,000	15,828,346	(9,095,198)	329,018,930	360,752,078
Profit for the year		-	-	-	28,142,633	28,142,633
Other comprehensive income for the year		-	-	7,905,322	-	7,905,322
Total comprehensive income for the year		-	-	7,905,322	28,142,633	36,047,955
Dividends - 2021	27				(7,500,000)	(7,500,000)
Balance at December 31, 2021		**25,000,000**	**15,828,346**	**(1,189,876)**	**349,661,563**	389,300,033
Balance at January 1, 2020						
- As previously reported		25,000,000	7,609,063	(111,433)	301,398,758	333,896,388
- Prior year adjustment		-	-	-	4,996,643	4,996,643
- As restated		25,000,000	7,609,063	(111,433)	306,395,401	338,893,031
Restated profit for the year		-	-	-	34,373,529	34,373,529
Other comprehensive income for the year		-	8,219,283	(8,983,765)	-	(764,482)
Total comprehensive income for the year		-	8,219,283	(8,983,765)	34,373,529	33,609,047
Dividends - 2020	27	-	-	-	(11,750,000)	(11,750,000)
Balance at December 31, 2020	**Rs.**	**25,000,000**	**15,828,346**	**(9,095,198)**	**329,018,930**	**360,752,078**

The notes on pages 12 to 67 form an integral part of these financial statements.

Auditor's report on pages 5 to 5(f).

STATEMENTS OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2021

	Notes	THE GROUP 2021 Rs.	THE GROUP 2020 *Restated Rs.	THE COMPANY 2021 Rs.	THE COMPANY 2020 *Restated Rs.
Cash flows from operating activities					
Cash generated from operations	28(a)	**15,810,738**	35,374,485	**13,105,201**	33,575,853
Interest paid	26	**(294)**	(318)	**(294)**	(318)
Tax paid	22(a)	**(10,214,444)**	(715,635)	**(10,214,444)**	(715,635)
Net cash from/ (used in) operating activities		**5,596,000**	34,658,532	**2,890,463**	32,859,900
Cash flows from investing activities					
Purchase of property, plant and equipment	5	**(3,511,028)**	(9,335,354)	**(3,377,731)**	(9,335,354)
Proceeds from sale of property, plant and equipment	5	**-**	1,000,000	**-**	1,000,000
Purchase of investment property	7	**-**	(1,845,843)	**-**	-
Purchase of intangible assets	8	**(159,160)**	(458,275)	**(159,160)**	(458,275)
Purchase of investment in financial assets	11	**(14,735,677)**	(19,341,669)	**(14,735,677)**	(19,341,669)
Proceeds from disposal of financial assets		**558,911**	27,587,651	**558,911**	27,587,651
Dividends received	23	**1,139,972**	341,612	**1,139,972**	341,612
Proceeds from maturity of deposits		**125,500,000**	68,000,000	**125,500,000**	68,000,000
Additions to deposits		**(91,655,006)**	(87,000,000)	**(91,655,006)**	(87,000,000)
Interest received	23	**14,011,319**	16,567,080	**14,057,569**	16,371,612
Repayment of loans to related parties	14	**1,696,723**	2,635,300	**1,696,723**	2,635,300
Net cash used in from investing activities		**32,846,054**	(1,849,498)	**33,025,601**	(199,123)
Cash flows from financing activities					
Principal paid on lease liabilities	6B	**(1,983,921)**	(1,930,935)	**(1,983,921)**	(1,930,935)
Interest paid on lease liabilities	26	**(332,680)**	(345,365)	**(332,680)**	(345,365)
Dividends paid	27	**(7,500,000)**	(11,750,000)	**(7,500,000)**	(11,750,000)
Net cash used in financing activities		**(9,816,601)**	(14,026,300)	**(9,816,601)**	(14,026,300)
Increase in cash and cash equivalents	Rs.	**28,625,453**	18,782,734	**26,099,463**	18,634,477
Movement in cash and cash equivalents					
At January 1,		**41,955,797**	23,173,063	**40,273,365**	21,638,888
Increase		**28,625,453**	18,782,734	**26,099,463**	18,634,477
At December 31,	28(b)	**70,581,250**	41,955,797	**66,372,828**	40,273,365

* The effects of the restatements are disclosed in note 34 of the financial statements.

The notes on pages 12 to 67 form an integral part of these financial statements.
Auditor's report on pages 5 to 5(f).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

1. GENERAL INFORMATION

G.F.A. Insurance Ltd (The Company) is a private limited Company incorporated in Mauritius and is engaged in General (Non-life) Insurance Business. Its registered address is 16, Frère Felix de Valois St, Champs de Mars, Port Louis. Its principal place of business is at its head office at Port Louis. The Company also has branches at Rivière du Rempart, Triolet, Terre Rouge, Goodlands, Quatre-Bornes, Rose-Hill, Flacq, Rivière des Anguilles, Rose Belle, Mahebourg, Grand Bay and Phoenix.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(i) Basis of preparation

The financial statements of G.F.A. Insurance Ltd comply with the Mauritian Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements include the consolidated financial statements of the parent Company and its subsidiary (the Group) and the separate financial statements of the parent Company (the Company). These financial statements are presented in Mauritian rupees, to the nearest rupee.

Where necessary, comparative figures have been amended to conform with change in presentation and disclosure in the current year. The financial statements are prepared under the historical cost convention, except that:
(a) freehold land and buildings are carried at revalued amounts;
(b) investment property is stated at fair value.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

Interest Rate Benchmark Reform Phase 2

IFRS 4 Insurance Contracts: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. The amendment to IFRS 4 enables an insurer applying the temporary exemption from IFRS 9 to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform. The Company have used the temporary exemption from applying IFRS 9 and have instead continued to apply the predecessor standard IAS 39 Financial Instruments: Recognition and Measurement until periods beginning on or after 1 January 2023 when IFRS 17 Insurance Contracts becomes effective. The amendments have no impact on the Group's financial statements.

IFRS 7 Financial Instruments - Disclosures: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. The amendment to IFRS 7 requires a Company to make additional disclosures in its financial statements so that investors can better understand the effects of IBOR reform on that Company. The amendments have no impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(i) Basis of preparation (cont'd)
Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

Interest Rate Benchmark Reform Phase 2 (cont'd)
IFRS 9 Financial Instruments: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. The amendments to IFRS 9 enable a Company to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform. The amendments to IFRS 9 enable (and require) Companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform, by requiring Companies to amend their hedging relationships to reflect:
• designating an alternative benchmark rate as the hedged risk; or
• changing the description of the hedged item, including the designated portion, or of the hedging instrument.
The amendments have no impact on the Group's financial statements.

IFRS 16 Leases: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. The amendment to IFRS 16 enables a Company to apply a practical expedient to account for a lease modification required by the IBOR reform. The amendments have no impact on the Group's financial statements.

IFRS 16 Leases
Covid 19 related rent concessions: Effective June 1, 2020, further to IFRS 16 amendment to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic. The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendments have no impact on the Group's financial statements.

IFRS 9 Exemption
It is expected that IFRS 9 will change the classification of financial assets to either amortised cost, fair value through profit or loss or fair value through other comprehensive income. In addition, IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

The Group has elected to defer the implementation of IFRS 9 to January 2023 when IFRS 17 is expected to be effective. A detailed assessment of the impact has not been made.

IFRS 9 provides a temporary exemption that permits the Company to apply IAS 39 rather than IFRS 9 when accounting for financial instruments for annual periods beginning before January 1, 2023.

The Group is eligible to apply the temporary exemption from IFRS 9 due to the following criteria:
• it has not previously applied any version of IFRS 9; and
• its activities are predominantly connected with insurance.

As at December 31, 2017, the carrying amount of the liabilities arising from contracts within the scope of this IFRS 4 were greater than 90% of the total carrying amount of all the liabilities. Since December 31, 2017, there has been no change in the Group's activities.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(i) Basis of preparation (cont'd)
Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

IFRS 9 Exemption (cont'd)
The Group's financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are all measured at fair value as they are managed and performance is evaluated on a fair value basis.

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

	The Group
Financial assets	**Rs.**
Trade and other receivables	**74,425,430**
Cash and cash equivalents	**70,581,250**
	145,006,680

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2022 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Effective date January 1, 2022

IFRS 1 *First-time Adoption of International Financial Reporting Standards*
Annual Improvements to IFRS Standards 2018-2020: Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture.

IFRS 3 Business Combinations
Reference to the Conceptual Framework: The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

IFRS 9 Financial Instruments
Annual Improvements to IFRS Standards 2018-2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

IAS 16 Property, Plant and Equipment
Property, Plant and Equipment: Proceeds before Intended Use: The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(i) Basis of preparation (cont'd)
Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*
Onerous Contracts-Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.

IAS 41 *Agriculture*
Annual Improvements to IFRS Standards 2018-2020: The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

<u>Effective date January 1, 2023</u>

IFRS 17 Insurance contracts
IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS. IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts. The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims. Insurance contracts are required to be measured based only on the obligations created by the contracts. An entity will be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums. This standard replaces IFRS 4-Insurance Contracts.

IAS 1 *Presentation of Financial Statements*
Classification of Liabilities as Current or Noncurrent: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

Disclosure of Accounting Policies: The amendments require Companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*
Definition of Accounting Estimates: The amendments clarify how Companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.

IAS 12 *Income Taxes*
Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a Company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, Companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(i) Basis of preparation (cont'd)
Amendment for which effective date has been deferred indefinitely until further notice

IFRS 10 *Consolidated Financial Statements*
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

IAS 28 *Investments in Associates and Joint Ventures*
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(ii) Insurance contracts
Under IFRS4, iInsurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire. Insurance risk is transferred when the Group agrees to compensate a policyholder and other beneficiaries if a specified uncertain future event (other than a change in a financial variable) adversely affects the policyholder. Insurance contracts are derecognised when all rights and obligations are extinguished or expired. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect. Contracts not considered to be insurance contracts under IFRS 4 are classified as investment contracts. The Group does not issue any investment contracts.

The Group issues short-term insurance contracts as follows:
Short-term insurance contracts are issued in the following classes of business : Motor, Fire and Allied Perils, Marine, Personal Accident, Public Liability, Professional Indemnity and Directors' and Officers' liability and Miscellaneous. These contracts insure the policyholder for damage suffered to property or goods, for value of property and equipment lost or damaged, losses or expenses incurred, sickness and loss of earnings resulting from occurrence of the insured event.

(iii) Reinsurance contracts
Contracts entered into by the Group with reinsurers under which the Group is indemnified for losses on one or more contracts issued by the Group are classified as reinsurance contracts held. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts. The indemnity to which the Group is entitled under their reinsurance contracts held is recognised as reinsurance assets. These assets consist of short-term balances due from Reinsurers that are dependent on the expected claims and indemnity arising under the related reinsured insurance contracts.

> Life is like a winding road, and we never know what's around the next corner. But what we do know is that working in harmony towards a common objective allows for remarkable outcomes that far exceed what could be achieved alone.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(iii) Reinsurance contracts (cont'd)

The Group assumes and cedes reinsurance in the normal course of business. Premiums and claims on reinsurance assumed (inward facultative reinsurance) are recognised in profit or loss on the same basis as direct business. Reinsurance ceded may be in respect of a single policy, i.e., a facultative arrangement or for multiple policies as in treaties.

Treaties provide either proportional (as in quota share or surplus) or non-proportional coverage (as in excess-of-loss). Proportional treaties provide for sharing of the insurance premiums and the associated losses in designated proportions between the Group and the Reinsurer. Each group of policies so affected is defined by the reinsurance contract.

For non-proportional treaties, premiums are not ceded but instead an excess-of-loss premium is payable to the Reinsurer for protection of losses in excess of the Group's loss retention limit which is the amount of total insured loss that the Group agrees to absorb or bear prior to application of the reinsurance.

Excess-of-loss reinsurance assets are assessed for impairment on a regular basis. If there is objective evidence that the assets are impaired, the accruing amount of the reinsurance assets is reduced to its recoverable amount and impairment is recognised in the profit or loss. By virtue of their nature, risks of impairment for treaty reinsurance assets are remote.

Any gains and losses on buying reinsurance are recognised immediately in profit or loss and are not subject to amortisation. Premiums ceded and claims reimbursed are presented on a gross basis in the statements of profit or loss and the statements of financial position as appropriate.

Reinsurance assets primarily include balances due from both insurance and reinsurance Companies for ceded insurance liabilities. Amounts recoverable from Reinsurers are estimated in a manner consistent with the outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract.

Reinsurance liabilities are primarily amounts due to Reinsurers for premiums ceded and for excess-of-loss premiums payable.

If a reinsurance asset is impaired, the Group reduces the carrying amount accordingly, and will immediately recognise the impairment loss in profit or loss. A reinsurance asset will be deemed to be impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the asset, that the Group may not receive all amounts due to it under the terms of the contract, and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

(iv) Short-term insurance (General Business)

• Revenue Recognition - Gross premiums
Gross premiums is the amount of insurance premiums charged to clients on insurance contracts issued during the year, irrespective of whether they relate to or in part to a later accounting period. Gross premiums are recognised in the period in which the policy is issued and are disclosed gross of commission to intermediaries. The earned portion of premiums written is recognised as revenue. Premiums are earned from the date of inception of the risk, over the period of the policy.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(iv) Short-term insurance (General Business) (cont'd)

• Revenue Recognition - Earned Premiums
Revenue represents premiums receivable net of reinsurances and adjusted for unearned premiums. Short term insurance premiums written reflect business incepted during the year. Unearned premiums are those proprtions of the premiums written in a year that relate to periods of risk after the end of the reporting period. Unearned premiums are computed on a daily pro rata basis (365th method).

• Revenue Recognition - Unearned Premiums
The provision for unearned premiums represents the proportion of written premiums relating to periods of insurance risks subsequent to the end of the reporting period calculated on a daily pro-rata basis (365th method).

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

• Provision for Unearned Premiums (General Business)
The provision for unearned premiums represents the proportion of written premiums relating to periods of insurance risks subsequent to the end of the reporting period calculated on a daily pro-rata basis (365th method). The movement on the provision is taken to profit or loss in order that revenue is recognised over the period of the risk.

• Claims expenses and outstanding claims provisions - short-term insurance business
Claim expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties.

Outstanding claims provisions are made up of:
(a) provisions for claims incurred but not reported (IBNR); and
(b) the net estimated costs of claims admitted or intimated but not yet settled at the end of reporting period.

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

Outstanding claims provisions are estimated based on known facts at the date of estimation. Estimates are generally set by the Group's claims technicians, applying their experience and knowledge to the circumstances of individual claims. The main underlying assumption is that the Group's past experience can be used to project future claims development and hence ultimate claims costs.

Outstanding claims provision represents the estimated ultimate cost of settling all claims arising from events which have occurred up to the end of the reporting period, including provision for claims incurred but not reported (IBNR). It includes related expenses and a deduction for the expected value of salvage and subrogation. The Group does not discount its liabilities for unpaid claims.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

(iv) Short-term insurance (General Business) (cont'd)

• Claims expenses and outstanding claims provisions - short-term insurance business (cont'd)

Significant delays can be expected in the notification and settlement of certain claims, the ultimate cost of which cannot therefore be known with certainty at the end of the reporting period. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure and that the provision is determined using best estimates of claims development patterns, forecast inflation and settlement of claims.

However, given the uncertainty in establishing claims provision, it is likely that the outcome will prove to be different from the original liability established. Differences between the estimated cost and subsequent settlement of claims are recognised in profit or loss in the year in which they are settled or in which the provisions for claims outstanding are re-estimated.

• Salvage and subrogation reimbursements

Salvage is the equitable right of the Group to the residual value of property for which it has paid a total loss. When the Group compensates an insured due to a loss caused by a third party, it is subrogated to the right of the insured to be compensated by that third party.

Estimates of salvage and subrogation are taken into consideration while calculating provisions for outstanding claims. The salvage property and subrogation reimbursements are recognised in other assets when the liabilities are settled. Allowance for salvage is the amount that can reasonably be recovered from the disposal of property whereas the subrogation allowance is the assessment of the amount that can be recovered from the action against the liable third party.

(v) Other revenue recognition

Other revenues are recognised as follows:

- Brokerage and commission receivable - as it accrues in accordance with the substance of the relevant agreements.
- Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income.
- Dividend income - when the shareholder's right to receive payment is established.
- Rental income - rental income is recognised on a straight line basis over the lease term of the rentals.

Policy fees

Revenue from contracts with customers.

Performance obligations and timing of revenue recognition

Policy fees are derived from underwriting of insurance of policies with revenue recognised at a point in time when the service of underwriting the insurance policy has been completed. There is limited judgement needed in identifying the point that performance obligation has been achieved.

Determining the transaction price

The policy fees rates are fixed according to the type of policy being underwritten.

Allocating amounts to performance obligation

The policy fee is charged in full at the time of the underwriting of the insurance policy. Therefore, there is no judgement involved in allocating the policy fee.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(VI) Liability Adequacy Test

• Short-term insurance

At the end of each reporting period , the Group reviews its unexpired risk and carries out a liability adequacy test for any overall excess of expected claims over unearned premiums using the current best estimates of future cash flows under its contracts after taking into account the investment returns expected to arise on assets backing such liabilities. Any deficiency is immediately recognised in profit or loss and a provision is established in the statement of financial position (the unexpired risk provision).

(vii) Property, plant and equipment

Land and buildings, are stated at their fair value, based on periodic, every three to five years, by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditures that is directly attributable to the acquisition of the items.

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

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

Properties in the course of construction for production, or administrative purposes or for purposes not yet determined are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended basis.

Depreciation is calculated on the straight-line method to write off the cost or the revalued amounts, of the assets to their residual values over their estimated useful lives as follows:

Freehold Building	2% - 10% p.a.
Improvement to Building	10% p.a.
Improvement to Leasehold Building	5% - 10% p.a.
Motor Vehicles	20% p.a.
Furniture and Fittings	10% p.a.
Office Equipment	20% p.a.

Land and assets in progress are not depreciated.

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

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(vii) Property, plant and equipment (cont'd)
Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss in other income. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

(viii) Investment property
Investment property, held to earn rentals/or for capital appreciation or both and not occupied by the Group are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, representing open-market value determined by external valuers. Changes in fair values are included in profit or loss as part of other income.

The carrying amount of an item of investment properties is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

(ix) Intangible assets
Computer software
Acquired computer software licences and externally incurred website costs are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives (5 years).

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

The carrying amount of an item of intangible assets is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

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

(xi) Investment in subsidiaries
Separate financial statements of the investor
In the separate financial statements of the investor, investment in subsidiary Company is carried at cost. The carrying amount is reduced to recognise any impairment in the individual value of the investment.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xi) Investment in subsidiaries (cont'd)
Consolidated financial statements
Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss as a bargain purchase gain.

Inter-Company transactions, balances and unrealised gains on transactions between group Companies are eliminated. Unrealised losses are also eliminated. The subsidiaries have consistently applied all the policies adopted by the Group.

Disposal of subsidiary
When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(xii) Financial instruments
(i) Financial assets
Categories of financial assets
The Group classifies its financial assets in the following categories : loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired.

Management determines the classification of its financial assets at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xii) Financial instruments (cont'd)

(i) Financial assets (cont'd)
Categories of financial assets (cont'd)
(a) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

The Company's loans and receivables comprise of trade and other receivables.

(b) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

The Company's held-to-maturity investments comprise of government and corporate bonds.

(c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period.

Initial measurement
Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs.

Subsequent measurement
Available-for-sale financial assets are subsequently carried at their fair values.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in other comprehensive income. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and option pricing models refined to reflect the issuer's specific circumstances.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xii) Financial instruments (cont'd)

(i) Financial assets (cont'd)
Categories of financial assets (cont'd)
(c) Available-for-sale financial assets (cont'd)
Subsequent measurement (cont'd)
Derecognition
Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity, is removed from and recognised in profit or loss.

If the fair value of a previously impaired debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed and the reversal recognised in profit or loss. Impairment losses for an investment in an equity instrument are not reversed.

(d) Trade receivables
Premiums receivable and recoveries from third parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of premium receivables was established when there was objective evidence that the Group would not be able to collect all amounts due according to the original terms of receivables.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in profit or loss.

The carrying amounts of trade receivables are assumed to approximate their fair values.

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xiii) Current and deferred income tax

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

Current tax

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

Corporate social responsibility (CSR)

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax recognised in the profit or loss and the income tax liability on the statement of financial position. The CSR charge for the current year is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

Deferred tax

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

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

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

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodies in the investment property over time, rather than through sale.

(xiv) Gratuity on retirement

The net present value of gratuity on retirement payable under the Workers' Right Act 2019 (2018- Employment Rights Act 2008) is calculated and provided for (15 days' remuneration for every period of 12 months' continuous employment). The obligations arising under this item are not funded.

(xv) Leases

Finance leases were capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were charged to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xv) Leases (cont'd)

Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, all leases are accounted for by recognising a right-of-use asset and a lease liability except for:

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

Identifying Leases

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

(a) There is an identified asset;

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xv) Leases (cont'd)
Identifying Leases (cont'd)
Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
• lease payments made at or before commencement of the lease;
• initial direct costs incurred; and
• the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

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

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

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:
• if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.

• in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

• if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

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

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(xv) Leases (cont'd)

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

(xvi) Dividend distribution
Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

(xvii) Deferred commission relating to reinsurance
Commission from reinsurers is recognised at one point in time. Ceding commission income from reinsurance will only be recognised at the date of the policy inception which corresponds to the date of the risk attaching to the reinsurance treaty programme on a back-to-back basis. Commission for policies written in one financial year but incepting in the next year will be deferred. This is recognised as a liability in the statement of financial position.

(xviii) Share capital
Ordinary shares are classified as equity.

(xix) Trade and other payables
Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

(xx) Contingent liabilities
A contingent liability is recognised when there is a possible obligation depending on whether some uncertain future event occurs, or a present obligation but payment is not probable or the amount cannot be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

The Group's activities expose it to a variety of insurance and financial risks.
The following describes the Group's significant risks factors together with risks management policies applicable.

3.1 Insurance risk
The risk under any one insurance contract is the possibility that the insured event occurs and the claim results. By the very nature of an insurance contract, this risk is fortuitous and therefore unpredictable.

The principal risks that the Group faces under its insurance contracts are that the contracts will be under-priced or under-reserved.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This may occur if the frequency or severity of claims and benefits payable 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 Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted to achieve a sufficiently large population of risks to reduce the variability of expected outcome.

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

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

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

(ii) Short term insurance

(a) Insurance liabilities
General insurance risk arises from:
• fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations;
• unexpected claims arising from a single source, inaccurate pricing of risks when underwritten;
• inadequate reinsurance protection or other risk transfer techniques;
• inadequate reserves; and
• inflation due to the long term period typically required to settle some claims.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.1 Insurance risk (cont'd)
(ii) Short term insurance (cont'd)

(a) Insurance liabilities (cont'd)
The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk and industry.

Underwriting measures are in place to enforce appropriate risk selection criteria and performance of individual insurance policies are reviewed by management. The Group has the right not to renew individual policies, impose deductibles and reject fraudulent claims. The Group has underwriting limits by the type of risks and by industry. Claims development and provisioning levels are closely monitored.

Reinsurance arrangements in place include proportional, excess-of-loss and catastrophe coverage. The effect of such reinsurance arrangements is that the Group would not suffer total net insurance losses of more than a predetermined amount in any one year.

(b) Concentration of insurance risk
The Group is subject to concentration risk in a variety of forms, including:

Product concentration risk
The Group's business is heavily concentrated in the Motor general insurance market. However, the Group offers a diversified portfolio of products and sold through different distribution channels to its customers.

Reinsurance concentration risk
Reinsurance is purchased from a number of providers to ensure that a diverse range of counterparties is contracted with, within the desired credit rating range.

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

	THE GROUP AND THE COMPANY			
	Outstanding claims			
	2021		2020	
Class of Business	No. of claims	Rs.	No. of claims	Rs.
Motor	**4,210**	**164,561,608**	4,603	182,420,973
Liability	**20**	**5,551,610**	19	6,455,610
Guarantee	**1**	**3,168,900**	1	2,993,500
Property	**8**	**291,005**	7	218,725
Transportation	**1**	**35,000**	2	135,000
Accident and health	**3**	**114,763**	3	114,763
Engineering	**3**	**112,000**	3	112,000
Miscellaneous	**2**	**75,000**	2	75,000
	4,248	**173,909,886**	4,640	192,525,571
IBNR		**15,464,106**		6,872,125
		189,373,992		199,397,696

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.1 Insurance risk (cont'd)

(ii) Short term insurance (cont'd)

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

Reinsurance concentration risk (cont'd)

The Group has proper procedures in place to identify, quantify and manage risk exposure by classes of business. There are policies for underwriting, claims handling, reinsurance and reserving that operate within the Group's risk management framework to ensure that accumulated exposures are contained within the limits of the risk appetite of the Group.

(c) *Sources of uncertainty*

Claims are payable either on "claims-occurrence" basis which is the most common form or on a "claims-made" basis, which comprise mainly insurance contracts issued for 'professional indemnity and Directors' and Officers' liability'.

Under the 'claims-made' basis, the Group is liable for losses discovered within a specific underwriting year even if the adverse event happened prior to that year. For the 'claim-occurrence' basis, the Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, claims may be settled over a long period of time and a larger element of the claims provision relates to incurred but not reported (IBNR) claims.

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

The Group takes all reasonable steps to ensure that they have appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liabililty for these contracts comprises a provision for IBNR and a provision for reported claims not yet paid at the reporting date. The Group has ensured that the liabilities on the statement of financial position at the reporting date for existing claims whether reported or not are adequate. The Group ensures that claims provisions are determined using the best information available on, for example, claims settlement patterns, forecast inflation and Court awards.

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures but however, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The estimated costs of claims include direct expenses to be incurred in settling claims, net of subrogation and salvage recoveries.

The Group ensures that claims provisions are determined using the best information available of claims settlement patterns, forecast inflation and settlement of claims. Estimation techniques also involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the best overall estimates. However, given the uncertainty in claims provisions, it is very probable that estimated costs and subsequent settlement amounts would differ.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.1 Insurance risk (cont'd)

(i) Short term insurance (cont'd)

(d) ***Claims development table***

The table below shows the development of claims over the ten year period 2010 to 2020. The table illustrates how the estimates of total claims outstanding for each year have changed at successive year ends and the table reconciles the cumulative claims to the amount appearing in the statement of financial position as at December 31, 2020.

GROSS	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**	**Total**
Estimate of ultimate motor claim costs:	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	**Rs.**	**Rs.**
- At end of claim year	59,126,503	73,874,681	87,634,329	83,643,779	93,295,283	111,666,153	118,860,482	112,090,572	122,287,615	99,448,027	120,808,413	**1,082,735,837**
- one year later	80,489,318	82,284,407	96,718,838	82,937,918	116,311,015	134,311,524	148,862,153	133,847,445	153,009,361	116,450,766		**1,145,222,745**
- two years later	78,030,261	83,047,354	75,431,112	91,174,791	127,488,099	136,995,546	154,943,246	140,788,210	157,131,095	-		**1,045,029,714**
- three years later	75,942,652	69,504,177	72,477,963	91,251,385	126,705,462	142,909,378	154,909,864	142,959,759	-	-		**876,660,640**
- four years later	59,649,159	63,847,418	82,305,222	94,871,398	123,961,367	145,193,326	154,352,912	-	-	-		**724,180,802**
- five years later	61,357,345	70,093,972	76,394,747	99,588,674	120,552,234	144,662,633	-	-	-	-		**572,649,605**
- six years later	61,020,193	68,940,361	78,579,830	96,702,310	118,420,883	-	-	-	-	-		**423,663,577**
- seven years later	60,334,698	69,072,257	71,556,040	94,567,564	-	-	-	-	-	-		**295,530,559**
- eight years later	59,320,844	63,130,042	71,197,038	-	-	-	-	-	-	-		**193,647,924**
- nine years later	62,579,699	62,314,203	-	-	-	-	-	-	-	-		**124,893,902**
- ten years later	53,840,967	-	-	-	-	-	-	-	-	-		**53,840,967**
Current estimate of cumulative claims	53,840,967	62,314,203	71,197,038	94,567,564	118,420,883	144,662,633	154,352,912	142,959,759	157,131,095	116,450,766	120,808,413	**1,236,706,233**
Less: Cumulative payments to date	50,470,963	59,377,734	67,532,565	88,881,583	111,302,461	127,170,903	137,909,445	126,652,010	132,695,170	97,400,461	74,608,811	**1,074,002,106**
Liability recognised in the statements of financial position	3,370,004	2,936,469	3,664,473	5,685,981	7,118,422	17,491,730	16,443,467	16,307,749	24,435,925	19,050,305	46,199,602	**162,704,127**
Liability in respect of prior years												**1,857,481**
Liability in respect of non-motor claims												**9,348,278**
Incurred but not reported (IBNR)												**15,464,106**
												189,373,992

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.1 Insurance risk (cont'd)

(iii) Reinsurance strategy
Reinsurance purchases are reviewed annually to verify that the levels of protection being bought reflect any developments in exposure and risk appetite of the Group. The basis of these purchases is underpinned by extensive financial modelling and actuarial analysis to optimise the cost and risk management benefits. Probabilistic models are used to develop and test scenarios using the Group's data to determine potential losses and appropriate levels of reinsurance protection. Reinsurance is placed with top-rated Reinsurers who meet the Group's counterparty security requirements.

(iv) Unearned premium
The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

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

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

(vi) Claims risks
General insurance risk arises from: fluctuations in the timing, frequency, severity of claims and claim settlements relative to expectations, unexpected claims arising from a single source, and inadequate reinsurance protection or other risk transfer techniques.

(vii) Catastrophe risk
The risk of loss, or of adverse change, in the value of the insurance liabilities resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events.

3.2 Financial risk factors
The Group's activities are exposed to financial risks through its financial assets, financial liabilities, insurance and reinsurance asset and liabilities. In particular, the key financial risk is that investment proceeds are not sufficient to fund the obligations arising from insurance contracts.

The main financial risks to which the Group is exposed are:
- Credit risk
- Interest rate risk
- Market risk
- Liquidity risk

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

(i) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet all or part of its contractual obligations. The Group's credit risk is primarily attributable to insurance receivables (i.e. insurance contract holders and insurance intermediaries) rece, reinsurer's share of insurance liabilities and amounts due from reinsurers in respect of claims already paid. The amounts presented in the statement of financial position are net of allowances for estimated irrecoverable amounts receivable, based on management's prior experience and the current economic environment.

The amount presented in the statements of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment.

The Group has no significant concentration of credit risk in respect of its insurance business with exposure spread over a large number of clients, agents and brokers.

The Group assesses the credit worthiness of brokers, agents and of contract holders based on details of recent payment history, past experience and by taking into account their financial position.

Reinsurance credit exposure
The Group is however exposed to concentrations of risks with respect of their reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Group is exposed to the possibility of default by its reinsurers for their share of insurance liabilities and refunds in respect of claims already paid.

Management also monitors the financial strength of its reinsurers and the Group has policies in place to ensure that risks are ceded to top-rated and credit worthy reinsurers only. The credit worthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

(i) Credit risk (cont'd)

Reinsurance credit exposure (cont'd)

The following table provides information regarding the carrying value of financial assets that have been impaired and the ageing of the financial assets.

THE GROUP

	Neither past due nor impaired	Financial assets that are past due			Financial assets that have been impaired	Carrying amount at year end
		3mth-6mth	6mth-1yr	>1 yr		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
December 31, 2021						
- Trade and other receivables	**25,548,688**	**6,993,495**	**7,754,081**	**38,211,134**	**(4,081,968)**	**74,425,430**
- Investment in financial assets	**166,124,774**	**-**	**-**	**-**	**-**	**166,124,774**
- Deposits	**297,655,006**	**-**	**-**	**-**	**-**	**297,655,006**
- Cash and cash equivalents	**70,581,250**	**-**	**-**	**-**	**-**	**70,581,250**
December 31, 2020						
- Trade and other receivables	17,413,453	3,371,192	6,284,882	42,110,998	(2,673,323)	66,507,202
- Investment in financial assets	144,693,121	-	-	-	-	144,693,121
- Deposits	331,500,000	-	-	-	-	331,500,000
- Cash and cash equivalents	41,955,797	-	-	-	-	41,955,797

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

(i) Credit risk (cont'd)

Reinsurance credit exposure (cont'd)

THE Company

	Neither past due nor impaired	Financial assets that are past due			Financial assets that have been impaired	Carrying amount at year end
		3mth-6mth	6mth-1yr	>1 yr		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
December 31, 2021						
- Trade and other receivables	**25,359,877**	**6,993,495**	**7,754,081**	**38,195,334**	**(4,081,968)**	**74,220,819**
- Investment in financial assets	**166,124,774**	**-**	**-**	**-**	**-**	**166,124,774**
- Deposits	**293,155,006**	**-**	**-**	**-**	**-**	**293,155,006**
- Cash and cash equivalents	**66,372,828**	**-**	**-**	**-**	**-**	**66,372,828**
December 31, 2020						
- Trade and other receivables	17,250,991	3,371,192	6,284,882	42,110,998	(2,673,323)	66,344,740
- Investment in financial assets	144,693,121	-	-	-	-	144,693,121
- Deposits	327,000,000	-	-	-	-	327,000,000
- Cash and cash equivalents	40,273,365	-	-	-	-	40,273,365

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

(ii) Interest rate risk

Interest rate risk arises from the Group's investment in fixed income securities (held-to-maturity investments) and statutory deposits. Exposure to interest rate risk is closely monitored by management.

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

Interest rate risk is the risk arising from fair value of a financial instruments fluctuating from their expected values as a result of changes in market interest rates (historical observation).

Sensitivity

The impact on the Group's and Company's results had interest rates varied by plus or minus 1% would have been as follows:

	Impact on results	
	THE GROUP	THE COMPANY
At December 31, 2021 - Bonds and deposits	±1% Rs. **4,285,352**	±1% Rs. **4,240,352**
At December 31, 2020 - Bonds and deposits	4,472,077	4,427,077

(iii) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The carrying amount of investments whose shares are traded on the market may be subject to variations. This risk is mitigated as the Group holds a diversified portfolio of investments in Mauritius.

Equity price risk

The Group is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set out the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risks, catastrophes risks and reinsurance ceded.

The Group does not have material holdings in unquoted equity securities. Management actively monitors equity assets owned directly by the Group as well as concentrations of specific equity holdings. Equity price risk is also mitigated as the Group holds diversified portfolios of local and foreign investments in various sectors of the economy.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)
3.2 Financial risk factors (cont'd)

Equity price risk (cont'd)

Sensitivity

The impact on the Group's and Company's shareholders' equity had the equity market values increased/decreased by 10% (based on historical observations) with other assumptions left unchanged would have been as follows:

	Impact on Shareholders' equity
At December 31, 2021 - Available-for-sale financial assets	±10% Rs. **3,524,462**
At December 31, 2020 - Available-for-sale financial assets	3,860,278

(iv) Liquidity risk

The Group has strong liquidity positions and liquidity risk is considered to be low since the Group maintains an adequate level of cash resources or assets that are readily available on demand. Through the application of the liquidity management policy, the Group seeks to maintain sufficient financial resources to meet its obligations as they fall due.

The liquidity profile of all financial assets and liabilities is reflected below:

THE GROUP	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**
At December 31, 2021					
Trade and other receivables	**74,425,430**	**-**	**-**	**-**	**74,425,430**
Investment in financial assets	**73,682,086**	**24,071,658**	**48,371,030**	**20,000,000**	**166,124,774**
Deposits	**53,000,000**	**76,000,000**	**168,655,006**	**-**	**297,655,006**
Cash and cash equivalents	**70,581,250**	**-**	**-**	**-**	**70,581,250**
	271,688,766	**100,071,658**	**217,026,036**	**20,000,000**	**608,786,460**
Trade and other payables	**20,553,340**	**-**	**-**	**-**	**20,553,340**
Lease liabilities	**1,628,078**	**2,376,570**	**781,883**	**-**	**4,786,531**
	22,181,418	**2,376,570**	**781,883**	**-**	**25,339,871**
At December 31, 2020					
Trade and other receivables	66,507,202	-	-	-	66,507,202
Investment in financial assets	-	69,699,750	54,993,371	20,000,000	144,693,121
Deposits	125,500,000	40,000,000	166,000,000	-	331,500,000
Cash and cash equivalents	41,955,797	-	-	-	41,955,797
	233,962,999	109,699,750	220,993,371	20,000,000	584,656,120
Trade and other payables	26,813,056	-	-	-	26,813,056
Lease liabilities	1,747,951	1,394,414	2,335,412	-	5,477,777
	28,561,007	1,394,414	2,335,412	-	32,290,833

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.2 Financial risk factors (cont'd)

(iv) Liquidity risk (cont'd)

THE COMPANY	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
At December 31, 2021					
Trade and other receivables	**74,220,819**	**-**	**-**	**-**	**74,220,819**
Investment in financial assets	**73,682,086**	**24,071,658**	**48,371,030**	**20,000,000**	**166,124,774**
Deposits	**49,500,000**	**75,000,000**	**168,655,006**	**-**	**293,155,006**
Cash and cash equivalents	**66,372,828**	**-**	**-**	**-**	**66,372,828**
	263,775,733	**99,071,658**	**217,026,036**	**20,000,000**	**599,873,427**
Trade and other payables	**19,263,345**	**-**	**-**	**-**	**19,263,345**
Lease liabilities	**1,628,078**	**2,376,570**	**781,883**	**-**	**4,786,531**
	20,891,423	**2,376,570**	**781,883**	**-**	**24,049,876**
At December 31, 2020					
Trade and other receivables	66,344,740	-	-	-	66,344,740
Investment in financial assets	-	69,699,750	54,993,371	20,000,000	144,693,121
Deposits	125,500,000	36,500,000	165,000,000	-	327,000,000
Cash and cash equivalents	40,273,365	-	-	-	40,273,365
	232,118,105	106,199,750	219,993,371	20,000,000	578,311,226
Trade and other payables	25,924,987	-	-	-	25,924,987
Lease liabilities	1,747,951	1,394,414	2,335,412	-	5,477,777
	27,672,938	1,394,414	2,335,412	-	31,402,764

3.3 Capital risk management
The main objectives of the Group when managing capital are:
- to comply with the Minimum Capital Requirements of the Insurance Act 2005 and the Insurance Rules and Regulations 2007.
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for its policyholders.
- to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.
- to maintain the required level of stability of the Company thereby providing a degree of security to policyholders.
- to maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value.

This is a risk based capital method of measuring the minimum amount appropriate for the Group to support its overall business operations on consideration of its size and risk profile. The calculation is based on applying capital factors to amongst others, the Group's assets, outstanding claims, unearned premium liability and assets above a certain concentration limit.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONT'D)

3.3 Capital risk management (cont'd)
The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended December 31, 2021 and December 31, 2020.

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

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

The Group is fully financed by equity and no quantitative date shall be disclosed.

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

The Insurance Act 2005 specifies the amount of capital that must be held in proportion to the Company's liabilities, i.e. in respect of outstanding claim liability risk, unearned premium liability risk, investment risk, catastrophe risk and reinsurance ceded.

For the year ended December 31, 2021 and 2020, the Company has satisfied the minimum capital requirement.

3.4 Fair value estimation
The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale (note 11).

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2 (note 5 and note 7).

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

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

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

Critical accounting estimates and assumptions
The Group makes estimates and assumptions concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Insurance Contracts
The estimation of the ultimate liabilities arising under insurance contracts is the Group's most critical accounting estimate. Liabilities include outstanding claims provision (including IBNR), liabilities for unearned premiums and long-term benefits payable. In addition to the inherent uncertainty when estimating liabilities, there is also uncertainty as regard the eventual outcome of claims. As a result, the Group applies estimation techniques to determine appropriate provisions.

(i) Short-term insurance
(a) Estimates of insurance liabilities
Outstanding claims provisions are determined based upon previous claims experience, knowledge of events, the terms and conditions of the relevant policies and on interpretation of circumstances. The approach also includes consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions.

Where possible, the Group adopts multiple techniques to estimate the required level of provision which also assists in giving greater understanding of the trends, inherent in the data being projected. The Group's estimates of losses and loss expenses are reached after a number of different bases to determine these provisions. Methods include:
• Development of previously settled claims where payments to date are extrapolated.
• Notified claims development, where notified claims to date for each year are extrapolated based upon observed development of earlier years.
• Expected loss ratios.

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjusters' estimates, or based on management's experience.

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

Estimation techniques for the determination of insurance liabilities involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the overall estimate.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)
4.1 Insurance Contracts (cont'd)

(i) Short-term insurance (cont'd)

(a) Estimates of insurance liabilities (cont'd)
The degree of uncertainty under insurance contracts varies by policy class according to the characteristics of the insured risk. There may be significant reporting lags between the occurrence of the insured event and the reporting date to the Group, there may also be uncertainty as to the magnitude and timing of the settlement of the claim. Factors that contribute to uncertainty include inflation, inconsistent judicial interpretations and court judgements. The establishment of insurance liabilities is an inherently uncertain process and as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims can vary substantially from initial estimates, especially for long tail business. The Group seeks to provide appropriate levels of claims provision taking known facts and experience into account. The Group did not change its assumptions used to measure insurance liabilities and assets.

The Group believes that the liability for claims carried at year end is adequate.

(b) Sensitivity analysis
The Group adopts multiple techniques to estimate the required level of provisions, thereby setting a range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and risks involved.

4.2 Reinsurance
The Group is exposed to disputes on, and defects in, contract wordings and the possibility of default of its Reinsurers. The Group monitors the financial strength of their Reinsurers. Allowance will be made in the financial statements for non-recoverability in case of Reinsurer's default.

4.3 Held-to-maturity investments
The Group follows the guidance of International Accounting Standard (IAS) 39, *"Financial Instruments: Recognition and Measurement"* on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

4.4 Revaluation of property, plant and equipment and investment property
The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialist to determine fair value on December 31, 2020.

The determined fair value of the investment property is most sensitive to the estimated yield as well as long term vacancy rate. The key assumptions used to determine the fair value of the investment property are further explained in Note 7.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

PROPERTY, PLANT AND EQUIPMENT

THE GROUP		Freehold Land	Improvement to Land	Freehold Building	Improvement to Leasehold Building	Motor Vehicles	Furniture & Fittings	Office Equipment	Assets in progress	Total
2021		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
COST OR VALUATION										
At January 1, 2021		37,920,692	546,500	31,100,000	3,560,254	16,358,900	5,776,747	12,839,504	342,528	108,445,125
Additions		-	-	111,550	-	1,746,000	466,487	1,186,991	-	3,511,028
Transfer		-	-	-	-	-	-	342,528	(342,528)	-
At December 31, 2021		**37,920,692**	**546,500**	**31,211,550**	**3,560,254**	**18,104,900**	**6,243,234**	**14,369,023**	**-**	**111,956,153**
- Cost		**-**	**546,500**	**111,550**	**3,560,254**	**18,104,900**	**6,243,234**	**14,369,023**	**-**	**42,935,461**
- Valuation		**37,920,692**	**-**	**31,100,000**	**-**	**-**	**-**	**-**	**-**	**69,020,692**
		37,920,692	**546,500**	**31,211,550**	**3,560,254**	**18,104,900**	**6,243,234**	**14,369,023**	**-**	**111,956,153**
DEPRECIATION										
At January 1, 2021		-	67,192	-	1,916,973	5,952,004	3,907,423	10,574,481	-	22,418,073
Charge for the year		-	54,650	1,741,718	356,025	3,329,980	338,431	1,083,971	-	6,904,775
At December 31, 2021		**-**	**121,842**	**1,741,718**	**2,272,998**	**9,281,984**	**4,245,854**	**11,658,452**	**-**	**29,322,848**
NET BOOK VALUE										
At December 31, 2021	**Rs.**	**37,920,692**	**424,658**	**29,469,832**	**1,287,256**	**8,822,916**	**1,997,380**	**2,710,571**	**-**	**82,633,305**

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE GROUP		Freehold Land	Improvement to Land	Freehold Building	Improvement to Leasehold Building	Motor Vehicles	Furniture & Fittings	Office Equipment	Assets in progress	Total
2020		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
COST OR VALUATION										
At January 1, 2020		33,017,500	476,500	29,610,921	3,542,306	12,628,600	5,247,079	12,143,233	342,528	97,008,667
Additions		-	70,000	106,767	17,948	7,914,700	529,668	696,271	-	9,335,354
Disposal		-	-	-	-	(4,184,400)	-	-	-	(4,184,400)
Revaluation surplus		4,903,192	-	1,382,312	-	-	-	-	-	6,285,504
At December 31, 2020										
- Cost		**-**	**546,500**	**-**	**3,560,254**	**16,358,900**	**5,776,747**	**12,839,504**	**342,528**	**39,424,433**
- Valuation		**37,920,692**	**-**	**31,100,000**	**-**	**-**	**-**	**-**	**-**	**69,020,692**
		37,920,692	**546,500**	**31,100,000**	**3,560,254**	**16,358,900**	**5,776,747**	**12,839,504**	**342,528**	**108,445,125**
DEPRECIATION										
At January 1, 2020		-	17,208	1,777,831	1,561,282	7,346,861	3,604,775	9,581,125	-	23,889,082
Charge for the year		-	49,984	1,839,416	355,692	2,719,803	302,648	993,356	-	6,260,899
Disposal		-	-	-	-	(4,114,660)	-	-	-	(4,114,660)
Revaluation adjustments		-	-	(3,617,247)	-	-	-	-	-	(3,617,247)
At December 31, 2020		**-**	**67,192**	**-**	**1,916,974**	**5,952,004**	**3,907,423**	**10,574,481**	**-**	**22,418,074**
NET BOOK VALUE										
At December 31, 2020	**Rs.**	**37,920,692**	**479,308**	**31,100,000**	**1,643,280**	**10,406,896**	**1,869,324**	**2,265,023**	**342,528**	**86,027,051**

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE COMPANY	Freehold Land	Improvement to Land	Freehold Building	Improvement to Leasehold Building	Motor Vehicles	Furniture & Fittings	Office Equipment	Assets in progress	Total
2021	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
COST OR VALUATION									
At January 1, 2021	37,920,692	546,500	31,100,000	3,560,254	16,358,900	5,682,620	12,539,666	342,528	108,051,160
Additions	-	-	111,550	-	1,746,000	424,790	1,095,391	-	3,377,731
Transfer	-	-	-	-	-	-	342,528	(342,528)	-
At December 31, 2021									
- Cost	**-**	**546,500**	**111,550**	**3,560,254**	**18,104,900**	**6,107,410**	**13,977,585**	**-**	**42,408,199**
- Valuation	**37,920,692**	**-**	**31,100,000**	**-**	**-**	**-**	**-**	**-**	**69,020,692**
	37,920,692	**546,500**	**31,211,550**	**3,560,254**	**18,104,900**	**6,107,410**	**13,977,585**	**-**	**111,428,891**
DEPRECIATION									
At January 1, 2021	-	67,192	-	1,916,973	5,952,004	3,813,409	10,274,643	-	22,024,221
Charge for the year	-	54,650	1,741,718	356,025	3,329,980	334,161	1,080,917	-	6,897,451
At December 31, 2021	-	**121,842**	**1,741,718**	**2,272,998**	**9,281,984**	**4,147,570**	**11,355,560**	**-**	**28,921,672**
NET BOOK VALUE									
At December 31, 2021 Rs.	**37,920,692**	**424,658**	**29,469,832**	**1,287,256**	**8,822,916**	**1,959,840**	**2,622,025**	**-**	**82,507,219**

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE COMPANY	Freehold Land	Improvement to Land	Freehold Building	Improvement to Leasehold Building	Motor Vehicles	Furniture & Fittings	Office Equipment	Assets in progress	Total
2020	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
COST OR VALUATION									
At January 1, 2020	33,017,500	476,500	29,610,921	3,542,306	12,628,600	5,152,952	11,843,395	342,528	96,614,702
Additions	-	70,000	106,767	17,948	7,914,700	529,668	696,271	-	9,335,354
Disposals	-	-	-	-	(4,184,400)	-	-	-	(4,184,400)
Revaluation surplus	4,903,192	-	1,382,312	-	-	-	-	-	6,285,504
At December 31, 2020									
- Cost	**-**	**546,500**	**-**	**3,560,254**	**16,358,900**	**5,682,620**	**12,539,666**	**342,528**	39,030,468
- Valuation	**37,920,692**	**-**	**31,100,000**	**-**	**-**	**-**	**-**	**-**	**69,020,692**
	37,920,692	**546,500**	**31,100,000**	**3,560,254**	**16,358,900**	**5,682,620**	**12,539,666**	**342,528**	**108,051,160**
DEPRECIATION									
At January 1, 2020	-	17,208	1,777,831	1,561,282	7,346,861	3,512,322	9,218,287	-	23,496,791
Charge for the year	-	49,984	1,839,416	355,692	2,719,803	301,087	993,356	-	6,259,338
Disposal	-	-	-	-	(4,114,660)	-	-	-	(4,114,660)
Revaluation adjustments	-	-	(3,617,247)	-	-			-	(3,617,247)
At December 31, 2020	**-**	**67,192**	**-**	**1,916,974**	**5,952,004**	**3,813,409**	**10,274,643**	**-**	**22,024,222**
NET BOOK VALUE									
At December 31, 2020 Rs.	**37,920,692**	**479,308**	**31,100,000**	**1,643,280**	**10,406,896**	**1,869,211**	**2,265,023**	**342,528**	**86,026,938**

Depreciation charge of Rs.6,260,899 (2019: Rs.6,065,257) for the Group and Rs. 6,259,338 (2019: Rs.6,059,309) for the Company has been charged to statements of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) The Group's freehold land and building were revalued on December 31, 2020 by Messrs NP Jeetun Chartered Valuation Surveyor, an independent professionally qualified valuer. The revaluation surplus, net of applicable deferred income taxes, was credited to revaluation surplus in shareholders' equity (note 17).

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

		Level 2	
		2021	2020
		Rs.	Rs.
Freehold land		**37,920,692**	37,920,692
Buildings		**29,469,832**	31,100,000
Total	Rs.	**67,390,524**	69,020,692

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

<u>*Sensitivity analysis*</u>

Significant unobservable valuation input:	***Range (Rs.)***
Price per square metre:	
Freehold Land	10,459 - 47,314
Building	1,248 - 12,244

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

The revalued amount of freehold land and buildings using significant unobservable inputs are as follows:

		THE GROUP AND THE COMPANY			
		Freehold Land		Freehold Buildings	
		2021	2020	**2021**	2020
		Rs.	Rs.	**Rs.**	Rs.
At January 1,		**37,920,692**	33,017,500	**31,100,000**	27,833,090
Addition		**-**	-	**111,550**	106,767
Depreciation charge for the year		**-**	-	**(1,741,718)**	(1,839,416)
Revaluation surplus		**-**	4,903,192	**-**	4,999,559
At December 31,	Rs.	**37,920,692**	37,920,692	**29,469,832**	31,100,000

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

		THE GROUP AND THE COMPANY			
		Freehold Land		Freehold Buildings	
		2021	2020	**2021**	2020
		Rs.	Rs.	**Rs.**	Rs.
Cost		**27,500,000**	27,500,000	**13,693,317**	13,581,767
Accumulated depreciation		**-**	-	**(2,856,562)**	(2,820,635)
Net book value	Rs.	**27,500,000**	27,500,000	**10,836,755**	10,761,132

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

6A. RIGHT-OF-USE ASSETS

THE GROUP AND THE COMPANY

		2021	2020
BUILDINGS		Rs.	Rs.
At January 1,		**5,267,671**	2,887,629
Effect of modification to lease terms		**-**	(97,021)
Additions		**1,293,050**	4,526,004
Amortisation		**(2,020,612)**	(2,048,941)
At December 31,	Rs.	**4,540,109**	5,267,671

6B. **LEASE LIABILITES**

THE GROUP AND THE COMPANY

		2021	2020
BUILDINGS		Rs.	Rs.
At January 1,		**5,477,777**	2,976,856
Effect of modification to lease terms		**-**	(94,148)
Additions		**1,293,050**	4,526,004
Interest expense		**332,680**	345,365
Lease payments		**(2,316,601)**	(2,276,300)
At December 31,	Rs.	**4,786,906**	5,477,777
Non-current		**3,158,828**	3,729,826
Current		**1,628,078**	1,747,951
	Rs.	**4,786,906**	5,477,777

(i) Nature of leasing activities (in the capacity as lessee)
The Company operates a number of branches across the country for which it leases buildings as office space. The periodic rent is fixed over the lease term.

(ii) Variable lease payments
The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

	Lease Contracts Number	Fixed payments %	Variable payments %	Sensitivity Rs.
December 31, 2021 **Property leases with fixed payments**	12	100	-	-
December 31, 2020 Property leases with fixed payments	15	100	-	-

(iii) Extension and termination options
Extension and termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. There are no residual value guarantee in relation to leased properties.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

6B. LEASE LIABILITES (CONT'D)

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

Most extension options in building leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. During the current financial year, there was no financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets.

7. INVESTMENT PROPERTIES

		THE GROUP		THE COMPANY	
		Land and buildings		Land and buildings	
		2021	2020	**2021**	2020
		Rs.	Rs.	**Rs.**	Rs.
Fair value model					
At January 1,		**84,900,000**	81,395,000	**26,000,000**	24,200,000
Additions		**-**	1,845,843	**-**	-
Fair value adjustments		**-**	1,659,157	**-**	1,800,000
At December 31,	Rs.	**84,900,000**	84,900,000	**26,000,000**	26,000,000

The investment properties were valued on December 31, 2020 at fair value by Messrs NP Jeetun Chartered Valuation Surveyors, an independent professionally qualified valuer. The properties were valued using the comparative method. The comparative method is based on comparison of prices paid for similar properties within close vicinity and adjusted to reflect the characteristics of the subject property at the relevant date. The directors consider the carrying amount to be not materially different from the valuation carried out on December 31, 2020.

The most significant input into this valuation report approach is price per square metre.

Significant unobservable valuation input:	**Rs.**
Price per square metre:	
	40,167 - 57,971
Land	21,634
Buildings	

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

7. INVESTMENT PROPERTY (CONT'D)

Details of the Group's and the Company's investment properties and information about the fair value hierarchy as are as follows:

		Level 2	
December 31, 2021		**THE GROUP**	**THE COMPANY**
		Rs.	**Rs.**
Land		**25,580,000**	**25,580,000**
Buildings		**59,320,000**	**420,000**
Total	Rs.	**84,900,000**	**26,000,000**

		Level 2	
December 31, 2020		THE GROUP	THE COMPANY
		Rs.	Rs.
Land		25,580,000	25,580,000
Buildings		59,320,000	420,000
Total	Rs.	84,900,000	26,000,000

The following amounts have been recognised in profit or loss:

		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
		Rs.	Rs.	**Rs.**	Rs.
Rental income		**251,000**	1,698,287	**251,000**	245,180
Direct operating expenses arising from investment properties that generate rental income	Rs.	**-**	378,955	**-**	-

8. INTANGIBLE ASSETS

		Computer software
THE GROUP AND THE COMPANY		Rs.
(a) 2021		
COST		
At January 1,		**2,368,274**
Addition		**159,160**
Scrap adjustments		**-**
At December 31,		**2,527,434**
AMORTISATION		
At January 1,		**1,644,895**
Amortisation charge		**332,492**
At December 31,		**1,977,387**
NET BOOK VALUES		
At DECEMBER 31,	Rs.	**550,047**

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

8. INTANGIBLE ASSETS (CONT'D)

		Computer software
(a) 2020		Rs.
COST		
At January 1,		2,207,749
Addition		458,275
Scrap adjustments		(297,750)
At December 31,		2,368,274
AMORTISATION		
At January 1,		1,372,110
Amortisation charge		340,714
Scrap adjustments		(67,929)
At December 31,		1,644,895
NET BOOK VALUES		
At DECEMBER 31,	Rs.	723,379

(c) Amortisation expense of Rs.340,714 (2020: Rs.340,714) for the Group and the Company has been charged to statements of profit and loss.

9. INVESTMENT IN SUBSIDIARY COMPANY

		THE COMPANY	
		2021	2020
		Rs.	Rs.
(a) Cost			
At January 1, and December 31,	Rs.	**25,000,000**	25,000,000

(b) The list of the Company's subsidiary is as follows:

Name	Country of incorporation and operation	Class of shares held	Year end	Stated capital	% holding Direct	Main business
2021 GFA Investments Ltd	**Mauritius**	**Ordinary**	**December 31, 2020**	**25,000,000**	**100%**	**Rental of building**
2020 GFA Investments Ltd	Mauritius	Ordinary	or December 31, 2020	25,000,000	100%	Rental of building

10. STATUTORY DEPOSITS

Statutory deposits of Rs.8,000,000 (2020: Rs.8,000,000) are pledged in favour of the Financial Services Commission as required by the Insurance Act 1987. The amount maintained as statutory deposit is in line with the requirements of the draft Insurance (Deposit) Rules 2017, though not yet effective.

The deposits carries interest rates varying from 2.36% to 4.00% (2020: 3.25% to 4.00%) p.a and have maturity date December 2026 (2020: December 2021 and October 2022).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

11. INVESTMENT IN FINANCIAL ASSETS

(a) THE GROUP AND THE COMPANY

		2021		
		Available-for-sale	**Held-to-maturity**	**Total**
		Rs.	**Rs.**	**Rs.**
At January 1,		**28,985,414**	**115,707,707**	**144,693,121**
Additions		**-**	**14,735,677**	**14,735,677**
Matured/disposals		**(229,680)**	**(329,231)**	**(558,911)**
Transfer to held-to-maturity		**(766,000)**	**766,000**	**-**
Change in fair value (note 17)		**7,254,887**	**-**	**7,254,887**
At December 31,	Rs.	**35,244,621**	**130,880,153**	**166,124,774**
Analysed as:		**35,244,621**	**57,198,067**	**92,442,688**
Non-Current		**-**	**73,682,086**	**73,682,086**
Current	Rs.	**35,244,621**	**130,880,153**	**166,124,774**

		2020		
		Available-for-sale	**Held-to-maturity**	**Total**
		Rs.	**Rs.**	**Rs.**
At January 1,		44,890,670	117,038,279	161,928,949
Additions		8,314,294	11,027,375	19,341,669
Matured/disposals		(5,692,037)	(21,997,939)	(27,689,976)
Transfer to held-to-maturity		(9,618,710)	9,618,710	-
Change in fair value (note 17)		(8,908,803)	21,282	(8,887,521)
At December 31,	Rs.	28,985,414	115,707,707	144,693,121
Analysed as:				
Current	Rs.	28,985,414	115,707,707	144,693,121

(b) Available-for-sale financial assets

		THE GROUP AND THE Company	
		2021	2020
Equity securities at fair value:		**Rs.**	Rs.
- Quoted		**34,596,330**	28,424,995
- Unquoted		**648,291**	560,419
	Rs.	**35,244,621**	28,985,414

(c) THE GROUP AND THE COMPANY		**Level 1**	**Level 3**	**Total**
		Rs.	**Rs.**	**Rs.**
At December 31, 2021 Available-for-sale financial assets	Rs.	**34,596,330**	**648,291**	**35,244,621**
At December 31, 2020 Available-for-sale financial assets	Rs.	**28,424,995**	560,419	28,985,414

(d) Available-for-sale financial assets are denominated in Rupees.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

11. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

(e) Available-for-sale financial assets comprise principally of listed, Development Enterprise Market (DEM) quoted and unquoted equity securities. The fair value of these financial assets is based on the Stock Exchange or DEM quoted prices at the close of business at the end of each reporting period. In assessing the fair value of unquoted available-for-sale financial assets, the Company uses the latest transaction price as a reference and makes assumptions that are based on market conditions existing at the end of each reporting period. The directors are of the opinion that the costs of unquoted securities approximate their fair value.

(f) The maximum exposure to credit risk at the reporting date is the fair value of securities classified as available-for-sale.

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

(h) The rate of interest on the held-to-maturity investments at year end varied between 1.88% to 5.42%.

12. FIXED DEPOSITS		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
Held-to-maturity investments Maturing:		**Rs.**	Rs.	**Rs.**	Rs.
up to 3 months		**20,500,000**	62,000,000	**20,500,000**	62,000,000
3 to 6 months		**3,000,000**	15,500,000	**3,000,000**	15,500,000
6 to 12 months		**26,000,000**	43,000,000	**26,000,000**	43,000,000
1 to 5 years		**240,155,006**	203,000,000	**235,655,006**	198,500,000
	Rs.	**289,655,006**	323,500,000	**285,155,006**	319,000,000
Analysed as follows:					
Non-current assets		**236,655,006**	**203,000,000**	**235,655,006**	198,500,000
Current assets		**53,000,000**	**120,500,000**	**49,500,000**	120,500,000
	Rs.	**289,655,006**	**323,500,000**	**285,155,006**	319,000,000

(a) The deposits earn interest at rates varying between 0.75% - 5.40% (2020: 0.75% - 5.40%) p.a.
(b) The fixed deposits are denominated in Rupees.
(c) None of the financial assets are either past due or impaired (2020: Nil).

13. DEFERRED TAXATION

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 17% (2020: 17%).

(a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statements of financial position.

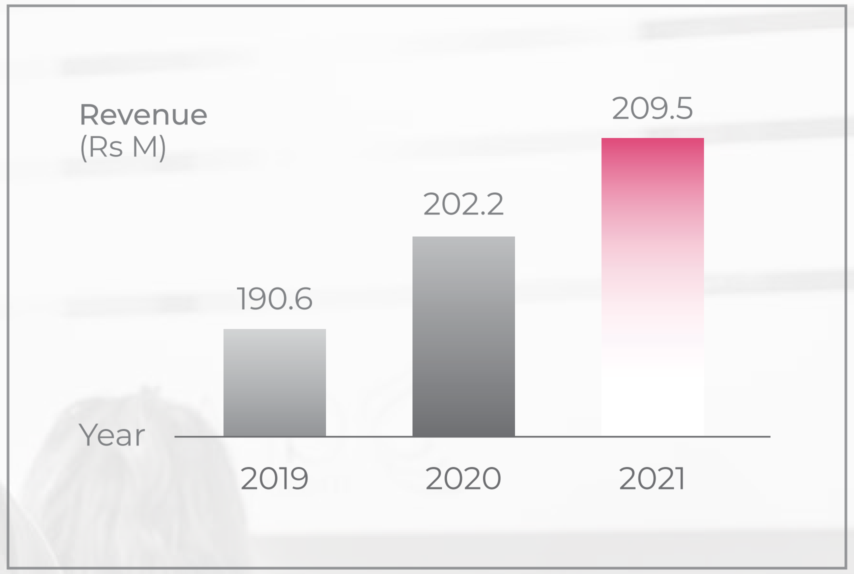
	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs.	Rs.	**Rs.**	Rs.
Deferred tax liabilities	**(9,180,415)**	(9,703,522)	**(2,418,723)**	(3,009,197)

At the end of the reporting period, the Group had unused tax losses of Rs. 1,345,106 (2020: Rs.2,172,076) available-for-offset against future profits. A deferred tax asset has been recognised in respect of such losses. The tax losses expire on a rolling basis over 5 years.

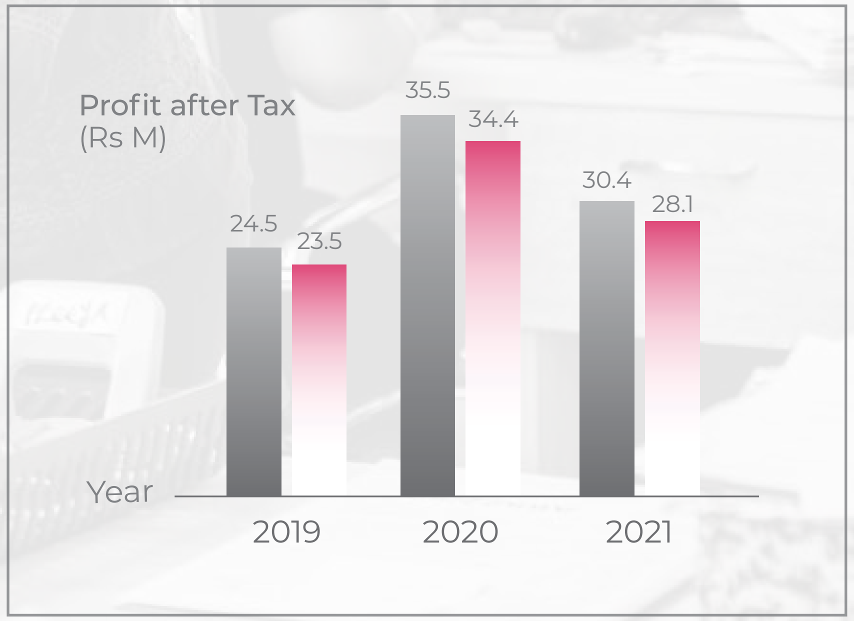
Fair-pricing serves as a powerful tool that enables individuals to safeguard their most valuable possessions, without being burdened by superfluous costs associated with superficial features.

It represents a commitment to promoting equity and fairness, recognising that everyone deserves the right to protect their assets and secure their future without undue financial strain.

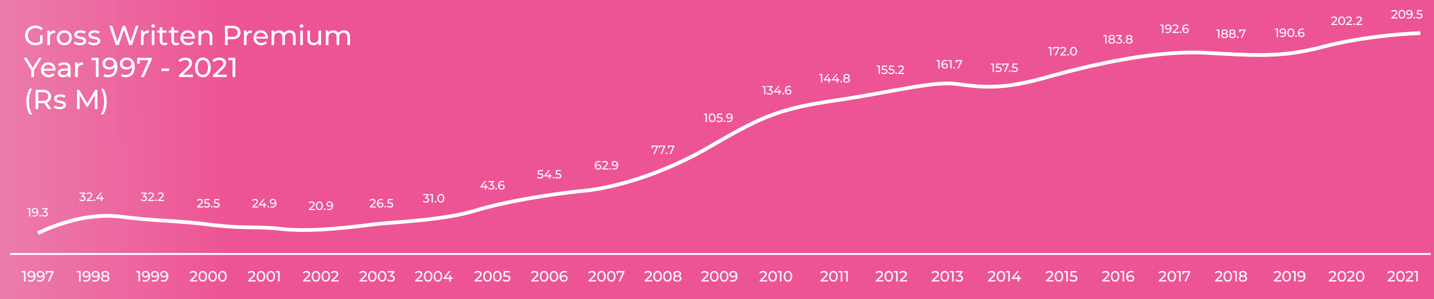
Revenue (Premium)	
Year	Company
2019	190.6
2020	202.2
2021	209.5



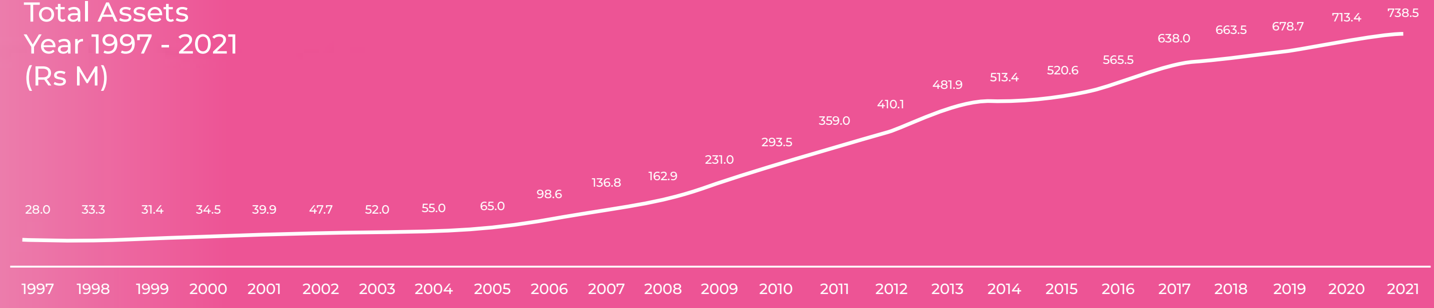
Profit for the year		
Year	Group	Company
2019	24.5	23.5
2020	35.5	34.4
2021	30.4	28.1



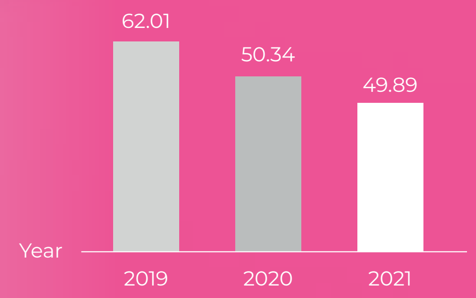
Gross Written Premium
Year 1997 - 2021
(Rs M)



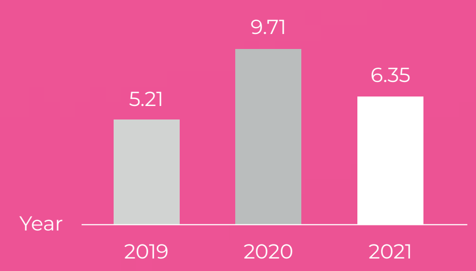
Total Assets
Year 1997 - 2021
(Rs M)



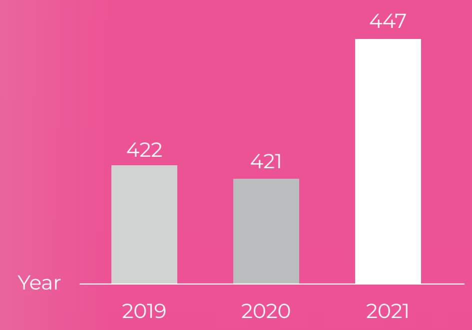
Claim Ratio



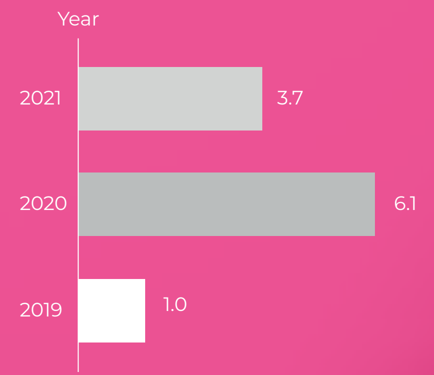
Debt to Equity Ratio



Solvency Ratio

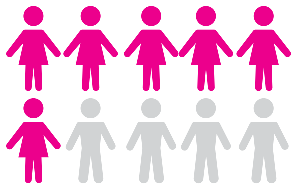


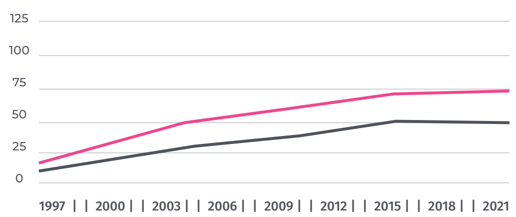
Growth



OUR PEOPLE: 40,000+

Individual and Corporate clients have trusted us for at least ten consecutive years





6 out of 10 of our employees are female

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

13. DEFERRED TAXATION (CONT'D)

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

		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
		Rs.	Rs.	**Rs.**	Rs.
At January 1,		**(9,703,522)**	(7,865,017)	**(3,009,197)**	(1,406,115)
Profit or loss credit (note 22(b))		**523,107**	(155,037)	**590,474**	80,386
Other comprehensive income charge		**-**	(1,683,468)	**-**	(1,683,468)
At December 31,	Rs.	**(9,180,415)**	(9,703,522)	**(2,418,723)**	(3,009,197)

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

(i) THE GROUP

Deferred tax liabilities		Accelerated tax depreciation	Revaluation of building	Investment property	Right-of-use assets	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
At January 1, 2020		1,149,686	564,700	8,820,317	490,897	11,025,600
Profit or loss charge		(44,115)	-	431,980	404,607	792,472
Other comprehensive income		-	1,683,468	-	-	1,683,468
At December 31, 2020		1,105,571	2,248,168	9,252,297	895,504	13,501,540
Profit or loss charge/(credit)		(233,836)	-	(94,622)	(123,685)	(452,143)
At December 31, 2021	Rs.	**871,735**	**2,248,168**	**9,157,675**	**771,819**	**13,049,397**

		Retirement benefit obligations	Tax losses	Lease liabilities	Total
Deferred tax assets		Rs.	Rs.	Rs.	Rs.
At January 1, 2020		2,268,649	385,869	506,065	3,160,583
Profit or loss credit/(charge)		228,906	(16,628)	425,157	637,435
At December 31, 2020		2,497,555	369,241	931,222	3,798,018
Profit or loss credit/(charge)		328,984	(140,573)	(117,447)	70,964
At December 31, 2021	Rs.	**2,826,539**	**228,668**	**813,775**	**3,868,982**

		THE GROUP	
		2021	2020
		Rs.	Rs.
Net deferred tax liabilities		(13,049,397)	(13,501,540)
Deferred tax liabilities		3,868,982	3,798,018
Deferred tax assets	Rs.	(9,180,415)	(9,703,522)

(II) THE COMPANY

Deferred tax liabilities		Accelerated tax depreciation	Revaluation of building	Investment property	Right-of-use assets	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
At January 1, 2020		936,482	564,700	2,188,750	490,897	4,180,829
Profit or loss charge		169,070	-	-	404,607	573,677
Other comprehensive income		-	1,683,468	-	-	1,683,468
At December 31, 2020		1,105,552	2,248,168	2,188,750	895,504	6,437,974
Profit or loss credit		(255,252)	-	-	(123,686)	(378,938)
At December 31, 2021	Rs.	**850,300**	**2,248,168**	**2,188,750**	**771,818**	**6,059,036**

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

13. DEFERRED TAXATION (CONT'D)

(ii) THE COMPANY

		Retirement benefit obligations	Lease liabilities	Total
Deferred tax assets		Rs.	Rs.	Rs.
At January 1, 2020		2,268,649	506,065	2,774,714
Profit or loss credit		228,906	425,157	654,063
At December 31, 2020		2,497,555	931,222	3,428,777
Profit or loss credit/(charge)		328,984	(117,448)	211,536
At December 31, 2021	Rs.	**2,826,539**	**813,774**	**3,640,313**

		THE COMPANY	
		2021	2020
		Rs.	Rs.
Net deferred tax liabilities		**(6,059,036)**	(6,437,974)
Deferred tax liabilities		**3,640,313**	3,428,777
Deferred tax assets	Rs.	**(2,418,723)**	**(3,009,197)**

14. LOANS TO RELATED PARTIES

		THE GROUP AND THE COMPANY	
		2021	2020
Loans to directors (note 31):		**Rs.**	Rs.
At January 1,		**1,696,723**	4,332,023
Repayments		**(1,696,723)**	(2,635,300)
At December 31,	Rs.	**-**	**1,696,723**
The above loans to related parties are classified as follows:			
Non-current assets		-	865,457
Current assets		-	831,266
	Rs.	-	1,696,723

The loans to directors bear interest at the rate of 4% (2019: 4%) p.a.

15. TRADE AND OTHER RECEIVABLES

		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
Trade receivables:		**Rs.**	Rs.	**Rs.**	Rs.
- premium and agents balances		**11,699,158**	11,372,260	**11,699,158**	11,372,260
Less: provision for impairment		**(1,876,781)**	(848,632)	**(1,876,781)**	(848,632)
		9,822,377	10,523,628	**9,822,377**	10,523,628
Receivable from insurers/reinsurers (note 15(f))		**50,652,774**	42,844,009	**50,652,774**	42,844,009
Deferred commission expense (note 15(g))		**4,680,334**	4,470,270	**4,680,334**	4,470,270
Other receivables		**9,269,945**	8,669,295	**9,065,334**	8,506,833
	Rs.	**74,425,430**	66,507,202	**74,220,819**	66,344,740

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

15. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) The carrying amount of trade and other receivables approximately their fair value.

(b) As of December 31, 2021, trade receivables of Rs.1,876,781 (2020: Rs.848,632) were impaired for the Group and the Company. The amount of the provision as of December 31, 2021 was Rs.1,876,781 (2020: Rs.848,632) for the Group and the Company. The individually impaired receivables mainly relate to policyholders who are in unexpectedly difficult economic situations.

		THE GROUP AND THE COMPANY	
		2021	2020
		Rs.	Rs.
Over 3 months	Rs.	**4,494,931**	4,423,617

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

(d) The movement in the provision is as follows:

		THE GROUP AND THE COMPANY	
		2021	2020
		Rs.	Rs.
At January 1,		**848,632**	395,758.00
Increase		**1,028,149**	452,874
At December 31,	Rs.	**1,876,781**	848,632

As of December 31, 2021, trade receivables of Rs.4,494,931 (2020: Rs.4,423,617) for the Group and the Company were past due but not impaired. These relate to a number of policyholders for whom there is no history of default. The ageing analysis of these trade receivables is as follows:

(e) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(f) Receivable from insurers/reinsurers

		THE GROUP AND THE COMPANY	
		2021	2020
		Rs.	Rs.
At January 1,		**42,844,009**	41,984,688
Claims recovery		**50,899,058**	33,569,586
Claims recognised in statement of profit & loss		**(43,090,293)**	(32,710,265)
At December 31,	Rs.	**50,652,774**	42,844,009

(g) Deferred commission expense

		THE GROUP AND THE COMPANY	
		2021	2020
		Rs.	Rs.
At January 1,		**4,470,270**	2,561,824
Commission payable to agents		**9,026,685**	8,772,189
Commission recognised in statement of profit & loss		**(8,816,621)**	(6,863,743)
At December 31,	Rs.	**4,680,334**	4,470,270

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

16. SHARE CAPITAL

		Authorised, Issued and fully paid	
		2021	2020
		Rs.	Rs.
1 Founder share of Rs. 1,000 each		1,000	1,000
24,999 Ordinary shares of Rs. 1,000 each		**24,999,000**	24,999,000
	Rs.	**25,000,000**	25,000,000

(a) The total authorised number of Ordinary shares is 25,000 (2020: 25,000) with a par value of Rs.1,000 per share (2020: Rs. 1,000 per share). All issued shares are fully paid.

(b) The Founder share confer to its holder the following unalterable rights except with the express consent in writing of its holder:
- the right to sit permanently on the Board of Directors of the Company or to appoint representative to sit on the Board.
- the right to be permanently the Executive Managing Director of the Company. The Founder's share ranks pari pasu with the ordinary shares of the Company.

c) Fully paid Ordinary shares carry one vote per share and carry a right to dividends.

17. OTHER RESERVES

THE GROUP AND THE COMPANY

		Revaluation surplus	Available-for-sale fair value reserve	Total
		Rs.	Rs.	Rs.
(i) At January 1, 2021		15,828,346	(9,095,198)	6,733,148
Gains on revaluation of land and buildings, net of tax				-
Change in fair value of financial assets (note 11(a))		-	7,254,887	7,254,887
Reclassification adjustments on disposal of financial assets		-	650,435	650,435
At December 31, 2021	Rs.	**15,828,346**	**(1,189,876)**	**14,638,470**
(i) At January 1, 2020		7,609,063	(111,433)	7,497,630
Gains on revaluation of land and buildings, net of tax		8,219,283	-	8,219,283
Change in fair value of financial assets (note 11(a))		-	(8,887,521)	(8,887,521)
Reclassification adjustments on disposal of financial assets		-	(96,244)	(96,244)
At December 31, 2021	Rs.	**15,828,346**	**(9,095,198)**	**6,733,148**

Revaluation surplus
The revaluation surplus arises on the revaluation of land and buildings.

Available-for-sale fair value reserve
Available-for-sale fair value reserve comprises of the cumulative net change in the fair value of available-for-sale financial assets that has been recognised in other comprehensive income until the investments are derecognised or impaired.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

18. INSURANCE LIABILITIES AND REINSURANCE ASSETS

		THE GROUP AND THE COMPANY	
		2021	2020
		Rs.	Rs.
- Claims reported and loss adjustment expenses (note 19(a))		**173,909,886**	192,525,571
- Claims incurred but not reported (IBNR) (note 19(a))		**15,464,106**	6,872,125
- Unearned premiums (note 19(b))		**113,345,616**	106,848,963
Total insurance liabilities	Rs.	**302,719,608**	306,246,659

19. MOVEMENT IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

		THE GROUP AND THE COMPANY	
Short term insurance		**2021**	2020
(a) **Claims**		**Rs.**	Rs.
At January 1,			
Notified claims		**199,397,696**	205,995,302
Increase in liabilities		**121,768,399**	122,441,584
Cash paid for claims settled in the year		**(147,256,209)**	(135,911,315)
		173,909,886	192,525,571
Incurred but not reported (IBNR)		**15,464,106**	6,872,125
At December 31,	Rs.	**189,373,992**	199,397,696
Movement in claims outstanding and IBNR		**(10,023,704)**	(12,231,931)

(b) **Provision for unearned premiums**

		THE GROUP AND THE COMPANY	
		2021	2020
		Rs.	Rs.
At January 1,		**106,848,963**	100,998,665
Increase/(decrease) during the year		**6,496,653**	5,850,298
At December 31,	Rs.	**113,345,616**	106,848,963

Due to the nature of the gross provision for unexpired risks, no maturity profile is presented.
The claims and provision for unearned premiums are stated as gross figures except for IBNR(net).

20. RETIREMENT BENEFIT OBLIGATIONS

		THE GROUP AND THE COMPANY	
		2021	2020
Amount recognised in the statements of financial position as non-current liabilities:		**Rs.**	Rs.
- Post retirement benefits (note 20(a))		**16,626,700**	14,691,500
Amount charged to profit or loss:			
- Post retirement benefits (note 20(a))	Rs.	**2,423,369**	2,408,729

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

20. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(a) **Post retirement benefits**

Post retirement benefits comprise mainly of gratuity on retirement payable under the Workers' Right Act 2019 and other benefits.

		THE GROUP AND THE COMPANY	
		2021	2020
		Rs.	Rs.
At January 1,		**14,691,500**	13,345,000
Payments		**(488,169)**	(1,062,229)
Total expense charged in profit or loss		**2,423,369**	2,408,729
At December 31,	Rs.	**16,626,700**	14,691,500

It has been assumed that the rate of future salary increases will be equal to the discount rate.

21A. TRADE AND OTHER PAYABLES

		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
Trade payables:		**Rs.**	Rs.	**Rs.**	Rs.
- amounts due to reinsurers		**5,097,047**	6,303,151	**5,097,047**	6,303,151
Accrued expenses		**2,938,053**	7,572,883	**2,938,053**	7,572,883
Other payables		**12,518,240**	12,937,022	**11,228,245**	12,048,953
	Rs.	**20,553,340**	26,813,056	**19,263,345**	25,924,987

The carrying amount of trade and other payables approximates their fair value.

21B. DEFERRED COMMISSION INCOME

		THE GROUP AND THE COMPANY	
		2021	2020
		Rs.	Rs.
At January 1,		**1,655,638**	1,126,349
Commission receivable from insurers		**2,735,416**	2,695,311
Commission recognised in statement of profit & loss		**(2,762,694)**	(2,166,022)
At Decem ber 31,	Rs.	**1,628,360**	1,655,638

Deferred acquisition cost relates to commission unearned for premium written to period of insurance risk.

22. INCOME TAX

		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
		Rs.	Rs.	**Rs.**	Rs.
(a) Statements of financial position					
At January 1,		**5,268,101**	(1,864,038)	**5,268,101**	(1,864,038)
Underprovision		**2,390**	1,710,187	**2,390**	1,710,187
Income tax charge for the year at 15% (2020: 15%)		**5,811,764**	5,992,672	**5,811,764**	5,992,672
Net tax paid during the year		**(10,214,444)**	(715,635)	**(10,214,444)**	(715,635)
Corporate social responsibility		**859,316**	144,915	**859,316**	144,915
At December 31,	Rs.	**1,727,127**	5,268,101	**1,727,127**	5,268,101
Analysed as follows:					
Current tax liabilities		**1,727,127**	5,268,101	**1,727,127**	5,268,101
Current tax assets		**-**	-	**-**	-
Net current tax assets	Rs.	**1,727,127**	5,268,101	**1,727,127**	5,268,101

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

22. INCOME TAX (CONT'D)

		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
(b) Statements of profit or loss					
Income tax charge on the adjusted profit for the year at 15% (2020: 15%)		**5,811,764**	5,992,672	**5,811,764**	5,992,672
Corporate social responsibility		**859,316**	144,915	**859,316**	144,915
Underprovision		**2,390**	1,710,187	**2,390**	1,710,187
		6,673,470	7,847,774	**6,673,470**	7,847,774
Deferred tax (note 13(b))		**(523,107)**	155,037	**(590,474)**	(80,386)
Net charge for the year	Rs.	**6,150,363**	8,002,811	**6,082,996**	7,767,388

(c) The tax on the Group's and Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate is as follows:

		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
		Rs.	Restated Rs.	**Rs.**	Restated Rs.
Profit before taxation		**36,517,815**	43,483,424	**34,225,629**	42,140,917
Tax calculated at 15% (2020: 15%)		**5,477,672**	6,522,514	**5,133,844**	6,321,138
Expenses not deductible for tax purposes		**977,338**	1,345,217	**1,321,166**	1,570,536
Income not subject to tax		**(193,795)**	(1,875,059)	**(193,795)**	(1,899,002)
Underprovision		**2,390**	1,710,187	**2,390**	1,710,187
Corporate social responsibility		**409,865**	144,915	**409,865**	144,915
Deferred tax		**(523,107)**	155,037	**(590,474)**	(80,386)
Tax charge	Rs.	**6,150,363**	8,002,811	**6,082,996**	7,767,388

23. INVESTMENT AND INTEREST INCOME

		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
		Rs.	Rs.	**Rs.**	Rs.
Interest income		**14,011,319**	16,567,080	**14,057,569**	16,371,612
Dividend income		**1,139,972**	341,612	**1,139,972**	341,612
Gain/(loss) on disposal of financial assets		**-**	(6,081)	**-**	(6,081)
Gain on revaluation on investment property (note 6)		**-**	1,659,158	**-**	1,800,000
Rental income		**2,945,880**	1,698,287	**251,000**	245,180
	Rs.	**18,097,171**	20,260,056	**15,448,541**	18,752,323

24. OTHER INCOME

		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
		Rs.	Rs.	**Rs.**	Rs.
Policy fees		**5,080,100**	5,022,900	**5,080,100**	5,022,900
Profit on disposal of property, plant and equipment		**-**	700,439	**-**	700,439
Sundry income		**375,528**	3,492,938	**350,329**	3,477,938
	Rs.	**5,455,628**	9,216,277	**5,430,429**	9,201,277

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

25. PROFIT BEFORE TAXATION

Profit before taxation for the year is arrived at after charging:

(i) Administrative and other expenses		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
		Rs.	Rs.	**Rs.**	Rs.
Employee benefit expense					
(see note 25(iii) below)		**41,233,177**	40,158,018	**41,233,177**	40,149,218
Depreciation and amortisation charge					
(see note 25(ii) below)		**9,257,879**	8,650,554	**9,250,555**	8,648,993
Marketing expenses		**2,828,348**	902,008	**2,828,348**	902,008
Utilities		**3,428,464**	3,610,841	**3,428,464**	3,575,722
Printing and stationery		**1,884,716**	1,125,132	**1,884,716**	1,125,132
Repairs and maintenance		**1,778,343**	1,490,625	**1,778,343**	1,383,506
Rent and rates		**52,327**	114,824	**52,327**	13,587
Licence and FSC fees		**5,258,713**	5,111,110	**5,258,713**	5,092,361
IT expense		**775,087**	340,940	**775,087**	340,940
Professional expenses		**2,792,920**	2,098,321	**2,792,920**	1,961,560
Bank charges		**1,108,353**	899,021	**1,108,353**	898,174
Towing and other related services		**2,664,838**	2,414,075	**2,664,838**	2,414,075
Other expenses		**2,158,607**	3,747,207	**1,784,288**	3,977,174
	Rs.	**75,221,772**	70,662,676	**74,840,129**	70,482,450

Other expenses consist of expenses incurred in the day to day operation of the Group and of the Company.

(ii) Depreciation and amortisation charge		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
		Rs.	Rs.	**Rs.**	Rs.
Property, plant and equipment (note 5)		**6,904,775**	6,260,899	**6,897,451**	6,259,338
Right-of-use assets (note 6)		**2,020,612**	2,048,941	**2,020,612**	2,048,941
Intangible assets (note 8)		**332,492**	340,714	**332,492**	340,714
	Rs.	**9,257,879**	8,650,554	**9,250,555**	8,648,993

(iii) Employee benefit expense		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
		Rs.	Rs.	**Rs.**	Rs.
Wages and salaries, including termination benefits		**36,992,640**	36,172,862	**36,992,640**	36,164,062
Social security costs		**1,817,168**	1,576,427	**1,817,168**	1,576,427
Other post-retirement benefits (note 20(a))		**2,423,369**	2,408,729	**2,423,369**	2,408,729
	Rs.	**41,233,177**	40,158,018	**41,233,177**	40,149,218

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

26. FINANCE COSTS

		THE GROUP AND THE COMPANY	
		2021	2020
		Rs.	Rs.
Foregin exchange loss		**-**	30,133
Interest expense:			
Leases		**332,680**	345,365
Gain on modification of leases		**-**	(1,785)
Bank overdraft		**294**	318
	Rs.	**332,974**	374,031

27. DIVIDENDS

		THE GROUP AND THE COMPANY	
		2021	2020
		Rs.	Rs.
Amount recognised as distributions to equity holders in the year:			
Dividend for the year ended December 31, 2021 of Rs.470			
(2020: Rs.470) per share	Rs.	**7,500,000**	11,750,000

28. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Cash generated from operations	THE GROUP		THE COMPANY	
	2021	2020	**2021**	2020
	Rs.	Restated Rs.	**Rs.**	Restated Rs.
Profit before taxation	**36,517,815**	43,483,424	**34,225,629**	42,140,917
Adjustments for:				
Depreciation on property, plant and equipment (note 5)	**6,904,775**	6,260,899	**6,897,451**	6,259,338
Amortisation on intangible assets (note 8)	**332,492**	340,714	**332,492**	340,714
Amortisation on right-of-use assets (note 6)	**2,020,612**	2,048,941	**2,020,612**	2,048,941
Gain on revaluation of investment property (note7)	**-**	(1,659,158)	**-**	(1,800,000)
Increase in retirement benefit obligations	**1,935,200**	1,346,500	**1,935,200**	1,346,500
Scrapping of intangible assets (note 8)	**-**	229,821	**-**	229,821
Profit on sale of property, plant and equipment	**-**	(930,260)	**-**	(930,260)
Profit on disposal of financial assets	**-**	6,081	**-**	6,081
Release on disposal of financial assets	**650,435**	-	**650,435**	-
Interest income (note 23)	**(14,011,319)**	(16,567,080)	**(14,057,569)**	(16,371,612)
Interest expense (note 26)	**332,974**	345,683	**332,974**	345,683
Increase in provision for doubtful debts (note 15)	**1,028,149**	452,874	**1,028,149**	452,874
Dividend income (note 23)	**(1,139,972)**	(341,612)	**(1,139,972)**	(341,612)
Change in gross outstanding claims and IBNR (19(a))	**(10,023,704)**	(12,231,931)	**(10,023,704)**	(12,231,931)
Change in unearned premiums reserve (19(b))	**6,557,920**	7,485,800	**6,557,920**	7,485,800
Change in unearned commission reserve	**(27,278)**	529,289	**(27,278)**	529,289
	31,078,099	30,799,985	**28,732,339**	29,510,543
(b) Changes in working capital:				
-trade and other receivables	**(9,007,644)**	(5,707,664)	**(8,965,495)**	(5,744,552)
-trade and other payables	**(6,259,717)**	10,282,164	**(6,661,643)**	9,809,862
Cash generated from operations	**15,810,738**	35,374,485	**13,105,201**	33,575,853

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

28. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

(b) **Cash and cash equivalents**

		THE GROUP		THE COMPANY	
		2021	2020	**2021**	2020
		Rs.	Rs.	**Rs.**	Rs.
Cash in hand and at bank	Rs.	**70,581,250**	41,955,797	**66,372,828**	40,273,365

Silver Bank Ltd (previously known as Banyan Tree Bank Ltd) is no longer under conservatorship as at December 31, 2021 and is now operating as a normal bank.

28. NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

(c) **Reconciliation of liabilities arising from financing activities for the Group and the Company**

	At January 1,	Effect of modification in lease terms	Payments net of interest	Addition	At December 31,
	Rs.	**Rs.**	**Rs.**	**Rs.**	**Rs.**
2021					
Lease liabilities	**5,477,777**	-	**(1,983,921)**	**1,293,050**	**4,786,906**
2020					
Lease liabilities	2,976,856	(94,148)	(1,930,935)	4,526,004	5,477,777

29. CONTINGENT LIABILITIES

Insurance claims

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

30. EVENTS AFTER REPORTING PERIOD

No material events or circumstances have arisen between the accounting date and the date of this report that would require adjustments to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

31. RELATED PARTY TRANSACTIONS

Details of related parties	Relationship	Type of transaction	THE GROUP		THE COMPANY	
			2021	2020	**2021**	2020
			Rs.	Rs.	**Rs.**	Rs.
Sale of services:						
Directors	Shareholder	Insurance premium	**219,350**	172,800	**219,350**	172,800
Agents	Shareholder	Insurance premium	**17,616,353**	17,290,656	**17,616,353**	17,290,656
Enterprise that has shareholder in common	Shareholder	Insurance premium	**45,400**	68,300	**45,400**	68,300
Interest income	Executive Directors	Interest income	**11,083**	91,389	**11,083**	91,389
Expenses:						
GFA Investments Ltd	Subsidiary	Rental expense	**-**	-	**276,000**	276,000
Enterprise that has shareholder in common	Shareholder	Rental expense	**407,250**	618,950	**407,250**	618,950
Amount owed by:						
Agents	Shareholder	Insurance receivables	**1,224,453**	1,101,473	**1,224,453**	1,101,473
Executive Directors	Shareholder/ Executive Directors	Loan receivable	**-**	1,696,723	**-**	1,696,723
Executive Directors	Executive Directors	Insurance receivables	**60,493**	39,472	**60,493**	39,472
Enterprise that has shareholder in common	Shareholder	Insurance receivables	**9,200**	46,249	**9,200**	46,249

(a) For the year ended December 31, 2021, the Group and the Company have not recorded any impairment of receivables relating to amounts owed by related parties (2020: Rs.Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(b) **Key Management Personnel Compensation**

(iii) Employee benefit expense		THE GROUP AND THE COMPANY	
		2021	2020
		Rs.	Rs.
Salaries and short-term employee benefits		**18,816,775**	21,965,167
Post-employment benefits		**1,588,689**	426,851
	Rs.	**20,405,464**	22,392,018

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

32. IMPACT OF COVID-19

Impact on premium income

Due to the growing number of new COVID-19 cases detected at the beginning of March 2021, the country went on a second national lockdown from the 10th March 2021 to 25th March 2021. The initial period was subsequently extended with a first phase of reopening as from 31st March 2021 and the second re-opening phase on the 01st May 2021. The national lockdown was gradually replaced by the movement-restricted "red" zones. With a high vaccination rates against COVID-19, Mauritius re-opened its borders on the 1st October 2021.

Unlike the lockdown of 2020, the country was better prepared and economic activities were less affected. The frontliners and those who were eligible were being vaccinated against COVID-19 and WAP were swiftly delivered to key sectors of the economy.

We were also well equiped for the lockdown or any other disruption. Our overall growth for the first four months is 16.9% (2020: -17.5%) and new Business premium income increases by 18.2% (2020: -27.5%).

The cumulative growth of -0.6% in the Company's Gross Premium Income for the first 6 months (2020: 4.4%) is due to a second lockdown in two years and is testimony of our resilience and how we acted swiftly to recover after the post Covid-19 lockdown period in 2020.

Based on the growth pattern from the overall general situation depicted above, the projected growth for the year 2021 was revised to 2.5% in order to reflect the new business opportunities although some lines of business were adversely affected:
• Motor Insurance: Mainly from sales of New Car dealers
• Engineering Insurance-Contractors' All Risks on New Private-Sector Funded projects
• Travel Insurance despite the reopening of borders will not reach pre-Covid level
• Non-Motor Commercial Insurance-Tourism and Leisure Sector
• Marine Insurance: Export Processing Sector

Growth was maintained during the second half of 2021 to reach a year-on-year growth of 3.7% representing a Gross Premium Income of Mur 209M.

	2018	2019	2020	2021	2022
Growth year-on-year	4.8%	-2.0%	1.0%	6.1%	3.7%
Total GWP (MUR)	192,588,058	188,664,784	190,577,381	202,150,659	209,548,624

Despite the economic uncertainties still the prevailing, the Company has targeted a Gross Premium Income for 2022 of Mur. 216M

Recoverability of debts from 3rd parties

Various industries within the Mauritian economy have been impacted by the Covid-19 pandemic and during the post lockdown period till now, due consideration was given to this situation, particularly with regards to the renewal of policies or onboarding of new clients from 'at-risk' sectors. A cluster of industries have been earmarked by Management as being at risk and a cautionary note has been issued to GFA's Underwriting team about the clients falling under those categories. Those industries that have mostly been impacted by the pandemic are as follows:
1. Tourism sector (Hotels, tour operators and other operators within this sector such as car rental Companies)
2. Aviation sector
3. Restauration industry
4. Retails, artisanal and souvenir shops

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

32. IMPACT OF COVID-19 (CONT'D)

Recoverability of debts from 3rd parties (cont'd)

During the year under review, management has assessed debtors that are under unexpected financial difficulties following COVID-19 and repayment plans have been devised with the various counterparties. Where the debtors have defaulted on their repayment terms, a provision for impairment has been raised accordingly.

As at December 31, 2022, the provision for impairment on trade debtors stood at Rs.1,876,781 (2020: Rs.848,632).

Management assessment of going concern

Management does not foresee any going concern problems as a result of the pandemic for the following reasons:
1. Overall GWP growth of 3.7% in 2021 and 6% in 2020.
2. Increase in underwriting surplus from Rs.85,043,798 in 2020 to Rs.88,519,762 in 2021.
3. A decrease in loss ratio from 50.3% to 49.9%.

Impairment of assets

The net book value of property, plant and equipment (PPE) and Intangible assets stood at Rs. 82,507,219 and Rs. 550,047 respectively. PPE consists of land and buildings, computer equipment, furniture and fittings and motor vehicles, while intangibles mostly consists of computer software and website costs. The effect of COVID-19 on the future economic benefits derived from the use of these assets is not expected to be material, hence will not have an impact on valuation of fixed assets at December 31, 2021.

Liquidity risk that the Company might be facing

Despite the effect of COVID-19 on overall liquidity on the market, the Company has managed to curb the negative effects:
(i) As at December 31, 2021, the total assets has improved to Rs.738M (2020: Rs.723M)
(ii) Minimum capital requirement (MCR) at December 31, 2021 has improved to 445% (2020: 421%).

Management is consistently monitoring the liquidity position of the Company, ie the cash inflows and outflows in a view to sustain the operations of the Company. The monthly cash burnout rate in the first month of post year end increased to Rs.87M (2021: Rs.72M).

Impact on employee costs

Management is monitoring the operation and management expenses since the COVID-19 lockdown period and our employee costs are expected to be at the same level as budgeted in 2022.

33. HOLDING Company

The holding Company of GFA Investment Ltd is GFA Insurance Ltd. Both Companies are incorporated in Mauritius.

34. EFFECT OF PRIOR YEAR CORRECTION

During the year ended December 31, 2021, the directors restated the balances below. The changes have been applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Ceded unearned premium not recognised in prior years

In prior years, ceded unearned premium(ceded UPR), ceded unearned commission(ceded UCR), and gross unearned commission (gross UCR) were not accounted for in the books of the Group and of The Company. The net impact of the restatement is shown below:

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2021

34. EFFECT OF PRIOR YEAR CORRECTION (CONT'D)

Ceded unearned premium not recognised in prior years (cont'd)
The effect of the restatements are summarised as follows:

	THE GROUP		
	As previously reported	**Effect of prior year adjustments**	**Restated balance**
	December 31, 2019		**January 1, 2020**
	Rs.	**Rs.**	**Rs.**
Statement of financial position			
Assets			
Trade and other receivables	55,129,420	6,122,992	61,252,412
Equity			
Retained earnings	332,954,287	4,996,643	337,950,930
Liabilities			
Deferred commision income	-	1,126,349	1,126,349
Statement of profit or loss:			
Increase in unearned premiums	(269,130)	3,561,168	3,292,038
Decrease in commission receivable from reinsurers	2,329,156	(1,126,349)	1,202,807
Increase in commission payable to agents	(8,173,164)	2,561,824	(5,611,340)
Increase in profit		4,996,643	

	THE COMPANY		
	As previously reported	**Effect of prior year adjustments**	**Restated balance**
	December 31, 2019		**January 1, 2020**
	Rs.	**Rs.**	**Rs.**
Statement of financial position			
Assets			
Trade and other receivables	54,930,070	6,122,992	61,053,062
Equity			
Retained earnings	301,398,758	4,996,643	306,395,401
Liabilities			
Deferred commision income	-	1,655,638	1,126,349
Statement of profit or loss:			
Increase in unearned premiums	(269,130)	3,561,168	3,292,038
Decrease in commission receivable from reinsurers	2,329,156	(1,126,349)	1,202,807
Increase in commission payable to agents	(8,173,164)	2,561,824	(5,611,340)
Increase in profit		4,996,643	

For the Group and the Company, the net effect on the profit for the year ended December 31, 2020 amounted to Rs. 3,014,659.

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