MAYFAIR INSURANCE COMPANY RWANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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CORPORATE INFORMATION

REGISTERED OFFICE

MAYFAIR INSURANCE COMPANY RWANDA LIMITED
M. Peace Plaza, 2nd Floor
Avenue de la Paix, KN 4 AVE
P.O Box 1380
Kigali, Rwanda

BANKERS

Access Bank Rwanda PLC P.O Box 2059 Kigali, Rwanda	Bank of Kigali PLC P.O BOX 175 Kigali, Rwanda	BPR Bank Rwanda Plc Po Box 1348 Kigali – Rwanda
ECOBANK Rwanda PLC P.O BOX 3268 Kigali, Rwanda	I&M Bank Rwanda PLC P.O. BOX 354 Kigali, Rwanda	Equity Bank Rwanda PLC P.O BOX 494 Kigali, Rwanda
Cogebank PLC P.O BOX 5230 Kigali, Rwanda	Guarantee Trust Bank PLC P.O. Box 331 Kigali, Rwanda	NCBA Bank Rwanda PLC P O Box 6774 Kigali, Rwanda

AUDITOR	COMPANY SECRETARY	KEY LEGAL ADVISOR
KPMG Rwanda Limited 5th Floor, Grand Pension Plazza P.O. Box 6755 Kigali-Rwanda	James NGIRUMWE	Leopold MUNDERERE Advocate no:20/T/1995

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2023

The directors submit their report and the audited financial statements for the year ended 31 December 2023 which show the state of the company's affairs.

1. PRINCIPAL ACTIVITY

The principal activity of the company is that of insurance cover for general business.

2. RESULTS

The results for the year are set out below:

	2023 Frw"000"	Restated 2022 Frw"000"
Profit after tax	472,009	507,712

3. DIVIDENDS

The directors do not recommend payment of dividend with respect to the year ended 31 December 2023. (2022: Nil)

4. RESERVES

The reserves of the company are set out on page 12.

5. DIRECTORS

The directors who served during the year and to the date of this report were: -

Byusa Hangu Alphonse	Chairperson - independent	Rwandan	
Jessica Igoma	Managing director	Rwandan	
Anjay Vithalbhai Patel	Member	British	
Richard Rwihandagaza	Member – independent	Rwandan	
Shivon Byamukama	Member – independent	Rwandan	
Benjamin Rugangazi	Member	Rwandan	
Symphorien Kamanzi	Member	Rwandan	Resigned on 02nd May 2023
Alida Providence Nzalela	Member – independent	Rwandan	Joined on 12th July 2023
Senthil Ganesh Shanbagamoorthy	Member	Indian	Joined on 12th July 2023

6. AUDITOR

KPMG Rwanda Limited was appointed during the year and being eligible, has expressed willingness to continue in the office in accordance with the regulation no 44/2022 of 02/06/2022 determining requirement and other conditions for accreditation of external auditors for regulated institutions.

By Order of the Board

Company Secretary

Date: 29 March 2024

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STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors are responsible for the preparation of financial statements that give a true and fair view of Mayfair Insurance Company Rwanda Limited, as set out from page 10 to 67 which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include material accounting policies, in accordance with IFRS Accounting standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by Law No. 007/2021 of 05/02/2021 Governing Companies and Regulation No. 47/2022 of 02/06/2022 on publication of financial statements and other disclosures by insurers.

The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.
The Directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe that the company will not be a going concern for at least the next twelve months from the date of this statement.

The independent auditor is responsible for reporting on whether, based on their audit, the annual financial statements give a true and fair view in accordance with the IFRS Accounting Standards and in the manner required by Law No. 007/2021 of 05/02/2021 Governing Companies and Regulation No. 47/2022 of 02/06/2022 on publication of financial statements and other disclosures by insurers.

Approval of the financial statements

The financial statements on pages 10 to 67 were approved and authorised for issue by the Board of Directors on 14 March 2024

.... Director

.... Director

Date 29 March 2024

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KPMG

KPMG Rwanda Limited
Certified Public Accountants
5th Floor, Grand Pension Plaza
Boulevard de la Révolution
PO Box 6755
Kigali, Rwanda

Telephone +250 788 175 700/ +250 252 579 790
Email: info.rw@kpmg.com
Internet: www.kpmg.com/eastafrica

Independent auditor's report

To the shareholders of Mayfair Insurance Company Rwanda Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Mayfair Insurance Company Rwanda Limited ("Company") set out on pages 10 to 67 which comprise of the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and cash flows for the year ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of Law No. 007/2021 of 05/02/2021 governing companies relating to companies and Regulation No. 47/2022 of 02/06/2022 on publication of financial statements and other disclosures by insurers.

Basis for Opinion

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

Key audit matters

Key audit matters are those matters that, in our professional 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.

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Independent auditor's report (continued)

To the shareholders of Mayfair Insurance Company Rwanda Limited (continued)

Report on the audit of the financial statements (continued)

Key audit matter	How the matter was addressed in our audit
Transition to IFRS 17 Insurance Contracts (Refer to note 6(ii)) On 1 January 2023, the Company transitioned to reporting under the new accounting standard IFRS 17 Insurance Contracts which replaced IFRS 4-Insurance Contracts. The Company has evaluated the requirements of IFRS 17 and exercised judgement to develop accounting policies and determine appropriate methodologies in order to comply with IFRS 17. In particular, the determination of the measurement models (General Measurement Model (GMM) or Premium Allocation Approach (PAA)) to apply under the standard, the determination of risk adjustment and onerous contract methodologies, and the determination of the discount rate, were deemed to be significant to the overall impact of transition. The new standard has also had a significant impact on the disclosures in the financial statements. Due to the significance of the changes introduced by the standard, we considered the transition to the new standard to be a key audit matter.	**Our procedures included:** — Evaluating whether management's transition approach assessment(s) are in accordance with the requirements of IFRS 17, by performing the following procedures: (a) challenging whether management have appropriately identified all data required to apply the full retrospective approach (FRA) to each group of contracts/ asset for insurance acquisition cash flows (IACF). (b) challenging whether management have appropriately concluded on whether IFRS 17 can be applied retrospectively for each group of contracts/ asset for IACF (c) Evaluating the appropriateness of the Company's premium allocation approach eligibility analysis for insurance and reinsurance contracts with coverage periods greater than one year, including testing the relevant supporting data, the significant assumptions used and scenarios applied, and testing the accuracy of models used — Assessing the significant judgements used by the Company to determine the relevant accounting policies against the requirements of IFRS 17. This included judgements used to determine the measurement models adopted, risk adjustment, onerous contracts and discount rates used. — Evaluating the appropriateness of the methodology used to determine the risk adjustment, including assessing the underlying discounted cash flow model and significant assumptions. — Evaluating the onerous contract methodology used to identify any groups of onerous contracts on transition. Where onerous contracts were identified, we assessed the appropriateness of the significant assumptions and recalculated the relevant loss recovery components.

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Independent auditor's report (continued)

To the shareholders of Mayfair Insurance Company Rwanda Limited (Continued)

Report on the audit of the financial statements (Continued)

Key audit matter (continued)	How the matter was addressed in our audit (continued)
Valuation of insurance contract liabilities (Refer to note 4i,7a, 7b, 21) As at 31 December 2023, the Company held Frw 4.2 billion of insurance contract liabilities of which there are two components. The Valuation of the Liability for Remaining Coverage is a key audit matter due to the complexity of the actuarial methodology and assumptions used to model separate components of the liability, which result in inherent estimation uncertainty. The valuation of the Liability for Incurred Claims is a key audit matter as it is highly judgemental and requires assumptions to be made with inherent estimation uncertainty. These assumptions can have significant impacts on the valuation. This complexity requires us to exercise judgement when evaluating the methodology and assumptions adopted by the Company. The most significant assumptions made in the valuation of policy liability balances arising from the Company's insurance contracts relate to: — Discount rates; — Expected claims incurred arising from future coverage — Risk adjustment for non-financial risk — The uncertainty in the timing of claim payments and recoveries — Past claims experience being an appropriate predictor of future experience	Our procedures over the insurance contract liabilities included the following: — We tested the design and implementation and operating effectiveness of key controls designed and operated by the Company over the valuation of the insurance contract liabilities. — Using our actuarial expertise, we assessed the valuation methodology and assumptions for compliance against the approved Company accounting policy in accordance with IFRS 17. — We challenged key assumptions used to determine insurance policy liability balances. Our challenge focused on the assumptions applied to claims data and future cashflows and included: — Evaluating historical actual versus expected claims experience in relation to the number of delinquencies and the severity assumptions, together with the timing of claims payments and recoveries using historical data. — Assessing the consistency of information, such as claims experience and trends within the Company by benchmarking the risk adjustment adopted by Britam with that of others in the industry and consistency with the risk adjustment adopted at the previous year-end. — Evaluating the impact of more recent claims experience on expected cashflows, including impacts from the current economic environment We assessed the disclosures in the financial statements for adequacy against the requirements of IFRS 17.

Independent auditor's report (continued)

To the shareholders of Mayfair Insurance Company Rwanda Limited (Continued)

Report on the audit of the financial statements (Continued)

Other matter relating to comparative information

The financial statements of the Company as at and for the year ended 31 December 2022, was audited by another auditor who expressed an unmodified opinion on those financial statements on 29 March 2023.

Other information

The Directors are responsible for the other information. The other information comprises the information included in *Mayfair Insurance Company Rwanda Limited Report and Financial Statements for the year ended 31 December 2023* 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.

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

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by Law No. 007/2021 of 05/02/2021 Governing Companies and Regulation No. 47/2022 of 02/06/2022 on publication of financial statements and other disclosures by insurers, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 (continued)

To the shareholders of Mayfair Insurance Company Rwanda Limited (Continued)

Report on the audit of the financial statements (Continued)

Auditor's Responsibilities for The Audit Of The Financial Statements (Continued)

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Independent auditor's report (continued)

To the shareholders of Mayfair Insurance Company Rwanda Limited (Continued)

Report On Other Legal and Regulatory Requirements

As required provisions of Article 135 of by the Law No. 007/2021 of 05/02/2021 Governing Companies, we report to you, solely based on our audit of the financial statements, that:

- We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- Proper accounting records have been kept by the Company, so far as appears from our examination;
- We have no relationship, interest or debt with Mayfair insurance company Rwanda Limited. As indicated in our report on the audit of the financial statements, we comply with ethical requirements. These are the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* which includes comprehensive independence and other requirements.
- We have reported internal control matters together with our recommendations to management in a separate management letter.; and
- According to the best of the information and the explanations given to us as the auditor, as shown by the accounting and other documents of the company, the annual accounts comply with Article 125 of Law No. 007/2021 of 05/02/2021 Governing Companies.

The engagement partner on the audit resulting in this independent auditor's report is CPA Wilson Kaindi [PC/CPA/0642/0123].

Kaindi

KPMG Rwanda Limited
Certified Public Accountants
P. O. Box 6755
Kigali, Rwanda

Date: 03 April 2024

KPMG Rwanda Ltd
03 APR 2024
P.O.Box: 6755 KIGALI RWANDA
TEL: +250 788 175 700 / +250 252 579 700

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2023	Restated 2022
		Frw'000	Frw'000
Insurance revenue	8	5,654,607	4,718,369
Insurance service expenses	11	(1,980,772)	(1,839,226)
Net expenses from reinsurance contracts	21	(2,022,132)	(1,223,068)
Insurance service result		**1,651,703**	**1,656,075**
Interest revenue calculated using the effective interest method	9	601,295	420,344
Other investment revenue	9	140,088	84,163
Net impairment loss on financial assets	15	(2,426)	(2,446)
Investment return		**738,957**	**502,061**
Net finance income from insurance contracts	9	21,290	6,811
Net finance (expenses)/income from reinsurance contracts	9	(18,794)	7,836
Net financial result		**741,453**	**516,708**
Other income	10	91,396	62,756
Other operating expenses	11	(1,814,229)	(1,472,970)
Other finance costs	12	(4,198)	(9,952)
Profit before tax		**666,125**	**752,617**
Income tax expense	13	(194,116)	(244,905)
Profit for the year		**472,009**	**507,712**
Other comprehensive income		-	-
Total comprehensive income		**472,009**	**507,712**

The notes set out on pages 14 to 67 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

ASSETS	Notes	31 Dec 2023 FRW '000'	31 Dec 2022 Restated FRW '000'	1 Jan 2022 Restated FRW '000'
Cash and cash equivalents	14	189,725	107,007	431,685
Financial assets at amortized cost	15	6,628,134	5,229,191	3,986,881
Reinsurance contract assets	21	2,774,878	1,650,469	1,487,635
Investment in property	17	686,300	620,300	601,400
Right of use asset	22	-	36,933	66,589
Intangible assets	19	189,943	217,078	244,213
Property and equipment	18	57,587	76,574	21,152
Deferred tax assets	13(c)	38,197	30,456	30,118
Other assets	16	229,713	207,202	128,784
Total assets		**10,794,477**	**8,175,210**	**6,998,457**
EQUITY AND LIABILITIES				
LIABILITIES				
Insurance contract liabilities	21	4,290,173	2,958,262	2,447,446
Reinsurance contract liabilities	21	1,606,852	964,670	967,910
Lease liabilities	22	-	42,726	69,692
Other payables	20 a	879,436	508,805	443,125
Current income tax payable	20 b	-	154,740	31,989
Total liabilities		**6,776,461**	**4,629,203**	**3,960,162**
EQUITY				
Share capital	23	3,011,296	3,011,296	3,011,296
Retained earnings		1,006,720	534,711	26,999
Total equity		**4,018,016**	**3,546,007**	**3,038,295**
Total equity and liabilities		**10,794,477**	**8,175,210**	**6,998,457**

The Financial statements on pages 10 to 67 were approved and authorised for issue by the Board of Directors on ..14th March........ 2024 and were signed on their behalf by:

....
Director

....
Director

The notes set out on pages 14 to 67 form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Share capital FRW '000	Retained earnings FRW '000	Total FRW '000
Year ended 31 December 2022				
Balance at 1 January 2022, as previously reported		3,011,296	226,330	3,237,626
Adjustment on initial application of IFRS 17, net of tax	6 (ii)	-	(199,331)	(199,331)
Restated balance at 1 January 2022		3,011,296	26,999	3,038,295
Total comprehensive income for the year (restated)				
Profit for the year		-	507,712	507,712
At end of year (restated)		**3,011,296**	**534,711**	**3,546,007**
Year ended 31 December 2023				
At start of year		3,011,296	534,711	3,546,007
Profit for the year		-	472,009	472,009
At end of year		**3,011,296**	**1,006,720**	**4,018,016**

The notes set out on pages 14 to 67 form an integral part of the financial statements of the financial statements.

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STATEMENT OF CASHFLOWS

	Notes	2023 FRW'000	Restated 2022 FRW'000
Cash flows from operating activities			
Profit before income tax		**666,125**	**752,617**
Adjustments for:			
Insurance acquisition cashflow		104,373	13,776
Income from reinsurance contract		(229,127)	(114,129)
Depreciation of property and equipment	18	32,481	41,082
Amortization of intangible asset	19	27,135	27,135
Depreciation of right-of-use asset	22	85,871	54,148
Interest income	15	(462,284)	(420,344)
Expected credit losses on receivables		940	23,110
Accretion of interest on lease liabilities	22	4,198	9,952
Impairment of financial instruments	15	114	2,446
Gain on fair value remeasurement of investment property	17	(66,000)	(18,900)
Amortization of government bonds at Premium	15	(3,455)	(3,086)
Gain on disposal of property and equipment	10	(6,750)	-
Unrealized exchange gain		(17,396)	(7,477)
		136,225	**360,330**
Working capital changes			
Reinsurance assets		(1,001,885)	(285,949)
Other assets		(22,512)	(71,753)
Insurance contract liabilities		1,331,910	529,891
Reinsurance contract liabilities		642,182	(3,240)
Other payables		370,629	220,122
Cash in flows from operating activities		**1,456,549**	**749,401**
Income tax paid		(349,290)	(96,116)
Interest income received		425,108	406,910
Payment of interest portion of lease liabilities	22	(4,198)	(8,141)
Net cash in flows from operating activities		**1,528,169**	**1,052,054**
Cash flows from investing activities			
Purchase /Reinvestment of deposits placed with financial institutions	15 (a)	(8,224,138)	(5,688,470)
Proceeds from matured deposits placed with financial institutions	15 (a)	7,107,045	4,963,604
Purchase of financial assets at amortised cost	15(b)	(250,555)	(509,572)
Purchase of property and equipment	18	(13,494)	(96,504)
Net cash outflows from investing activities		**(1,381,142)**	**(1,330,942)**
Cash flows from financing activities			
Payment of principal portion of Lease liabilities	22	(81,705)	(53,268)
Net cash inflows from financing activities		**(81,705)**	**(53,268)**
Net cash inflows for the year		65,322	(332,156)
Cash and cash equivalent at beginning of year		107,007	431,685
Effect of exchange rates on cash and cash equivalents held		17,396	7,478
Cash and cash equivalent as at end of year	**14**	**189,725**	**107,007**

The notes set out on pages 14 to 67 from an integral part of the financial statements

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

1. Reporting entity

Mayfair Insurance Company Limited is a general insurance company registered on 02 February 2016 and domiciled in Rwanda. The company is licensed under the Law No. 007/2021 of 05/02/2021 Governing Companies in Rwanda. The address of its registered office and principal place of business is stated in page 1.

2. Basis of accounting

These financial statements have been prepared in accordance with IFRS Accounting standard as issued by the International Accounting Standard Board (IFRS Accounting Standards). They were authorised for issue by the Company's board of directors on ...14... March 2024. Details of the company's material accounting policies are included in Note 7.

This is the first set of the company's annual financial statements in which IFRS 17 Insurance Contracts has been applied. The related changes to significant accounting policies are described in Note 5.

3. Functional and presentation currency

These financial statements are presented in Frw, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Use of judgements and estimates

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. Refer to note 6.

i. ***Judgements***

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Impairment of financial assets: establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL. Refer to note 7
- Classification of financial assets: assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest (SPPI) on the principal amount outstanding. Refer to note 7
- Level of aggregation of insurance and reinsurance contracts: identifying portfolios of contracts and determining groups of contracts that are onerous on initial recognition and those that have no significant possibility of becoming onerous subsequently. Refer to note 6(i), 7(i) and 7(ii)
- Measurement of insurance and reinsurance contracts: determining the techniques for estimating risk adjustments for non-financial risk and the coverage units provided under a contract.
- Transition to IFRS 17: determining whether sufficient reasonable and supportable information is available to apply a full or modified retrospective approach. Refer to note 6(ii)

ii. ***Assumptions and estimation uncertainties***

Information about assumptions and estimation uncertainties at 31 December 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Impairment of financial assets: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information; Refer to note 7
    - Measurement of the fair value of financial instruments and investment properties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

4. Use of judgement and estimate (Continued)

ii Assumption and estimation uncertainities (Continued)

Information about assumptions made in measuring insurance and reinsurance contracts is included in the note 7(a) and 21 Changes in the following key assumptions may change the fulfilment cash flows materially during 2024. However, these changes would adjust the profitability and would not affect the carrying amounts of the contracts, unless they arise from onerous contracts or do not relate to future services:

- Assumptions about claims development; and
- Assumptions about discount rates, including any illiquidity premiums.

a) fulfilment cash flows

Fulfilment cash flows comprise:

— estimates of future cash flows;

— an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows; and

— a risk adjustment for non-financial risk.

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then the Company uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

Estimates of future cash flows

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. The Company derives cost inflation assumptions from the difference between the yields on nominal and inflation-linked government bonds.

Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts.

Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

4. Use of judgement and estimate (Continued)
Estimates of future cash flows (continued)

- claims handling, maintenance and administration costs;
- recurring commissions payable on instalment premiums receivable within the contract boundary.
- costs that the Company will incur in performing investment activities to the extent that the Company performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and
- income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Company generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

Contract boundaries

The assessment of the contract boundary, which defines which future cash flows are included in the measurement of a contract, requires judgement and consideration of the Group's substantive rights and obligations under the contract.

Insurance contracts

Term assurance contracts issued by the Company have annual terms that are guaranteed to be renewable each year. The Company determines that the cash flows related to future renewals (i.e. the guaranteed renewable terms) of these contracts are outside the contract boundary. This is because the premium charged for each year reflects the Company's expectation of its exposure to risk for that year and, on renewal, the Company can reprice the premium to reflect the reassessed risks for the next year based on claims experience and expectations for the respective portfolio. Any renewal of the contract is treated as a new contract and is recognised, separately from the initial contract, when the recognition criteria are met.

Reinsurance contracts

Each of the Company's quota share and proportional reinsurance contracts has an annual term, covers underlying contracts issued within the term on a risk-attaching basis and provides unilateral rights to both the Company and the reinsurer to terminate the cession of new business at any time by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Company expects to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial notice period are considered cash flows of new reinsurance contracts and are recognised, separately from the initial contract, as they fall within the rolling three-month notice period.

Each of the Company's excess of loss and stop loss reinsurance contracts has an annual term and covers claims from underlying contracts incurred within the year (i.e. loss- occurring). Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

4. Use of judgement and estimate (Continued)

Non-life contracts

The Company estimates the ultimate cost of settling claims incurred but unpaid at the reporting date and the value of salvage and other expected recoveries by reviewing individual claims reported and making allowance for claims incurred but not yet reported. The ultimate cost of settling claims is estimated using a range of loss reserving techniques – e.g. the chain-ladder and Bornhuetter- Ferguson methods.

These techniques assume that the Company's own claims experience is indicative of future claims development patterns and therefore ultimate claims cost. The ultimate cost of settling claims is estimated separately for each geographic area and line of business, except for large claims, which are assessed separately from other claims.

The assumptions used, including loss ratios and future claims inflation, are implicitly derived from the historical claims development data on which the projections are based, although judgement is applied to assess the extent to which past trends might not apply in the future and future trends are expected to emerge.

Claims Development

The table below illustrates how estimates of cumulative claims for the company's non-life segment have developed over time on a gross basis. The table shows how the Company's estimates of total claims for each underwriting year have developed over time and reconciles the cumulative claims to the amount included in the statement of financial position:

Amount in Frw '000'

	Year 2017	**Year 2018**	**Year 2019**	**Year 2020**	**Year 2021**	**Year 2022**	**Year 2023**	**Total**
At end of underwriting year	64,350	347,537	102,557	77,124	14,108	-	1,889	
One year later	40,069	455,179	135,767	115,821	15,196	3,553		
Two year later	88,844	224,834	366,314	305,578	6,237			
Three year later	376,119	396,692	279,593	64,490				
Four year later	453,383	834,834	186,123					
Five year Later	502,927	1,077,751						
Six years Later	448,500							
Cumulative claims	448,500	1,077,751	186,123	64,490	6,237	3,553	1,889	
Cumulative payment	(144,611)	(596,304)	(112,167)	(43,290)	(680)	(1,677)	(1,889)	
Outstanding	303,889	481,447	73,956	21,200	5,557	1,876	-	887,925
Effect of Discounting								(75,174)
Gross liability for incurred claims included in financial statements								812,751

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

b) Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Company generally determines the risk-free rates using government bond yields. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium.

The table below set out the yield curve used to discount the cash flow of insurance contract:

	2023					2022				
	1 year	**5 Years**	**10 Years**	**15 Years**	**20 Years**	**1 year**	**5 Years**	**10 Years**	**15 Years**	**20 Years**
Yield curve	9.8	11.8	12.77	13	13.15	8.7	11	12.148	12.79	13

c) Risk adjustment for non- financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the issuing entity would require for bearing non-financial risk, separately for the non-life and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique.

The risk adjustments for non-financial risk are determined using a confidence level technique.

To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company applies this technique both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

Applying a confidence level technique, the Company estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 75th percentile (the target confidence level) over the expected present value of the future cash flows.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

5. Significant judgements, estimate and assumptions

In the process of applying the company's accounting policies, Management has used its judgement and made estimates in determining the amounts recognised in the financial statements. Although these estimates are based on the management's knowledge of current events and actions, actual results ultimately may differ from differ from those estimates. The most significant use of judgements and estimates are as follows:

Going concern

The company's management has made an assessment of the company's ability to continue as a going concern and is satisfied that the company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Sources of uncertainty in the estimation of future claim payments

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

The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the company will ultimately pay for such claims. For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). IBNR is determined using actuarial methodology of reserving.

6. Changes in material accounting policies

New standards, amendments and interpretations effective and adopted during the year ended 31 December 2023

The following new or amended standards and interpretations have become effective for financial year beginning on or after 1 January 2023:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

6. Changes in material accounting policies (continued)

Description	Effective date
— IFRS 17 Insurance Contracts	1 Jan 2023
— Disclosure of Accounting Policies (Amendments to IAS 1)	1 Jan 2023
— Definition of accounting Estimates-Amendment to IAS 8	1 Jan 2023
— Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction Amendments to IAS 12 Income Taxes	1 Jan 2023
— International tax reform -Amendment to IAS 12	23 May 2023

The above amendments did not have a significant impact on the financials statements of the company except as described below.

The company has initially applied IFRS 17, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the company has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

Except for the changes below, the company has consistently applied the accounting policies as set out in Note 7 to all periods presented in these financial statements.

The nature and effects of the key changes in the company's accounting policies resulting from its adoption of IFRS 17 are summarised below;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED
6. Changes in material accounting policies (Continued)

IFRS 17 Insurance Contracts

i. Recognition, measurement and presentation of insurance contracts
IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. It introduces a model that measures groups of contracts based on the company's estimates of the present value of future cash flows that are expected to arise as the Company fulfils the contracts, an explicit risk adjustment for non-financial risk and a CSM.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses.

The company no longer applies shadow accounting to insurance related assets and liabilities. Insurance finance income and expenses are presented separately from insurance revenue and insurance service expense.

The company applies the PAA to simplify the measurement of contracts. When measuring liabilities for remaining coverage, the PAA is similar to the company's previous accounting treatment. However, when measuring liabilities for incurred claims, the company now discounts the future cash flows (unless they are expected to occur in one year or less from the date on which the claims are incurred) and includes an explicit risk adjustment for non-financial risk.

Previously, all acquisition costs were recognised and presented as separate assets from the related insurance contracts ('deferred acquisition costs') until those costs were included in profit or loss and OCI. Under IFRS 17, only insurance acquisition cash flows that arise before the recognition of the related insurance contracts are recognised as separate assets and are tested for recoverability. These assets are presented in the carrying amount of the related portfolio of contracts and are derecognised once the related contracts have been recognised.

Income and expenses from reinsurance contracts other than insurance finance income and expenses are now presented as a single net amount in profit or loss. Previously, amounts recovered from reinsurers and reinsurance expenses were presented separately.

For an explanation of how the company accounts for insurance and reinsurance contract under IFRS 17, see note 7(a).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

6. Changes in material accounting policies (Continued)

IFRS 17 Insurance Contracts (Continued)

ii. Transition

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using a full retrospective approach to the extent practicable. Under the full retrospective approach, at 1 January 2022 the company:

- identified, recognised and measured each group of insurance and reinsurance contracts as if IFRS 17 had
- always been applied.
- identified, recognised and measured any assets for insurance acquisition cash flows as if IFRS 17 had
- always been applied, except that the recoverability assessment in Note 7 was not applied before 1 January 2022.
- derecognised previously reported balances that would not have existed if IFRS 17 had always been applied.

These included some deferred acquisition costs for insurance contracts, insurance receivables and payables, and provisions for levies that are attributable to existing insurance contracts. Under IFRS 17, they are included in the measurement of the insurance contracts.

- recognised any resulting net difference in equity.

The company has applied the transition provisions in IFRS 17 and has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item. The effects of adopting IFRS 17 on the company financial statements at 1 January 2022 are presented in the statement of changes in equity.

New standards, amendments, and interpretations in issue but not yet effective for the year ended 31 December 2023

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2023 and have not been applied in preparing these financial statements.

Standards available for early adoption	Effective date
— Classification of liabilities as current and non-current (Amendments to IAS 1)	1 Jan 2024
— Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 Jan 2024
— Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)	1 Jan 2024
— Non – current Liabilities with Covenants (Amendments to IAS 1)	1 Jan 2024
— Lack of exchangeability – Amendments to IAS 21	1 Jan 2025

All the above standards and Interpretations will be adopted at their effective date (except for those standards and Interpretations that are not applicable to the entity and are not expected to have a material impact on the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7. Material accounting policies

(a) Classification of Insurance and reinsurance contract

The contract under which the Company accepts significant insurance risk are classified as insurance contracts.

Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk.

Insurance contracts may be issued, and reinsurance contracts may be initiated by the Company, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Company, unless otherwise stated.

All insurance contracts and all reinsurance contracts are classified as contracts without direct participation features and are measured under the PAA.

(b) Insurance and Reinsurance Contract

(i) Separating components from insurance and reinsurance contract

At inception, the company assesses its product for separation and or combination of insurance contract, based on detailed product assessment, there is no legal contracts that would require the separation in smaller accounting contract or to be combined with other legal contracts.

A detailed assessment has also been performed to determine if there is any distinct investment components or embedded derivatives. Based on this assessment, no distinct investment components or embedded derivatives have been identified.

(ii) Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into annual cohorts (i.e. by year of issue) and each annual cohort into three groups based on the profitability of contracts:

— any contracts that are onerous on initial recognition;

— any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and

— any remaining contracts in the annual cohort.

An insurance contract issued by the company is recognised from the earliest of:

— the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the boundary of the contract).

— when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and

— when facts and circumstances indicate that the contract is onerous.

The contract under which, the company accepts significant insurance risks are classified as insurance contracts.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7.Material accounting policies (Continued)

Reinsurance contracts

Contract held by the company under which it transfers significant insurance risk relating to underlying insurance contract are classified as reinsurance contracts.

Groups of reinsurance contracts are established such that each group comprises a single contract.

Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Group concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying group.

A group of reinsurance contracts is recognised on the following date.

- *Reinsurance contracts initiated by the company that provide proportionate coverage:* The date on which any underlying insurance contract is initially recognised. This applies to the Group's quota share reinsurance contracts.
- *Other reinsurance contracts initiated by the company:* The beginning of the coverage period of the group of reinsurance contracts. However, if the company recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date. This applies to the company's excess of loss reinsurance contracts.
- *Reinsurance contracts acquired:* The date of acquisition.

All the insurance contracts are measured under PAA (see 7(a)iv)

(a) Insurance and Reinsurance Contract

(i) Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.
If insurance acquisition cash flows are directly attributable to a group of contracts, then they are allocated to that group and to the groups that will include renewals of those contracts.

If insurance acquisition cash flows are directly attributable to a portfolio but not to a group of contracts, then they are allocated to groups in the portfolio using a systematic and rational method.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated.

The asset is derecognized, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts.

At each reporting date, the company revises the amounts allocated to groups to reflect any changes in assumptions that determine the inputs to the allocation method used.
Amount allocated to a group are not revised once all contracts have been added to the group.

The company does not ordinarily incur pre-coverage cost expenses that are capitalized.
The insurance acquisition cash follow recognised by the company relate to commissions to intermediaries and are allocated over the policy period and accounted through Liability for remaining coverage.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7 Material accounting policies (Continued)

(i) Contract boundaries

The measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group, determined as follows:

Insurance contracts

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay premiums or has a substantive obligation to provide services
A substantive obligation to provide services ends when:

- the Company has the practical ability to reassess the risks of the particular policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- the Company has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from the policyholders to the company which may include both insurance and financial risks, but exclude lapse and expenses risk.

Reinsurance contracts
Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the company is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

- Risk-attaching reinsurance contracts: The Company reasonably expects that the resulting measurement of the asset for remaining coverage would not differ materially from the result of applying the accounting policies. When comparing the different possible measurements, the Company considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

7.Material accounting policies

(a) Insurance and Reinsurance Contract (Continued)
(ii)Contract boundaries (continued)

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the company's substantive rights and obligations and, therefore, may change over time.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

(iv)Measurement – Contracts measured under the PAA

The company uses the PAA to simplify the measurement of groups of contracts when the following criteria are met at inception.

- Insurance contracts: The coverage period of each contract in the group is one year or less.
- Loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.

Insurance contracts

On initial recognition of each group of contracts, the carrying amount of the liability for remaining coverage is measured at the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the
group at that date and adjusted for any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group. The Company has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the company expects that the time between providing each part of the services and the related premium due date is no more than a year. Accordingly, the Company has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The Company recognises the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The future cash flows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

Reinsurance contracts

The Company applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts.

(v) Derecognition and contract modification

The Company derecognises a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7.Material accounting policies

(a) Insurance and Reinsurance Contract

(v) Derecognition and contract modification (continued)

The Company also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then the company treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

(vi) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts are included in the carrying amount of the related portfolios of contracts.

The Company disaggregates amounts recognised in the statement of profit or loss and OCI into (a) an insurance service result, comprising insurance revenue and insurance service expenses; and (b) insurance finance income or expenses.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

Insurance revenue

For contracts measured under the PAA, the insurance revenue for each period is the amount of expected premium receipts for providing services in the period. The Company allocates the expected premium receipts to each period on the bases of passage of time.

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- Incurred claims and other insurance service expenses.
- Amortisation of insurance acquisition cash flows: For contracts measured under the PAA, the Company amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7.Material accounting policies (continued)

Net expenses from reinsurance contracts

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts.

Material accounting policies (Continued)

(vi)Presentation (continued)

For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

Insurance finance income and expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses.

The Company presents insurance finance income or expenses in profit or loss.

b) Intangible assets

Intangible assets relate to computer software. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

These costs are amortised over their estimated useful lives which does not exceed 10 years on a straight-line basis.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably 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.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses. The intangible asset is amortised on a straight-line basis over the useful life of the acquired policies. Amortisation is recorded in the statement of profit or loss. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method and they are treated as a change in an accounting estimate. The recoverability of PVIF is considered as part of the liability adequacy test performed at each reporting period. PVIF is derecognised when the related contracts are settled or disposed of.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7.**Material accounting policies (continued)**

The economic lives of these assets are determined by consideration of relevant factors such as usage of the asset, typical product life cycles, maintenance costs, the stability of the industry, competitive position, and period of control over the assets. These assets are amortised over their useful lives, using the straight-line method and recognised in the statement of profit or loss.

C) **Impairment of non-financial assets**

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Impairment losses are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)
7.Material accounting policies (continued)

d) **Motor Vehicle and Equipment**

Equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalised when incurred, if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.
Depreciation is provided on a straight-line basis over the estimated useful lives of the following classes of assets

Motor vehicles	4 years
Computers	2 years
office equipment	4 years
Partitioning	4 years
Furniture& Fittings	4 years

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively.

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognised.

e) **Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7.-Material accounting policies (continued)

f) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

Financial assets

Initial recognition and measurement

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially recognised on the trade date measured at their fair value. Except for financial assets and financial liabilities recorded at FVPL, transaction costs are added to this amount.

Debt instruments measured at amortised cost

Debt instruments are held at amortised cost if both of the following conditions are met:

- The instruments are held within a business model with the objective of holding the instrument to collect the contractual cash flows
- The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

The details of these conditions are outlined below.

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company holds financial assets to generate returns and provide a capital base to provide for settlement of claims as they arise. The Company considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios that is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of asset sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)
7.-Material accounting policies

The SPPI test

As a second step of its classification process the Company assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include amortised cost.

Subsequent measurement

Debt instruments at amortised cost
After initial measurement, debt instruments are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognised in the statement of profit or loss when the investments are impaired.

For receivable arising from direct insurance contracts and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition

Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired Or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer

When the Company has neither transferred nor retained substantially all of the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)
7.Material accounting policies

f) **Financial Instruments (continued)**

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.
The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as a derecognition gain or loss. In the case of debt instruments at amortised cost, the newly recognised loans are classified as Stage 1 for ECL measurement purposes.
When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors:

- Change in currency of the debt instrument
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss.

For investment in financial institutions and treasury bonds and treasury bills the Company estimates ECL by reference to credit rating of the counterparty and if the counterparty is not listed, by reference to the country risk rating. The Company uses Fitch Affirms for country risk ratings and Standard and Poor's (S&P) credit rating agency for determine estimate whether credit risk for instruments has significantly increased.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and due to related parties.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories: Financial liabilities at fair value through profit or loss and financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The company does not hold financial liability under this category in the current year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)
7.Material accounting policies

f) Financial Instruments (continued)

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or realis the asset and settle the liability simultaneously.

Cash and short-term deposits
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less from the date of acquisition, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short- term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Insurer's cash management

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)
7.Material accounting policies

h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand

i) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Insurer operates and generates taxable income.

Current income tax relating to items recognised directly in equity or OCI is recognised in equity or OCI and not in the statement of profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.
The income tax charge is analysed between tax in respect of policyholders' returns and the balance which represents the tax on equity holders' returns. The income tax charge in respect of policyholders' returns reflects the movement in current and deferred income tax recognised in respect of those items of income, gains and expenses, which are for the benefit of policyholders.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7. Material accounting policies (continued)

i) Taxes (continued)

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change.
The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss. Sales taxes and premium taxes.

Revenues, expenses and assets are recognized net of the amount of sales taxes and premium taxes except:

- Where the sales or premium tax incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case, the sales and premium tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- Receivables and payables that are stated with the amount of sales or premium tax included Outstanding net amounts of sales or premium tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7. Material accounting policies (continued)

j) Leases

Company as a lessee

Upon adoption of IFRS 16, the company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use asset.

The company's leasing activities and how these are accounted for

The company leases office space in various parts of Kigali. Rental contracts are typically made for fixed periods of 1 to 4 years with the option for extension or termination. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset are measured at measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7. Material accounting policies (continued)

j) Leases (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic company environment with similar terms, security and conditions

In the absence of the Company's previous borrowing experience, the National Bank of Rwanda's lending rate has been applied in the discounting of future cashflows

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability.
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.
Extension and termination options are included in a number of property leases across the company. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the company and not by the respective lessor.

Critical judgements in determining the 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). Management have assumed renewal options and assumed an extension period with the same terms of 5 years for each of the in-force lease agreements
For the leases of office space, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.
- Management are of the view that probability of incurring termination penalties is very low due to the fact that the National Bank of Rwanda requires notice of not less than 3 months and that also customers need to be informed of any change in address with a reasonable time. Based on the notice required, notice required by the lessor would be reasonably served.

The lease term is reassessed if an option is actually exercised (or not exercised) or the company becomes obliged to exercise (or not exercise) it.
The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7. Material accounting policies (continued)

j) Leases (continued)

Company as a lessor

Leases in which the company does not transfer substantially all of the risks and rewards of ownership of an asset are classified as operating leases.

Rental income is recognised as revenue in the statement of profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned

k) Foreign currency translation

The Insurer's financial statements are presented in Rwf

Transactions and balances

Transactions in foreign currencies are initially recorded by the Insurer's entities at their functional currency spot rate prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the statement of profit or loss with the exception of differences on foreign monetary items that form part of a net investment in a foreign operation. These are recognised in OCI until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI, or profit or loss are also recognised in OCI or profit or loss, respectively).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

7. Material accounting policies (continued)

l) Provisions

General

Provisions are recognised when the Insurer has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Insurer expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

The estimation of future contractual cash flows in relation to reported losses is the non-life insurance business' most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the company will ultimately pay for such claims. Case estimates are computed on the basis of the best information available at the time the records for the year are closed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

8. Insurance revenue

	2023 Frw "000"	2022 Restated Frw "000"
Contracts measured under the PAA (see note 21 A)	5,654,607	4,718,369
Total insurance revenue	**5,654,607**	**4,718,369**

9. Net financial result

	2023	2022 Restated
Investment return	Frw "000"	Frw "000"
Interest revenue calculated using the effective interest method	601,295	420,344
Other investment revenue	140,088	84,163
Net impairment loss on financial assets	(2,426)	(2,446)
Total investment return	**738,957**	**502,061**

	2023	2022 Restated
Net finance expenses from insurance contracts	Frw "000"	Frw "000"
Interest accreted	-	-
Effect of changes in interest rates and other financial assumptions	21,290	6,811
Total net finance income from insurance contract	**21,290**	**6,811**

	2023	2022 Restated
Net finance income from reinsurance contracts	**Frw "000"**	**Frw "000"**
Interest accreted	**(18,794)**	**7,836**
Other	-	-
Total net finance (expenses)/income from reinsurance contracts	**(18,794)**	**7,836**
-	**-**	**525,878-**

	2023	2022 Restated
A. Insurance finance income and expenses	**Frw "000"**	**Frw "000"**
Net finance expenses from insurance contracts		
Recognised in profit or loss	21,290	6,811
Recognised in OCI	-	-
	21,290	**6,811**

	2023	2022 Restated
Net finance income from reinsurance contracts	Frw "000"	Frw "000"
Recognised in profit or loss	(18,794)	7,836
Recognised in OCI	-	-
	(18,794)	**7,836**

	2023	2022 Restated
B. Interest revenue calculated using the effective interest method	**Frw "000"**	**Frw "000"**
Financial assets measured at amortised cost		
Deposits with financial institutions	413,902	263,047
Government bonds	187,393	157,297
	601,295	**420,344**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

9. Net financial result (continued)	**2023**	**2022 Restated**
C. Other investment revenue	**Frw"000"**	**Frw"000"**
Lease income from investment property*	74,088	65,263
Gain from fair value remeasurement of investment property	66,000	18,900
Total investment revenue	**140,088**	**84,163**

*The rental income is from a house registered under UPI no.1/02/07/01/447, located at Kamuhire Village, Kamatamu Cell, Kacyiru Sector, Gasabo District.

10. Other income

	2023	**2022 Restated**
	Frw"000"	Frw"000"
Insurance policy fees	33,346	31,229
Sundry income (non-insurance certificate fees)	10,512	6,087
Gain on disposal of property and equipment	6,750	-
Exchange gain on cash and cash equivalent	40,788	25,440
Total income	**91,396**	**62,756**

11. Expenses

	2023	**2022 Restated**
	Frw"000"	Frw"000"
Claims and benefits	1,367,275	1,358,279
Fees and commissions	613,497	480,947
Employee benefits (Note 11A)	1,067,262	725,327
Depreciation and amortization	59,616	68,217
Leases	79,969	54,184
Advertising	42,200	43,736
Professional and consultancy	67,468	63,909
Other	497,714	517,597
Total Expenses	**3,795,001**	**3,312,196**
Represented by:		
Insurance service expenses	1,980,772	1,839,226
Other operating expenses	1,814,229	1,472,970
	3,795,001	**3,312,196**
A. Employee benefit expenses		
Wages and salaries	1,021,746	694,769
Contributions to Rwanda social security board	45,516	30,558
	1,067,262	**725,327**

12. Other finance costs

	2023	**2022 Restated**
	Frw"000"	Frw"000"
Interest expenses on lease liabilities	4,198	9,952
	4,198	**9,952**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

13. Income taxes and deferred taxes

	2023	2022 Restated
a) Current tax expense	Frw"000"	Frw"000"
Current year	201,857	245,243
Deferred tax expense		
Origination and reversal of temporary differences	(7,741)	(338)
Total income tax expense	**194,116**	**244,905**

In 2023, income tax rate was reduced from 30% to 28%.

	Effective tax rate	2023	Effective tax rate	2022 Restated
		Frw"000"		Frw"000"
b) Reconciliation of effective tax rate				
Profit before tax		666,125		752,617
Tax calculated at the statutory income tax rate of 29.4% (2022- 30%)	29.4%	195,841	30%	225,785
Tax effect of:				
Tax effect of permanent differences	0.9%	6,017	2.6%	19,458
Recognition of deferred tax assets derecognized in prior year	1.2%	(7,741)	0%	(338)
Total income tax expense		194,116		244,905

c) Movement in deferred tax balances

Deferred Income tax is calculated using the enacted income tax rate of 29.4% (2022:30%)
The movement on the deferred income tax is as follows:

	2023	2022 Restated
	Frw"000"	Frw"000"
Property and equipment	15,053	9,431
Provisions	23,144	21,025
	38,197	**30,456**

Deferred income tax assets and liabilities and deferred income tax charge in the income statement is attributable to the following items:

	January 2023	Credit to P&L	December 2023
Year ended December 2023	Frw in "000"	Frw in "000"	Frw in "000"
Property and equipment	9,431	5,622	15,053
Provisions	21,025	2,120	23,145
Net deferred tax assets	**30,456**	**7,741**	**38,197**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

c)Movement in deferred tax balances (continued)

	January 2022	Credit to P&L	Dec 2022 Restated 2022
Year ended December 2022	Frw in "000"	Frw in "000"	Frw in "000"
Property and equipment	10,508	(1,077)	9,431
Provisions	19,610	1,415	21,025
Net deferred tax assets	**30,118**	**338**	**30,456**

14. Cash and cash equivalents

	2023	2022 Restated
	Frw "000"	Frw "000"
Cash and balances with banks	188,245	107,004
cash at hand	1,480	3
	189,725	**107,007**

15. Financial investments

	2023	2022 Restated
	Frw"000"	Frw"000"
Deposits with financial institutions	4,974,297	3,826,544
Government bonds	1,653,837	1,402,647
	6,628,134	**5,229,191**

Deposits placed with financial institutions are classified as current assets and are interest bearing. The effective interest rate for the year 2023 is 9% (2022:8%).

A. Deposits Placed with financial institutions
Deposit placed with financial institutions are classified as current assets and are interest bearing
The deposit movement over the year is as follows:

	2023	2022 Restated
	Frw "000"	Frw "000"
At 1 January	3,837,647	3,111,306
Purchased/Reinvested	8,224,138	5,688,470
Maturities	(7,107,045)	(4,963,604)
Interest earned	278,600	263,017
Interest received	(246,670)	(261,542)
Expected credit loss	(12,373)	(11,103)
At 31 December	**4,974,297**	**3,826,544**
Movement in expected credit losses		
At 1 January	11,103	10,931
Increase/(Decrease)	1,270	172
At 31 December	**12,373**	**11,103**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

15. Financial investments (continued)

B. Government bonds

	2023	2022 Restated
	Frw "000"	Frw "000"
At 1 January	1,402,647	886,506
Additional placement	250,555	509,572
Interest earned	183,684	157,297
Interest received	(178,438)	(145,368)
Amortization of government bonds at premium	(3,455)	(3,086)
Impairment allowance as per IFRS 9	(1,156)	(2,274)
At 31 December	**1,653,837**	**1,402,647**

The loss allowance is measured at an amount equal to 12 Month expected credit loss

Movement in expected credit losses		
At 1 January	6,249	3,976
Increase/(Decrease)	1,156	2,274
At 31 December	**7,406**	**6,249**

All balances are current

16. Other assets

	2023	2022 Restated
	Frw"000"	Frw"000"
Cash paid as guarantee	11,404	23,268
Advances to staff	24	240
Other tax recoverable	171,254	133,469
PrepaymentS	47,031	50,225
	229,713	**207,202**

17. Investment property

	2023	2022 Restated
	Frw"000"	Frw"000"
Balance at 1 January	620,300	601,400
Gain from fair value movement	66,000	18,900
	686,300	**620,300**

Investment property relates to house registered under UPI no.1/02/07/01/447, located at Kamuhire Village, Kamatamu Cell, Kacyiru Sector, Gasabo District.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

17.Investment property (continued)

Fair value measurement	Date of valuation	(Fair value measurement hierarchy level 3) Frw"000"
Investment property	19th December 2023	686,300
Investment property	21st December 2022	620,300

Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation Technique	Significant unobservable inputs	Ranges (weighted Average) 2023
		Constructed area in square metres	6.66-242
Office Building	Open Market value	Unit price in Rwf square metre	25,000-600,000
		Original cost of construction in Rwf	80,000-501,120
		Per square meter	
		Maintenance coefficient	0.4
		Annual Depreciation	2%

	Valuation Technique	Significant unobservable inputs	Ranges (weighted Average) 2022
		Constructed area in square metres	6.66-242
Office Building	Open Market value	Unit price in Rwf square metre	20,000-600,000
		Original cost of construction in Rwf	80,000-501,120
		Per square meter	
		Maintenance coefficient	0.4
		Annual Depreciation	2%

The valuation of the investment property was carried out by Eng. Twahirwa Hebert , certified Real Estate valuer of registration No. RC/IRPV /049/2010.

Valuation was based on open market value. In arriving at the valuation figures the following principles have been assumed and applied.

- A willing buyer and willing seller both of whom are fully informed about the property and not acting out of compulsion.
- That to the date of valuation, a reasonable period of time would be allowed to properly market the property taking into account the nature of the property, the state of the market and allowing sufficient time for the agreement price, terms and completion of the sale.
- That the state of the market, levels of values and other circumstances were on any earlier assumed date of exchange of contracts, the same as on the date of valuation
- That no account would be taken of any bid by a purchaser with special interest.

The property generated an annual rental income of Frw 74,087,988 (2022: Frw 65,262,590) and there were no direct operating expenses (including repairs and maintenance) generating rental income and that did not generate rental income incurred in current year (2022: Nil).

The property was valued in 2023 and the fair value of the property stands at Frw 686,300,000 (2022: Rwf 620,300,000) with a gain from fair value remeasurement of Frw 66,000,000(2022:Rwf 18,900,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)
18. Property and equipment
2023

Cost	Motor Vehicle	Office Equipment	Computer Equipment	Partitioning	Furniture & Fittings	WIP	Total
	FRW"000"	FRW"000"	FRW"000"	FRW"000"	FRW"000"	FRW"000"	FRW"000"
As at 1 Jan 2023	65,707	18,441	27,559	16,061	9,002	-	136,770
Additions	-	-	10,050	-	2,141	1,303	13,494
Disposals	(19,492)	(200)	(17,490)	-	(1,975)	-	(39,156)
As at 31 Dec 2023	**46,216**	**18,241**	**20,119**	**16,061**	**9,168**	**1,303**	**111,108**
Accumulated Depreciation							
As at 1 Jan 2023	22,045	6,894	22,525	4,015	4,718	-	60,196
Charge for the year	11,554	4,560	10,060	4,015	2,292	-	32,481
Disposals	(19,492)	(200)	(17,490)	-	(1,975)	-	(39,156)
As at 31 Dec 2023	**14,108**	**11,254**	**15,094**	**8,030**	**5,035**	-	**53,521**
Carrying Amount	**32,108**	**6,987**	**5,025**	**8,030**	**4,133**	**1,303**	**57,587**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)
18. Property and equipment (continued)

2022

Cost	Motor Vehicle FRW"000"	Office Equipment FRW"000"	Computer Equipment FRW"000"	Partitioning FRW"000"	Furniture & Fittings FRW"000"	Total FRW"000"
As at 1 Jan 2022	12,292	10,304	34,284	76	5,635	62,591
Additions	53,416	12,349	10,069	16,061	4,610	96,504
Disposals	-	(4,211)	(16,794)	(76)	(1,244)	(22,325)
As at 31 Dec 2022	**65,707**	**18,441**	**27,559**	**16,061**	**9,002**	**136,770**
Accumulated Depreciation						
As at 1 Jan 2022	**5,619**	**6,494**	**25,539**	**76**	**3,711**	**41,439**
Charge for the year	16,427	4,610	13,780	4,015	2,251	41,082
Disposal	-	(4,211)	(16,794)	(76)	(1,244)	(22,325)
As at 31 Dec 2022	**22,045**	**6,894**	**22,525**	**4,015**	**4,718**	**60,196**
Carrying Amount	**43,662**	**11,548**	**5,035**	**12,046**	**4,284**	**76,574**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

19. Intangible assets

	2023 FRW"000"	2022 Restated FRW"000"
Cost:		
At start of year	244,213	244,213
Additions	-	-
Cost at end of year	244,213	244,213
Accumulated amortization:		
At start of year	27,135	-
Amortization charge	27,135	27,135
Impairment charge	54,270	27,135
At end of year	54,270	27,135
Carrying amount at end of year	**189,943**	**217,078**

20. a) Payables

	2023 Frw "000"	2022 Restated Frw"000"
Trade payables	25,383	11,451
WHT payable	4,972	26,588
Accrued expenses	70,524	52,310
Other payables	315,592	125,905
Commission and other payable to broker	436,711	269,566
Due to Mayfair Kenya	26,254	22,985
	879,436	**508,805**

20. b) Tax Payable

	2023 Frw "000"	2022 Restated Frw"000"
Current income tax payable	-	154,740

21. Insurance and reinsurance contracts

	2023 Frw"000"	2022 Restated Frw"000"
Insurance contracts		
Insurance contract liabilities		
Insurance contract balances	4,290,173	2,958,262
Reinsurance contracts		
Reinsurance contract assets	2,774,878	1,650,469
Reinsurance contract liabilities	1,606,852	964,670

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)
21. Insurance and reinsurance contracts (continued)
A. Movement in insurance and reinsurance contract balances

Analysis by remaining coverage and incurred claims

2023			Liabilities for incurred claims		
	Notes	Liabilities for remaining coverage Frw"000"	Estimates of present value of future cash Flows Frw"000"	Risk adjustment for non-financial risk Frw"000"	Total Frw"000"
Opening liabilities		**1,864,415**	**844,086**	**249,760**	**2,958,262**
Changes in the statement of profit or loss and OCI					
Insurance revenue	8	(5,654,607)	-	-	(5,654,607)
Insurance service expenses					
Incurred claims and other insurance service expenses	11	-	1,216,894	-	1,216,894
Amortisation of insurance acquisition cash flows	11	613,497	-	-	613,497
Adjustments to liabilities for incurred claims	11	-	-	150,381	150,381
Insurance Service Expenses		613,497	1,216,894	150,381	1,980,772
Insurance service result		**(5,040,918)**	**1,216,894**	**150,381**	**(3,673,643)**
Net finance expenses from insurance contracts	9	-	(21,290)	-	(21,290)
Total changes in the statement of profit or loss and OCI		(5,040,918)	1,238,184	150,381	3,652,353
Cash flows					
Premiums received		6,645,523	-	-	6,645,523
Claims and other insurance service expenses paid		-	(900,617)	-	(900,617)
Insurance acquisition cash flows		717,869	-	-	717,869
Closing liabilities		**2,750,959**	**1,139,073**	**400,142**	**4,290,173**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

21. Insurance and reinsurance contracts (continued)
A. Movement in insurance and reinsurance contract balances (continued)

Analysis by remaining coverage and incurred claims

2022 Restated			Liabilities for incurred claims		
	Notes	Liabilities for remaining coverage Frw"000"	Estimates of present value of future cash Flows Frw"000"	Risk adjustment for non-financial risk Frw"000"	Total Frw"000"
Opening liabilities		1,416,547	794,245	236,654	2,447,446
Changes in the statement of profit or loss and OCI					
Insurance revenue	8	(4,718,369)	-	-	(4,718,369)
Insurance service expenses					
Incurred claims and other insurance service expenses	11	-	1,345,173	-	1,345,173
Amortisation of insurance acquisition cash flows	11	480,947	-	-	480,947
Adjustments to liabilities for incurred claims	11	-	-	13,106	13,106
Insurance service expenses		480,947	1,345,173	13,106	1,839,226
Insurance service result		**(4,237,422)**	**1,345,173**	**13,106**	**(2,879,143)**
Net finance expenses from insurance contracts	9	-	(6,811)	-	(6,811)
Total changes in the statement of profit or loss and OCI		(4,237,422)	1,351,984	13,106	(2,872,332)
Cash flows					
Premiums received		5,206,103	-	-	5,206,103
Claims and other insurance service expenses paid		-	(1,288,520)	-	(1,288,520)
Insurance acquisition cash flows		520,812	-	-	520,812
Closing liabilities		**1,864,415**	**844,086**	**249,760**	**2,958,262**

The table below summarise the insurance service expenses and net finance expenses from insurance contract reconciled to P&L

	2023	Restated 2022
	Frw'000'	Frw'000'
Insurance Claims Service Expense	1,216,894	1,345,173
Insurance Movement in Risk Adjustment (RA)	150,381	13,106
Insurance Amortization of Acquisition Expenses	613,497	480,947
Insurance service expenses recognised in P&L	**1,980,772**	**1,839,226**
Net finance expenses from Insurance contract Recognised in PL		
Movement in discount of BEL Claims	**(21,290)**	**(6,811)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)
21. Insurance and reinsurance contracts (continued)
A. Movement in insurance and reinsurance contract balances (continued)

Reinsurance contracts
Analysis by remaining coverage and incurred claims

2023	Note	Assets for remaining coverage	Assets for incurred claims: Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
		Frw"000"	Frw"000"	Frw"000"	Frw"000"
Net Reinsurance contract assets opening balance		**569,769**	**12,0223**	**104,008**	**685,799**
Opening assets		**1,194,483**	**351,979**	**104,008**	**1,650,469**
Opening Liabilities		**(624,714)**	**(339,956)**	**-**	**(964,670)**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid		(2,788,931)	-	-	(2,788,931)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses		-	647,398	-	647,398
Adjustments to assets for incurred claims		-	-	119,401	119,401
Net expenses from reinsurance contracts		(2,788,931)	647,398	119,401	(2,022,132)
Net finance income from reinsurance contracts	9	-	(18,794)	-	(18,794)
Total changes in the statement of profit or loss and OCI		**(2,788,931)**	**666,192**	**119,401**	**2,003,338**
Cash flows					
Premiums paid		3,366,080	-	-	3,366,080
Amounts received		200,948	(401,694)	-	(200,746)
Net reinsurance contract assets closing balance		**628,414**	**316,203**	**223,409**	**1,168,026**
Closing assets		**1,972,580**	**578,889**	**223,409**	**2,774,878**
Closing Liabilities		**(1,344,166)**	**(262,686)**	**-**	**(1,606,852)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)
21. Insurance and reinsurance contracts (continued)
A. Movement in insurance and reinsurance contract balances (continued)

Reinsurance contracts
Analysis by remaining coverage and incurred claims

2022 Restated			**Assets for incurred claims**		
	Note	**Assets for remaining coverage**	**Estimates of present value of future cash flows**	**Risk adjustment for non-financial risk**	**Total**
		Frw"000"	**Frw"000"**	**Frw"000"**	**Frw"000"**
Net Reinsurance contract assets opening balance		**291,976**	**113,995**	**113,754**	**519,725**
Opening assets		**948,235**	**425,646**	**113,754**	**1,487,635**
Opening Liabilities		**(656,259)**	**(311,651)**	**-**	**(967,910)**
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	11	(1,966,067)	-	-	(1,966,067)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses		-	752,746	-	752,746
Adjustments to assets for incurred claims		-	-	(9,746)	(9,746)
Net expenses from reinsurance contracts		**(1,966,067)**	**752,746)**	**(9,746)**	**(1,223,067)**
Net finance income from reinsurance contracts	10	-	7,836	-	7,836
Total changes in the statement of profit or loss and OCI		**(1,966,067)**	**744,910**	**(9,746)**	**(1,230,903)**
Cash flows					
Premiums paid		2,394,957	-	-	2,394,957
Amounts received		(182,642)	(834,249)	-	(1,016,890)
Net reinsurance contract assets closing balance		**569,769**	**12,023**	**104,008**	**685,799**
Closing assets		**1,194,483**	**351,979**	**104,008**	**1,650,469**
Closing Liabilities		**(624,714)**	**(339,956)**	**-**	**(964,670)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

21. Insurance and reinsurance contracts (continued)

A. Movement in insurance and reinsurance contract balances

The table below summarise Net expenses from reinsurance contract and net finance income from insurance contract reconciled to P&L:

	2023	2022 Restated
Net expenses from reinsurance contracts	**Frw'000'**	**Frw'000'**
Reinsurance expenses	2,788,931	1,966,067
Reinsurance claims service expenses	(647,398)	(752,746)
Reinsurance Movement in Risk Adjustment (RA)	(119,401)	9,746
Net Expenses from Reinsurance contract recognised in P&L	**2,022,132**	**1,223,068**
Net finance income from Reinsurance contract Recognised in PL		
Movement in discount of BEL Claims Reinsurance	(18,794)	7,836

The table below summarise movement in reinsurance contract liabilities :

	2023	2022 Restated
	Frw "000"	Frw"000"
As at January	964,670	967,910
Premium ceded	4,934,494	3,359,627
Reinsurance and Profit commission	(1,405,904)	(1,147,312)
Claims recovery	(401,694)	(834,249)
Payment to reinsurer	(2,484,714)	(1,381,306)
As at 31 December	**1,606,852**	**964,670**

22. Lease

Leases	**2023**	**2022 Restated**
	FRW'000	**FRW'000**
22(a) Right of use		
01-Jan	36,933	66,589
Additions	48,938	24,491
	(5,902)	-
Depreciation charge	(79,969)	(54,148)
31-Dec	**-**	**36,933**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

22(b)Lease Liabilities		
01-Jan	42,726	69,692
Additions	48,938	24,491
Accretion of interest	4,198	9,952
Payment of principal portion of Lease liabilities	(81,705)	(53,268)
Adjustment for last year liability	(10,897)	-
Payment of interest portion of Lease liabilities	(3,259)	(8,141)
31-Dec	-	42,726
All balances are non -current		

The following are the amounts recognized in profit and loss		
Depreciation expense on Right of use asset	(79,969)	(54,148)
Interest on lease liabilities	**(4,198)**	**(9,952)**

Maturity analysis of lease liabilities

2023 Restated	**1 year or Less**	**More than 1 Year**	**Total**
	Frw'000'	**Frw'000'**	**Frw'000'**
Lease liabilities	-	-	-

2022 Restated	**1 year or Less**	**More than 1 Year**	**Total**
	Frw'000'	**Frw'000'**	**Frw'000'**
Lease liabilities	**79,891**	-	**79,891**

23. Share capital

Details	**Number of shares**	**Ordinary share**	**Total**
At 1 January 2022		**Frw "000"**	**Frw"000"**
Fully paid-up share	301,130	3,011,296	3,011,296
Capital contribution	-	-	-
capitalisation of Retained earning	-	-	-
As et 31 December 2022	301,130	3,011,296	3,011,296
At 1 January 2023			
Fully paid-up share	301,130	3,011,296	3,011,296
Capital contribution	-	-	-
capitalisation of Retained earning	-	-	-
As et 31 December 2023	**301,130**	**3,011,296**	**3,011,296**

The total authorised number of ordinary shares is 301,130 (2022:301,130), with a per value of Frw 10,000 per share (2022: Frw 10,000 per share). All issued share are fully paid. There is one class of ordinary shares. All shares issued carry equal voting rights.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

24. Contingent liabilities and capital commitments

There was not commitment and or contingent liabilities at the end of the year 2023. (2022:None)

25. Related party transactions

The ultimate controlling party and immediate parent of the Company is Mayfair Insurance Company Ltd, incorporated in Kenya. There are other companies/individuals that are related to Mayfair insurance Company Rwanda limited through common directorships and shareholding.

List of related parties and their relationship
Mayfair Insurance Company Limited – Ultimate Parent company

Andrea Ltd	- Shareholders
Vinay Hargovind Gorajia	-Shareholders
Amb Benjamin Rugangazi	- Shareholders
Anjay Vithalbbai Patel	- Shareholders
Vishal Rajinderkumar Patel	- Shareholders
Igoma Jessica	- Managing Director
Byamukama Shivon	- Director
Rwihandagaza Richard	- Director
Byusa Hangu Alphonse	-Director

		2023	2022 Restated
		FRW'000	FRW'000
(a)	Directors' remuneration		
	Directors' fees and allowances	**77,109**	**71,224**
(b)	Key management remuneration		
	Salaries and wages	**559,006**	**447,205**

(c) Transactions with related parties

A number of directors are parties to insurance contract issued by the company, The amount of those transactions are as below and all premium was paid at date of reporting:

Premiums received on short term insurance policies	2023	2022 Restated
Byamukama Shivon	1,497	786
Rwihandagaza Richard	459	838
Byusa Hangu Alphonse	231	153
Igoma Jessica	50	99
Muhimuzi Mugisha Daniel	334	210
Rugangazi Ben	189	114
	2,760	**2,230**

The terms and conditions of these transactions were equivalent to those available to other customers.

(d) **Due to related parties**

Mayfair Insurance Company (Kenya) Limited	26,254	22,985

These amounts are non-interest bearing and are repayable on demand.

(e) Capital contributions in the year are disclosed in the statement of changes in Equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

26. Risk and Capital Managements

Insurance and reinsurance contracts expose the Company to underwriting risk, which comprises insurance risk, policyholder behaviour risk and expense risk.

In addition, the Company is exposed to financial and operational risks from insurance and reinsurance contracts and financial instruments. Financial risks include credit risk, liquidity risk and market risk. Market risk comprises currency risk, interest rate risk and other price risk.

A. Risk Management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company risk and compliance committee is responsible for approving and monitoring the Company's risk management policies and reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, set appropriate risk limits and controls, and monitor adherence to risk limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit and HR committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. It is assisted in its oversight role by internal audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company audit and HR committee.

B. Key risks arising from contracts issued

Non-life contract

Product	**Key risks**	**Risk mitigation**
Property and casualty	— Extreme weather events — Natural catastrophes — Legislative changes giving rise to increased claims	— Diversification of types of risk, industries and geographic locations in which risks are written — Extensive analysis of data to enhance risk selection, segmentation and profitability — Reinsurance with financially strong reinsurers, including excess of loss catastrophe cover

The key risks arising from non-life contracts are the unknown frequency and severity of claims, which are influenced by the nature of the risks covered and the geographic location in which the risks are written.

For property, the frequency and severity of claims are affected by the occurrence of extreme weather events (e.g. floods, wildfires and hurricanes) and other natural catastrophes (e.g.earthquakes). In particular, the cost of rebuilding or repairing a property, together with the cost of business interruption, is a significant feature in the overall value of claims in this portfolio. In addition, increasing climate risk could potentially introduce material uncertainty in assumptions and result in inaccurate pricing of insurance risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

26. Risk Managements (continued)
B. Key risks arising from contracts issued (Continued)

For retail casualty, motor insurance contracts are subject to legislative and regulatory changes. For example, where compensation for future loss of earnings or nursing care is settled by paying a single lump sum, the assumed rate of investment return on the lump sum is a key sensitivity and the rate applicable in certain jurisdictions is determined by legislation.

For commercial casualty, the severity of claims is significantly affected by increases in the value of settlements awarded for latent diseases and inflation. The nature and frequency of claims may be affected by emerging trends and changes in legislation. Although this portfolio does not contain a large number of individually significant claims, a high frequency of claims can be a risk, particularly where generic trends impact many individuals – e.g. poor housing design, negligent professional advice and cyber threats.

C. Underwriting risks

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

- *Insurance risk:* the risk transferred from the policyholder to the Company, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.
- *Policyholder behaviour risk:* the risk that a policyholder will cancel a contract, increase or reduce premiums.
- *Expense risk:* the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

i) Management of underwriting risks

The board of directors sets the Company's strategy for accepting and managing underwriting risk. Specific underwriting objectives – e.g.aggregation limits, reinsurance protection thresholds and line of business diversification parameters – are prepared and reviewed by the Company head of underwriting and reinsurance and General Manager. The board continuously reviews its underwriting strategy in the light of evolving market development, loss conditions.

Non -Life contract

A key component of the management of underwriting risk for the Company's non-life products is a disciplined underwriting strategy that is focused on writing quality business. Product pricing is intended to incorporate appropriate premiums for each type of assumed risk. The underwriting strategy includes underwriting limits on the Company's total exposure to specific risks, together with limits on geographic and industry exposures. The aim is to ensure that a diversified book is maintained, with no over-exposure in any one geographic region.

Non-life contracts are renewable annually. The ability to reprice contracts on renewal in response to changes in policyholder risk profiles, claims experience and market considerations is a significant mitigant to pricing risk. Contracts may also contain other features that constrain underwriting risk – e.g.the use of deductibles and capping on the maximum permitted loss or number of claims (subject to local regulatory and legislative requirements).

The Company uses reinsurance to mitigate the risk of incurring significant losses linked to single events, including excess of loss and stop loss reinsurance. Certain non-life businesses are required to protect against catastrophe events in accordance with local regulatory requirements. Where an individual exposure exceeds the Company's risk appetite, additional facultative reinsurance is also purchased.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

26. Risk Managements (continued)
C. Underwriting risks (Continued)

ii) Concentration of underwriting risks

The carrying amounts of the Company's non-life insurance contracts (net of reinsurance) are analysed below by type of product.

	2023	
	Frw"000"	Frw"000"
Fire/Property	165,053	178,734
Engineering	69,312	90,597
Public Liability	203,077	143,826
Marine	160,491	181,977
Motor	1,011,423	948,084
Agribusiness	18,013	20,951
Bonds	33,710	80,584
Miscellaneous	118,723	130,811
Total	**1,779,802**	**1,775,564**

Sensitivities analysis
The insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.
The following analysis is performed reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact, profit before tax and equity. The correlation of assumptions will have a significant effect on determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.
It should be noted that the movements in these assumptions are non-linear.

2023	**Profit or Loss**		**Equity**	
Amount in Frw'000'	**Gross**	**Net**	**Gross**	**Net**
Ultimate claims (5% Increase)	60,482	30,647	42,699	21,636
Ultimate claims (5% Decrease)	(60,482)	(30,647)	(42,699)	(21,636)

2022 Restated	**Profit or Loss**		**Equity**	
Amount in Frw'000'	**Gross**	**Net**	**Gross**	**Net**
Ultimate claims (5% Increase)	67,970	37,637	47,985	26,571
Ultimate claims (5% Decrease)	(67,970)	(37,637)	(47,985)	(26,571)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

26. Risk Managements (continued)

Insurance risk

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

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

Claims are payable on claims occurrence basis.
The company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a larger element of the claims provision relates to Best estimate of Liability (BEL)

For certain contracts, the company has limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year. The company also has the right to re-price the risk at renewal. It also has the ability to impose deductibles and reject fraudulent claims.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.
The Company reinsurance placement policy assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.

Reinsurance risk
In common with other insurance companies, in order to minimize financial exposure arising from large insurance claims, the Company, in the normal course of business, enters into arrangements with other parties for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is effected under excess of loss reinsurance contracts. To minimise its exposure to significant losses from reinsurer insolvencies, the Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristic of the reinsurers.

Claims

Product	**Claims paid**	**Outstanding claims**	**Reinsurer's share in paid and payable claims**
	Frw'000'	**Frw '000'**	**Frw'000'**
Motor	389,292	302,012	22,496
Fire	140,021	108,861	219,849
Marine	102,115	185,887	146,778
Engineering	31,897	200,794	210,869
Bond	5,269	23,370	21,033
Other	232,023	67,001	213,771
	900,617	**887,925**	**834,795**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

26. Risk Managements (continued)

Reinsurance risks (Continued)

The table below sets out the concentration of insurance liabilities by the class of business represented by the maximum insured loss (gross and net of reinsurance) arising from insurance contracts.

	FRW 250m-FRW 1000m **Frw '000'**	**Above FRW 1000m** **Frw '000'**	**Total** **Frw '000'**
Gross	-	18,491,303	18,491,303
Net	-	18,124,264	18,124,264
Gross	-	1,377,170,495	1,377,170,495
Net	-	128,133,346	128,133,346
Gross	-	226,220,441	226,220,441
Net	-	25,234,719	25,234,719
Gross	-	74,722,912	74,722,912
Net	-	30,228,639	30,228,639
Gross	-	172,320,531	172,320,531
Net	-	56,069,895	56,069,895
Gross	-	40,819,270	40,819,270
Net	-	3,836,720	3,836,720
Gross	-	132,820,375	132,820,375
Net	-	13,445,752	13,445,752
Gross	-	**2,042,198,288**	**2,042,198,288**
Net	-	**275,440,375**	**275,440,375**

Financial risk

The company's activities expose it to a variety of financial risks: Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programmer focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance, but the company does not hedge any risks.

The Company manages financial risks through policies approved by the Board of Directors (BOD) which is mandated to achieve long-term investment returns in excess of the Company's obligations under insurance contracts. The principal technique is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of business, a separate portfolio of assets is maintained

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

Market risk

Foreign exchange risk

The Company carries out cross-border business transactions, which exposes it to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

The Company does not deem this exposure as being significant and manages it through holding USD denominated bank accounts and immediate settlement.

As at the year ended 31 December 2023, the company had the following assets denominated in foreign currencies:

Description	**2023**	**2022 Restated**
	USD	**USD**
Bank balance	50,970	13,444
Creditors balance	23,850	22,985
	74,820	36,429

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities.

It should be noted that movements in these variables are non linear. The method used for deriving sensitivity information and significant variables did not change from the previous period

				2023		**2022 Restated**
	Currency	**Change in variables**	**Impact on profit before tax Rwf'000**	**Impact on equity Rwf'000**	**Impact on profit before tax Rwf'000**	**Impact on equity Rwf'000**
		+5	374	262	182	128
USD		-5	(374)	(262)	(182)	(128)

	31 December 2023	**31 December 2022**
Average rate	1,264	1,071
Closing rate	1,276	1,081

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

(i) Credit risk

Credit risks is the risk of financial loss to the company if a counterparty to a reinsurance contract or financial instrument fail to meet its obligations and arising from the company reinsurance contract assets and investments fixed deposits and government bonds.

Other areas where credit risk arises include cash and cash equivalents, and deposits with banks and other receivables. The Company has no significant concentrations of credit risk. The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty, and to geographical and industry segments. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved quarterly by the Board of Directors.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment on loans and receivables and subsequent write-offs. Compliance and Risk committee makes regular reviews to assess the degree of compliance with the Company procedures on credit.

Exposures to individual policyholders and groups of policyholders are collected within the on-going monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company risk committee.

Credit quality analysis

The following table sets out information about credit quality of reinsurance contract assets.

Reinsurance contract assets

Based on AM best rating agency	**2023**	**2022 Restated**
	Frw'000'	**Frw'000'**
AA+	832,463	495,141
A+	554,976	330,094
A	277,488	165,047
BBB	1,109,951	660,188
	2,774,878	**1,650,469**

As at 31 December 2023, the maximum exposure to credit risk from insurance contract is Frw 554Mln (2022: Frw 428Mln) which primarily relate to premium receivable and maximum exposure to credit risk from reinsurance contract is Frw 2.7 Bln (2022: Frw 1.6 Bln).

Credit risk (continued)

Credit quality analysis (continued)

The below table set out the credit quality analysis for investment in term deposit, government bonds and other receivables.

Deposit with financial institution	2023	2022 Restated
	Frw'000'	Frw'000'
AA+	746,543	806,218
A	739,815	780,504
B	3,500,312	2,250,925
	4,986,670	**3,837,647**
Loss allowance	(12,373)	(11,103)
	4,973,297	**3,826,544**

Government bonds at amortized cost	2023	2022 Restated
	Frw'000'	Frw'000'
B+	1,661,243	1,408,896
Loss allowance	(7,406)	(6,249)
	1,653,837	1,402,647

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

c) **Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with its insurance and reinsurance contracts and financial liabilities that are settled by delivering cash and another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its daily cash flow requirements and optimizes its cash return on investments by immediately investing any excess cash on hand. Typically, the Company ensures that it has sufficient cash on demand to settle expected
operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disaster.

The table below presents the cash flows payable by the company at the balance sheet date.

	0-3 Month	3-12 month	After one year	Total
2023	**Frw '000'**	**Frw '000'**	**Frw '000'**	**Frw '000'**
Liability for Incurred claims	683,444	341,722	113,907	1,139,073
Other payables	1,253,803	1,232,484	-	2,486,287
	1,937,247	**1,574,206**	**113,907**	**3,625,360**

	0-3 Month	3-12 month	After one year	Total
2022 Restated	**Frw '000'**	**Frw '000'**	**Frw '000'**	**Frw '000'**
Liability for Incurred claims	506,452	253,226	84,409	844,086
Liability for remaining coverage	1,118,649	745,766	-	1,864,415
Lease liabilities	20,834	21,892	-	42,834
Other payables	722,221	708,528	-	1,430,749
	2,368,156	**1,729,412**	**84,409**	**4,181,976**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

c. Liquidity risk (Continued)

Maturity analysis
Insurance and reinsurance contracts

The following table provides a maturity analysis of the Company's insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur. Our Liability for remaining coverage is measured under the PAA and have been excluded from this analysis

2023	**1 year or less**	**1-2 Years**	**2-3 Years**	**3-4 Years**	**4-5 Years**	**More than 5 Years**	**Total**
Insurance contracts	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**
Liability	947,109	140,181	1,879	28,123	8,877	12,905	**1,139,073**
Reinsurance contracts							
Assets	500,902	52,098	4,222	8,689	3,625	9,354	**578,889**

2022 Restated	**1 year or less**	**1-2 Years**	**2-3 Years**	**3-4 Years**	**4-5 Year**	**More than 5 Years**	**Total**
Insurance contracts	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**	**Frw'000'**
Liability	609,417	119,311	98,971	1,958	14,429	-	**844,086**
Reinsurance contract							
Assets	264,287	49,832	14,900	7,843	15,117	-	**351,979**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

(d) **Capital management and going concern**

The Company's objectives when managing capital, which is a broader concept than the 'equity' on the Statement of financial position, are:

To comply with the capital and regulatory solvency requirements as set out in Regulation No. 66/2023 on licensing requirements and other requirements for carrying out insurance business and the related regulations and directives (together "insurance regulations");

To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to its policyholders; and

To price insurance and investment contracts commensurately with the level of risk.

Insurance regulations require each insurance Company to hold the minimum level of paid-up capital as follows:

General insurance business companies FRW 3,000 million and General insurance businesses are required to maintain a solvency margin (admitted assets less admitted liabilities) equivalent to the higher of FRW 500million or 20% of the net premium income during the preceding financial year.

Capital adequacy and solvency margin are monitored regularly by the Board of Directors. The required information is filed with the National Bank of Rwanda on a monthly basis.

The Company's paid up Capital at the end of 2023 and 2022 are presented on note 23. The table below summarizes the solvency margin of the Company at 31 December 2023 and 2022.

	2023	2022 Restated
	Frw '000'	Frw '000'
Admitted assets	9,263,773	7,096,511
Admitted liabilities	8,129,869	5,636,775
Solvency margin	1,133,904	1,459,735
Required margin	500,000	500,000
Excess	633,904	959,735
	226.78%	291.95%

27. Ultimate Parent Company

The ultimate parent company of Mayfair Insurance Company Rwanda is Mayfair Insurance Company Limited

Appendices

Revenue account 2022 Restated

(In Frw '000')

Descriptions	Aviation	Engineering	Fire	Liability	Marine	Motor	Personal Accident	Theft	Workmen's Compensation	Miscellaneous	Agribusiness	TOTAL
Insurance revenue	1,337	423,927	1,311,815	310,876	322,480	1,026,061	177,603	375,011	17,512	371,948	379,799	4,718,369
Insurance service expenses	10	(346,683)	(407,758)	(40,969)	(168,476)	(537,427)	(23,952)	(70,610)	(2,099)	(172,074)	(69,186)	(1,839,226)
Net expenses from reinsurance contracts	(418)	125,948	(467,075)	(164,322)	(87,410)	(94,063)	(63,764)	(257,037)	(4,534)	(9,443)	(200,949)	(1,223,068)
Insurance service result	**929**	**203,191**	**436,982**	**105,584**	**66,594**	**394,571**	**89,887**	**47,364**	**10,879**	**190,431**	**109,664**	**1,656,076**
Net finance expenses from insurance contracts	1	5,247	(28,844)	(822)	6,191	18,608	1,175	1,521	120	3,444	172	6,811
Net finance income from reinsurance contracts	1	5,251	(19,540)	(323)	1,013	2,821	216	622	0	1,945	158	(7,836)
Net financial result	**(0)**	**(4)**	**(9,304)**	**(499)**	**5,178**	**15,787**	**958**	**899**	**120**	**1,499**	**14**	**14,646**
Operating and Finance expenses	-	160,335	375,118	76,993	42,677	481,844	77,756	54,597	7,871	127,754	80,422	1,485,367
Underwriting Result	**929**	**42,852**	**52,560**	**28,092**	**29,095**	**(71,487)**	**13,089**	**(6,335)**	**3,128**	**64,176**	**29,256**	**185,355**

Revenue account 2023

(In Frw '000')

Descriptions	Aviation	Engineering	Fire	Liability	Marine	Motor	Personal Accident	Theft	Workmen's Compensation	Miscellaneous	Agribusiness	TOTAL
Insurance revenue	-	505,016	1,614,589	662,995	441,170	951,384	190,208	403,245	15,333	561,542	309,125	5,654,607
Insurance service expenses	-	(321,272)	(328,927)	(138,118)	(250,032)	(529,889)	(59,335)	(111,548)	(3,024)	(31,048)	(207,579)	(1,980,772)
Net expenses from reinsurance contracts	-	(216,584)	(814,079)	(249,299)	36,269	139,106	(55,395)	(191,000)	4,373	(632,668)	(42,853)	(2,022,132)
Insurance service result	-	**(32,841)**	**471,583**	**275,578**	**227,407**	**560,601**	**75,478**	**100,697**	**16,682**	**(102,175)**	**58,693**	**1,651,704**
Net finance expenses from insurance contracts	-	13,455	(4,217)	1,129	6,471	(4,372)	3,404	4,247	3	(765)	1,935	21,290
Net finance income from reinsurance contracts	-	12,077	(4,358)	233	6,880	(3,395)	1,696	3,566	(4)	369	1,730	18,794
Net financial result	-	**1,378**	**141**	**896**	**(409)**	**(977)**	**1,707**	**681**	**7**	**(1,134)**	**204**	**2,496**
operating and Finance expenses	-	110,774	446,258	158,376	143,070	554,239	61,267	78,785	7,228	192,781	68,076	1,820,854
Underwriting profit /(loss)	-	**(142,237)**	**25,466**	**118,098**	**83,928**	**5,385**	**15,919**	**22,593**	**9,461**	**(296,089)**	**(9,178)**	**(166,654)**