

MAYFAIR INSURANCE COMPANY RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

CERTIFIED AS TRUE COPY OF
THE ORIGINAL
 KPMG Rwanda.....

MAYFAIR INSURANCE COMPANY RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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CORPORATE INFORMATION

Registered office and principal place of business

Mayfair Insurance Company Rwanda Limited
Kigali Heights, Ground Floor
KG 7 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

Guaranty Trust Bank PLC
P.O. Box 331
Kigali, Rwanda

NCBA Bank Rwanda PLC
P O Box 6774
Kigali, Rwanda

Urwego Finance CBC
P.O Box 748
Kigali- Rwanda

Auditor
KPMG Rwanda Limited
5th Floor, Grand Pension Plaza

P.O. Box 6755
Kigali-Rwanda

Company Secretary
James NGIRUMWE
Mayfair Insurance Company
Rwanda Ltd
KG 7 Ave,
Kigali Heights, Ground Floor
P.O Box 1380
Kigali, Rwanda

Key Legal Advisor
Leopold MUNDERERE
Advocate no:20/T/1995

KN 2 Ave, 12
Kigali Rwanda

MAYFAIR INSURANCE COMPANY RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2024

The directors submit their report and the audited financial statements for the year ended 31 December 2024 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:

	2024	2023
	Frw"000"	Frw"000"
Profit after tax	642,152	472,009

3. **Dividends**

The directors do not recommend payment of dividend with respect to the year ended 31 December 2024. (2023: Nil)

4. **Reserves**

The reserves of the company are set out on page 11.

5. **Directors**

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

Name	Details	Nationality
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
Alida Providence Nzalela	Member – independent	Rwandan
Senthil Ganesh Shanbagamoorthy	Member	Indian

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: 26/03/2025



STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2024

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 9 to 63 which comprise the statement of financial position as at 31 December 2024, 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 as amended by Law No.019/2023 of 30/03/2023.

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.

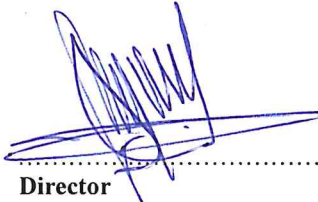
The independent auditor is responsible for reporting on whether, based on their audit, the annual financial statements give a true and fair view in accordance with the IFRS Accounting Standards and in the manner required by Law No. 007/2021 of 05/02/2021 Governing Companies as amended by Law No.019/2023 of 30/03/2023.

Approval of the financial statements

The financial statements on pages 9 to 63 were approved and authorised for issue by the Board of Directors on 26/03/2025.


.....
Director




.....
Director

Date 26/03/2025





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/eastafrika

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 9 to 63 which comprise of the statement of financial position as at 31 December 2024, 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 2024, 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 as amended by Law No.019/2023 of 30/03/2023.

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.





Independent auditor's report

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

Refer to notes 7, 8, 11, and 21 of the financial statements

Valuation of Insurance Contract Liabilities

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 judgmental 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.

The assumptions adopted have a significant impact on the financial performance of the Company.

Our procedures included:

We tested the design, implementation and operating effectiveness of controls related to the Company's reserving and valuation of insurance contract liabilities, including those over the Company's estimates and projections.

With the assistance of our actuarial specialists, we evaluated the methods and assumptions used by the Company to estimate the reserves, with a focus on:

- Testing the underlying data that served as the basis for the actuarial analysis, including historical claims, to test that the inputs to the actuarial estimate were complete and accurate.
- Assessing the reasonableness of the discount rates used by the Company, considering factors such as current market interest rates and the risk profile of the liabilities,
- Assessing the Company's assumptions regarding future claims experience, including evaluating historical actual versus expected claims experience in relation to the number of delinquencies and the severity assumptions and assessing the timing of claims payments and recoveries using historical data.
- Assessing the risk adjustment for non-financial risk adopted by the Company, considering its appropriateness and consistency with industry practices and the Company's risk profile. We also compared it to the previous year-end approach for consistency.
- Evaluating the Company's assumptions regarding the timing of claim payments, considering factors such as the nature of the insurance contracts and historical experience with claim settlement patterns.

We assessed the disclosures in the financial statements for adequacy against the requirements of IFRS 17.





Independent auditor's report

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

Report on the audit of the financial statements (Continued)

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 2024* 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.

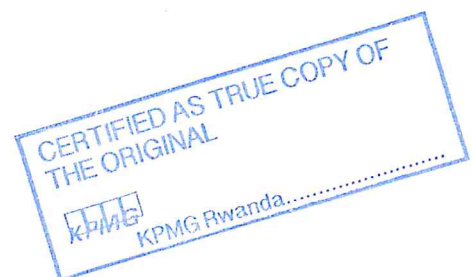
Responsibilities of the Directors for the financial statements

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 as amended by Law No.019/2023 of 30/03/2023 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

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, then 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 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

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

Report on the Audit of the Financial Statements (Continued)

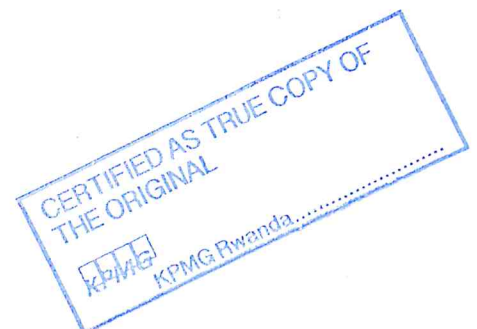
Report on other Legal and regulatory requirements

As required by the Law No. 007/2021 of 05/02/2021 Governing Companies as amended by Law No.019/2023 of 30/03/2023, 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 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.
- 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].

Wilson Kaindi
KPMG Rwanda Limited
Certified Public Accountants
P. O. Box 6755
Kigali, Rwanda
Date: 28 March 2025



MAYFAIR INSURANCE COMPANY RWANDA LIMITED
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**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 Frw'000	2023 Frw'000
Insurance revenue	8	7,121,383	5,654,607
Insurance service expenses	11	(3,585,119)	(1,980,772)
Net expenses from reinsurance contracts	21	<u>(1,160,404)</u>	<u>(2,022,132)</u>
Insurance service result		2,375,860	1,651,703
Interest revenue calculated using the effective interest method	9	715,494	601,295
Other investment revenue	9	42,942	140,088
Net impairment loss on financial assets	15	<u>(1,262)</u>	<u>(2,426)</u>
Investment return		757,174	738,957
Net finance income from insurance contracts	9	(197,475)	21,290
Net finance (expenses)/income from reinsurance contracts	9	<u>178,999</u>	<u>(18,794)</u>
Net financial result		738,698	741,453
Other income	10	79,418	91,396
Other operating expenses	11	(2,272,086)	(1,814,229)
Other finance costs	12	<u>(41,986)</u>	<u>(4,198)</u>
Profit before tax		879,904	666,125
Income tax expense	13(a)	<u>(237,752)</u>	<u>(194,116)</u>
Profit for the year		642,152	472,009
Other comprehensive income		-	-
Total comprehensive income		642,152	472,009

The notes set out on pages 13 to 63 form an integral part of these financial statements.



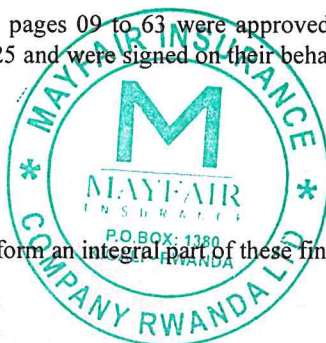
MAYFAIR INSURANCE COMPANY RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

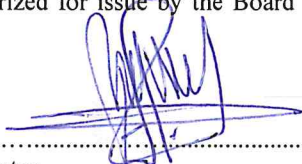
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

Assets	Note	2024 Frw '000'	2023 Frw '000'
Cash and cash equivalents	14	193,807	189,725
Financial assets at amortized cost	15	6,970,703	6,628,134
Reinsurance contract assets	21	6,344,625	2,774,878
Investment in property	17	688,100	686,300
Right of use asset	22	214,127	-
Intangible assets	19	162,809	189,943
Property and equipment	18	194,408	57,587
Deferred tax assets	13(c)	34,519	38,197
Other assets	16	1,084,040	212,356
Current income tax recoverable	20(b)	-	17,357
Total assets		15,887,138	10,794,477
Equity and Liabilities			
Liabilities			
Insurance contract liabilities	21	3,252,535	4,290,173
Reinsurance contract liabilities	21	5,553,783	1,606,852
Lease Liability	22	237,133	-
Other payables	20(a)	2,098,210	879,436
Current income tax payable	20(b)	92,633	-
Total liabilities		11,234,294	6,776,461
Equity			
Share capital	23	3,011,296	3,011,296
Retained earnings		1,641,548	1,006,720
Total equity		4,652,844	4,018,016
Total equity and liabilities		15,887,138	10,794,477

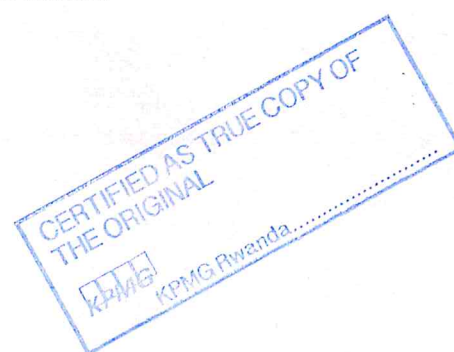
The financial statements set out on pages 09 to 63 were approved and authorized for issue by the Board of Directors on 26/03/2025 and were signed on their behalf by:


.....
Director




.....
Director

The notes set out on pages 13 to 63 form an integral part of these financial statements.

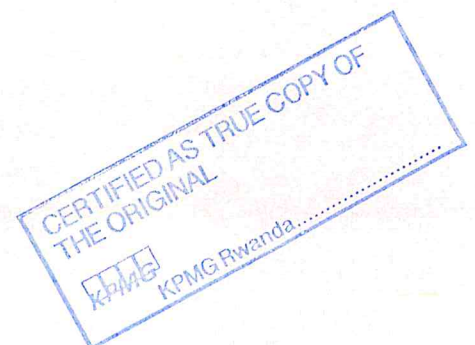


MAYFAIR INSURANCE COMPANY RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Share capital Frw '000	Retained earnings Frw '000	Total Frw '000
Year ended 31 December 2023				
Balance at 1 January 2023		3,011,296	534,711	3,546,007
Comprehensive income				
Profit for the year		-	472,009	472,009
Total comprehensive income for the year		3,011,296	1,006,720	4,018,016
Transactions with owners				
Capital contribution		-	-	-
Balance at 31 December 2023		3,011,296	1,006,720	4,018,016
Year ended 31 December 2024				
Balance at 1 January 2024		3,011,296	1,006,720	4,018,016
Prior year Adjustment		-	(7,324)	(7,324)
Comprehensive income		-	-	-
Profit for the year		-	642,152	642,152
Total comprehensive income for the year		3,011,296	1,641,548	4,652,844
Transactions with owners				
Capital contribution		-	-	-
Balance at 31 December 2024		3,011,296	1,641,548	4,652,844

The notes set out on pages 13 to 63 form an integral part of the financial statements of the financial statements.

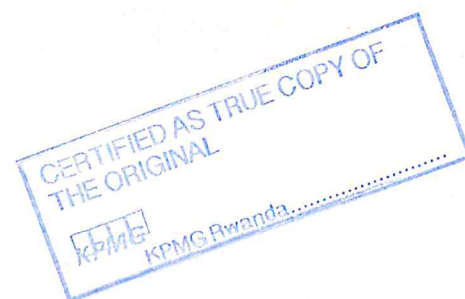


MAYFAIR INSURANCE COMPANY RWANDA LIMITED
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STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 Frw'000	2023 Frw'000
Cash flows from operating activities			
Profit before income tax		879,903	666,125
Adjustments for:			
- Insurance acquisition cashflow		46,803	104,373
- Income from Reinsurance contract		(79,970)	(229,127)
- Depreciation of property and equipment	18	96,682	32,481
- Amortization of intangible asset	19	27,134	27,135
- Depreciation of right-of-use asset	22	94,216	85,871
- Interest income	15	(719,386)	(462,284)
- Expected credit losses on receivables		3,448	940
- Accretion of Interest on lease liability	22	41,986	4,198
- Impairment of financial instruments	15	1,262	114
- Gain on fair value remeasurement of investment property	17	(1,800)	(66,000)
- Amortization of government bonds at Premium	15	(3,468)	(3,455)
- Gain on disposal of property and equipment	10	(2,156)	(6,750)
- Unrealized exchange gain		(22,514)	(17,396)
		362,140	136,225
Working capital changes			
Reinsurance assets		(3,569,747)	(1,001,885)
Other assets		(854,328)	(22,512)
Insurance contract liabilities		(1,037,638)	1,331,910
Reinsurance contract liabilities		3,946,931	642,182
Other payables		1,206,275	370,629
Cash used in operating activities		53,633	1,456,549
Income tax paid		(95,747)	(349,290)
Interest income received		499,007	425,108
Payment of interest portion of lease liabilities	22	(41,986)	(4,198)
Net cash from operating activities		414,907	1,528,169
Cash flows from investing activities			
Purchase /Reinvestment of deposits placed with financial institutions	15 (a)	(11,067,312)	(8,224,138)
Proceeds from matured deposits placed with financial institutions	15 (a)	10,980,392	7,107,045
Purchase of financial assets at amortised cost	15(b)	(190,000)	(250,555)
Proceeds of Matured financial assets at amortised cost		150,000	-
Purchase of property and equipment	18	(235,208)	(13,494)
Net cash used in investing activities		(362,128)	(1,381,142)
Cash flows from financing activities			
Payment of principal portion of lease Liability	22	(71,211)	(81,705)
Net cash used in financing activities		(71,211)	(81,705)
Net cash (outflow)/inflows for the year		(18,432)	65,322
Cash and cash equivalents at 1 January		189,725	107,007
Effect of movements in exchange rates on cash and cash equivalents held		22,514	17,396
Cash and cash equivalent at 31 December	14	193,807	189,725

The notes set out on pages 13 to 63 from an integral part of the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

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 as amended by Law No.019/2023 of 30/03/2023. 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 26th March 2025. Details of the company's material accounting policies are included in Note 7.

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 2024 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 (CONTINUED)

4. Use of judgement and estimate (continued)

ii. Assumption and estimation uncertainties (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 (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 Company'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 (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'							Total
	Year 2018	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	
At end of underwriting year	49,593	371,750	427,563	537,911	485,975	508,607	521,917	
One year later	169,894	238,002	574,722	851,648	1,028,869	870,768		
Two year later	82,012	161,947	280,625	173,531	295,709			
Three year later	68,506	48,956	66,856	25,483				
Four year later	270,896	5,237	27,747					
Five year Later	2,926	5,955						
Six years Later	3,230							
Cumulative claims	3,230	5,955	27,747	25,483	295,709	870,768	521,917	
Cumulative payment	(3,230)	(4,625)	(16,241)	(24,939)	(135,078)	(582,152)	(202,014)	
Outstanding	-	1,330	11,506	544	160,631	288,616	319,903	782,531
Effect of Discounting								(61,067)
Gross liability for incurred claims included in financial statement								721,464

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Use of judgement and estimate (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:

Yield curve	2024					2023				
	1 Year	5 Years	10 Years	15 Years	20 Years	1 year	5 Years	10 Years	15 Years	20 Years
	8.30	11.85	12.97	13.14	13.27	9.8	11.8	12.77	13	13.15

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 (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 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 2024

The following new or amended standards and interpretations have become effective and adopted for financial year beginning on or after 1 January 2024:

Standard/Interpretation		Effective date
Amendments to IAS 1	Non-current liabilities with covenants- Amendments to IAS 1 and Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
IFRS 16 amendments	Lease liability in a sale and leaseback (Amendment to IFRS 16)	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
IFRS S1 and IFRS S2 Climate related disclosures	IFRS S1** General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2** Climate-related Disclosures	1 January 2024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Changes in material accounting policies (continued)

New standards, amendments, and interpretations in issue but not yet effective for the year ended 31 December 2024

The following new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2024 and have not been applied in preparing these financial statements.

Standard/Interpretation		Effective date
IAS 21	Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	1 January 2025
IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	1 January 2026
IAS 21 Amendments	Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	1 January 2026
IFRS 1	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards	1 January 2026
IFRS 10 and IAS 7	Amendments to IFRS 10 Consolidated Financial Statements; and IAS 7 statement of cashflow	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures IFRS 19	1 January 2027

The following standard will have a material impact to the financial statements

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

In May 2024, the International Accounting Standards Board (IASB) issued Amendments to the classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7.

The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to:

- Settling financial liabilities using electronic payments system; and
- Assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The company is in the process of assessing the impact of the new amendments.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, issued by the International Accounting Standards Board (IASB), is expected to have a significant impact on the company's financial statements. This new standard introduces comprehensive requirements for the presentation and disclosure of financial information, aiming to enhance transparency and comparability across entities. The changes brought about by IFRS 18 include:

Presentation of the Statement of Profit or Loss: IFRS 18 requires a more detailed breakdown of revenue and expenses, which may result in additional line items and greater clarity on the nature of these items.

Disclosure of Management-Defined Performance Measures: Companies will need to disclose performance measures defined by management that are not specified by IFRS, providing a clearer picture of financial performance from the management's perspective.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Changes in material accounting policies (continued)

New standards, amendments, and interpretations in issue but not yet effective for the year ended 31 December 2024 (continued)

Aggregation and Disaggregation Principles: IFRS 18 establishes principles for aggregating and disaggregating financial information, ensuring that similar items are grouped together, and dissimilar items are presented separately, enhancing the usefulness of financial statements.

Enhanced Segment Reporting: The standard requires more detailed disclosures about operating segments, including segment revenues, expenses, assets, and liabilities, providing better insights into the company's operations. In each of the primary financial statements and in the notes, an entity needs to present a current and a preceding period.

The directors are currently assessing the full impact of IFRS 18 on the company's financial statements to ensure compliance with the new standard and to implement the necessary changes effectively.

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 significant impact on the company, except for IFRS 18, which is still being assessed.

8. 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 except for engineering class of business to which the company adopted GMM following the nature of the product and result from the PAA eligibility test.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (Continued)

(b) Insurance and Reinsurance Contract (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)

All the insurance contracts are measured under PAA except for engineering class of business to which the company adopted GMM following the nature of the product and result from the PAA eligibility test (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.

(ii) *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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)

(b) Insurance and Reinsurance Contract (continued)

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.

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.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)

Insurance and Reinsurance Contract (continued)

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.

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 (CONTINUED)

7. Material accounting policies (continued)
Insurance and Reinsurance Contract (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.

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.

Measurement – Contracts not measured under the PAA

Insurance contracts – Initial measurement

On initial recognition, the company measures a group of insurance contracts as the total of

- (a) the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
- (b) the CSM. The fulfilment cash flows of a group of insurance contracts do not reflect the Company's non-performance risk.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The CSM of a group of insurance contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows under (iii)) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)
Insurance and Reinsurance Contract (continued)

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

Insurance contracts – Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows:

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses

The CSM of each group of contracts is calculated at each reporting date as follows

Insurance contracts without direct participation features

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
 - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component; or
 - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)

Insurance and Reinsurance Contract (continued)

Changes in fulfilment cash flows that relate to future services comprise:

- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;
- differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and
- changes in the risk adjustment for non-financial risk that relate to future services.

Reinsurance contracts

To measure a group of reinsurance contracts, the company applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications.

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The company measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the company recognises the cost immediately in profit or loss as an expense.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts (see below);
- reversals of a loss-recovery component (see 'Net expenses from reinsurance contracts' under to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts);
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised in profit or loss because of the services received in the year

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)
Insurance and Reinsurance Contract (continued)

Insurance revenue – Contracts not measured under the PAA

The company recognises insurance revenue as it satisfies its performance obligations – i.e. as it provides services under groups of insurance contracts. For contracts not measured under the PAA, the insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which the company expects to receive consideration, and comprises the following items.

- A release of the CSM, measured based on coverage units provided (see ‘Release of the CSM’ below).
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year. This includes amounts arising from the derecognition of any assets for cash flows other than insurance acquisition cash flows at the date of initial recognition of a group of contracts, which are recognised as insurance revenue and insurance service expenses at that date.
- Other amounts.

In addition, the company allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. The company recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

Release of the CSM

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date. Services provided by insurance contracts include insurance coverage and, for all direct participating contracts, investment services for managing underlying items on behalf of policyholders.

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 not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering 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.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

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. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services for which the company expects to pay consideration.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)

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.

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 (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.

The SPPI test

As a second step of its classification process the Company assesses the contractual terms to identify whether

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)

f) Financial Instruments (continued)

Financial assets (continued)

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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)

f) Financial Instruments (continued)

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.

Financial liabilities

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)

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 realises the asset and settle the liability simultaneously.

g) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)

i) Taxes (continued)

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
- 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.

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.

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)

- 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)

j) Leases (continued)

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 is 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Material accounting policies (continued)

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).

1) 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.

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8. Insurance revenue

	2024	2023
	Frw "000"	Frw "000"
Contracts measured under the PAA	6,429,426	5,654,607
Contracts not measured under the PAA-Engineering		
Amounts relating to changes in liabilities for remaining coverage		
CSM recognised for services provided	142,417	-
Change in risk adjustment for non- financial risk for risk expired	121,690	-
Expected incurred claims and other insurance service expenses	427,850	-
	691,957	-
Total insurance revenue (see note 21 A)	7,121,383	5,654,607

9. Net financial result

Below is an analysis of the company's net financial result in profit or loss and OCI

	2024	2023
	Frw "000"	Frw "000"
Investment return		
Interest revenue calculated using the effective interest method	715,494	601,295
Other investment revenue	42,942	140,088
Net impairment loss on financial assets	(1,262)	(2,426)
Total investment return	757,174	738,957

	2024	2023
	Frw "000"	Frw "000"
Net finance expenses from insurance contracts		
Interest accreted	(119,850)	-
Effect of changes in interest rates and other financial assumptions	(31,520)	21,290
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	(46,105)	-
Total net finance (expenses)/income from insurance contracts	(197,475)	21,290

	2024	2023
	Frw "000"	Frw "000"
Net finance income from reinsurance contracts		
Interest accreted	86,637	-
Effect of changes in interest rates and other financial assumptions	19,816	(18,794)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	72,546	-
Total net finance (expenses)/income from reinsurance contracts	178,999	(18,794)

	2024	2023
	Frw "000"	Frw "000"
A. Insurance finance income and expenses		
Net finance expenses from insurance contracts		
Recognised in profit or loss	(197,475)	21,290
Recognised in OCI	-	-
	(197,475)	21,290

	2024	2023
	Frw "000"	Frw "000"
Net finance income from reinsurance contracts		
Recognised in profit or loss	178,999	(18,794)
Recognised in OCI	-	-
	178,999	(18,794)

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	2024	2023
	Frw "000"	Frw "000"
B. Interest revenue calculated using the effective interest method		
Financial assets measured at amortised cost		
Deposits with financial institutions	498,435	413,902
Government bonds	217,059	187,393
	<u>715,494</u>	<u>601,295</u>

	2024	2023
	Frw"000"	Frw"000"
C. Other investment revenue		
Lease income from investment property*	41,142	74,088
Gain from fair value remeasurement of investment property	1,800	66,000
Total investment revenue	<u>42,942</u>	<u>140,088</u>

*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

	2024	2023
	Frw"000"	Frw"000"
Insurance policy fees	36,871	33,346
Sundry income (non-insurance certificate fees)	17,876	10,512
Gain on disposal of property and equipment	2,156	6,750
Exchange gain on cash and cash equivalent	22,514	40,788
Total income	<u>79,417</u>	<u>91,396</u>

11. Expenses

	2024	2023
	Frw"000"	Frw"000"
Claims and benefits	893,181	1,367,275
Fees and commissions	583,102	613,497
Change in fulfillment cashflow	2,108,835	-
Employee benefits (Note 11A)	1,134,553	1,067,262
Depreciation and amortization	123,817	59,616
Leases	136,202	79,969
Advertising	51,516	42,200
Professional and consultancy	141,929	67,468
Other	684,069	497,714
Total Expenses	<u>5,857,205</u>	<u>3,795,001</u>

Represented by:

Insurance service expenses	3,585,119	1,980,772
Other operating expenses	2,272,086	1,814,229
	<u>5,857,205</u>	<u>3,795,001</u>

A. Employee benefit expenses

Wages and salaries	1,088,561	1,021,746
Contributions to Rwanda social security board	45,992	45,516
	<u>1,134,553</u>	<u>1,067,262</u>

12. Other finance costs

	2024	2023
	Frw"000"	Frw"000"
Interest expenses on lease liabilities	41,986	4,198

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Income taxes and deferred taxes

	2024 Frw"000"	2023 Frw"000"
a) Current tax expense		
Current tax	234,074	201,857
Deferred tax charge/(credit)	3,678	(7,741)
Total income tax expense	237,752	194,116

	2024 Frw"000"	Effective Tax rate	2023 Frw"000"	Effective Tax rate
b) Reconciliation of effective tax rate				
Profit before tax	879,903		666,125	
Tax calculated at the statutory income tax rate of 28% (2023- 29.4%)	198,916	28%	195,841	29%
Tax effect of:				
Tax effect of permanent differences	(12,299)	3%	6,017	1%
Recognition of deferred tax assets derecognized in prior year**	3,678	1%	(7,741)	(1%)
Total income tax expense	237,752		194,116	

**The amounts reported as recognition of deferred tax assets derecognised in prior year relate to the overall net movement between the deferred tax balances from the prior year to the current year. (Refer to Note 13(c))

c) **Movement in deferred tax balances**

Deferred Income tax is calculated using the enacted income tax rate of 28% (2023:29.4%)

The movement on the deferred income tax is as follows:

	2024 Frw"000"	2023 Frw"000"
Property and equipment	6,432	15,053
Provisions	28,087	23,144
	34,519	38,197

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

	January 2024 Frw"000"	Credit to P&L Frw"000"	Dec-24 Frw"000"
Year ended December 2024			
Property and equipment	15,053	(8,621)	6,432
Provisions	23,145	4,943	28,088
Net deferred tax assets	38,197	(3,678)	34,519

	January 2023 Frw"000"	Credit to P&L Frw"000"	Dec-23 Frw"000"
Year ended December 2023			
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

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14. Cash and cash equivalents

	2024 Frw "000"	2023 Frw "000"
Cash and balances with banks	193,434	188,245
cash at hand	373	1,480
	<u>193,807</u>	<u>189,725</u>

15. Financial investments

	2024 Frw"000"	2023 Frw"000"
Deposits with financial institutions	5,269,740	4,974,297
Government bonds	1,700,963	1,653,837
	<u>6,970,703</u>	<u>6,628,134</u>

Deposits placed with financial institutions are classified as current assets and are interest bearing. The effective interest rate for the year 2024 is 10% (2023:9%).

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:

	2024 Frw"000"	2023 Frw"000"
At 1 January	4,986,670	3,837,647
Purchased/Reinvested	11,067,313	8,224,138
Maturities	(10,980,392)	(7,107,045)
Interest earned	502,327	278,600
Interest received	(292,773)	(246,670)
Expected credit loss	(13,405)	(12,373)
At 31 December	<u>5,269,740</u>	<u>4,974,297</u>

Movement in expected credit losses

	2024	2023
At 1 January	12,373	11,103
Increase/(Decrease)	1,032	1,270
At 31 December	<u>13,405</u>	<u>12,373</u>

B. Government bonds

	2024 Frw"000"	2023 Frw"000"
At 1 January	1,661,243	1,408,897
Additional placement	190,000	250,555
Maturities	(150,000)	-
Interest earned	217,058	183,684
Interest received	(206,234)	(178,438)
Amortization of government bonds at premium	(3,468)	(3,455)
Impairment allowance as per IFRS 9	(7,636)	(7,406)
At 31 December	<u>1,700,963</u>	<u>1,653,837</u>

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

Movement in expected credit losses

	2024	2023
At 1 January	7,406	6,249
Increase/(Decrease)	230	1,157
At 31 December	<u>7,636</u>	<u>7,406</u>

All balances are current

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Other assets

	2024 Frw"000"	2023 Frw"000"
Cash paid as guarantee	28,574	11,404
Advance to staff	-	24
Other recoverable	1,004,480	153,897
Prepayment	50,986	47,031
	1,084,040	212,356

17. Investment property

	2024 Frw"000"	2023 Frw"000"
Balance at 1 January	686,300	620,300
Gain from fair value movement	1,800	66,000
	688,100	686,300

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

Fair value measurement	Date of valuation	Fair value measurement hierarchy level 3 Frw"000"
Investment property	27 December 2024	688,100
Investment property	19 December 2023	686,300

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

31 December 2024

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

31 December 2023

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Investment property (Continued)

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 41,142,243 (2023: Frw 74,087,988) 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 (2023: Nil).

The property was valued in 2024 and the fair value of the property stands at Frw 688,100,000 (2023: Rwf 686,300,000) with a gain from fair value remeasurement of Frw 1,800,000 (2023:Rwf 66,000,000).

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**18. Property and equipment
2024**

	Motor Vehicle	Office Equipment	Computer Equipment	Partitioning	Furniture & Fittings	WIP	Total
Cost	Frw"000"	Frw"000"	Frw"000"	Frw"000"	Frw"000"	Frw"000"	Frw"000"
As at 1 January 2024	46,216	18,241	20,119	16,061	9,168	-	109,805
Additions	-	41,856	44,763	102,085	46,504	-	235,208
Disposal/write off/fully depreciated	-	(2,357)	(9,749)	-	(1,311)	-	(13,417)
As at 31 December 2024	46,216	57,740	55,133	118,146	54,361	-	331,596
Accumulated Depreciation							
As at 1 January 2024	14,108	11,254	15,094	8,030	5,035	-	53,521
Charge for the year	11,554	14,435	27,566	29,537	13,590	-	96,682
Disposal/written off	-	(2,183)	(9,748)	-	(1,084)	-	(13,015)
As at 31 December 2024	25,662	23,506	32,912	37,567	17,541	-	137,188
Carrying Amount	20,554	34,234	22,221	80,579	36,820	-	194,408

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18. Property and equipment (continued)
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 January 2023	65,707	18,441	27,559	16,061	9,002	-	136,770
Additions	-	-	10,050	-	2,141	1,303	13,494
Disposal/written off/fully depreciated	(19,492)	(200)	(17,490)	-	(1,975)	-	(39,156)
As at 31 December 2023	46,216	18,241	20,119	16,061	9,168	1,303	111,108
Accumulated Depreciation							
As at 1 January 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
Disposal/written off	(19,492)	(200)	(17,490)	-	(1,975)	-	(39,156)
As at 31 December 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

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19. Intangible assets

	2024	2023
	Frw'000	Frw'000
Cost:		
At start of year	244,213	244,213
Additions	-	-
Cost at end of year	<u>244,213</u>	<u>244,213</u>
Accumulated amortization:		
At start of year	54,270	27,135
Amortization charge	27,134	27,135
Impairment charge	-	-
At end of year	<u>81,404</u>	<u>54,270</u>
Carrying amount at end of year	<u>162,809</u>	<u>189,943</u>

20. a) Payables

	2024	2023
	Frw "000"	Frw"000"
Trade payables	58,339	25,383
WHT payable	5,867	4,972
Accrued expenses	65,121	70,524
Other payables	1,435,817	315,592
Commission and other payable to broker	505,148	436,711
Due to Mayfair Kenya	27,917	26,254
	<u>2,098,209</u>	<u>879,436</u>

The increase noted under the other payables amount between the current and prior period relates to the increase in the amount of VAT payable by the entity.

b) Tax payable

Current income tax payable/ (Recoverable)	-	-
At 1 January	(17,357)	154,691
Charge for the year	234,074	201,857
Paid during the year	(95,747)	(349,290)
Withholding tax utilized	(28,337)	(24,615)
At 31 December	<u>92,633</u>	<u>(17,357)</u>

21. Insurance and reinsurance contracts

	2024	2023
	Frw"000"	Frw"000"
Insurance contracts		
Insurance contract liabilities		
Insurance contract balances	3,252,535	4,290,173
Reinsurance contracts		
Reinsurance contract assets	6,344,625	2,774,878
Reinsurance contract liabilities	5,553,783	1,606,852

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Insurance and reinsurance contracts (continued)

A. Movement in insurance and reinsurance contract balances

Analysis by remaining coverage and incurred claims

2024	Liabilities for incurred claims.			
	Liabilities 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"
Opening liabilities	2,750,959	1,139,073	400,142	4,290,174
Changes in the statement of profit or loss and OCI				
Insurance revenue	8 (7,121,383)	-	-	(7,121,383)
Insurance service expenses				
Incurred claims and other insurance service expenses	11 -	921,868	-	921,868
Amortisation of insurance acquisition cash flows	11 583,102	-	-	583,102
Adjustments to liabilities for incurred claims	11 -	-	(28,686)	(28,686)
Insurance Service Expenses	583,102	921,868	(28,686)	1,476,284
Insurance service result	(6,538,280)	921,868	(28,686)	(5,645,098)
Net finance expenses from insurance contracts	9 21,479	10,962	-	31,520
Total changes in the statement of profit or loss and OCI				
Cash flows				
Premiums received	6,139,169	-	-	6,139,169
Claims and other insurance service expenses paid	-	(968,278)	-	(968,278)
Insurance acquisition cash flows	594,949	-	-	594,949
Closing liabilities	1,778,376	1,102,703	371,455	3,252,535

NOTES TO THE FINANCIAL STATEMENTS (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.			
	Liabilities 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"
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

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

	2024	2023
	Frw'000'	Frw'000'
Insurance Claims Service Expense	921,868	1,216,894
Change in fulfillments cashflow	2,108,835	-
Insurance Movement in Risk Adjustment (RA)	(28,686)	150,381
Insurance Amortization of Acquisition Expenses	583,102	613,497
Insurance service expenses recognised in P&L	3,585,119	1,980,772
Net finance expenses from Insurance contract Recognised in PL		
Movement in discount of BEL Claims	10,962	(21,290)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Insurance and reinsurance contracts (continued)

A. Movement in insurance and reinsurance contract balances

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	Note	2024			Total
		Assets for remaining coverage	Assets for incurred claims Estimates of present value of future cash flows	Risk adjustment for non-financial risk	
		Frw'000"	Frw'000"	Frw'000"	Frw'000"
Net Reinsurance contract assets opening balance		628,414	316,203	223,409	1,168,026
Opening assets		1,972,580	578,889	223,409	2,774,878
Opening Liabilities		(1,344,166)	(262,686)	-	(1,606,852)
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid		(3,484,257)	-	-	(3,484,257)
Amounts recoverable from reinsurers					
Recoveries of incurred claims and other insurance service expenses		-	176,246	-	176,246
Adjustments to assets for incurred claims		-	-	(74,453)	(74,453)
Net expenses from reinsurance contracts		(3,484,257)	176,246	(74,453)	(3,382,464)
Net finance income from reinsurance contracts	9	-	13,094	-	13,094
Total changes in the statement of profit or loss and OCI		(3,484,257)	189,340	(74,453)	(3,434,690)
Cash flows					
Premiums paid		3,903,515	-	-	3,903,515
Amounts received		3,361,813	(326,211)	-	3,035,602
Net reinsurance contract assets closing balance		1,107,793	(465,907)	148,956	790,842
Closing assets		5,753,651	442,018	148,956	6,344,625
Closing Liabilities		(4,645,858)	(907,925)	-	(5,553,783)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Insurance and reinsurance contracts (continued)

A. Movement in insurance and reinsurance contract balances

Reinsurance contracts

Analysis by remaining coverage and incurred claims

	Note	Assets for remaining coverage	2023		Total
			Assets for incurred claims Estimates of present value of future cash flows	Risk adjustment for non- financial risk	
		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 (CONTINUED)

21. Insurance and reinsurance contracts (continued)

A. Movement in insurance and reinsurance contract balances

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

	2024	2023
	Frw'000'	Frw'000'
Net expenses from reinsurance contracts		
Reinsurance expenses	3,484,257,	2,788,931
Reinsurance claims service expenses	(176,246)	(647,398)
Change in fulfillments cashflow	(2,222,059)	-
Reinsurance Movement in Risk Adjustment (RA)	74,453	(119,401)
Net Expenses from Reinsurance contract recognised in P&L	1,160,405	2,022,132

Net finance income from Reinsurance contract Recognised in PL

Movement in discount of BEL Claims Reinsurance	18,794	(18,794)
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The table below summarise movement in reinsurance contract liabilities:

	2024	2023
	Frw "000"	Frw"000"
As at January	1,606,852	964,670
Premium ceded	8,868,039	4,934,494
Reinsurance and Profit commission	(1,539,588)	(1,405,904)
Claims recovery	(326,211)	(401,694)
Payment to reinsurer	(3,055,309)	(2,484,714)
As at 31 December	5,553,783	1,606,852

22. Leases

	2024	2023
	Frw'000	Frw'000
22(a) Right of use		
At start of year	-	36,933
Additions	308,343	48,938
Adjustment for last year right of use	-	(5,902)
Depreciation charge	(94,216)	(79,969)
At end of year	214,127	-

22(b) Lease Liabilities

At start of year	-	42,726
Additions	308,343	48,938
Accretion of interest	41,986	4,198
Payment of principal portion of lease liability	(71,211)	(81,705)
Adjustment for last year liability	-	(10,897)
Payment of interest portion of lease liability	(41,986)	(3,259)
At end of year	237,133	-

All balances are non - current

The following are the amounts recognized in profit and loss

Depreciation expense on Right of use asset	(94,216)	(79,969)
Interest on lease liabilities	(41,986)	(4,198)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Maturity analysis of lease liabilities

As at 31 December 2024	Contractual undiscounted cashflow						Total Frw'000'
	1 year or less Frw'000'	1-2 years Frw'000'	2-3 years Frw'000'	3-4 years Frw'000'	4-5 years Frw'000'	More than 5 years Frw'000'	
Lease liabilities	112,684	128,562	143,376	-	-	-	384,622

23. Share capital.

Details	Number of shares	Ordinary share (Frw "000")	Total (Frw"000"
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
At 1 January 2024			
Fully paid-up share	301,130	3,011,296	3,011,296
Capital contribution	-	-	-
capitalisation of Retained earning	-	-	-
As at 31 December 2024	301,130	3,011,296	3,011,296

The total authorised number of ordinary shares is 301,130 (2023:301,130), with a per value of Frw 10,000 per share (2023: 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.

24. Contingent liabilities and capital commitments

There was not commitment and or contingent liabilities at the end of the year 2024. (2023: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

Related party	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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Related party transactions (continued)

	2024 Frw'000	2023 Frw'000
(a) Directors' remuneration		
Directors' fees and allowances	88,958	77,109
(b) Key management remuneration		
Salaries and wages	743,554	559,006
(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		
Byamukama Shivon	1,435	1,497
Rwihandagaza Richard	550	459
Byusa Hangu Alphonse	189	231
Igoma Jessica	76	50
Muhimuza Mugisha Daniel	-	334
Rugangazi Ben	699	189
	<u>2,949</u>	<u>2,760</u>

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	27,917	26,254
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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Risk and Capital Managements (continued)

A. Risk Management framework (continued)

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	<ul style="list-style-type: none"> — Extreme weather events — Natural catastrophes — Legislative changes giving rise to increased claims. 	<ul style="list-style-type: none"> — 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.

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.

i. 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).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Risk and Capital Managements (continued)

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.

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.

	2024	2023
	Frw"000"	Frw"000"
Fire/Property	234,262	165,053
Engineering	59,666	69,312
Public Liability	257,014	203,077
Marine	240,603	160,491
Motor	1,422,762	1,011,423
Agribusiness	27,776	18,013
Bonds	63,087	33,710
Miscellaneous	125,612	118,723
Total	2,430,781	1,779,802

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Risk Managements (continued)
Sensitivities analysis (continued)

Amount in Frw'000'	31-Dec-24	Profit or Loss		Equity	
		Gross	Net	Gross	Net
Ultimate claims (5% Increase)		44,582	10,884	39,127	10,439
Ultimate claims (5% Decrease)		(44,582)	(10,884)	39,127	(10,439)

Amount in Frw'000'	31-Dec-23	Profit or Loss		Equity	
		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)

The above is broken down as below.

Profit or loss	Amount in Frw'000'	Increased or decrease by 5%	Movement
Gross			
Claims incurred	891,634	936,216	44,582
Net			
Reinsurance recoveries	217,676	228,560	10,884
Equity			
Gross			
Claims effect	782,531	821,658	39,127
Net			
Claims effect	208,772	219,210	10,439

ii. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Risk Managements (continued)

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	515,975	303,727	41,974
Fire	131,345	185,995	206,159
Marine	107,228	215,823	178,292
Engineering	20,772	43,807	54,077
Bond	(1,800)	-	-
Other	194,758	33,180	139,376
	968,278	782,531	619,878

The tables below set 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.

Year 2024		Frw 250m-Frw 1000m	Above Frw 1000m	Total
		Frw'000'	Frw'000'	Frw'000'
Motor	Gross	-	27,375,852	27,375,852
	Net	-	27,375,852	27,375,852
Fire	Gross	-	2,169,434,155	2,169,434,155
	Net	-	433,691,847	433,691,847
Engineering	Gross	-	453,268,918	453,268,918
	Net	-	17,937,928	17,937,928
Liabilities	Gross	-	58,387,204	58,387,204
	Net	-	23,746,451	23,746,451
Marine	Gross	-	241,865,621	241,865,621
	Net	-	91,706,451	91,706,451
Bonds	Gross	-	26,427,088	26,427,088
	Net	-	6,140,362	6,140,362
Other	Gross	-	187,854,770	187,854,770
	Net	-	100,744,599	100,744,599
Total	Gross	-	3,164,613,607	3,164,613,607
	Net	-	701,343,491	701,343,491

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Risk Managements (continued)

Reinsurance risks (Continued)

Year 2023		Frw 250m-Frw 1000m Frw'000'	Above Frw 1000m Frw'000'	Total Frw'000'
Motor	Gross	-	18,491,303	18,491,303
	Net	-	18,124,264	18,124,264
Fire	Gross	-	1,377,170,495	1,377,170,495
	Net	-	128,133,346	128,133,346
Engineering	Gross	-	226,220,441	226,220,441
	Net	-	25,234,719	25,234,719
Liabilities	Gross	-	74,722,912	74,722,912
	Net	-	30,228,639	30,228,639
Marine	Gross	-	172,320,531	172,320,531
	Net	-	56,069,895	56,069,895
Bonds	Gross	-	40,819,270	40,819,270
	Net	-	3,836,720	3,836,720
Other	Gross	-	132,820,375	132,820,375
	Net	-	13,445,752	13,445,752
Total	Gross	-	2,042,198,288	3,164,613,607
	Net	-	275,440,375	701,343,491

iii. 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

a) 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 2024, the company had the following assets denominated in foreign currencies:

Description	31 December 2024	31 December 2023
	USD	USD
Bank balance	23,773	50,970
Creditors balance	19,984	23,850
	43,757	74,820

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Risk Managements (continued)

a) Market risk (continued)

Foreign exchange risk (continued)

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

Currency	Change in variables.	31 December 2024		31 December 2023	
		Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
		Frw'000	Frw'000	Frw'000	Frw'000
	+5	709	393	374	262
USD	-5	(709)	(393)	(374)	(262)
				31 December 2024	31 December 2023
Average rate				1,383	1,264
Closing rate				1,397	1,276

b) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Risk Managements (continued)

b) Credit risk (continued)

Credit quality analysis

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

Reinsurance contract assets	2024	2023
Based on AM best rating agency		
	Frw'000'	Frw'000'
AA+	1,909,469	832,463
A+	1,267,188	554,976
A	633,594	277,488
BBB	2,534,374	1,109,951
	6,344,625	2,774,878

As at 31 December 2024, the maximum exposure to credit risk from insurance contract is Frw 6.311Bln (2023: Frw 554Mln) which primarily relate to premium receivable and maximum exposure to credit risk from reinsurance contract is Frw 6.3 Bln (2023: Frw 2.7 Bln).

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

Deposit with financial institution	2024	2023
	Frw'000'	Frw'000'
AA+	790,928	746,543
A	783,800	739,815
B	3,708,417	3,500,312
	5,283,145	4,986,670
Loss allowance	(13,405)	(12,373)
	5,269,740	4,973,297

Government bonds at amortized cost	2024	2023
	Frw'000'	Frw'000'
B+	1,708,599	1,661,243
Loss allowance	(7,636)	(7,406)
	1,700,963	1,653,837

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Risk Managements (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
31-Dec-24	Frw'000'	Frw '000'	Frw '000'	Frw '000'
Liability for Incurred claims	220,912	564,010	317,781	1,102,703
Lease Liability	30,021	108,214	99,410	237,645
Other payables	634,475	1,463,735	-	2,098,210
	885,408	2,135,959	417,191	3,438,558
31-Dec-23	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

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

31-Dec-24	1 year or less	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years	Total
	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000'	Frw'000'
Insurance contracts							
Liability	785,597	367,906	14,464	15,349	1,857	12,834	1,198,006
Reinsurance contract							
Assets	274,918	199,060	2,482	3,520	403	1,555	481,937

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Maturity analysis (continued)

Insurance and reinsurance contracts(continued)

31-Dec-23	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	947,109	140,181	1,879	28,123	8,877	12,905	1,139,073
Reinsurance contract							
Assets	500,902	52,098	4,222	8,689	3,625	9,354	578,889

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 follow.

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 500 million 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 2024 and 2023 are presented on note 23. The table below summarizes the solvency margin of the Company at 31 December 2024 and 2023.

	2024 Frw'000	2023 Frw'000
Admitted assets	19,448,291	9,263,773
Admitted liabilities	18,117,432	8,129,869
Solvency margin	1,330,858	1,133,904
Required margin	500,000	500,000
Excess	830,858	633,904
	266.17%	226.78%

27. Ultimate Parent Company

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

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Appendices

Revenue account 2024

(In Frw '000')

Descriptions	Aviation	Engineering	Fire	Liability	Marine	Motor	Personal Accident	Theft	Workmen's Compensation	Miscellaneous	Agribusiness	Total
Insurance revenue	519	691,957	2,100,673	421,279	429,851	1,489,441	139,992	524,921	23,378	771,994	527,386	7,121,390
Insurance service expenses	5	(1,914,535)	(440,933)	(77,189)	(223,180)	(705,194)	(7,911)	(65,844)	(2,219)	(29,687)	(118,434)	(3,585,120)
Net expenses from reinsurance contracts	(305)	1,503,773	(1,108,139)	(220,570)	(65,839)	(80,517)	(49,318)	(353,242)	(2,388)	(514,968)	(268,890)	(1,160,404)
Insurance service result	219	281,195	551,601	123,520	140,832	703,729	82,763	105,834	18,771	227,339	140,062	2,375,865
Net finance expenses from insurance contracts	(1)	192,761	11,894	4,694	3,316	(5,323)	(3,344)	(4,185)	(63)	(1,392)	(883)	197,475
Net finance income from reinsurance contracts	(2)	179,043	7,099	906	1,010	(2,430)	(1,460)	(3,033)	55	(1,248)	(942)	178,999
Net financial result operating and Finance expenses	0	13,718	4,795	3,788	2,306	(2,892)	(1,884)	(1,151)	(118)	(143)	59	18,476
Underwriting profit/(loss)	61	272,033	545,346	96,799	147,438	730,697	64,311	95,519	10,152	222,481	130,497	2,315,334
	157	(4,555)	1,460	22,932	(8,912)	(24,076)	20,336	11,467	8,737	5,001	9,506	42,055

MAYFAIR INSURANCE COMPANY RWANDA LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

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 operating and Finance expenses	-	1,378	141	896	(409)	(977)	1,707	681	7	(1,134)	204	2,496
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)