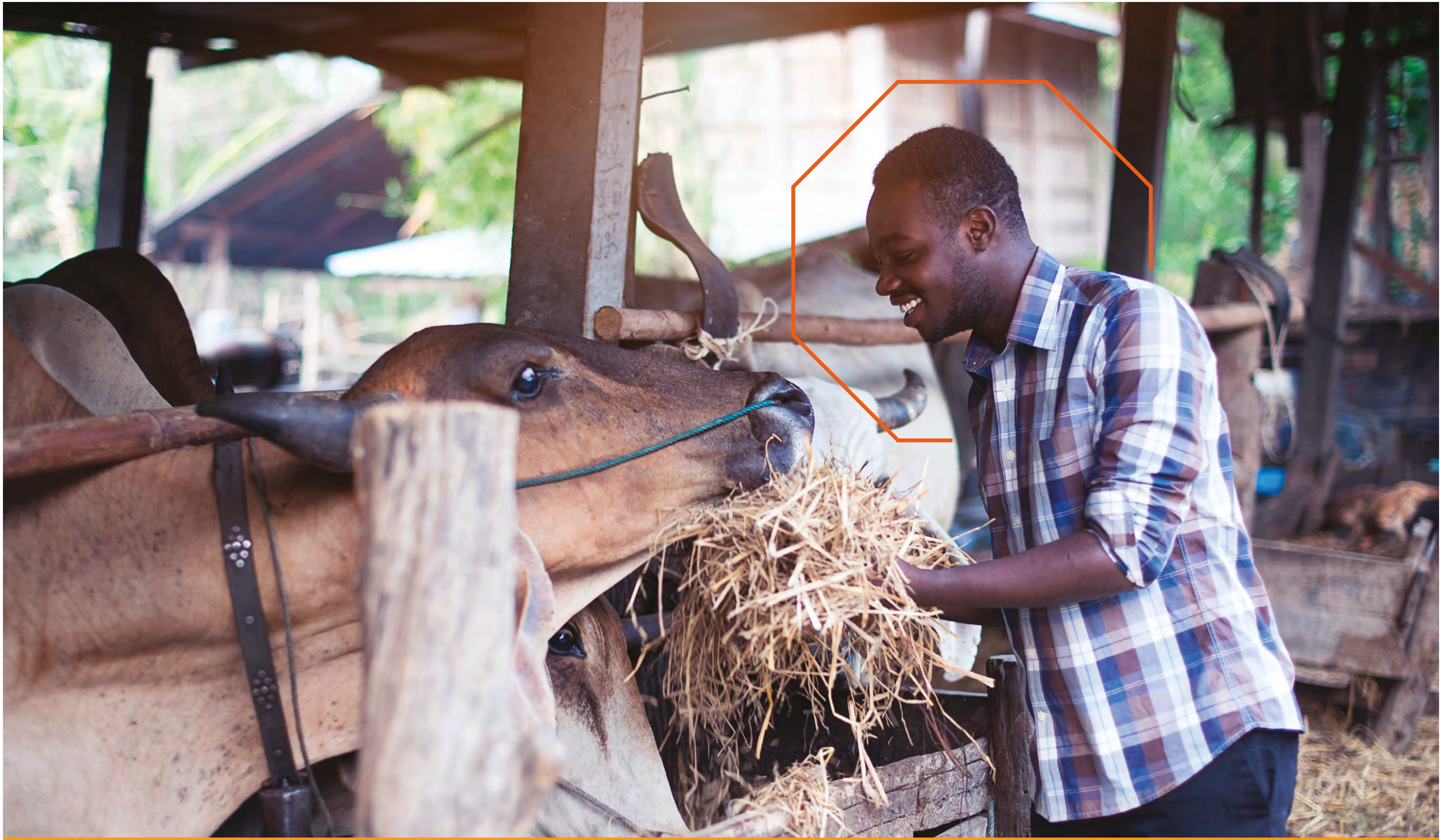

FINANCIAL STATEMENTS

SECRETARY'S CERTIFICATE FOR THE YEAR ENDED 31 DECEMBER 2019

We certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.

ECS SECRETARIES LTD
Secretary

31 March 2020

INDEPENDENT AUDITORS' REPORT

Report on the audit of the financial statements

Opinion

We have audited the financial statements of MUA Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 118 to 230 which comprise the statements of financial position as at 31st December 2019, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the period then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Group and Company as at 31st December 2019, and of their financial performance and their cash flows for the period then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004 and the Insurance Act 2005.

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 Consolidated Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matters	How the matters were addressed in our audit
1. *Recoverability of goodwill and investment in subsidiaries* At December 31, 2019 goodwill amounted to Rs 306.9M. As detailed in Note 40 of the financial statements, the Group's goodwill is allocated to cash generating units (CGUs) that are identified generally at a segment level. The valuation and recoverability of significant goodwill and client portfolio involves complex judgments and estimates, including projections of future income, terminal growth rate assumptions, and discount rates. The assumptions used and judgement applied to arrive at those estimates can have a material impact on the valuations and impairment decisions reflected in the financial statements of the Group.	We obtained an understanding, evaluated the design and tested the operating effectiveness of selected key controls over projections of future income, terminal growth rate assumptions, and discount rates related to the recoverability of goodwill, client portfolio and investment in subsidiaries. In relation to the particular matters set out above, our substantive testing procedures included the following: • We corroborated the justification of the CGUs defined by management for goodwill allocation; • We tested the principles and integrity of the Group's discounted cash flow model that supports the value-in-use calculations in order to assess the appropriateness of the methodology applied in the Group's annual impairment assessment; • We evaluated management's methodology and assumptions used including projections on future income (including a comparison of forecast to actual results), terminal growth rate assumptions, discount rates and sensitivity analysis to determine the impact of those assumptions; • We evaluated management's ability to forecasts by comparing last year's forecast to this year's actual results; and • We included a specialist on our team to assist in the testing of the discount factor.
In the Company's separate financial statements, investment in subsidiaries are carried at cost less impairment. As detailed in Note 8 of the financial statements, the Group has an investment of Rs 1,235M in its local subsidiaries and Rs 615M in its foreign subsidiaries. Management makes an impairment assessment at the end of each reporting date. The same discounted cash flow (DCF) models as used for testing of impairment of goodwill are used and involve management judgments and estimates. Given the significance of the above judgement and estimates, we believe that these are Key Audit Matters for our audit.	

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matters	How the matters were addressed in our audit
2. *Valuation of insurance contract liabilities-short term insurance (Notes 2.5(ii) and 13) to (Notes 2.5 (i) and 13)* The valuation of general insurance loss reserves involves a high degree of subjectivity and complexity. Reserves for losses and loss adjustment expenses represent estimates of future payments of reported and unreported claims for losses and related expenses at a given date. The Group uses a range of actuarial methodologies to estimate these provisions. General insurance loss reserves require significant judgment relating to factors and assumptions such as inflation, claims development patterns and regulatory changes. Specifically, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims. Further, some catastrophic events can be more complex to model using actuarial methodologies, which increases the degree of judgment needed in estimating general insurance loss reserves. Given its complexity and significance the valuation of insurance contract liabilities-short term insurance has been considered as a Key Audit Matter.	We obtained an understanding, evaluated the design and tested the operating effectiveness of selected key controls over the claims estimation process including IBNR. In particular, we tested the controls over the integrity of data and the assumptions setting and governance processes used by management related to the valuation of general insurance reserves. In relation to the particular matters set out above, our substantive testing procedures included the following: • We reviewed the documentation around outstanding claims which are high in value and involving longer settlement periods and tested management best estimates of the settlement outcome. Where appropriate we obtained legal confirmation to corroborate management's assessment; • We tested the completeness and accuracy of underlying claims data that are sent to the actuary in estimating general insurance loss reserves. This includes the testing of information sent to the actuary for the determination of IBNR; • We evaluated the actuarial assumptions used by management based on the analysis of the experience to date, industry practice and the financial and regulatory requirements; • We evaluated management's methodology and assumptions against actuarial practices and industry standards; and • We evaluated whether the actuary has the relevant expertise and experience in this field.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matters	How the matters were addressed in our audit
3. *Valuation of Insurance Contract Liabilities – long term insurance (Notes 2.5 (ii) and 13) to (Notes 2.5 (ii) and 15)* We considered the valuation of long term insurance contract liabilities to be significant to the audit of the Group, specially, the actuarial assumptions and methodologies involved in the valuation which is also dependent on the quality, integrity and accuracy of the data used in the valuations. The valuation of long term insurance contract liabilities includes the following two key processes: • Appropriateness of actuarial assumptions, models and methodology; and • Data processes and associated controls relevant to the actuarial valuation. Actuarial assumptions and methodologies involve judgements about future events, both internal and external to the Company, for which small changes can result in a material impact to the valuation of insurance contract liabilities. The operational assumptions are informed by actual experience, market experience and practice, and expectations as to future trends. Economic assumptions are typically based on latest market conditions and are set in accordance with relevant guidance and the Group approved policy. The assumptions that we consider to have the most significant impact on the actuarial valuations are: • Mortality, longevity, disability and morbidity; • Expenses; and • Risk discount rates. The integrity and appropriateness of models and methodology are also considered to be critical in the overall valuation of insurance contract liabilities.	Actuarial assumptions and methodologies underlying the valuation process Our audit of these assumptions, models and methodology applied in the valuation of insurance liabilities, included the following audit procedures that were executed with the assistance of our actuarial experts, across the areas considered material: • We assessed the valuation methodology and assumptions for compliance with the latest actuarial guidance, legislation and approved company policy; • We obtained an understanding, evaluated the design and tested the operating effectiveness of the key controls related to the actuarial valuation process for the setting and updating of actuarial assumptions and the process for model and methodology changes; • We analysed management's key assumptions around mortality, longevity, disability, morbidity and expenses and assessed the results of management's experience analyses; • We assessed the economic basis, including the risk discount rates, by independently validating the risk free yield curve; • We evaluated, on a sample basis, whether model and methodology changes have been appropriately implemented; • We evaluated the assumptions and methodology against expectations based on our knowledge of the Group, industry practice, and regulatory and reporting requirements. This included an independent evaluation through enquiries with the external actuary and review by a specialist in our team; • We evaluated the key sources of profit and loss and assessed management's analysis of movements in insurance contract liabilities and obtained evidence to support large or unexpected movements; • We considered the level of margins held, management's justification for holding these margins and how these will be released in future; and • We performed procedures over the Minimum Capital Requirements (MCR) calculation by comparing it with the applicable Solvency Rules and we evaluated management actions under the prevailing market conditions.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matters	How the matters were addressed in our audit
Data is a key input into the valuation process: the calculation of insurance contract liabilities has a number of inputs, which are reliant on various processes and applications for accurate and complete data. A breakdown of the controls around these processes and applications could result in a misstatement of the value of insurance contracts. Given its complexity and significance the valuation of insurance contract liabilities-long term insurance has been considered as a Key Audit Matter.	*Data processes and controls relevant to the actuarial valuation:* In obtaining sufficient audit evidence to assess the integrity of data used as inputs into the actuarial valuations, we, inter alia, performed the following audit procedures: • We evaluated the design and tested the operating effectiveness of the key aspects of the control environment over data integrity, including an evaluation of the effectiveness of the IT environment over the policy administration systems, together with the data extraction and conversion processes; • We performed an evaluation of the key controls over management's collection, extraction and data validation processes, which included testing of the reconciliations between the policy administration systems and the data sent to the external actuary for the actuarial valuation; and • We obtained the data pack from the external actuary and compared with the data which management has sent to the actuary for the valuation.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Key Audit Matters	How the matters were addressed in our audit
4. *Expected Credit Loss (ECL) for loans and advances to customers under IFRS 9 (Note 11)* Our audit considered the ECL on loans and advances to customers as a key audit matter due to the materiality of the balances, its associated subjective nature of the management's impairment estimation. As at 31st December 2019, the Group recorded a total of Rs 848.4M as loans and advances to customers, net of allowance for impairment as stated in Note 11 which represented 5% of the Group's total assets. The estimation of allowance for impairment requires subjective judgements. Management determined such allowance for impairment using complex calculations. Given its complexity and significance the expected credit loss has been considered as a Key Audit Matter. Given the significance of the above judgement and estimates, we believe that these are Key Audit Matters for our audit.	To assess the reasonableness of the ECL on loans and advances to customers, our audit procedures (among others) were designed to obtain sufficient and appropriate audit evidences, including the following: • We observed the oversight and approval of impairment policies by the management; • We evaluated the design implementation and operating effectiveness of available controls over management's processes to calculate the ECL for loans and advances to customers. This included the definition of credit stages, the allocation of assets into these stages, model governance, data accuracy and completeness, credit monitoring, individual provisions and production of journal entries and disclosures; • We tested the underlying calculations and data used in such calculations of the ECL; • We tested the classification of the loans and advances in stages 1, 2 and 3 and the application of 12 months ECL for stage 1 and lifetime ECL for stage 2 and stage 3; • We tested the assumptions, inputs and formulas used in the ECL model. This included assessing the appropriateness of model design, formulas used, recalculating the probability of default including the forward-looking information used in its determination, loss given default and exposure at default. • The following key procedures were also performed: For loans and advances to customers that were individually assessed for impairment (Stage 3): • Where impairment indicators existed, we evaluated the reasonableness of management's estimated future recoveries in the valuation of collateral held. We also compared the actual recoveries against previously estimated amounts of future recoveries. For loans and receivables to other customers that were collectively assessed for impairment (Stages 1 and 2): • We tested the completeness and fairness of the underlying information in loans and advances used in the impairment calculations by agreeing details to the Group's source documents and information in IT systems as well as re-performing the calculation of allowance for impairment; • We assessed the adequacy of the related financial statement disclosures as set out in Note 11 and reviewed the documentation around outstanding loans and advances; • We also assessed the adequacy of the Group's disclosure on the impact of the ECL model under IFRS 9 as set out in Note 3.

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the chairman's review report and sustainability reports. These reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will 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 identified above (other than the Corporate Governance Report) when it becomes available 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.

Corporate Governance

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance as disclosed in the annual report and assess the explanation given for non-compliance with any requirements of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, the Financial Reporting Act 2004 and Insurance Act 2005, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and 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 intends to liquidate the Group and or 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.

Report on the Audit of the Financial Statements (continued)

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

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

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

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

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

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

Report on the Audit of the Financial Statements (continued)

Use of our report

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

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

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

Insurance Act 2005

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

ERNST & YOUNG
Ebène, Mauritius

LI KUNE LAN POOKIM, F.C.A, F.C.C.A
Licensed by FRC

31 March 2020

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Statements of Financial Position as at 31 December 2019

		THE GROUP		THE COMPANY	
	Notes	2019	2018	2019	2018
		Rs'000	Rs'000	Rs'000	Rs'000
ASSETS					
Non-current assets					
Property and equipment	5	367,177	331,038	-	-
Right of use assets	42	113,756	-	-	-
Investment properties	6	486,362	471,595	-	-
Intangible assets	7	571,971	583,888	-	-
Investment in subsidiary companies	8	-	-	1,850,022	-
Investment in associated company	9	1,080	1,544	-	-
Investment in joint ventures	9(a)	20,922	22,382	495	-
Financial assets at fair value through other comprehensive income	10(a)	518,065	523,292	-	-
Financial assets at fair value through profit or loss	10(b)	3,324,628	3,133,947	-	-
Debt instruments at amortised cost	10(c)	6,927,462	5,855,276	202,215	-
Loans and receivables at amortised cost	11	682,546	715,373	-	-
Deferred tax assets	16 (b)	43,053	36,751	-	-
		13,057,022	11,675,086	2,052,732	-
Current assets					
Debt instruments at amortised cost	10(c)	827,532	714,400	171,512	-
Loans and receivables at amortised cost	11	165,852	152,192	-	-
Insurance and other receivables	12	964,766	918,309	10,007	-
Prepayments		7,018	8,253	-	-
Deferred acquisition costs receivable	13(b)	136,447	127,083	-	-
Current tax assets	20(b)	17,987	7,950	-	-
Amount receivable from subsidiary	41	-	-	25,481	-
Reinsurance assets	13(a)	982,004	910,164	-	-
Cash and short term deposits	39(b)	611,685	531,712	97,715	-
		3,713,291	3,370,063	304,715	-
Total assets		16,770,313	15,045,149	2,357,447	-

The notes on pages 126 to 230 form an integral part of these financial statements.
Auditors' report are on pages 109 to 117.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Statements of Financial Position as at 31 December 2019

		THE GROUP		THE COMPANY	
	Notes	2019	2018	2019	2018
		Rs'000	Rs'000	Rs'000	Rs'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Stated capital	14	723,968	723,968	723,968	-
Total reserves		2,111,190	1,837,438	1,126,653	-
Non-distributable share of Life surplus		4,335	12,701	-	-
Total ordinary shareholders' equity		2,839,493	2,574,107	1,850,621	-
Non-controlling interests		638,039	536,833	-	-
Total equity		3,477,532	3,110,940	1,850,621	-
Technical Provisions					
Life assurance fund	15	7,794,209	7,229,437	-	-
Investment contract liabilities	15 (a)	1,002,454	866,760	-	-
Insurance contract liabilities	13 (a)	2,824,968	2,732,071	-	-
		11,621,631	10,828,268	-	-
Non-current liabilities*					
Borrowings	18	604,737	300,000	504,737	-
Deferred tax liabilities	16 (b)	90,577	92,437	-	-
Lease liabilities	42	91,940	-	-	-
Employee benefit obligations	17	12,579	11,907	-	-
		799,833	404,344	504,737	-
Current liabilities*					
Trade and other payables	19	773,926	631,871	2,089	-
Deferred acquisition costs payable	13 (c)	71,792	69,726	-	-
Lease liabilities	42	25,599	-	-	-
		871,317	701,597	2,089	-
Total equity and liabilities		16,770,313	15,045,149	2,357,447	-

* exclude technical provisions

These financial statements have been approved for issue by the Board of Directors on 31 March 2020.

Dominique Galea
Chairman

Bertrand Casteres
Group CEO

The notes on pages 126 to 230 form an integral part of these financial statements.
Auditors' report are on pages 109 to 117.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Statements of Profit and Loss for the year ended 31 December 2019

		THE GROUP		THE COMPANY	
	Notes	2019	2018	2019	2018
		Rs'000	Rs'000	Rs'000	Rs'000
Gross premium earned	21(a)	4,480,243	4,256,180	-	-
Premium ceded to reinsurers	21(b)	(1,146,311)	(1,077,435)	-	-
Net earned premiums	21(b)	3,333,932	3,178,745	-	-
Fees and commission income	22	275,968	250,796	-	-
Revenue from contract with customers	22	25,206	21,335	-	-
Investment income	23	175,572	96,245	135,721	-
Interest calculated using EIR	23 (b)	572,919	553,338	4,402	-
Credit loss expenses		(5,238)	(15,531)	-	-
Net realised gains	24	260	1,909	-	-
Net unrealised gains/(losses)	25	80,825	(64,626)	-	-
Other operating income	26	93,689	97,878	-	-
Total revenue		4,553,133	4,120,089	140,123	-
Gross claims paid	13(a)	(2,275,731)	(2,640,887)	-	-
Claims ceded to reinsurers	13(a)	335,616	747,782	-	-
Gross change in contract liabilities	13(a)	(485,272)	66,975	-	-
Change in contract liabilities ceded to reinsurers	13(a)	(17,189)	(410,995)	-	-
Net claims and benefits		(2,442,576)	(2,237,125)	-	-
Change in investment contract liabilities	15(a)	(66,639)	(29,469)	-	-
Commission and brokerage fees paid	27	(567,588)	(531,880)	-	-
Other operating and administrative expenses	28	(955,267)	(899,460)	(6,697)	-
Total claims, benefits and other expenses		(4,032,070)	(3,697,934)	(6,697)	-
Profit from operations		521,063	422,155	133,426	-
Finance costs	29	(28,550)	(17,193)	(6,169)	-
Share of profit from joint ventures	9 (a)	2,391	5,394	-	-
Share of loss from associate	9	(500)	-	-	-
Profit before tax		494,404	410,356	127,257	-
Income tax expense	20(a)	(50,534)	(55,993)	-	-
Profit for the year		443,870	354,363	127,257	-
Attributable to:					
Equity holders of the parent		381,850	309,069		
Non-controlling interests		62,020	45,294		
		443,870	354,363		
Earnings per share - Basic					
Attributed to equity holders of the parent (Rs/cs)	38	8.47	6.85		
Earnings per share - Diluted					
Attributed to equity holders of the parent (Rs/cs)	38	8.43	6.84		

The notes on pages 126 to 230 form an integral part of these financial statements.
Auditors' report are on pages 109 to 117.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Statements of Comprehensive Income for the year ended 31 December 2019

		THE GROUP		THE COMPANY	
	Notes	2019	2018	2019	2018
		Rs'000	Rs'000	Rs'000	Rs'000
Profit for the year		443,870	354,363	127,257	-
Other comprehensive Income					
Items to be reclassified to profit or loss in subsequent periods:					
Exchange difference on translating foreign operations		66,610	(900)	-	-
Increase/(decrease) arising on revaluation of financial assets at fair value through other comprehensive income	10(a)	13,112	226	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		79,722	(674)	-	-
Items that will not be reclassified to profit or loss in subsequent periods:					
Increase/(decrease) arising on revaluation of financial assets at fair value through other comprehensive income	10(a)	(33,824)	(15,597)	-	
Re-measurement of defined benefit obligations	17	635	1,180	-	
Tax effect		108	(203)		-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(33,081)	(14,620)	-	-
Other comprehensive income for the year - net of tax		46,641	(15,294)	-	-
Comprehensive income for the year		490,511	339,069	127,257	-
Attributable to :					
Equity holders of the parent		388,962	295,190	127,257	-
Non-controlling interests		101,549	43,879	-	-
		490,511	339,069	127,257	-

The notes on pages 126 to 230 form an integral part of these financial statements.
Auditors' report are on pages 109 to 117.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Statements of Changes in Equity for the year ended 31 December 2019

THE GROUP	Notes	Attributable to owners of the Parent					Attributable to owners of the Parent								
		Share Capital	Share Premium	IFRS 2 Reserves	Share Option Reserves	Revaluation Reserves	Currency translation Reserves	Investment revaluation Reserve	Retained Earnings	Contingency Reserve	Non distributable Reserves	Total Reserves	Non distributable share of Life Surplus *	Non-controlling Interests	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2018		450,900	273,068			53,551	(56,663)	(36,443)	1,705,043	42,687	243	1,708,418	15,535	560,032	3,007,953
Effect of adoption of IFRS9		-	-	-	-	-	-	(148)	(20,932)	-	-	(21,080)	-	(11,035)	(32,115)
Balance at January 1, 2018 (Restated)		450,900	273,068	-	-	53,551	(56,663)	(36,591)	1,684,111	42,687	243	1,687,338	15,535	548,997	2,975,838
Share based payment				(8,051)	11,629							3,578			3,578
Transfer of gains on disposal of financial assets at fair value through other comprehensive income		-	-			-	-	1,223	(1,223)	-	-	-	-	-	-
Profit for the year		-	-			-	-	-	309,069	-	-	309,069	-	45,294	354,363
Other comprehensive income		-	-			-	(746)	(14,110)	977	-	-	(13,879)	-	(1,415)	(15,294)
Comprehensive income		-	-	-	-	-	(746)	(14,110)	310,046	-	-	295,190	-	43,879	339,069
Movement in reserves*		-	-			-	-	-	(3,614)	3,614	-	-	-	-	-
Acquisition of non-controlling interests							-	-	(30,661)		-	(30,661)		(55,774)	(86,435)
Transfer of distributable share of Life Surplus	36	-	-			-	-	-	2,834	-	-	2,834	(2,834)	-	-
Dividends	32								(120,841)	-	-	(120,841)	-	(269)	(121,110)
Balance at December 31, 2018		450,900	273,068	(8,051)	11,629	53,551	(57,409)	(49,478)	1,840,652	46,301	243	1,837,438	12,701	536,833	3,110,940
Balance at January 1, 2019		450,900	273,068	(8,051)	11,629	53,551	(57,409)	(49,478)	1,840,652	46,301	243	1,837,438	12,701	536,833	3,110,940
Restructuring adjustment	1	273,068	(273,068)	-	-	-	-	-	-	-	-		-	-	-
Share based payment		-	-	3,578	-	-	-	-	-	-	-	3,578	-	-	3,578
Transfer of gains on disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	-	848	(848)	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-	381,850	-	-	381,850	-	62,020	443,870
Other comprehensive income		-	-	-	-	-	30,009	(23,640)	743	-	-	7,112	-	39,529	46,641
Comprehensive income		-	-	-	-	-	30,009	(23,640)	382,593	-	-	388,962	-	101,549	490,511
Movement in reserves*		-	-	-	-	-	-	-	(5,054)	5,054	-	-	-	-	-
Transfer of distributable share of Life Surplus	36	-	-	-	-	-	-	-	8,366	-	-	8,366	(8,366)	-	-
Dividends	32	-	-	-	-	-	-	-	(127,154)	-	-	(127,154)	-	(343)	(127,497)
Balance at December 31, 2019		723,968	-	(4,473)	11,629	53,551	(27,400)	(72,270)	2,098,555	51,355	243	2,111,190	4,335	638,039	3,477,532

* As per the Insurance Act of the respective foreign countries, a transfer of 2% of the gross premium is made from retained earnings to the contingency reserve.

The notes on pages 126 to 230 form an integral part of these financial statements.
Auditors' report are on pages 109 to 117.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Statements of Changes in Equity for the year ended 31 December 2019

THE COMPANY	Notes	Stated capital	IFRS 2 Reserves	Restructuring reserves	Retained earnings	Total reserves	Total
Issue of shares on July 3, 2018 (date of incorporation)		100	-	-	-	-	100
Buy-back of shares		(100)	-	-	-	-	(100)
Restructuring adjustment	1	723,968	-	1,119,394	-	1,119,394	1,843,362
Share based payment		-	7,156	-	-	7,156	7,156
Profit for the year					127,257	127,257	127,257
Other comprehensive income		-	-				-
Comprehensive income		-	-	-	127,257	127,257	127,257
Dividends	32	-	-	-	(127,154)	(127,154)	(127,154)
Balance at December 31, 2019		**723,968**	**7,156**	**1,119,394**	**103**	**1,126,653**	**1,850,621**

The notes on pages 126 to 230 form an integral part of these financial statements.
Auditors' report are on pages 109 to 117.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Statements of Cash Flows for the year ended 31 December 2019

	Notes	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
		Rs'000	Rs'000	Rs'000	Rs'000
Operating activities					
Net cash generated from/(used in) operations	39(a)	298,920	430,877	(40,096)	-
Dividend received		152,487	84,627	135,721	-
Interest received		572,919	549,082	4,403	-
Interest paid		(25,524)	(17,900)	(6,169)	-
Income tax paid	20(b)	(61,924)	(60,591)	-	-
Net cash from operating activities		936,878	986,095	93,859	-
Investing activities					
Proceeds on disposal of property and equipment		1,365	1,127	-	-
Proceeds on disposal/maturity of financial assets		1,257,786	875,419	-	-
Purchase of property and equipment	5	(68,455)	(21,026)	-	-
Purchase of intangible assets	7	(21,454)	(15,399)	-	-
Purchase of financial assets	10	(2,527,658)	(1,743,908)	(373,727)	-
Investment in subsidiary		-	(86,436)	-	-
Loans and receivables repaid		-	(249,231)	-	-
Amount receivable from subsidiary		-	202,474	-	-
Change in investment in contract liabilities		338,288	62,415	-	-
Net cash used in investing activities		(1,020,128)	(974,565)	(373,727)	-
Financing activities					
Repayment of borrowings		(200,000)	-	-	-
Issue of bonds		504,737	-	504,737	-
Repayment of principal portion - lease liabilities		(24,692)	-	-	-
Dividends - Owners of the Parent	32	(127,154)	(120,841)	(127,154)	-
- Non-controlling interest		(343)	(269)	-	-
Net cash from/(used in) financing activities		152,548	(121,110)	377,583	-
Net increase/(decrease) in cash and cash equivalents		69,298	(109,580)	97,715	-
Movement in cash and cash equivalents					
At January 1,		531,712	625,990	-	-
Net increase/(decrease) in cash and cash equivalents		69,298	(109,580)	97,715	-
Exchange gains on cash and cash equivalents		10,675	15,302	-	-
At December 31,	39(b)	611,685	531,712	97,715	-

The notes on pages 126 to 230 form an integral part of these financial statements.
Auditors' report are on pages 109 to 117.

1. CORPORATE INFORMATION AND ACTIVITIES

MUA Ltd (the "Company") is a public company incorporated and registered as a limited liability company in Mauritius on July 3, 2018 under the Companies Act 2001. These financial statements will be submitted for adoption at the forthcoming Annual Meeting of the Company. The address of the registered office is 4 Léoville l'Homme Street, Port Louis.

On January 7, 2019, the Mauritius Union Assurance Cy Ltd ("MUACL") proceeded with the Scheme of Arrangement (Group Restructuring) whereby each shareholder of the latter received the equivalent number of shares in the Company. Following the restructuring, MUA Ltd is the ultimate holding company of the MUA Group and is listed on the Official Market of Stock Exchange of Mauritius. As part of the restructuring the insurance entities within the MUA Group have been re-organised under two distinct geographical segments, namely Mauritius and overseas operations. The subsidiary MUA Transafrica Holdings Limited and the joint venture MUA Insurance Management Limited have been unbundled from MUACL into MUA Ltd.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

MUA Ltd is incorporated and inserted at the top of the existing MUA Group, which is a business as defined in IFRS 3 Business Combinations. MUA Ltd has issued shares to the existing shareholders of MUACL in exchange for the shares already held in MUACL. There were no changes to the shareholder group. This transaction does not meet the definition of a business combination under IFRS 3, since neither MUA Ltd nor MUACL can be identified as the acquirer. MUA Ltd is not the acquirer as it has issued shares to effect the combination. Applying the IAS 8 hierarchy, MUA Ltd cannot elect to apply the acquisition method as set out in IFRS 3 since the transaction did not result in any change of economic substance. Accordingly, the consolidated financial statements of MUA Ltd reflect that the arrangement is in substance a continuation of the existing group and the comparative group figures disclosed in the consolidated financial statements represent that of the existing group.

The consolidated financial statements have been prepared under the historical cost basis except for the revaluation of land and buildings, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and investment properties which are stated at their fair value.

The consolidated financial statements are presented in Mauritian rupees (Rs) rounded to the nearest thousand (Rs'000), unless otherwise indicated.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the Companies Act 2001.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries referred to as the "Group" as at December 31, 2019. The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Groups voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS adopted in the year commencing January 1, 2019:

	Effective for accounting period beginning on or after
Amendments	
IFRS 16 – Leases	January 1, 2019
IFRIC 23 - Uncertainty over Income Tax Treatment	January 1, 2019
IFRS 9 - Prepayment Features with Negative Compensation	January 1, 2019
IAS 19 - Plan Amendment, Curtailment or Settlement	January 1, 2019
IAS 28 - Long-term interests in associates and joint ventures	January 1, 2019
IAS 12 - Income Taxes – Income tax consequences of payments on financial instruments classified as equity	January 1, 2019
IAS 23 - Borrowing Costs – Borrowing costs eligible for capitalisation	January 1, 2019
IFRS 3 Business Combinations – Previously held interests in a joint operation	January 1, 2019
IFRS 11 – Joint Arrangements – Previously held interest in joint arrangements	January 1, 2019

With the exception of IFRS16 Leases, the adoption of the above amended standards did not have a material impact on the Group's financial statements.

IFRS 16 Leases

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as having a remaining lease term of less than 12 months from the date of initial application.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Early application is permitted but not before an entity applies IFRS 15. A lessee can choose to apply the Standard using either a full or modified retrospective approach. The Group has elected to apply the modified retrospective approach where an amount equal to the lease liability adjusted by the amount of any prepaid lease payment relating to that lease is recognised is recognised in the statement of financial position on January 1, 2019.

(a) Classification and measurement

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for its office properties. Before the adoption of IFRS 16, the Group classified its lease (as lessee) at the inception date as an operating lease. In an operating lease, the leased properties were not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments.

Under adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and disclosures (continued)

IFRS 16 Leases (continued)

(a) Classification and measurement (continued)

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for all leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for these leases were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 as follows:

	THE GROUP
	Rs'000
Operating lease commitments as at December 31, 2018	**81,606**
Weighted average incremental borrowing rate as at January 1, 2019	10.20%
Effect of Discounted operating lease commitments at January 1, 2019	(10,975)
Less:	
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	-
Add:	
Adjustment as a result of a different treatment of termination option	69,759
Lease liabilities as at January 1, 2019	**140,390**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Accounting Standards and Interpretations issued but not yet effective

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Group has not early adopted. The Group intends to adopt these standards, amendments and interpretation when they become effective.

Where the adoption of the standard or interpretation or improvement is deemed to have an impact on the financial statements or performance of the Group when applicable, its impact is described below:

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 17 - Insurance contracts	January 1, 2023
IFRS 3 Business Combinations – Definition of a Business	January 1, 2020
IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material	January 1, 2020
Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	January 1, 2020
Conceptual Framework For Financial Reporting	January 1, 2020

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short - duration which typically applies to certain non-life insurance contracts.

The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, re-measured every reporting period (the fulfilment cash flows);
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period);
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period;
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice;
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period;
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Accounting Standards and Interpretations issued but not yet effective (continued)

IFRS 17 Insurance Contracts (continued)

- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense;
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IFRS 17 is effective for annual reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a Company of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Group plans to adopt the new standard on the required effective date.

The Group expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Group and is likely to have a significant impact on profit and total equity together with presentation and disclosure.

The Group is still assessing the impact of this new standard and will adopt the standard when it becomes effective.

2.4 Significant accounting policies

(a) Foreign currency translation

The Group's consolidated financial statements are presented in Mauritian rupees which is also the parent company's functional currency. Each company in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

On consolidation, the assets and liabilities of foreign operations are translated into Mauritian Rupees (Rs) at a rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Transactions and balances

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(b) Insurance contracts

(i) Classification of insurance contracts

The Group issues contracts which transfer insurance risk. Insurance contracts are those contracts which transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired. Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Insurance contracts issued by the Group are classified within the following main categories:

Short-term insurance contracts

Short-term insurance contracts are mainly in respect of motor business but the Group also sells fire and allied perils, health, marine, engineering and other miscellaneous insurance contracts. These contracts protect the Group's customers from damage suffered to property or goods, value of property and equipment lost, losses and expenses incurred, sickness and loss of earnings resulting from the occurrence of the insured events.

Long-term insurance contracts

These contracts insure human life events (for example death or survival) over a long duration. A unit-linked insurance contract is an insurance contract with an embedded derivative linking payments on the contract to units of an internal investment fund set up by the Group with the consideration received from the contract holders after deducting life charges, administration charges and any unpaid charges. The Group does not separately measure any embedded derivatives as they qualify for recognition as an insurance contract. As such they are measured as insurance contracts.

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the Gross Premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case, a margin for risk and adverse deviation is generally included. A separate reserve for longevity may be established and included in the measurement of the liability. Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and premium deficiency, as well as for claims outstanding. Adjustments to the liabilities at each reporting date are recorded in profit or loss. Profits originated from margins of adverse deviations on run-off contracts are recognised in profit or loss over the life of the contract, whereas losses are fully recognised in profit or loss during the first year of run-off. The liability is derecognised when the contract expires, is discharged or is cancelled.

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate by using an existing liability adequacy test. The liability value is adjusted to the extent that it is insufficient to meet expected future benefits and expenses. In performing the adequacy test, current best estimates of future contractual cash flows, including related cash flows such as claims handling and policy administration expenses, policyholder options and guarantees, as well as investment income from assets backing such liabilities, are used. To the extent that the test involves discounting of cash flows, the interest rate applied may be based on management's prudent expectation of current market interest rates. Any inadequacy is recorded in profit or loss and subsequently, an additional insurance liability for the remaining loss is established. In subsequent periods the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of the loss recognition. The assumptions do not include a margin for adverse deviation. Impairment losses resulting from liability adequacy testing can be reversed in future years if the impairment no longer exists.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(b) Insurance contracts (continued)

(i) Classification of insurance contracts (continued)

Long-term insurance contracts without fixed terms and with DPF

Some insurance contracts contain a Discretionary Participation Feature (DPF). These types of insurance contracts entitle the contract holder, in supplement of a guaranteed amount, to a contractual right to receive additional profits or bonuses. The magnitude of the profits or bonuses as well as the timing of the payments is however at the discretion of the Group. The Group has an obligation to eventually pay to contract holders 93.5% (2018: 93.5%) of the DPF eligible surplus (i.e all interest and realised gains and losses arising from the assets backing these contracts). The remaining 6.5% (2018: 6.5%) accrues to the shareholders. Any portion of the DPF eligible surplus accruing to contract holders that is not declared as a profit or bonus is retained as a liability in the Life Assurance Fund, until declared and credited to contract holders in future periods. The portion of the DPF eligible surplus accruing to shareholders is transferred annually to a Non Distributable reserve under shareholder's equity. All DPF liabilities including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance contract liabilities, as appropriate.

100% of all profits arising out of the non-profit annuity and unit-linked books of business are now allocated to shareholders.

Unit linked contracts

These are insurance contracts which include an embedded derivative linking payments on the contracts to units of an internal investment fund set up by the Group with the consideration received from contract holders. This embedded derivative meets the definition of an insurance contract and has therefore not been accounted for separately from the host insurance contract. The liability of such contracts is adjusted for all changes in the fair value of underlying assets.

(ii) Reinsurance contracts

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

Reinsurance contracts used by the Group are proportional and non-proportional treaties and facultative arrangements. Proportional reinsurance can be either 'quota share' where the proportion of each risk reinsured is stated or "surplus" which is a more flexible form of reinsurance and where the Group can fix its retention limit. Non-proportional reinsurance is mainly 'excess-of-loss' type of reinsurance where, in consideration for a premium, the reinsurer agrees to pay all claims in excess of a specified amount, i.e. the retention, and up to a maximum amount. Facultative insurance contracts generally relate to specific insured risks which are underwritten separately. Under treaty arrangements, risks underwritten by the Group falling under the terms and limits of the treaties are reinsured automatically.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired or when the contract is transferred to another party.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(b) Insurance contracts (continued)

(iii) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. Receivables are tested for impairment when there are indications that the balances might be recoverable. Indication of impairment includes payments terms not satisfied, agents/brokers facing financial difficulties, balance from individuals are long overdue. Balances that are more than 180 days but less than 365 days a provision of 2% is provided by the group and balances over 365 days are fully provided for.

(iv) Impairment of reinsurance assets

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. If a reinsurance asset is impaired, the Group reduces the carrying amount accordingly and recognizes that impairment in profit or loss. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of that asset, that the Group may not recover all amounts due under the terms of the contract and that the event has a measurable impact on the amounts that the Group will receive from the reinsurer.

(v) Claims expenses and outstanding claims provisions

Outstanding claims provisions are based on the ultimate costs of all claims incurred but not settled at the end of financial reporting period, whether reported or incurred but not reported (IBNR). Notified claims are only recognised when the Group considers that it has a contractual liability to settle the claims. IBNR has been provided for on an actuarial method which consists in the projection of incurred but not reported claims based on the claims reporting delay pattern for the Group over the last ten years. Claims expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to contract holders or third parties.

There are often delays between the occurrence of the insured event and the time it is actually reported to the Group, particularly in respect of liability business, the ultimate cost of which cannot be known with certainty at the end of the financial reporting period. Following the identification and notification of the insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. Outstanding claims provisions are not discounted and exclude any allowances for expected future recoveries. Recoveries represent claims recoverable from third party insurers. Recoveries are accounted for as and when received. However, non-insurance assets that have been acquired by exercising rights to sell, salvage or subrogate under the terms of the insurance contracts are included when providing for outstanding claims. The liability is not discounted due to the fact that the exact timing and actual amount to be paid cannot be determined.

(vi) Incurred but not reported claims (IBNR)

IBNR calculation is calculated on an actuarial method which consists of the projection of incurred but not reported claims based on the claims reporting delay pattern for the Group over the last ten years.

(vii) Salvage and subrogation reimbursements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(b) Insurance contracts (continued)

(viii) Deferred acquisition costs

The liability for commissions payable is recognised at the inception date of the insurance contract/endorsement.

Commissions payable and reinsurance commissions receivable relating to unexpired premiums are recognised and released to profit or loss as and when the premiums are earned.

(ix) Provision for unearned premiums

The provision for unearned premiums represents the portion of premiums written on short-term insurance contracts relating to periods of insurance risks subsequent to the reporting date. It is calculated on the inception basis (daily method). The movement on the provision is taken to profit or loss in order for revenue to be recognised over the period of the risk. The provision is derecognized when the contract expires, is discharged or cancelled.

(x) Liability adequacy test

Short-term insurance

At end of financial reporting period, the Group's Independent actuaries review the adequacy of the contract liabilities. In performing the test, current best estimates of future contractual cash flows (including claims handling and administration expenses) and expected investment returns on assets backing such liabilities are used. Any deficiency is immediately charged to profit or loss and a provision is established for losses arising from the liability adequacy test (the unexpired risk provision).

Long-term insurance

The Group's Independent Actuaries review the adequacy of insurance liabilities for long term contracts on an annual basis and ensure that provisions made by the Group are adequate.

(xi) Investment contract liabilities

Investment contracts are contracts without DPF. Investment contract liabilities without DPF are recognised when contracts are entered into. These liabilities are initially recognised at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition, investment contract liabilities are measured at fair value through profit or loss.

(c) Financial instruments

Financial assets

Financial assets with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value though profit or loss is expensed in profit or loss.

Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- Fair value through other comprehensive income;
- Fair value through profit or loss.

Classification and measurement

This classification depends on whether the financial asset is a debt or equity investment. The following table shows the classification of the different types of financial assets:

CLASSIFICATION	TYPE OF FINANCIAL ASSETS INCLUDED
Fair value through profit or loss	Government bonds, quoted securities, unquoted securities and investment in open ended mutual funds
Fair value through other comprehensive income	Quoted securities, unquoted securities
Amortised cost	Deposits, corporate bonds, government bonds, treasury bills, treasury notes and loan receivables

Financial investments at amortised cost

The Group only measures debts investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

Classification and measurement (continued)

If either of the two criteria above is not met, the debt instrument is classified as 'fair value through other comprehensive income or fair value through profit or loss. The Group has not designated any debt investment measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

A gain or loss on a debt investment that is subsequently measured at amortized cost is recognised in profit or loss when the financial asset is derecognized or impaired and through the amortization process using the effective interest rate method. Interest revenue shall be calculated by using the effective interest method.

An entity shall directly reduce the gross carrying amount of a financial asset when the entity has not reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Fair value through other comprehensive income (FVOCI)

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Impairment gains and losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss. Refer to 2.5 (iii) for classification of debt instrument at FVOCI.

For all other equity investments not classify as fair value through profit or loss, the Group can make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. Where the Group's management has elected to present unrealized and realised fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as long as they represent a return on investment.

Fair value through profit or loss

The portfolio of the Group assets in this category are mandatorily classified as fair value through profit or loss. These would include held for trading equity and listed debt securities, and investments in units issued by mutual funds.

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there evidence of a recent pattern of short-term profit is taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in profit or loss and presented as part of 'realised gains/losses- net' in the period in which they arise.

Interest and dividend income or expense is recorded in profit or loss according to the terms of the contract, or when the right to payment has been established.

Included in this classification are government bonds, quoted securities, unquoted securities and investment in open ended mutual funds that have been acquired principally for the purpose of selling or repurchasing in the near term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(c) Financial instruments (continued)

Financial assets (continued)

Derecognition

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

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(d) Impairment of financial assets

Overview of the ECL principles

The ECL allowance is based on the credit loss expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL). The Group's policies for determining if there has been a significant increase in credit risk are set out in note 3.2.2.

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12m ECLs are calculated on either an individual basis or a collective basis depending on the nature of the underlying portfolio of financial instruments. The Group's policy for grouping financial assets measured on a collective basis is explained in note 3.2.2.

The Group has established a policy to perform an assessment at the end of each reporting period of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(d) Impairment of financial assets (continued)

Overview of the ECL principles (continued)

Based on the above process, financial instruments are grouped into Stage 1, Stage 2 and Stage 3 as described below:

- Stage 1: When loans are first recognised, the Group recognises an allowance based on 12m ECLs. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2. Management determined that credit risk has improved when the client has not default for consecutive 6 months period.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3. The loans are transferred from stage 3 to stage two where the client has consistently paid all instalments for consecutive 9 months period.
- Stage 3: Loans considered credit-impaired. The Group records an allowance for the LTECLs.

For financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the asset is credit impaired and the interest rate is calculated on the amortised cost based on a credit-adjusted effective interest rate.

The calculation of ECLs

The Group calculates ECLs based on individual account EAD at the reporting date to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD — The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD — The *Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD — The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(d) Impairment of financial assets (continued)

The calculation of ECLs (continued)

The mechanics of the ECL method are summarised below:

- Stage 1: The 12m ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.

These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

- Stage 3: For loans considered credit-impaired the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth;
- Unemployment rates.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Group's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same is it was under IAS 39. Collateral, unless repossessed, is not recorded on the Group's statement of financial position. However, the fair value of collateral affects the calculation of ECLs.

To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties Valuers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(e) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss or other financial liabilities at amortised cost as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

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

The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent measurement

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate "EIR" method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized 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 amortization is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(f) Borrowing costs

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

(g) Offsetting of financial instruments

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(h) Investment in subsidiary companies

Subsidiaries are all entities (including structured entities) over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Separate financial statements

Investments in subsidiaries in the separate financial statements of the Company are carried at cost, net of any impairment. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is recognised in profit or loss. Upon disposal of the investment, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(i) Investment in associated company

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control or joint control over those policies.

The Group's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of profit or loss reflects the share of the results of operations of the associate. Any change in OCI of the investee is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit of the associate is shown on the face of the statement of profit or loss. This is profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring its accounting policies in line with the Group's.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associates. The Group determines at each reporting date, whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
Notes to the Consolidated Financial Statements for year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(j) Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(k) Equity instruments

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

(l) Equity movements

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's shareholders. Interim dividends are deducted from equity when they are approved. Final dividends are usually approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(m) Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost excludes the cost of day to day servicing. Replacement or major inspection costs are capitalized when incurred and if probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

Land and buildings are subsequently shown at market value, based on valuations by external independent valuers, less subsequent depreciation for property. The valuation is performed every three years. However, management assesses whether the carrying amount has not changed significantly over years. All other property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment.

Revaluations are done with sufficient regularity to ensure that the carrying amount does not differ materially from that would be determined using fair value at the end of the reporting date. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated by the revalued amount of the asset. Any revaluation surplus is recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amount, to its residual values over its estimated useful life as follows:

	Rate per annum
Buildings	2%
Office equipment, computers, fixtures, fittings and other electricals	10 - 33.33%
Motor vehicles	20%

Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed and adjusted prospectively if appropriate, at each financial reporting period end.

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

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and the disposal proceeds are taken into account in determining operating profit and the surplus of the Life Assurance Fund. On disposal of revalued assets, any amounts in revaluation reserve relating to those assets are transferred to retained earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(n) Investment properties

Properties held to earn rentals or capital appreciation or both and not occupied by the Group are classified as investment properties. Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment properties at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. 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 the profit or loss. Fair values are determined based on the valuation performed by an accredited external, independent valuer.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers made to or from investment properties are only made when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. 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 Group accounts for such property in accordance with the policy stated under plant and equipment up to the date of the change in use.

(o) Non–controlling interest

Non-Controlling interest are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. All non-controlling Interests have been measured at the proportionate share of the acquiree's identifiable net assets.

(p) Intangible assets

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

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 profit or loss when the asset is derecognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(p) Intangible assets (continued)

Acquisition of client portfolio

The cost of acquisition of a client portfolio is capitalized and amortized using the straight-line method over five to twenty-five years.

Computer software

Computer software is initially recorded at cost and amortized using the straight-line method over the estimated useful life of 5 years.

Work-in-progress represents the implementation of a software system.

Goodwill

Goodwill is not amortised but tested for impairment annually as described in note 2.5(iii).

(q) Impairment of non-financial assets

The Group 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 Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell 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. 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 to sell, recent market transactions are taken into account, if available.

(r) Cash and cash equivalents

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. Cash and cash equivalents are measured at amortized cost.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

(s) Provisions

Provisions are recognised when the Group 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 Group 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 any provision is presented in 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 in finance cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(t) Segment reporting

Segments are reported in a manner consistent with the internal reporting provided to management.

(u) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods 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 by the reporting date, in the countries where the Group operates and generates taxable income. The income tax is recognised as a charge in profit or loss.

The Group can offset current tax assets and current tax liabilities if and only if, the Group:

(a) has a legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax

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

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

- Where 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; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where 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 income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable and there is convincing evidence 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 income 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; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised 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 income 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 income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(u) Taxes (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised 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 recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Group shall offset deferred tax assets and deferred tax liabilities if, and only if :

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The Group and the Company have disclosed deferred income tax assets and deferred income tax liabilities separately as it does not meet the above criteria.

Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within the Statement of Comprehensive Income and the income tax liability on the Statement of Financial Position.

The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

Alternative Minimum Tax (AMT)

Alternative Minimum Tax (AMT) is provided for where the Company has a tax liability of less than 7.5% of its book profit and pays a dividend. AMT is calculated as the lower of 10% of the dividend declared and 7.5% of book profit.

(v) Revenue recognition

The Group administers the pension scheme, provides actuarial services advice and investment advice to its clients under contract. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue from sale of services is recognised over time using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(v) Revenue recognition (continued)

(i) Premiums earned

Premiums on short-term insurance contracts represent gross premiums net of premiums ceded to reinsurers and are recognised as revenue (net earned premiums) on an inception basis (daily method).

Premiums on long-term insurance contracts are recognised in the Life Assurance Fund when receivable, i.e. when payments are due.

(ii) Consideration for annuities

Consideration for annuities is recognised in the Life Assurance Fund when receivable.

(iii) Other revenues

Other revenues are recognised on the following bases:

- Fees and commission income - on the accrual basis in accordance with the substance of the relevant agreements;
- Interest income - it is recognised using the effective interest method as it accrues;
- Dividend income - when the shareholder's right to receive payment is established.

(w) Shareholders' share of the surplus generated by the Life Business

The Group recognises the shareholders' share of the DPF eligible surplus on an annual basis and transfers this amount from/to the Life Assurance Fund to/from the shareholders' share of Life surplus in equity. The non-distributable share of the surplus is transferred annually from retained earnings to a non-distributable reserve. Whenever bonuses are paid/credited to policyholders, an amount representing 6.5 % (2018: 6.5%) of these bonuses is transferred from the non-distributable reserve to retained earnings in the statement of changes in Equity.

(x) Life Assurance Fund

At the end of every year the amount of the liabilities of the Life assurance fund is established. A portion of the surplus between the value of the assets and the value of the liabilities is transferred to profit or loss. The adequacy of the fund is determined annually by actuarial valuation.

(y) Retirement benefit obligations

(i) Defined Contribution Pension Scheme

Retirement benefits to employees of the Group are provided by a Defined Contribution Pension Scheme, the Mauritius Union Group Pension Scheme, which is funded by contributions from the Group and the employees. Payments made by the Group are charged to profit or loss in the year in which they are payable.

The foreign subsidiaries operate a defined contribution pension plan scheme for all eligible employees. The scheme is administered by MUA Pension Ltd and is funded by contribution from both the Company and employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(y) Retirement benefit obligations (continued)

(i) Defined Contribution Pension Scheme (continued)

The foreign subsidiaries contribute to the statutory National Social Security Fund in the respective countries. Contributions to these schemes are determined by local statue. The obligations to retirement benefits are charged to the profit or loss in the year to which they relate.

Members of the Defined Contribution Scheme, who were previously members of the MUA Staff Pension Scheme, a Defined Benefit Scheme, are entitled to a No Worse Off Guarantee ("NWOG") based on the benefits of the Defined Benefit Pension Scheme.

(ii) Defined Benefit Scheme

For Defined Benefit retirement benefit plans, the cost of providing benefits using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes on the return on plan assets (excluding interest) is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in returned earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expenses or income; and
- Remeasurement.

(iii) Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(z) Share based payment

The Company has a Group Share Option Scheme where Executive management team of its subsidiaries receive remuneration in the form of share-based payments, whereby they render services as consideration for equity instruments of the Company (equity-settled transactions).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(z) Share based payment (continued)

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. In the separate financial statements, the cost is recognized as a quasi-capital contribution in the subsidiaries, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. At Group level the cumulative expenses are recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expenses recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transaction for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification.

(aa) Fair value measurement

The Group measures financial instruments, such as, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and non-financial assets such as investment properties, land and building, at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in note 34.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(aa) Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Group. Management considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's valuation committee determines the policies and procedures for both recurring fair value measurement, such as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by the valuation committee after discussion with and approval by the Group's audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

At each reporting date, the valuation committee analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the valuation committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The valuation committee, in conjunction with the Group's external valuers, also compares each of the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(ab) Contingencies reserve

A contingency reserve was created by one of the Company's overseas insurance subsidiaries in order to comply with their local Insurance Act Regulations. This reserve is created to cover fluctuations in securities and variation in statistical estimates.

(ac) Leases

Accounting policy applicable before January 1, 2019

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Accounting policy applicable after January 1, 2019

Lessee

The Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 4.

For any new contracts entered into on or after January 1, 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- The Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting policies (continued)

(ac) Leases (continued)

Accounting policy applicable after January 1, 2019 (continued)

Lessee (continued)

The Group's leasing activities

The Group leases space for its branches and the rental contract is for fixed periods of 5 years, but may have renewal option as described below. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

However, for leases of space for which the Group is a lessee, it has elected to separate lease and non-lease components and accounts for these as two separate components. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Under IFRS 16, 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;
- Amounts expected to be payable by the Company under residual value guarantees.

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 the lease for 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 environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal 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.

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.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. While the Company revalues its land and buildings that are presented within property and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Extension and termination options

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

The Group is not a lessor in any of its arrangements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting judgments, estimates and assumptions

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Valuation of insurance contract liabilities

The uncertainty inherent in the financial statements of the Group arises mainly in respect of insurance liabilities, which include outstanding claims provision (including IBNR) and life assurance fund. In addition to the inherent uncertainty when estimating liabilities, there is also uncertainty as regards the eventual outcome of claims. As a result, the Group applies estimation techniques to determine the appropriate provisions.

These estimates are described below.

(i) Short-term insurance

The estimation of ultimate liability arising from the claims made under insurance contracts is one of the Group's most critical accounting estimates. There are sources of uncertainty that need to be considered in the estimate of the liability that the Group will eventually pay for such claims. 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 reported ("IBNR") at the reporting date. The Group uses a range of actuarial methodologies to estimate these provisions.

Liabilities for unpaid reported claims are estimated using the input of assessments for individual cases reported to the Group and management estimates based on past claims settlement trends for the claims incurred but not reported. General insurance loss reserves require significant judgment relating to factors and assumptions such as inflation, claims development patterns and regulatory changes.

Specifically, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims. Further, not all catastrophic events can be modeled using actuarial methodologies, which increases the degree of judgment needed in estimating general insurance loss reserves. At each reporting date, prior year claims estimates are reassessed for adequacy and changes are made to the provision.

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

(ii) Long-term insurance

The liability for life insurance contracts with DPF is either based on current assumptions or on assumptions established at the inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflect management's best current estimate of future cash flows.

The main assumptions used relate to mortality, morbidity, longevity, investment returns, expenses, lapse and surrender rates and discount rates. The Company bases mortality and morbidity on the Ultimate Table (UK) which reflect historical experiences, adjusted when appropriate to reflect the Company's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences. For those contracts that insure risk related to longevity, prudent allowance is made for expected future mortality improvements, as well as wide ranging changes to life style, could result in significant changes to the expected future mortality exposure. The operational assumptions are informed by actual experience, market experience and practice, and expectations as to future trends. Economic assumptions are typically based on latest market conditions and are set in accordance with relevant guidance and the Group approved policy.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting judgments, estimates and assumptions (continued)

Valuation of insurance contract liabilities (continued)

(ii) Long-term insurance (continued)

Estimates are also made as to future investment income arising from the assets backing life insurance contracts. These estimates are based on current market returns, as well as expectations about future economic and financial developments. Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation, if appropriate. Lapse and surrender rates are based on the Company's historical experience of lapses and surrenders. Discount rates are based on current industry risk rates, adjusted for the Company's own risk exposure.

For long-term insurance contracts with fixed and guaranteed terms and with DPF, estimates of future deaths, voluntary terminations, investment returns and administration expenses are made at each valuation date and form the assumptions used for calculating the liabilities. A margin for risk and uncertainty is added to these assumptions. Assumptions are reconsidered each year based on the most recent operating experience and estimate of future experience and are used to recalculate the liabilities. Refer to note 3.1.3 where the sensitivity analysis is described.

(iii) Other significant, estimates and judgements

Revaluation of land and building and investment properties

The company measures its land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive Income. For investment properties, the changes in fair value is being recognized in profit or loss. The company engaged an independent professional valuer to determine the fair value. These estimates have been based on recent transaction prices for similar properties. The actual amount of the land and buildings could therefore differ significantly from the estimates in the future.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Recoverable amount on insurance and other receivables

In preparing those consolidated financial statements, the directors have made estimates of the recoverable amounts of insurance and other receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. The estimation of recoverable amounts involves an assessment of the financial condition of the debtors concerned and estimate of the timing and the extent of cash flows likely to be received by the Group.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash generating units and a suitable discount rate in order to calculate present value. The Group test goodwill annually for impairment, or more frequently if there are indicators that goodwill might be impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting judgments, estimates and assumptions (continued)

Valuation of insurance contract liabilities (continued)

(iii) Other significant, estimates and judgements (continued)

The recoverable amount of a CGU is determined based on the value in use calculations. These calculations use cash flow projections based on financial budgets approved by management. Cash flows are extrapolated using the estimated growth rates and terminal growth. Management does not expect that the growth rate to exceed the long term average growth rate in which the CGU operates. Management believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit. Management have reviewed the carrying amount of the goodwill at the end of the reporting period and is in the opinion, they have not been impaired.

Impairment of non-financial assets

At end of financial reporting period, management reviews and assesses the carrying amounts of non-financial assets and other assets and, where relevant, writes them down to their recoverable amounts based on best estimates.

Impairment of investment in subsidiaries

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

The recoverable amount of a CGU is determined based on the value in use calculations. These calculations use cash flow projections based on financial budgets approved by management. Cash flows are extrapolated using the estimated growth rates. Management does not expect that the growth rate to exceed the long-term average growth rate in which the CGU operates. Management believe that any reasonably possible change in key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit. Management have reviewed the carrying amount of the investment in subsidiaries at the end of the reporting period, no impairment was required for the year ended December 31, 2019. (2018: nil). Refer to note 8 (a).

Classification and recognition of financial assets

Management has evaluated that where it held equity securities for strategic reason rather than for trading purposes, these do not qualify as financial assets at fair value through profit or loss. The impact of such a decision is that changes in fair value are recognised in other comprehensive income rather through profit or loss. Similarly, the concept of impairment will no longer apply to these investments. This decision is irrevocable.

On the other hand, the corporate bonds (i.e. debt securities) were not considered to meet the criteria to be classified at amortized cost in accordance with IFRS 9, because the objective of the Group's business model is not to hold these debt securities in order to collect their contractual cash flows but rather to sell the instrument prior to its contractual maturity to realize their fair value changes.

Impairment of non-financial assets

At end of financial reporting period, management reviews and assesses the carrying amounts of non-financial assets and other assets and, where relevant, writes them down to their recoverable amounts based on best estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting judgments, estimates and assumptions (continued)

(iii) Other significant, estimates and judgements (continued)

Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 across all categoriesof financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's internal credit grading model, which assigns PDs to the individual grades;
- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs;
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Net employee defined benefit liabilities

The cost under the employee defined benefit plans as disclosed in note 17 to the financial statements requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimate in respect of inter-alia, discount rate, future salary increases and mortality rate. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Control over subsidiaries

Note 8 describe MUA Rwanda Ltd, Phoenix of Tanzania Assurance Company Limited and MUA Uganda Ltd as subsidiaries of the Group.

The directors of the Company assessed whether or not the Group has control over the above subsidiaries based on whether the Group has the practical ability to direct their relevant activities unilaterally. In making their judgment, the directors considered the Group's absolute size of holding in these subsidiaries and the relative size of and dispersion of the shareholdings owned by the other shareholders. After assessment, the directors concluded that the Group has sufficient dominant voting interest to direct the relevant activities of these subsidiaries and therefore the Group has control over them.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting judgments, estimates and assumptions (continued)

(iii) Other significant, estimates and judgements (continued)

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Determination of lease term

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

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

3.1 Insurance risks

Insurance risk is transferred when the Group agrees to compensate a policyholder if a specified uncertain future event (other than a change in a financial variable) adversely affects the policyholder. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The main risk that the Group faces under its insurance contracts is that actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This may occur if the frequency or severity of claims and benefits are greater than estimated.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy so as to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

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

3.1.1 Insurance liabilities

(a) Short-term Insurance

The frequency and severity of claims can be affected by several factors. The most significant claims result from accident, liability claims awarded by the Court, fire and allied perils and their consequences. Inflation is also a significant factor due to the long period typically required to settle some claims.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.1 Insurance risks (continued)

3.1.1 Insurance liabilities (continued)

(a) *Short-term Insurance (continued)*

The Group's underwriting strategy attempts to ensure that the underwritten risks are well diversified in type, amount of risk and industry. The Group has underwriting limits by type of risks and by industry. Performance of individual insurance policies is reviewed by management and the Group reserves the right not to renew individual policies. It can impose deductibles and has the right to reject the payment of a fraudulent claim. Where relevant, the Group may sue third parties for payment of some or all liabilities (subrogation). Claims development and provisioning levels are closely monitored.

The reinsurance arrangements of the Group include proportional, excess-of-loss and catastrophe coverage and as such, the maximum loss that the Group may suffer in any one year is pre-determined.

(b) *Long-term Insurance*

For long-term insurance contracts, where the insured event is death, the most significant factors that could impact on insurance claims are diseases like heart problems, diabetes, high blood pressure or changes in lifestyle, such as eating habits, smoking and lack of exercise, resulting in higher and earlier claims being submitted to the Group. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. The liabilities in terms of insurance contracts are based on recommendations of the Group's Independent Actuaries.

3.1.2 Concentration of *insurance risk*

(a) Short-term Insurance

The following table discloses the concentration of outstanding claims by class of business, gross and net of reinsurance.

THE GROUP
Outstanding claims
2019

Class of business	No. of claims	Gross liabilities	Reinsurance of liabilities	Net
		Rs'000	Rs'000	Rs'000
Motor	16,623	452,518	(25,656)	426,862
Fire	494	128,442	(101,907)	26,535
Personal Accident	850	40,379	(25,706)	14,673
Transport	184	163,494	(148,127)	15,367
Miscellaneous	2,572	404,513	(209,992)	194,521
IBNR	-	146,635	(27,370)	119,265
Total	20,723	1,335,982	(538,757)	797,225

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.1 Insurance risks (continued)

3.1.2 Concentration of *insurance risk (continued)*

(a) Short-term Insurance (continued)

THE GROUP
Outstanding claims
2018

Class of business	No. of claims	Gross liabilities	Reinsurance of liabilities	Net
		Rs'000	Rs'000	Rs'000
Motor	17,210	495,104	(25,824)	469,280
Fire	535	185,736	(146,191)	39,545
Personal Accident	835	36,504	(21,769)	14,735
Transport	220	118,440	(102,627)	15,813
Miscellaneous	1,787	384,905	(186,338)	198,567
IBNR	-	170,656	(58,466)	112,190
Total	20,587	1,391,344	(541,214)	850,130

(b) Long-term Insurance

The table below presents the concentration of insured benefits across bands of insured benefits per individual life assured.

Benefits assured per life assured at the end of 2019

THE GROUP
Total benefits insured

	Before reinsurance		After reinsurance	
Rs'000	Rs'000	%	Rs'000	%
0 - 50	**1,605,685**	**2**	**1,617,909**	**5**
50 - 100	**3,075,930**	**4**	**3,105,389**	**10**
100 - 150	**1,714,357**	**2**	**1,794,713**	**6**
150 - 200	**1,608,799**	**2**	**1,671,339**	**5**
200 - 250	**2,038,825**	**3**	**2,000,713**	**6**
250 - 300	**2,606,492**	**4**	**15,277,241**	**50**
More than 300	**56,875,905**	**83**	**5,316,779**	**18**
Total	**69,525,993**	**100**	**30,784,083**	**100**

Benefits assured per life assured at the end of 2018

THE GROUP
Total benefits insured

	Before reinsurance		After reinsurance	
Rs'000	Rs'000	%	Rs'000	%
0 - 50	1,323,255	2	1,337,546	6
50 - 100	2,081,124	4	2,112,416	10
100 - 150	1,577,245	3	1,675,532	8
150 - 200	1,429,719	2	1,316,724	6
200 - 250	2,084,272	4	1,722,085	8
250 - 300	2,300,509	4	8,937,438	43
More than 300	46,532,012	81	3,856,442	19
Total	57,328,136	100	20,958,183	100

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.1 Insurance risks (continued)

3.1.2 Concentration of insurance risk (continued)

(b) Long-term Insurance (continued)

The following table for annuity insurance contracts illustrates the concentration of risk in bands that group these contracts in relation to the amount payable per annum as if the annuities were in payment at the year end. The Group does not hold any reinsurance contracts against the liabilities carried for these contracts.

Annuities payable per annum per life insured at end of 2019

	THE GROUP			
	2019		2018	
Rs'000	Rs'000	%	Rs'000	%
0 - 10	2,586	3	2,474	3
10 - 20	5,449	6	4,646	6
20 - 50	18,829	20	17,093	20
50 - 100	21,029	22	19,014	22
100 - 150	11,374	12	10,324	12
More than 150	36,600	37	31,886	37
Total	95,867	100	85,437	100

3.1.3 Sources of uncertainty

(a) Short term insurance

Claims on short-term insurance contracts are payable on a claims occurrence basis for motor and liability business and on a claims made basis for non-motor. Under the claims occurrence basis, the Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract. As a result, liability claims may be settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). For the claims made basis, the Group is liable only if the claims are reported within the specific underwriting year, based on the terms of the contract.

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

	THE GROUP				
2019	**Change in assumptions**	**Impact on gross liabilities**	**Impact on reinsurance share of liabilities**	**Impact on profit before tax**	**Impact on equity**
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Average claim cost	**10%**	**116,521**	**49,666**	**(66,855)**	**(56,827)**

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.1 Insurance risks (continued)

3.1.3 Sources of uncertainty (continued)

(a) Short-term insurance (continued)

	THE GROUP				
2018	Change in assumptions	Impact on gross liabilities	Impact on reinsurance share of liabilities	Impact on profit before tax	Impact on equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Average claim cost	10%	122,090	48,452	(73,638)	(62,592)

(b) Long-term Insurance

The Group manages long-term insurance risks through its underwriting strategy and reinsurance arrangements. Management ensures that risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is included in the Group's underwriting procedures, with premiums varied to reflect the health condition and family medical history of the applicant. Insurance risk may also be affected by the contract holder's behaviour who may decide to amend terms or terminate the contract or exercise a guaranteed annuity option.

The Group has a predetermined retention limit on any single life insured and the Group reinsures the excess of the insured benefit above the retention limit.

Sensitivity analysis

The following table presents the sensitivity of the value of insurance liabilities disclosed to movements in assumptions used in the estimation of insurance liabilities.

The table below indicated the level of the respective variables that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration of the variable.

	THE GROUP				
2019	**Basic liability**	**Future bonus reserve**	**Total life fund**	**Change in basic liability**	**Impact on profit or loss**
Variable	Rs'000	Rs'000	Rs'000		
Base run	7,730,054	62,379	7,792,433	-	-
Future mortality 10% worse	7,786,781	56,434	7,843,215	0.7%	-5.0%
Future lapses 10% higher	7,740,864	64,744	7,805,608	0.1%	-1.3%
Future investment returns 1% lower	8,357,360	(20,314)	8,337,046	8.1%	-7.8%
Future inflation 1% higher	7,770,843	53,781	7,824,624	0.5%	-3.2%
Future maintenance expense 10% higher	7,799,368	41,670	7,841,038	0.9%	-4.8%

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.1 Insurance risks (continued)

3.1.3 *Sources of uncertainty (continued)*

(b) Long-term Insurance (continued)

THE GROUP

2018 Variable	Basic liability Rs'000	Future bonus reserve Rs'000	Total life fund Rs'000	Change in basic liability	Impact on profit or loss
Base run	7,046,710	182,727	7,229,437	-	-
Future mortality 10% worse	7,091,898	177,163	7,269,061	0.6%	-4.6%
Future lapses 10% higher	7,052,390	185,608	7,237,999	0.1%	-1.0%
Future investment returns 1% lower	7,239,278	23,647	7,262,925	2.7%	-8.1%
Future inflation 1% higher	7,090,182	172,438	7,262,620	0.6%	-3.9%
Future maintenance expense 10% higher	7,116,972	160,359	7,277,331	1.0%	-5.6%

3.1.4 *Claims development tables*

THE GROUP (2019)			Underwriting Year		
Net estimate of ultimate claim costs	**2015**	**2016**	**2017**	**2018**	**2019**
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	**256,551**	**322,461**	**324,568**	**261,165**	**257,474**
- One year later	**207,596**	**202,000**	**201,278**	**126,369**	-
- Two years later	**132,657**	**126,680**	**120,633**	-	-
- Three years later	**155,189**	**115,280**	-	-	-
- Four years later	**107,878**	-	-	-	-

THE COMPANY (2018)			Underwriting Year		
Net estimate of ultimate claim costs	**2014**	**2015**	**2016**	**2017**	**2018**
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	144,018	256,551	322,461	324,568	261,165
- One year later	95,964	207,596	202,000	201,278	-
- Two years later	62,222	132,657	126,680	-	-
- Three years later	44,379	155,189	-	-	-
- Four years later	92,269	-	-	-	-

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.1 Insurance risks (continued)

3.1.4 *Claims development tables (continued)*

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of total claims outstanding for each year from its general business (short-term insurance) have changed at successive year ends and reconciles the cumulative claims to the amount appearing in the statement of financial position.

THE GROUP (2019)	2015	2016	2017	2018	2019	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Current estimates of cumulative claims	**1,096,512**	**1,123,583**	**649,697**	**751,159**	**1,092,341**	**4,713,292**
Cumulative payments	**(1,058,283)**	**(1,083,024)**	**(591,845)**	**(696,679)**	**(909,228)**	**(4,339,059)**
Liability	**38,229**	**40,559**	**57,852**	**54,480**	**183,113**	**374,233**
Liability in respect of prior years						**296,968**
Incurred but not reported (IBNR)						**126,024**
Total liability (net)						**797,225**

THE GROUP (2018)	2014	2015	2016	2017	2018	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Current estimates of cumulative claims	734,453	1,041,964	1,226,397	866,371	859,725	4,728,910
Cumulative payments	(701,200)	(985,269)	(1,099,717)	(665,093)	(598,560)	(4,049,839)
Liability	33,253	56,695	126,680	201,278	261,165	679,071
Liability in respect of prior years						58,869
Incurred but not reported (IBNR)						112,190
Total liability (net)						850,130

Long-term insurance (The Group)

Financial Liabilities	**2019**	2018
Long-term insurance contracts	**Rs'000**	Rs'000
No stated Maturity	**3,790,728**	3,490,654
0 - 1 yr	**239,350**	222,209
1 - 2 yrs	**226,958**	229,645
2 - 3 yrs	**227,387**	216,567
> 3 yrs	**3,309,786**	3,070,362
	7,794,209	7,229,437

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.2 Financial risks

The Group is exposed to financial risks through its financial assets, financial liabilities, insurance and reinsurance assets and liabilities. In particular, the key financial risk is that proceeds from financial assets are not sufficient to fund the obligations arising from insurance contracts.

Risk management is carried out by the investment department under policies approved by the investment committee. The investment department identifies and evaluates financial risks in close co-operation with The Group's operating units. The committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risks, interest rate risks and investment of excess liquidity.

The main risks to which the Group is exposed include:

- Market risk (which includes foreign exchange risk, interest rate risk and equity price risk);
- Credit and liquidity risks.

Concentration risk

The Group has no significant concentration of currency risk.

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

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.2 Financial risks (continued)

Financial statements caption

			THE GROUP			
			December 31, 2019		December 31, 2018	
		Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
			Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income			-	814		815
Financial assets at fair value through profit or loss	USD	+2.5%	12,510	-	7,111	-
Cash and short-term deposits			286	-	626	-
Financial assets at fair value through other comprehensive income			-	340	-	368
Financial assets at fair value through profit or loss	EUR	+2.5%	4,471	-	3,204	-
Cash and short-term deposits			216	-	32	-
Financial assets at fair value through profit or loss	GBP	+2.5%	65	-	62	-
Cash and short-term deposits			7	-	1	-
Cash and short-term deposits	SGD	+2.5%	216	-	-	-
Cash and short-term deposits	ZAR	+2.5%	2	-	5	-
Financial assets at fair value through other comprehensive income			-	(814)		(848)
Financial assets at fair value through profit or loss	USD	-2.5%	(12,510)		(7,111)	
Cash and short-term deposits			(286)		(626)	
Financial assets at fair value through other comprehensive income			-	(340)		(275)
Financial assets at fair value through profit or loss	EUR	-2.5%	(4,471)	-	(3,204)	-
Cash and short-term deposits			(216)	-	(29)	-
Financial assets at fair value through profit or loss	GBP	-2.5%	(65)	-	(62)	-
Cash and short-term deposits			(7)		(1)	
Cash and short-term deposits	SGD	-2.5%	(216)	-	-	-
Cash and short-term deposits	ZAR	-2.5%	(2)	-	(5)	-

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.2 Financial risks (continued)

Financial statements caption (continued)

THE COMPANY

	Changes in variables	December 31, 2019 Impact on profit before tax	December 31, 2019 Impact on equity	December 31, 2018 Impact on profit before tax	December 31, 2018 Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
USD	+2.5%	128	814	-	-
EUR	+2.5%	202	340	-	-
GBP	+2.5%	3	-	-	-
ZAR	+2.5%	2	-	-	-
SCR	+2.5%	1,247	-	-	-

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

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments or the future cash flows related to financial instruments will change due to a change in interest rates. The risk is also that there will be insufficient funds to fund the guaranteed benefits payable especially under long term life assurance contracts. Under short-term insurance contracts, liabilities are not directly sensitive to the level of market interest rates, as they are contractually non-interest bearing; except in case of bodily injury claims which are settled over long periods. Fluctuations in interest rates however impact on returns on financial instruments. This is closely monitored by Management through a well diversified portfolio of fixed income securities and equity investments.

The interest rate risk arises on loan and receivables at amortised cost, cash and cash equivalents, bank overdrafts and subordinated bonds.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity.

THE GROUP

Changes in interest rate	December 31, 2019 Impact on profit before tax	December 31, 2019 Impact on equity	December 31, 2018 Impact on profit before tax	December 31, 2018 Impact on equity
	Rs'000	Rs'000	Rs'000	Rs'000
+250 basis points	11,294	11,294	12,668	12,668
−250 basis points	(11,294)	(11,294)	(12,668)	(12,668)

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.2 Financial risks (continued)

3.2.1 Market Risk

(ii) Interest rate risk (continued)

THE COMPANY

Changes in interest rate	December 31, 2019 Impact on profit before tax	December 31, 2019 Impact on equity
	Rs'000	Rs'000
+250 basis points	2,483	-
−250 basis points	(2,483)	-

Changes in credit rating	Impact on profit before tax	Impact on equity
	Rs'000	Rs'000
Upgrade to CARE MAU AAA	(88)	-
Downgraded to CARE MAU A+, CARE MAU A or CARE MAU A-	100	-
Downgraded to CARE MAU BBB or below	234	-

(iii) Equity price risk

Equity price risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Group's price policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each industry sector and markets.

The equity price risk arises on the financial instruments held at fair value through other comprehensive income and at fair value through profit or loss.

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity.

THE GROUP

Changes in share price	December 31, 2019 Impact on profit before tax	December 31, 2019 Impact on equity	December 31, 2018 Impact on profit before tax	December 31, 2018 Impact on equity
	Rs'000	Rs'000	Rs'000	Rs'000
+2.5%	83,116	12,952	78,349	13,082
−2.5%	(83,116)	(12,952)	(78,349)	(13,082)

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.2 Financial risks (continued)

3.2.2 Credit risk

Credit risks is a risk that a counterparty will be unable to pay an amount in full when due. The Group's credit risk is primarily attributable to its reinsurance assets, loans, insurance and other receivables and investment in debt securities. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment. The Credit Control department assesses the creditworthiness of brokers, agents and of contract holders based on details of recent payment history, past experience and by taking into account their financial position. The Group is exposed to the possibility of default by its reinsurers for their share of insurance liabilities and refunds in respect of claims already paid. Management monitors the financial strength of its reinsurers and the Group has policies in place to ensure that risks are ceded to top-rated and credit-worthy reinsurers only. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. The Group also has exposure to credit risk on its debt securities, more specifically on the corporate bonds. The Investment Committee assesses the credit quality of the issuers based on past experience the Group had with those issuers. The Investment Committee recommends investment in entities with which the Group had good experience with in the past years and with good standing. The financial performance and position of the issuers are assessed in detail prior to approval is obtained for investment by the Group. The table shows the maximum exposure to credit risk for the components of the financial position.

Financial instruments	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets at fair value through other comprehensive income*	3,324,628	3,133,947	-	-
Debt instruments at fair value through other comprehensive income	122,917	136,029	-	-
Debt instruments at amortised cost	7,755,548	6,569,676	373,727	-
Loans and receivables at amortised cost	848,398	867,565	-	-
Insurance and other receivables	964,766	918,309	10,007	-
Amount receivable from subsidiary	-	-	25,481	-
Bank balances and cash	611,685	531,712	97,715	-
	26,821,411	13,067,402	2,559,662	-

* Excludes equity instruments.

The collaterals held are as follows:

	Carrying value	Value of collaterals held	Net credit exposure
The Group			
2019			
Loans and receivable	848,398	2,273,289	-
2018			
Loans and receivable	867,565	2,272,140	-

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.2 Financial risks (continued)

3.2.2 Credit risk (continued)

The Group's credit scorecard and probability of default (PD) estimation process

The Group's independent Credit Risk Department operates its credit scorecard models. The Group runs separate models for its key portfolios in which the customers are rate from 0-3 using internal grades. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. The PDs are estimated using the number of defaulted number accounts on total number of accounts in the portfolio then projected on twelve months or the lifetime depending on the stage in which the client has been classified in.

Government Bonds, Treasury Bills, Short and Long-Term Deposits

The Group's government bonds, treasury bills and short & long-term deposits comprise of the Bank of Mauritius, other banks and other non-banking financial institutions. For these relationships, the Group's credit risk department analyses publicly available information such as financial information and other external data, e.g., the rating of Moody's and S&P. The PD is derived using a transition matrix to convert the ratings into PDs.

Mortgage and Other Loans

For mortgage and other loans, the borrowers are assessed by specialised credit risk employees of the Group. The credit risk assessment is based on a credit scoring model that takes into account various historical current and forward looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realised and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention;
- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports, publicly traded bond or CDS prices or press releases and articles;
- Quality of the collaterals given as quarantee;
- Loan to value;
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the Group's performance.

The complexity and granularity of the rating techniques varies based on the exposure of the Group and the complexity and size of the customer. Some of the less complex small loans are rated within the Group's models for such products.

Exposure at Default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial intruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12 months ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2 and Stage 3, the exposure at default is considered for events over the lifetime of the instruments.

The Group determines EADs by modelling the range of possible exposure outcomes at various points in time corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of the Group's model.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.2 Financial risks (continued)

3.2.2 Credit risk (continued)

Loss Given Default (LGD)

For corporate financial instruments, LGD values are assessed at least every year by accounts managers and reviewed and approved by the Group's specialised credit risk department. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

Further recent data and forward looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial statements. Currently, the forward looking information has not provided any correlation with the Group's situation and thus not taken into account. However, the Group intends to build a refined model for the forward looking information and will incorporate in the current models.

Significant increase in credit risk

The Group continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL, the Group assesses whether there has been a significant increase in credit risk since initial recognition. The Group considers an exposure to have significantly increased in credit risk when the IFRS 9 lifetime PD has doubled since initial recognition and has increased by more than 20 bps a year. When estimating ECLs on a collective basis for a group of similar assets, the Group applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Grouping financial assets measured on a collective basis

Dependent on the factors below, the Group calculates ECLs either on a collective or an individual basis.

Asset classes where the Company calculates ECL on an individual basis include:

- All Stage 3 assets, regardless of the class of financial assets;
- The corporate lending portfolio;
- The large and unique exposures of the small lending portfolio;
- Debt instruments at amortised cost;
- Corporate bonds and short/long term deposits.

Asset classes where the Group calculates ECL on a collective basis include:

- The smaller and more generic balances of the Company's Small lending;
- Stage 1 and 2 mortgages and other loans.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are for mortgage and other loans. The Group has a floating charge on the collaterals and management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement. In its normal course of business, the Group does not physically repossess properties or other assets in its portfolio, but undertakes to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.2 Financial risks (continued)

3.2.2 Credit risk (continued)

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Payout pattern of the borrower indicating default or near-default;
- The borrower requesting emergency financing from the Group;
- The borrower having past due liabilities to public creditors or employees;
- The borrower is deceased;
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral;
- A material decrease in the borrower's turnover or the loss of a major customer;
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection.

It is the Group's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least six consecutive months. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

3.2.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity risk is considered to be low since the Group maintains an adequate level of cash resources or assets that are readily available on demand.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at December 31, 2019 based on contractual undiscounted payments. However due to the nature of the business, it is not possible to quantify payment for the outstanding claims provision including IBNR over the years since these can be made as from next year and last up to ten years.

	THE GROUP						
2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	No stated maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Life assurance fund	-	-	239,350	454,345	3,309,786	3,790,728	7,794,209
Insurance contract liabilities*	-	-	1,335,982	-	-	-	1,335,982
Investment contract liabilities	-	-	-	-	-	1,002,454	1,002,454
Interest bearing loans and borrowings	6,169	4,057	25,455	241,508	600,965	-	878,154
Lease liabilities	-	-	-	122,598	9,094	-	131,692
Trade and other payables	710,072	-	-	-	-	-	710,072
	716,241	4,057	1,600,787	818,451	3,919,845	4,793,182	11,852,563

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.2 Financial risks (continued)

3.2.3 Liquidity risk

THE GROUP

2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	No stated maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Life assurance fund	-	-	222,210	446,211	3,070,362	3,490,654	7,229,437
Insurance contract liabilities*	-	-	1,391,344	-	-	-	1,391,344
Investment contract liabilities	-	-	-	-	-	866,760	866,760
Interest bearing loans and borrowings	-	-	-	183,516	204,400	-	387,916
Trade and other payables	569,721	-	-	-	-	-	569,721
	569,721	-	1,613,554	629,727	3,274,762	4,357,414	10,445,178

THE COMPANY

2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Above 5 years	No stated maturity	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	6,169	4,057	25,455	141,508	600,965	-	778,154
Trade and other payables	2,089	-	-	-	-	-	2,089
	8,258	4,057	25,455	141,508	600,965	-	780,243

Loans repaid in advance, premiums prepaid, VAT payable and rent security deposit and advances have been excluded from the financial liabilities.

*Insurance contract liabilities exclude unearned premium.

3.2.4 Fair values

The Group's financial assets and liabilities include financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, financial assets at amortised cost, loan and receivables at amortised cost, insurance and other receivables, amount receivable from subsidiary, cash and short term deposits, trade and other payables, loans and borrowings. Except where otherwise stated, the carrying amounts of these financial assets and liabilities approximate their fair values. See note 34 for fair value disclosures.

3.2.5 Capital management

The Group's objectives when managing capital are:

- To comply with the minimum capital requirements of the Insurance Act 2005 and the Insurance Rules and Regulations 2007;
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for its policyholders;
- To provide an adequate return to shareholders by pricing insurance contracts in line with the level of risk and therefore solvency.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (CONTINUED)

3.2 Financial risks (continued)

3.2.5 Capital management (continued)

The Group manages the minimum capital requirement as follows:

Different targets level are set above the statutory requirements, providing a buffer in order to remain solvent at all times and this is monitored on a quarterly basis. Capital planning is done to ensure we minimise the risk of being below the minimum required and these calculations are done under different stress test scenarios using parameters in different areas of risks such as equity risk, interest rate risk, credit risk, business risk and currency risk. Reinsurance is used to reduce the volatility of our results, thus reducing our capital needs. This risk is further reduced by using rated reinsurers in our panel.

The Group met the Minimum Capital Requirement at December 31, 2019 for both life and general businesses.

Capital available has been computed from the shareholders fund less any unadmitted asset.

The operations of the Group is also subject to regulatory requirements within the Mauritian as well as the overseas African jurisdictions where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the Group to meet unforeseen liabilities. In reporting financial strength, capital and solvency is measured using the rules prescribed by the applicable Insurance Acts. The Group and regulated entities within it have met all these requirements.

4. RISK MANAGEMENT FRAMEWORK

The Group has set up a Risk Management Framework as required under the Insurance (Risk Management) Rules 2016 issued by the Financial Services Commission under section 130 of the Insurance Act and section 93 of the Financial Services Act 2007.

The Risk Management Framework includes the following components:

(a) A Risk Appetite Statement;
(b) A Risk Management Strategy;
(c) A three-year rolling business plan;
(d) An Own Risk Solvency Assessment (ORSA) Framework;
(e) The liquidity policy;
(f) Description of the responsibilities, roles and reporting lines within the insurer for the management of material risks.

A detailed description of the Risk Management Framework is disclosed in the Management of Financial and Insurance Risk note of the financial statements and in the Annual Report.

5. PROPERTY AND EQUIPMENT

(a) THE GROUP	Land and Buildings: Freehold land	Land and Buildings: Buildings on freehold land	Office equipment computers, fixtures & fittings and other electrical	Motor vehicles	Total
2019	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST OR VALUATION					
At January 1, 2019	**40,000**	**217,956**	**250,464**	**31,030**	**539,450**
Additions during the year	**-**	**-**	**65,258**	**3,197**	**68,455**
Disposals during the year	**-**	**-**	**(8,988)**	**(3,068)**	**(12,056)**
Exchange differences	**-**	**-**	**3,344**	**1,113**	**4,457**
At December 31, 2019	**40,000**	**217,956**	**310,078**	**32,272**	**600,306**
DEPRECIATION					
At January 1, 2019	**-**	**2,869**	**185,284**	**20,259**	**208,412**
Charge for the year	**-**	**4,320**	**23,908**	**4,119**	**32,347**
Disposals	**-**	**-**	**(7,823)**	**(3,504)**	**(11,327)**
Exchange differences	**-**	**-**	**2,958**	**739**	**3,697**
At December 31, 2019	**-**	**7,189**	**204,327**	**21,613**	**233,129**
CARRYING AMOUNT					
At December 31, 2019	**40,000**	**210,767**	**105,751**	**10,659**	**367,177**
2018					
COST OR VALUATION					
At January 1, 2018	40,000	217,956	236,711	33,899	528,566
Additions during the year	-	-	16,975	-	16,975
Work in progress	-	-	4,051	-	4,051
Reclassification	-	-	(102)	-	(102)
Disposals during the year	-	-	(7,693)	(2,984)	(10,677)
Exchange differences	-	-	522	115	637
At December 31, 2018	40,000	217,956	250,464	31,030	539,450
DEPRECIATION					
At January 1, 2018	-	(1)	168,654	17,211	185,864
Charge for the year	-	2,870	23,901	5,357	32,128
Reclassification	-	-	(58)	-	(58)
Disposals	-	-	(7,676)	(2,368)	(10,044)
Exchange differences	-	-	463	59	522
At December 31, 2018	-	2,869	185,284	20,259	208,412
CARRYING AMOUNT					
At December 31, 2018	40,000	215,087	65,180	10,771	331,038

5. PROPERTY AND EQUIPMENT (CONTINUED)

(b) The Group's land and building are stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. The land and building were revalued in December 2017 by JPW International, an independent valuer not related to the Group. They have appropriate qualification and experience in the fair value measurement of properties in the relevant location. The fair value was determined based on market comparable approach that reflects recent transactions prices for similar properties. The carrying amount was adjusted to the revalued amount at December 31, 2017 and the revaluation surplus was recorded under revaluation reserves. The directors have reassessed the fair value of property and equipment at 31st December 2019. On the basis of the current economic environment, the directors are satisfied that the carrying value of property and equipment reflect the fair value at the reporting date.

(c) If land and buildings had been stated on a historical cost basis, the amounts would be as follows:

	THE GROUP 2019	THE GROUP 2018
	Rs'000	Rs'000
Cost	163,369	207,154
Accumulated depreciation	(22,196)	(25,232)
Net book values	141,173	181,922

(d) The Group has not given any security against its plant and equipment.

6. INVESTMENT PROPERTIES

	THE GROUP 2019	THE GROUP 2018
	Rs'000	Rs'000
At January 1,	471,595	472,902
Exchange differences	14,767	(1,307)
At December 31,	486,362	471,595

The fair value of the Group's investment properties as at December 31, 2017 has been arrived at on the basis of a valuation carried out by JPW International, an independent valuer not related to the Group. They have the appropriate qualifications and experience in the valuation of properties in the relevant locations. The fair value was determined using recent transaction prices for similar properties. The directors have reassessed the fair value of property at 31st December 2019. On the basis of the current economic environment, the directors are satisfied that the carrying value of property reflect the fair value at the reporting date.The rental income arising during the year amounted to Rs 13,271,000 (2018: Rs 8,697,000) for the Group, which is included in investment income. No direct operating expenses arose in respect of this property for the Group during the year (2018: Rs Nil).

There is no restriction on realisability of investment property or the remittance of income and proceeds of disposal. The Group has no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

7. INTANGIBLE ASSETS

	THE GROUP				
2019	**Goodwill**	**Client portfolio**	**Computer software**	**Work in Progress**	**Total**
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2019	**345,441**	**439,570**	**167,433**	**5,401**	**957,845**
Additions during the year	-	-	20,651	803	21,454
Exchange differences	-	-	439	-	439
At December 31, 2019	**345,441**	**439,570**	**188,523**	**6,204**	**979,738**
AMORTISATION AND IMPAIRMENT					
At January 1, 2019	38,570	193,352	142,035	-	373,957
Charge for the year	-	22,469	11,189	-	33,658
Exchange differences	-	-	152	-	152
At December 31, 2019	**38,570**	**215,821**	**153,376**	-	**407,767**
CARRYING AMOUNT					
At December 31, 2019	**306,871**	**223,749**	**35,147**	**6,204**	**571,971**

For Goodwill impairment assessment, refer to note 40.

	THE GROUP				
2018	Goodwill	Client portfolio	Computer software	Work in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2018	345,441	439,570	156,356	1,169	942,536
Reclassification	-	-	102	-	102
Additions during the year	-	-	11,167	4,232	15,399
Write off	-	-	(153)	-	(153)
Exchange differences	-	-	(39)	-	(39)
At December 31, 2018	345,441	439,570	167,433	5,401	957,845
AMORTISATION AND IMPAIRMENT					
At January 1, 2018	38,570	170,883	129,031	-	338,484
Charge for the year	-	22,469	13,011	-	35,480
Reclassification	-	-	58	-	58
Exchange differences	-	-	(65)	-	(65)
At December 31, 2018	38,570	193,352	142,035	-	373,957
CARRYING AMOUNT					
At December 31, 2018	306,871	246,218	25,398	5,401	583,888

For Goodwill impairment assessment, refer to note 40.

8. INVESTMENT IN SUBSIDIARY COMPANIES

Following the MUA Group restructuring effective from 7th January 2019 (refer to note 1 for additional information), the insurance entities of the MUA Group were re-organised under two distinct geographical segments, namely Mauritius and overseas operations. The investment in Mauritius Union Assurance Cy Ltd was recorded at Rs 1,235M and investment in MUA Transafrica Holdings Limited was recorded at Rs 615M.

		THE COMPANY	
		2019	2018
		Rs'000	Rs'000
(a)	At July 03,	-	-
	Transfer on restructuring	1,850,022	-
	At December 31,	1,850,022	-

The impairment of the Company's subsidiaries have been assessed using their value in use. The value in use were determined by discounting the subsidiaries' pre tax forecasted cash flow at the appropriate discounted rates. The major assumptions used in the discounted cash flow model are described in note 40.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
Notes to the Consolidated Financial Statements for year ended 31 December 2019

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(b) The financial statements of the following subsidiary companies below have been included in the consolidated financial statements. The subsidiaries have the same reporting date as the holding company and operate on the local and african market.

Subsidiary name	Main activities	Country of incorporation	Dominated currency	Stated capital	Nominal value of investment		Class of shares held	% of ownership interest		% of ownership interest by NCI	
				000's	2019 Rs'000	2018 Rs'000		2019 Rs'000	2018 Rs'000	2019 Rs'000	2018 Rs'000
Direct shareholding											
The Mauritius Union Assurance Cy Ltd (MUACL)	General Insurance business	Mauritius	Mauritian Rupees	723,968	1,234,877	-	Ordinary	100%	-	-	-
MUA Transafrica Holdings Limited	Investment holdings	Kenya	Kenya Shillings	5,000	615,125	-	Ordinary	100%	-		-
Indirect shareholding											
MUA Life Ltd	Life Insurance	Mauritius	Mauritian Rupees	25,000	167,327	167,327	Ordinary	100%	-	-	-
MUA Mutual Fund Ltd	Fund management	Mauritius	Mauritian Rupees	4,000	28,561	28,561	Ordinary	98.6%	-	1.4%	-
MUA Stockbroking Ltd	Stock broker	Mauritius	Mauritian Rupees	9,500	10,979	10,979	Ordinary	80%	-	20%	-
Compagnie du Decadel Limitée	Property holding	Mauritius	Mauritian Rupees	25	675	675	Ordinary	100%	-	-	-
MUA Pension Ltd	Manager and consultants of Pension fund	Mauritius	Mauritian Rupees	2,000	500	500	Ordinary	100%	-	-	-
Risk Advisory Services Limited**	Property holding	Mauritius	Mauritian Rupees	25,000	75	75	Ordinary	100%	100%	-	-
MUA (Kenya) Ltd **	General Insurance business	Kenya	Kenya Shillings	300,000	143,807	143,807	Ordinary	66.38%	66.38%	33.62%	33.62%
MUA (Rwanda) Ltd*	General Insurance business	Rwanda	Rwanda Francs	1,000,000	-	-	Ordinary	81.51%	81.51%	18.49%	18.49%
Phoenix of Tanzania Assurance Company Limited*	General Insurance business	Tanzania	Tanzania Shillings	8,000,000	-	-	Ordinary	33.89%	33.89%	66.11%	66.11%
MUA (Uganda) Ltd*	General Insurance business	Uganda	Uganda Shillings	4,000,000	-	-	Ordinary	45.78%	45.78%	54.22%	54.22%

(c) **Summarised financial information on subsidiaries with material non-controlling interests:**

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2019	2018
MUA Stockbrokers Ltd	Mauritius	20.00%	-
MUA (Kenya) Ltd **	Kenya	33.62%	-
MUA (Rwanda) Ltd *	Rwanda	18.49%	-
Phoenix of Tanzania Assurance Company Limited	Tanzania	66.11%	-
MUA (Uganda) Ltd *	Uganda	54.22%	-

* The percentage of ownership interest represents the effective holding in these three entities. These three companies are the subsidiaries of Phoenix Transafrica Holdings Limited in which the Company holds 100% of ownership interest.

** The percentage of ownership interest represents the effective holding.

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONTINUED)

(c) Summarised financial information on subsidiaries with material non-controlling interests: (continued)

2019	MUA Stockbroking Ltd	MUA (Kenya) Ltd**	Phoenix of Tanzania Assurance Company Limited	MUA (Uganda) Ltd*	MUA (Rwanda) Ltd*
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Proportion of non-controlling interests	20%	33.62%	66.11%	54.22%	18.49%
Current assets	13,827	366,342	1,076,451	217,435	227,403
Non-current assets	22,759	273,545	309,146	130,754	230,710
Current liabilities	11,837	67,987	190,436	32,917	206,802
Non-current liabilities	-	9,152	71,946	8,076	5,762
Net assets	24,749	562,748	1,123,215	307,196	245,549
Carrying amounts of non-controlling interests	4,950	189,196	742,557	166,562	45,402
Revenue	9,328	200,534	298,008	140,167	228,095
Profit for the year	1,867	2,800	67,570	19,717	24,908
Other comprehensive income/(loss)	(88)	22,337	38,136	12,494	(170)
Comprehensive income	1,779	25,137	105,706	32,211	24,738
Profit allocated to non-controlling interest	373	941	44,671	10,691	4,605
Profit allocated to non-controlling interest	356	8,451	69,882	17,465	4,574
Dividend paid to non-controlling interest	300	-	-	-	-

Summarised cash flow information:

2019	MUA Stockbroking Ltd	MUA (Kenya) Ltd**	Phoenix of Tanzania Assurance Company Limited	MUA (Uganda) Ltd*	MUA (Rwanda) Ltd*
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Operating activities	(1,195)	(21,241)	10,408	10,761	61,495
Investing activities	(1,031)	(2,115)	(15,104)	8,505	(34,054)
Financing activities	(1,500)	-	(868)	-	-
Net (decrease)/increase in cash and cash equivalents	(3,726)	(23,356)	(5,564)	19,266	27,441

(d) There are no restrictions to transfer assets to or from entities within the Group.

9(a). INVESTMENT IN ASSOCIATED COMPANY

The Group has acquired 40% interest in Compagnie du Congo (Société Anonyme) on May 10, 2017 which trades as an investment holding company. The registered office is Boulevard Bischoffsheim, 33 boite 1, 1000, Bruxelles.

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At 01 January	1,544	1,544
Share of loss	(500)	-
Exchange difference	36	-
At 31 December	1,080	1,544

The Group's interest in Compagnie du Congo is accounted for using the equity method in the consolidated financial statements. The associate started activities during the year.

The following table illustrates the summarised financial information of the Group's investment in Compagnie du Congo.

	2019	2018
	Rs'000	Rs'000
Current assets	2,070	3,860
Equity	2,699	3,860
Group's carrying amount of the investment	1,080	1,544

9(b). INVESTMENT IN JOINT VENTURES

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	22,382	16,988	-	-
Transfer from MUACL on restructuring	-	-	495	-
Share of profit	2,391	5,394	-	-
Exchange differences*	(3,851)	-	-	-
At December 31,	20,922	22,382	495	-

*Exchange difference in 2018 was not material.

9(b). INVESTMENT IN JOINT VENTURES (CONTINUED)

Details of the group's material joint venture at the end of the reporting period are as follows:

Name of joint venture	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting right held by the Group			
			2019		2018	
			Direct	Indirect	Direct	Indirect
Kenya Motor Insurance Pool*	Sharing of pool business and risks by insurance companies in Kenya and underwriting of Non Life Insurance Business	Kenya	-	5.1%	-	5.1%
MUA Insurance Management Limited	A joint venture involved in the management of insurance business	Mauritius	50%	-	50%	-

The Kenya Motor Insurance Pool is in the process of being wound up.

Summarised financial information of joint ventures

	2019	2018
	Rs'000	Rs'000
Current assets	297,160	315,507
Non current assets	-	-
Current liabilities	(29,527)	(30,217)
Non current liabilities	-	-
Equity	267,633	285,290
% holding	50% -5.1%	50% -5.1%
Group's share in equity	20,922	22,382

	2019	2018
	Rs'000	Rs'000
Revenue and other income	49,181	13,679
Expenses	(9,197)	(390)
Profit before tax	39,984	13,289
Income tax	(3,940)	(334)
Profit for the year	36,044	12,955
Total comprehensive income for the year	-	-
Group's share of profit	2,391	5,394

The joint ventures had no other contingent liabilities or commitments as at 31st December 2019 and 2018.

10. FINANCIAL ASSETS

The breakdown of fair value measurements is shown in note 34.

(a) Financial assets at fair value through other comprehensive income

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At January 1,	523,292	461,489
Additions during the year	14,527	143,827
Movement in expected credit loss	375	-
Disposals during the year	(3,888)	(4,795)
Decrease in fair value	(20,712)	(14,148)
Exchange differences	4,471	(519)
Transfer to financial assets at fair value through profit or loss	-	(62,562)
At December 31,	518,065	523,292

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Analysed as follows:		
Quoted equity securities	332,489	352,018
Unquoted equity securities	49,547	47,556
Quoted Debt instruments (Refer to 10 (a)(i))	23,440	21,919
Unquoted Debt instruments (Refer to 10 (a)(i))	112,589	100,998
Open Ended Mutual Funds	-	801
Total financial assets at fair value through other comprehensive income	518,065	523,292

(i) Debt instruments at fair value through other comprehensive income

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Government debt securities	112,661	101,058
Corporate Bonds	23,472	22,338
	136,133	123,396
Less: Allowances for expected credit losses	(104)	(479)
Total debt instruments at fair value through other comprehensive income	136,029	122,917

10. FINANCIAL ASSETS (CONTINUED)

(a) Financial assets at fair value through other comprehensive income (continued)

(i) Debt instruments at fair value through other comprehensive income (continued)

The table below shows the credit quality and the maximum exposure to credit risk based on external credit rating for the instruments and year-end stage classification.The amounts presented are gross of impairment allowances. Details of the Group's use of external grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 3.2.2. The Group uses external rating agencies grading as indication for classification of the debt instruments into stages and to calculate the expected credit losses on those instruments.

	THE GROUP				
	2019				2018
External rating grade Performing	Stage 1 Collective	Stage 2 Collective	Stage 3	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
High grade	112,693	-	-	112,693	101,058
Standard grade	23,440	-	-	23,440	22,338
Total	136,133	-	-	136,133	123,396

Financial assets at FVOCI

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	THE GROUP			
	2018			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at 1 January 2018	-	-	-	-
New asset purchased	123,396	-	-	123,396
At 31 December 2018	123,396	-	-	123,396

	THE GROUP			
	2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at 1 January 2019	-	-	-	-
New asset purchased	(479)	-	-	(479)
At 31 December 2019	(479)	-	-	(479)

There were no transfers between stages during the year as there no observed deterioration in credit risks on any of the instruments in the portfolio.

10. FINANCIAL ASSETS (CONTINUED)

(a) Financial assets at fair value through other comprehensive income (continued)

(i) Debt instruments at fair value through other comprehensive income (continued)

	THE GROUP			
	2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at 1 January 2019	123,396	-	-	123,396
Fair value adjustments	12,737	-	-	12,737
At 31 December 2019	136,133	-	-	136,133

	THE GROUP			
	2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at 1 January 2019	(479)	-	-	(479)
Impact of net-remeasurement of year end ECL	375	-	-	375
At 31 December 2019	(104)	-	-	(104)

There were no transfers between stages during the year as there no observed deterioration in credit risks on any of the instruments in the portfolio.

(b) Financial assets at fair value through profit or loss

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At January 1,	3,133,947	3,282,732
Additions during the year	320,260	226,652
Disposals during the year	(210,404)	(3)
Increase/(decrease) in fair value (note 25)	80,825	(64,626)
Transfer from financial assets at fair value through other comprehensive income	-	62,562
At 31 December,	3,324,628	3,133,947
Analysed as follows:		
Local - Listed	2,521,682	2,533,904
Open ended mutual funds	802,946	510,435
Others	-	89,608
Total financial assets at fair value through profit or loss	3,324,628	3,133,947
Analysed as follows:		
Non-current	3,324,628	3,133,947
Current	-	-
	3,324,628	3,133,947

10. FINANCIAL ASSETS (CONTINUED)

(c) Debt instruments at amortised cost

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Government debt securities	7,105,816	5,974,467	-	-
Corporate Bonds and Fixed Deposits	659,351	605,754	373,727	-
	7,765,167	6,580,221	373,727	-
Less: Allowances for impairment losses	(10,173)	(10,545)	-	-
	7,754,994	6,569,676	373,727	-
Analysed as follows:				
Non-current	6,927,462	5,855,276	202,215	-
Current	827,532	714,400	171,512	-
	7,754,994	6,569,676	373,727	-

(i) The corporate bonds and fixed deposits for the Company includes a note issued by MUACL. On 25th September 2019, the Company subscribed to 200,000 notes at a nominal amount of Rs 1,000 each, equivalent to a total of Rs 200M, issued by its subsidiary, MUACL. At the issue date, the notes carried a credit rating of CARE MAU AA-stable and the rating shall be monitored each year by CARE Rating Agency (Africa) Ltd. The interest rate is calculated as the aggregate of the repo rate and the applicable spread per annum. The applicable spread is either the initial spread of 1.25% or the revised spread which takes into account any change in the credit rating of the notes, as defined in the Notes Subscription Agreement. Unless redeemed earlier, the maturity shall be on the 10th anniversary of the issue date.

An amount of Rs 8,000,000 (2018: Rs 8,000,000) included in debt instrument at amortised cost represents statutory deposit and pledged with the financial services commission in compliance with the Insurance Act 2005.

The table below shows the credit quality and the maximum exposure to credit risk based on external credit rating for the instruments and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's use of external grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 3.2.2. The Group uses external rating agencies grading as indication for classification of the debt instruments into stages and to calculate the expected credit losses on those instruments.

	THE GROUP			
	2019			
External rating grade Performing	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
High grade	7,467,414	-	-	7,467,414
Standard grade	298,828	-	-	298,828
Total	7,766,242	-	-	7,766,242

	THE COMPANY			
	2019			
	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
High grade	171,230	-	-	171,230
Standard grade	202,497	-	-	202,497
Total	373,727	-	-	373,727

10. FINANCIAL ASSETS (CONTINUED)

(c) Debt instruments at amortised cost (continued)

	THE GROUP			
	2018			
External rating grade Performing	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
High grade	5,974,468	-	-	5,974,468
Standard grade	605,753	-	-	605,753
Total	6,580,221	-	-	6,580,221

Impairment losses on financial investments subject to impairment assessment

Debt instrument measured at amortised cost

An analysis of changes in the gross carrying amount and the corresponding ECLs is, as follows:

	THE GROUP			
	2019			
	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross carrying amount as at 1 January 2019	6,580,221	-	-	6,580,221
New asset purchased	2,000,224	-	-	2,000,224
Assets matured	(831,013)	-	-	(831,013)
Amortisation adjustments	48,883	-	-	48,883
Exchange difference	(32,073)	-	-	(32,073)
At 31 December 2019	7,766,242	-	-	7,766,242

	THE GROUP			
	2019			
	Stage 1	Stage 2	Stage 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
ECL allowance as at 1 January 2019	(10,545)	-	-	(10,545)
New assets purchased	(800)	-	-	(800)
Impact of net- remeasurement of year end ECL	1,172	-	-	1,172
	(10,173)	-	-	(10,173)

10. FINANCIAL ASSETS (CONTINUED)

(c) Debt instruments at amortised cost (continued)

	THE COMPANY 2019			
	Stage 1 Rs'000	Stage 2 Rs'000	Stage 3 Rs'000	Total Rs'000
Gross carrying amount as at 1 January 2019	498,000	-	-	498,000
New asset purchased	(128,000)	-	-	(128,000)
Transfer to Stage 3	3,727	-	-	3,727
At 31 December 2019	373,727	-	-	373,727

	THE COMPANY 2019			
	Stage 1 Rs'000	Stage 2 Rs'000	Stage 3 Rs'000	Total Rs'000
ECL allowance as at 1 January 2019	-	-	-	-
New assets purchased	(521)	-	-	(521)
At 31 December 2019	(521)	-	-	(521)

There were no transfers between stages during the year as there no observed deterioration in credit risks on any of the instruments in the portfolio.

	THE GROUP 2018			
	Stage 1 Rs'000	Stage 2 Rs'000	Stage 3 Rs'000	Total Rs'000
Gross carrying amount as at 1 January 2018	5,686,429	-	-	5,686,429
New asset purchased	1,373,431	-	-	1,373,431
Assets matured	(496,277)	-	-	(496,277)
Amortisation adjustments	15,082	-	-	15,082
Exchange difference	1,556	-	-	1,556
At 31 December 2018	6,580,221	-	-	6,580,221

	THE GROUP 2018			
	Stage 1 Rs'000	Stage 2 Rs'000	Stage 3 Rs'000	Total Rs'000
ECL allowance as at 1 January 2018	(13,347)	-	-	(13,347)
New assets purchased	(2,214)	-	-	(2,214)
Assets matured	795	-	-	795
Impact of net-remeasurement of year end ECL	4,221	-	-	4,221
At 31 December 2018	(10,545)	-	-	(10,545)

There were no transfers between stages during the year as there no observed deterioration in credit risks on any of the instruments in the portfolio.

11. LOANS AND RECEIVABLES AT AMORTISED COST

	THE GROUP 2019 Rs'000	2018 Rs'000
Loan and advances	869,139	886,899
Less: Allowance for expected credit loss	(20,741)	(19,334)
	848,398	867,565
Analysed as follows:		
Non-current	682,546	715,373
Current	165,852	152,192
	848,398	867,565

Mortgage and other loans

The table below shows the credit quality and the maximum exposure to credit risk per based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system and policies on whether ECL allowances are calculated on an individual or collective basis are set out in note 3.2.2.

In Rs' 000	THE GROUP 2019			
	Stage 1	Stage 2	Stage 3	Total
High grade	775,726	-	-	775,726
Standard grade	-	49,601	-	49,601
Non-performing				
Individually impaired	-	-	43,812	43,812
Total	775,726	49,601	43,812	869,139

In Rs' 000	THE GROUP 2019			
	Stage 1	Stage 2	Stage 3	Total
High grade	793,582	-	-	793,582
Standard grade	-	35,116	-	35,116
Non-performing				
Individually impaired	-	-	58,201	58,201
Total	793,582	35,116	58,201	886,899

11. LOANS AND RECEIVABLES AT AMORTISED COST (CONTINUED)

In Rs' 000	THE GROUP 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Gross carrying amount as at 1 January 2019	**793,582**	**35,115**	**58,202**	**886,899**
New asset purchased	**192,661**	**-**	**-**	**192,661**
Assets derecognised or matured (excluding write-offs)	**(198,768)**	**(7,166)**	**(2,980)**	**(208,914)**
Transfer to Stage 1	**35,170**	**(21,069)**	**(14,101)**	**-**
Transfer to Stage 2	**(31,656)**	**47,211**	**(15,555)**	**-**
Transfer to Stage 3	**(14,759)**	**(4,490)**	**19,249**	**-**
Amounts written off	**(499)**	**-**	**(1,008)**	**(1,507)**
At 31 December 2019	**775,731**	**49,601**	**43,807**	**869,139**

In Rs' 000	THE GROUP 2018			
	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at 1 January 2018	736,007	55,446	59,961	851,414
New asset purchased	237,995	-	-	237,995
Assets derecognised or matured (excluding write-offs)	(170,895)	(19,367)	(12,212)	(202,474)
Transfer to Stage 1	24,259	(18,436)	(5,823)	-
Transfer to Stage 2	(27,342)	29,063	(1,721)	-
Transfer to Stage 3	(6,407)	(11,590)	17,997	-
Amounts written off	(35)	(1)	-	(36)
At 31 December 2018	793,582	35,115	58,202	886,899

In Rs' 000	THE GROUP 2019			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
ECL allowance as at 1 January 2019	**4,142**	**608**	**14,584**	**19,334**
New assets purchased	**4,709**	**-**	**-**	**4,709**
Assets derecognised or matured (excluding write offs)	**2,289**	**243**	**(4,892)**	**(2,360)**
Transfers to Stage 1	**(3,544)**	**808**	**2,737**	**1**
Transfer to Stage 2	**211**	**(646)**	**435**	**-**
Transfer to Stage 3	**547**	**1,013**	**(1,560)**	**-**
Impact on year end ECL of exposure transferred between stages during the year	**(599)**	**(197)**	**433**	**(363)**
Amount witten off	**(114)**		**(466)**	**(580)**
At 31 December 2019	**7,641**	**1,829**	**11,271**	**20,741**

11. LOANS AND RECEIVABLES AT AMORTISED COST (CONTINUED)

In Rs' 000	THE GROUP 2018			
	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at 1 January 2018	4,505	1,275	15,727	21,507
New assets purchased	2,060	-	(1,376)	684
Assets derecognised or matured (excluding write offs)	(1,528)	(69)	(3,828)	(5,425)
Transfers to Stage 1	4,404	(576)	(685)	3,143
Transfer to Stage 2	(255)	940	1,002	1,687
Transfer to Stage 3	(780)	(222)	3,744	2,742
Impact on year end ECL of exposure transferred between stages during the year	(4,229)	(739)	-	(4,968)
Amount witten off	(35)	(1)	-	(36)
At 31 December 2018	**4,142**	**608**	**14,584**	**19,334**

Impairment allowance as at 31 December 2018

12. INSURANCE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Premium debtors and agents' balances	903,421	840,751	-	-
Provision for credit impairment	(101,058)	(110,602)	-	-
	802,363	730,149	-	-
Amount due by reinsurers	55,899	76,900	-	-
Investment income receivable	20,183	20,850	10,007	-
Other receivables	86,321	90,410	-	-
	964,766	918,309	10,007	-

(a) Premium debtors and agents' balances that are less than three months past due are not impaired. As at December 31, 2019, the Group had Rs 294M (2018: Rs 250M) that were more than 3 months past due but not impaired. The ageing analysis of these premium debtors is as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Up to 3 months	508,650	446,579
3 to 6 months	153,506	163,329
6 to 12 months	90,889	112,262
> 12 months	49,318	7,979
	802,363	730,149

12. INSURANCE AND OTHER RECEIVABLES

(b) Movement in provision for credit impairment

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At January 1,	110,602	90,755
Charge during the year	(3,874)	18,540
Exchange difference	(5,670)	1,307
At December 31,	**101,058**	**110,602**

(c) The other classes within insurance and other receivables do not include impaired assets.

(d) The Group and the Company do not hold any collateral as security in respect of insurance and other receivables, except for two balances amounting to Rs 9M in the form of fixed and floating charges on properties.

(e) The maximum exposure to credit risk is disclosed in note 3.2.2.

13(a). REINSURANCE ASSETS AND INSURANCE CONTRACT LIABILITIES

	THE GROUP	
	2019	2018
Gross	Rs'000	Rs'000
- Claims reported and loss adjustment expenses	1,165,209	1,220,903
- Claims incurred but not reported (IBNR)	146,635	170,656
- Unearned premiums	1,463,569	1,340,404
- Exchange differences	49,555	108
Total gross insurance contract liabilities	2,824,968	2,732,071
Recoverable from reinsurers		
- Claims reported and loss adjustment expenses	496,655	484,516
- Claims incurred but not reported (IBNR)	27,370	58,466
- Unearned premiums	429,454	368,679
- Exchange differences	28,525	(1,497)
Total reinsurers' share of insurance contract liabilities	982,004	910,164
Net		
- Claims reported and loss adjustment expenses	668,554	736,387
- Claims incurred but not reported (IBNR)	119,265	112,190
- Unearned premiums	1,034,115	971,725
- Exchange differences	21,030	1,605
Total net insurance contract liabilities	1,842,964	1,821,907

13(a). REINSURANCE ASSETS AND INSURANCE CONTRACT LIABILITIES (CONTINUED)

	THE GROUP					
	2019			2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
(i) Claims	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	1,391,344	(541,214)	850,130	1,896,684	(953,977)	942,707
Claims incurred during the year	1,573,319	(285,955)	1,287,364	1,571,531	(306,557)	1,264,974
Cash paid for claims settled during the year	(1,652,819)	303,144	(1,349,675)	(2,076,656)	717,552	(1,359,104)
Exchange differences	24,138	(14,732)	9,406	(215)	1,768	1,553
At December 31,	1,335,982	(538,757)	797,225	1,391,344	(541,214)	850,130
Recognised notified claims	1,189,347	(511,387)	677,960	1,220,688	(482,748)	737,940
Incurred but not reported (IBNR)	146,635	(27,370)	119,265	170,656	(58,466)	112,190
	1,335,982	(538,757)	797,225	1,391,344	(541,214)	850,130
Movement in outstanding claims	(79,500)	17,189	(62,311)	(505,125)	410,995	(94,130)
Movement in insurance contract liabilities (note 15)	564,772	-	564,772	438,150	-	438,150
Movement during the year recognised in the profit and loss	485,272	17,189	502,461	(66,975)	410,995	344,020
Total claims and benefits paid						
Claims-Non Life	1,652,819	(303,144)	1,349,675	2,076,656	(717,552)	1,359,104
Claims and benefits-Life	622,912	(32,472)	590,440	564,231	(30,230)	534,001
	2,275,731	(335,616)	1,940,115	2,640,887	(747,782)	1,893,105
(ii) Provision for unearned premiums						
At January 1,	1,340,727	(368,950)	971,777	1,264,771	(373,705)	891,066
Premium written during the year	3,503,006	(1,070,094)	2,432,912	3,297,804	(960,249)	2,337,555
Premium earned during the year	(3,380,164)	1,009,590	(2,370,574)	(3,222,171)	965,275	(2,256,896)
Exchange differences	25,417	(13,793)	11,624	323	(271)	52
At December 31,	1,488,986	(443,247)	1,045,739	1,340,727	(368,950)	971,777

13(b). DEFERRED ACQUISITION COSTS RECEIVABLE

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At January 1,	127,083	106,668
Movement	9,364	20,415
At December 31,	136,447	127,083

13(c). DEFERRED ACQUISITION COSTS PAYABLE

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At January 1,	69,726	45,440
Movement	2,066	24,286
At December 31,	71,792	69,726

14. ISSUED SHARE CAPITAL

	THE GROUP AND COMPANY Issued and fully paid	
	2019	2018
	Rs'000	Rs'000
Ordinary shares of Rs 10 each	723,968	450,900

As at 31st December 2019, the stated capital of the Company amounted to Rs 723,968,000 made up of Rs 45,090,000 ordinary shares of no par value. All issued shares are fully paid.

	THE GROUP	
	2019	2018
	No. of shares (000)	
At January 1 and December 31,	45,090	45,090

	THE GROUP AND COMPANY			
	2019		2018	
	Per Value Rs'000	Share Premium Rs'000	Per Value Rs'000	Share Premium Rs'000
At January 1 and December 31,	723,968	-	450,900	273,068

15. LIFE ASSURANCE FUND

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At January 1,	7,229,437	6,791,287
Movement during the year	564,772	438,150
At December 31,	7,794,209	7,229,437

The actuaries of MUA Life Ltd are Deloitte, South Africa. The latest actuarial valuation of the Life assurance fund was done at 31st December 2019. At the end of every year, the amount of the liabilities of the Life assurance fund is established. The surplus between the fair value of the assets and the fair value of the liabilities amounting to Rs'000 186,651 (2018: Rs'000 174,872) has been transferred to profit or loss. This portion is calculated by MUA Life Ltd and approved by the actuaries on the basis that sufficient reserves are held to maintain the solvency of the life assurance fund over the long term.

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Life Fund 1 January	7,229,437	6,791,287
Premium (net of reinsurance)	963,358	921,847
Interest, dividends and rent	485,116	439,817
Realised capital loss	(376)	329
Unrealised capital gain	78,826	(51,929)
Disposal of asset	(370)	(167)
Death and disability claims (net of reinsurance)	(35,037)	(26,872)
Maturity claims	(293,010)	(279,018)
Surrenders	(108,194)	(101,574)
Annuities and pensions	(143,320)	(115,719)
Other benefits	(10,879)	(10,818)
Commissions (net of reinsurance)	(21,619)	(20,589)
Management expenses	(153,285)	(134,617)
Depreciation and amortisation of assets	(533)	(7,668)
Transfer to revenue account	(186,651)	(174,872)
Life fund 31 December	7,794,209	7,229,437

15(a). INVESTMENT CONTRACT LIABILITIES

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At January 1,	866,760	774,876
Contributions	87,281	88,112
Withdrawals	(18,226)	(25,697)
Investment fair value adjustment	66,639	29,469
At December 31,	1,002,454	866,760

Following a change in the Private Pension Scheme Act effective from January 1, 2015, the portfolio of the group pension was transferred from the books of MUA Life Ltd, a sub-subsidiary of the Company dealing in the life insurance business into a trust. The trust has invested in the underlying funds of MUA Life Ltd. The value of the Investment contract liabilities at December 31, 2019 and 2018 represent the fair value of the investments.

16. DEFERRED TAX ASSETS

Deferred income tax is calculated on all temporary differences under the liability method at 17% for the local entities and 30% for the foreign subsidiaries.

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

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At January 1,	(55,686)	(60,657)
Over/(under) provision of deferred tax (note 20)	9,098	(710)
Deferred tax credit for the year (note 20)	2,742	5,364
Effect of exchange differences	(3,678)	317
At December 31,	(47,524)	(55,686)
Deferred tax credit - Profit or loss	11,732	4,857
Deferred tax charge - OCI	108	(203)
	11,840	4,654

Deferred income tax assets and liabilities are offset when the deferred income taxes relate to the same fiscal authority.

16. DEFERRED TAX ASSETS (CONTINUED)

(b) The following amounts are shown in the statement of financial position:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Deferred tax liabilities	(90,577)	(92,437)
Deferred tax assets	43,053	36,751
	(47,524)	(55,686)

Deferred tax assets and liabilities are attributable to the following:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Deferred tax liabilities		
Deferred tax on client portfolio	(12,032)	(14,415)
Deferred tax on revaluation of investment property	(86,840)	(82,029)
IFRS 16 impact	147	-
Provisions	7,747	2,646
Difference between capital allowances and depreciation	401	1,361
	(90,577)	(92,437)

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Deferred tax assets		
Difference between capital allowances and depreciation	20,258	25,251
Provision for bad debts	9,431	7,234
Provision for impairment of loan receivables	1,830	543
Provision for expenses/ impairment on balances with related party	10,114	125
IFRS 16 impact	144	-
Provision for impairment of FVOCI	(1,114)	82
Provision for impairment on amortised cost	-	219
Retirement benefit obligations	2,390	2,043
Tax losses carried forward	-	1,254
	43,053	36,751
	(47,524)	(55,686)

Deferred tax assets are recognised only to the extent that realisation of the related tax benefit is probable. The Company has a tax loss of Rs 360K and the Group has tax losses of Rs 1,408.6M (2018: Rs 853.5M) and no Deferred tax assets have been recognised on these tax losses (2018: Rs'000 nil) due to unpredictability of future taxable income that will be available for ultilisation of the deferred tax assets. There were no utilisation of tax losses during the year.

17. EMPLOYEE BENEFIT OBLIGATIONS

Pension schemes

The benefits of employees of the Group and the Company fall under the following different types of arrangements:

(i) A defined benefit scheme which is funded. The plan assets are held independently by MUA Life Ltd.

(ii) Unfunded defined benefit scheme which is entitled to a No Worse Off Guarantee ('NWOG').

The liabilities in respect of the defined benefit schemes above are analysed as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Funded obligation (note a)	10,884	9,177
Unfunded obligation (note b)	1,695	2,730
	12,579	11,907

(a) **Funded obligation**

The amounts recognised in the statements of financial position in respect of funded obligation are as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Defined benefit of funded obligation	13,729	11,818
Fair value of plan assets	(2,845)	(2,641)
Benefit liability	10,884	9,177

(i) **Movement of defined benefit of funded obligations:**

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At January 1,	11,818	10,881
Amount recognised in profit or loss:		
Interest cost	638	609
Amount recognised in other comprehensive income:		
Actuarial changes arising from changes in financial assumptions	1,273	328
At December 31,	13,729	11,818

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17. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

(a) **Funded obligation (continued)**

(ii) **Movement of fair value of plan assets:**

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At January 1,	2,641	2,550
Amount recognised in profit or loss:		
Interest cost	142	143
Amount recognised in other comprehensive income:		
Actuarial changes arising from changes in financial assumptions	62	(52)
At December 31,	2,845	2,641

The main categories of plan assets are as follows:

	THE GROUP	
	2019	2018
	%	%
Local equities	46	46
Local-Debt Maturity >=12 months	34	34
Local-Cash and Debt Maturity	9	9
Overseas equities	11	11
	100	100

The principal actuarial assumptions used for accounting purposes were:

	THE GROUP	
	2019	2018
	%	%
Discount rate	4.8%	5.4%
Expected rate of return on plan assets	4.8%	5.4%
Future salary increases*	0.0%	0.0%
Future pension increases	3.0%	3.0%
Deferred pension increases	0.0%	0.0%
Actuarial table for employee mortality		PMA 92-PFA

* No increase in future salary as the pension plan is frozen.

17. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

(a) Funded obligation (continued)

A quantitative sensitivity analysis for significant assumptions is shown as follows below:

Assumptions	Discount Rate		Future pension cost increase	
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs'000	Rs'000	Rs'000	Rs'000
2019				
Impact on defined benefit obligation	**(1,984)**	2,500	**1,740**	(1,478)
2018				
Impact on defined benefit obligation	(1,703)	2,144	1,460	(1,243)

Assumptions	Life expectancy of male pensioners		Life expectancy of female pensioners	
Sensitivity Level	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
	Rs'000	Rs'000	Rs'000	Rs'000
2019	**191**	(188)	**220**	(218)
2018	151	(149)	175	(174)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

No contributions are expected to be paid to the defined benefit plan obligation in future years.

The average duration of the defined benefit plan obligation at the end of the reporting period is 10 years (2018: 11 years).

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. Management assessment of the expected returns is based on historical returns trends and analysts predictions of the market for the asset in the next twelve months.

No contribution was received in 2019 and no future contribution is expected in 2020.

(b) Unfunded obligation

The amounts recognised in the statements of financial position in respect of unfunded obligation are as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Present value of unfunded obligation	1,695	2,730

17. EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

(b) Unfunded obligation (continued)

(i) Movement in the liability recognised in the statements of financial position:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
At January 1,	2,730	3,430
Amount recognised in profit or loss:		
Interest cost	811	860
Amount recognised in other comprehensive income:		
Actuarial gains*	(1,846)	(1,560)
At December 31,	1,695	2,730

The principal actuarial assumptions used for accounting purposes were:

	THE GROUP	
	2019	2018
Discount rate	4.8%	4.8%
Future salary increase	3.5%	4.0%
Future pension increase	0.0%	0.0%

The Group does not expect any contribution in 2020.

A quantitative sensitivity analysis for significant assumptions is shown as follows below:

* Actuarial gains/losses are made up of changes in financial assumptions only.

Assumptions	Discount Rate		Future pension cost* increase	
Sensitivity Level	1% Increase	1% Decrease	1% Increase	1% Decrease
	Rs'000	Rs'000	Rs'000	Rs'000
2019				
Impact on defined benefit obligation	**(898)**	2,475	**N/A**	N/A
2018				
Impact on defined benefit obligation	(1,346)	2,192	N/A	N/A

Assumptions	Life expectancy of male pensioners		Life expectancy of female pensioners	
Sensitivity Level	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
2019				
Impact on defined benefit obligation	**227**	(189)	**99**	(98)
2018				
Impact on defined benefit obligation	235	(234)	90	(92)

18. BORROWINGS

Non-current	THE GROUP 2019 Rs'000	THE GROUP 2018 Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Rs'000
Preference share capital (i)	100,000	100,000	-	-
Subordinated bonds (ii)	-	200,000	-	-
Floating rate notes (iii)	504,737	-	504,737	-
	604,737	300,000	504,737	-

(i) A preferential cummulative dividend of 3% per annum, calculated on the issue price, is payable to the preference shareholder. The preference shares have been deferred until June 2021. A premium of Rs 30M has been paid on May 2016. The preferential cummulative dividend of 6% will then be payable as from May 30, 2016. The preference share shall be redeemed on the deferred redemption date at the redemption price.

(ii) The Company's subsidiary, MUACL, issued 20,000 floating rate subordinated notes of a nominal value of Rs 10,000 each by way of a private placement. The first day of listing and trading was 22nd January 2015. The maturity date was initially on the 24th September 2024. Interest rate until 23rd September 2019 has been determined at weighted average of Repo +1.85% pa and from 24th September 2019 to 23rd September 2024, would be weighted average of Repo rate +2.10% pa. On 25th September 2019, the subordinated notes were redeemed in full.

(iii) On 24th September 2019, the Company issued floating rate notes through a private placement for a total nominal amount of Rs 500M. The interest rate is calculated as the aggregate of the repo rate and the applicable spread per annum. The applicable spread is either the initial spread of 1.25% or the revised spread which takes into account any change in the credit rating of the notes, as defined in the Notes Subscription Agreement. The notes have been assigned a rating of CARE MAU AA- Stable (Double A Minus; Outlook: Stable) by CARE Ratings (Africa) Private Limited and will mature on 24th September 2029.

19. TRADE AND OTHER PAYABLES

	THE GROUP 2019 Rs'000	THE GROUP 2018 Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Rs'000
Loans repaid in advance	6,560	6,332	-	-
Premiums prepaid	41,591	37,963	-	-
Amounts due to reinsurers	248,272	153,291	-	-
Commission payables	110,230	106,345	-	-
Accruals	100,476	84,069	-	-
Stale cheques	41,635	44,239	-	-
FSC charges	5,792	6,067	-	-
VAT payable	3,464	6,395	-	-
Interest payable	5,995	6,373	-	-
Cash held guarantee	38,130	7,450	-	-
Salaries & wages payable	12,946	3,762	-	-
Payables to suppliers	18,282	15,417	2,089	-
Payables to garages and clients	50,147	31,427	-	-
Rent security deposit and advances	12,239	11,461	-	-
Client monies	10,960	31,939	-	-
Other payables	67,207	79,342	-	-
	773,926	631,872	2,089	-

The carrying amounts of trade and other payables approximate their fair values and are repayable within one year. Trade and other payables are non-interest bearing and are repayable within one year.

20. TAX CHARGE

(a) Income tax expenses

	THE GROUP 2019 Rs'000	THE GROUP 2018 Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Rs'000
Income tax provision at applicable rate	59,794	56,730	-	-
CSR tax	2,115	3,573	-	-
Tax withheld on dividend received	-	3,122	-	-
Under provision of income tax	573	(2,835)	-	-
(Under)/over provision of deferred tax assets	(9,098)	710	-	-
Deferred tax credit (note 16)	(2,850)	(5,364)	-	-
Foreign tax credit	-	57	-	-
Tax charge for the year	50,534	55,993	-	-

(b) In the statements of financial position

	THE GROUP 2019 Rs'000	THE GROUP 2018 Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Rs'000
At January 1,	(7,950)	(3,136)	-	-
Payment	(61,924)	(60,591)	-	-
Tax withheld	(10,481)	(3,122)	-	-
Under provision of income tax	569	2,835	-	-
Income tax expenses	59,794	56,730	-	-
CSR tax	2,115	3,630	-	-
Exchange differences	(110)	(4,296)	-	
At December 31,	(17,987)	(7,950)	-	-

(c) Tax rate reconciliation

	THE GROUP 2019 Rs'000	THE GROUP 2018 Rs'000	THE COMPANY 2019 Rs'000	THE COMPANY 2018 Rs'000
Profit before taxation	494,404	410,356	127,257	-
Tax thereon at applicable rate*	81,613	64,621	19,089	-
Corporate Social Responsibility at the rate of 2%	4,253	4,015	-	-
Tax effect of :				
Income not subject to tax	(6,837)	(342)	(20,886)	-
Expenses not deductible for tax purposes	10,900	4,240	1,744	-
Income exempt for tax	(30,455)	(10,694)	-	-
Deferred tax assets not recognised	-	-	53	-
Underprovision of deferred tax assets in prior years	(9,098)	(5,772)	-	-
Under/(over) provision of income tax	533	(132)	-	-
Under provision of CSR	37	57	-	-
Tax withheld on dividend received	(412)	-	-	-
	50,534	55,993	-	-

* Rates applicable are 15% for Mauritius and 30% for African subsidiaries.

20. TAX CHARGE (CONTINUED)

(c) Tax rate reconciliation (continued)

The income exempt for tax includes items like interest that are partially exempted and dividend from sudsidiaries and from local entities which are exempt for tax purposes. Increase in interest income and dividend income explain the increase in this item. Income not subject to tax includes unrealised gains on bank balances and gain on disposal of securities and lease payments. These items are higher than last year which explain the increase. Expenses not deductible for tax purposes includes among others interest on bonds issued, lease adjustments, employee benefit expense (GSOS). These item have increased or was not there last year which explain the increase as compared to last year.

21. NET EARNED PREMIUMS

(a) Gross premium earned is as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Non-life insurance	3,503,006	3,297,804
Life insurance	1,100,079	1,034,009
Change in unearned premiums provision	(122,842)	(75,633)
	4,480,243	4,256,180

(b) Premium ceded to reinsurers is as follows:

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Non Life insurance	(1,070,094)	(960,249)
Life insurance	(136,721)	(112,162)
Change in unearned premiums provision	60,504	(5,024)
	(1,146,311)	(1,077,435)
Net earned premiums	3,333,932	3,178,745

22. FEES AND COMMISSION INCOME

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Reinsurance commission	274,878	250,286
Other fees	1,090	510
	275,968	250,796
Revenue from contract with customers		
Policy fees - at point in time revenue	25,206	21,335
	301,174	272,131

23(a) INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Rental income from investment property	13,271	8,697	-	-
Dividend income	162,301	87,548	135,721	-
	175,572	96,245	135,721	-

23(b). INTEREST CALCULATED USING EFFECTIVE INTEREST RATE (EIR)

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Interest income on:				
Loan	57,963	57,902	-	-
Fixed deposit	31,386	28,861	1,905	-
Corporate bond	37,423	26,511	-	-
Government long term bond	354,873	356,871	2,497	-
Government treasury bills	91,274	83,193	-	-
	572,919	553,338	4,402	-

24. REALISED GAINS/ (LOSSES)

	Notes	THE GROUP	
		2019	2018
		Rs'000	Rs'000
Property and equipment			
Gain on disposal		636	494
Financial assets			
Realised loss on FVTPL	30	(376)	(945)
Realised gain on disposal of financial assets carried at amortised cost		-	2,360
		260	1,909

25. UNREALISEDGAINS/(LOSSES)

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Gain /(loss) on financial assets at fair value through profit or loss (note 10(b))	80,825	(64,627)
	80,825	(64,627)

26. OTHER OPERATING INCOME

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Brokerage fees	8,633	8,572
Administration fees	47,747	44,295
Management fees	7,390	7,693
Exchange gains	10,675	16,685
Rental of GIIS	-	3,060
Actuarial fee	3,941	4,276
Stale cheques	2,390	1,822
Loan fees	412	942
Other income	12,501	10,533
	93,689	97,878

27. COMMISSION AND BROKERAGE FEES PAID

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Commission paid	541,318	512,275
Other charges	26,270	19,605
	567,588	531,880

28. OTHER OPERATING AND ADMINSTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Exchange loss	-	1,383	-	-
Management expenses	861,460	830,469	6,697	-
Depreciation (note 5)	32,347	32,070	-	-
Depreciation on right-of-use assets (note 42)	27,802	-	-	-
Amortisation (note 7)	33,658	35,538	-	-
	955,267	899,460	6,697	-

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29. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Interest expense:				
- Dividend on redeemable preference shares	6,000	6,000	-	-
- Interest on subordinated bonds/notes	14,334	11,063	6,169	-
- Interest on lease assets (note 42)	8,083	-	-	-
- Interest on bank overdraft	133	130	-	-
	28,550	17,193	6,169	-

30. PROFIT BEFORE TAX

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
The profit before tax has been arrived at				
After crediting:				
Investment income				
- Dividend income (note 23)	162,301	87,548	135,721	-
- Interest on financial assets and loans	572,919	553,338	4,402	-
Loss on disposal of financial assets (note 24)	376	945	-	-
Gain on sale of property and equipment (note 24)	636	494	-	-
And charging:				
Auditors' fees	7,655	7,195		
Employee benefit expenses (note 31)	454,729	453,565	-	-
Depreciation on property and equipment (note 5)	32,347	32,070	-	-
Depreciation on right-of-use assets (note 42)	27,802	-	-	-
Amortisation of intangible assets (note 7)	33,658	35,538	-	-

31. EMPLOYEE BENEFIT EXPENSES

	THE GROUP	
	2019	2018
	Rs'000	Rs'000
Wages and salaries	386,397	381,096
Social Security costs	10,839	10,839
- Defined contributions	27,747	30,418
- Defined benefits	602	1,326
Other costs	29,144	29,886
	454,729	453,565

32. DIVIDENDS PAID

	THE GROUP AND COMPANY	
	2019	2018
	Rs'000	Rs'000
Paid		
Interim ordinary dividend	36,072	33,817
Final ordinary dividend	91,082	87,024
	127,154	120,841

Dividend per share: Interim Rs 0.80 (2018: Rs 0.75).
Dividend per share: Final Rs 2.02 (2018: Rs 1.93).

33. SHARE BASED PAYMENT

The Company's subsidiary, the Mauritius Union Assurance Cy Ltd (MUACL) has set up a Share Option Scheme ("SOS") to selected members of its executive management team effective from 1st January 2018. Following the Group Restructuring and approval of the Scheme of Arrangement, the current Share Option Scheme was cancelled and Group share scheme launched ("GSOS") and the executive management team that were eligible to the GSOS agreed to exchange their shares in the Company to equivalent number of shares in the ultimate holding company effective from 1st January 2019. The terms and conditions of the GSOS are similar to the old scheme as described below:

Group Share Option Scheme

Where the Company has commited to grant the award directly to the employees of MUACL and settles it in its own equity, MUACL accounts for the award as equity-settled, with a corresponding increase in investment in subsidiary. At a group level a charge to profit and loss is booked over the vesting period. The type of share-based payment that the Company has opted is an "equity-settled" share-based payment. A shared understanding of the terms and conditions of the share based payment arrangements has been agreed between the MUACL and its executive management team. At grant date, will confer to its executive management team options to suscribe for shares in the Company from 1st January 2018 to 31st March 2021 ("vesting period") subject to certain vesting conditions.

The vesting period has been fixed by the Board at 39 months during which the executive management team members have to remain in employment with MUACL. Therefore, the equity instruments started to vest during the financial year December 2018.

Once the shares are issued, they will rank 'pari passu' as to dividend, capital, voting rights and in all other respects with the existing shares of the Company.

The GSOS is subject to an aggregate maximum number of shares which may be utilised and the GSOS would be allowed to grant shares up to a maximum dilution of 2.5% of shareholders ("Maximum GSOS allocation"). Based on the curent capital structure, this represents a maximum of 1,156,000 shares, which can be issued to the participants.

33. SHARE BASED PAYMENT (CONTINUED)

The objectives of the GSOS are as follows:

(i) Focusing key staff on long term objectives to buils sustainable value;
(ii) Delivering value to shareholders by focusing the executive management team on growth of the share price;
(iii) Aligning the objectives of management with those of the shareholders; and
(iv) Encouraging the adotpion of a team environment and business culture.

For the year ended 31st December 2019, a total charge of Rs 3.6M (2018: Rs 3.6M) has been recognised as share based payment expense in the Group profit or loss for executive still in employment at year end based on the fair value of the Company shares awarded. On a separate financial statements, the investment in MUACL was debited by Rs 7.2M at the reporting date.

As the Company's equity instruments are publicly traded, the fair value of the equity instrument granted was determined using the Black Scholes option valuation model.

The weighted average estimated fair value of shares at the date of exercise of these options was Rs 10.06 (2018: Rs 10.06).

The weighted average remaining contractual life for the share options outstanding as at 31st December 2019 was 15 Months (2018: 27).

The weighted average fair value of options granted during the year was Nil (2018: nil).

The exercise price for options outstanding at the end of the year was Rs 59.01 (2018: Rs 59.01).

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34. FAIR VALUE MEASUREMENTS

This note provides information on how the Group and Company determine fair value of various assets and liabilities.

(a) Fair Value of the Group and Company assets and liabilities that are measured at fair value on a recurring basis:

Some of the Group and Company's assets and liabilities are measured at fair value at the end of each reporting period. The following table gives the information about how the fair value of these assets and liabilities are determined (in particular the valuation technique(s)and the inputs used).

THE GROUP

Assets/Liabilities	Fair value as at 31 December 2019	31 December 2018	Fair Value Hierarchy		Valuation technique(s) and key input(s)		Significant unobservable input(s)		Relationship of unobservable inputs to fair value	
Investment properties:	Rs'000	Rs'000	2019	2018	2019	2018	2019	2018	2019	2018
Land	**79,000**	79,000	**Level 2**	Level 2	Sales comparison approach and selling price		**N/A**	N/A	**N/A**	N/A
Building	**407,362**	392,595	**Level 2**	Level 2	Sales comparison approach and selling price		**N/A**	N/A	**N/A**	N/A
Property and equipment:										
Land	**40,000**	40,000	**Level 2**	Level 2	Sales comparison approach and selling price		**N/A**	N/A	**N/A**	N/A
Building	**200,500**	215,087	**Level 2**	Level 2	Sales comparison approach and selling price		**N/A**	N/A	**N/A**	N/A
Financial assets at fair value through other comprehensive income:										
Quoted securities:										
Banks and Insurance	**157,141**	121,316	**Level 1**	Level 1	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Commerce	**3,062**	2,756	**Level 1**	Level 1	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Investments	**43,671**	56,522	**Level 1**	Level 1	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Leisure and Hotels	**58,337**	90,258	**Level 1**	Level 1	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Others	**70,278**	81,166	**Level 1**	Level 1	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Debt instrument:										
Quoted	**23,440**	21,919	**Level 1**		**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Unquoted	**112,589**	100,998	**Level 2**		**Yield to maturity**	N/A	**N/A**	N/A	**N/A**	N/A
Unquoted securities:										
Foreign Equities	**22,698**		**Level 3**	Level 3						
Commerce	**245**		**Level 3**	Level 3						
Others	**26,604**		**Level 3**	Level 3	See disclosure for Level 3 below - refer to note (i)					
Open Ended Mutual Funds:										
Local	-	801	**Level 2**	Level 2	**Net Assets Value**	Net Assets Value	N/A	N/A	N/A	N/A

(i) The following table shows the valuation techniques used in the determination of fair values with in Level 3 of the hierarchy as well as the key unobservable inputs used in the valuation model.

Type	Fair value as at 31 December 2018	31 December 2017	Valuation approach	Key unobservable inputs	Range of unobservable inputs (probability –weighted average)	Relationship of unobservable inputs to fair value
	Rs'000	Rs'000				
Foreign equities -Leisure and hotels	**13,591**	11,016	Price to Book value	Discount due to lack of marketability	20% - 40%	**A 5% increase/decrease in discount factor will lead to a decrease/ increase of Rs 0.8M (2018: Rs 0.5M) in fair value.**
Foreign Equities - Reinsurance	**9,107**	10,646	Dividend discount model	Discount due to lack of marketability	10% -20%	**A 5% increase/decrease in discount factor will lead to a decrease/ increase of Rs 0.35 M (2018: Rs 0.5M) in fair value.**
Commerce and others	**26,849**	25,894	Net Assets Value	Fluctuation in NAV	0% - 5%	**A 5% increase/decrease in NAV will lead to an increase/decrease of Rs 0.15M (2018: Rs 0.038M)**

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34. FAIR VALUE MEASUREMENTS (CONTINUED)

THE GROUP

Assets/Liabilities	Fair value as at 31 December 2019	Fair value as at 31 December 2018	Fair Value Hierarchy 2019	Fair Value Hierarchy 2018	Valuation technique(s) and key input(s) 2019	Valuation technique(s) and key input(s) 2018	Significant unobservable input(s) 2019	Significant unobservable input(s) 2018	Relationship of unobservable inputs to fair value 2019	Relationship of unobservable inputs to fair value 2018
Financial assets at fair value through profit or loss:	**Rs'000**	Rs'000								
Quoted securities:										
Banks and Insurance	**1,150,708**	1,084,937	**Level 1**	Level 1	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Commerce	**106,541**	94,643	**Level 1**	Level 1	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Industry	**64,172**	56,388	**Level 1**	Level 1	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Investments	**911,908**	954,141	**Level 1**	Level 1	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Leisure and Hotels	**173,990**	218,267	**Level 1**	Level 1	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Sugar	**55,946**	57,909	**Level 1**	Level 1	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Others	**58,803**	67,619	**Level 1**	Level 1	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A
Unquoted securities:										
Investment	**73,589**	71,882	**Level 3**	Level 3						
Leisure and Hotels	**7,359**	17,726	**Level 3**	Level 3	See disclosure below for Level 3 - refer to note (i)					
Open Ended Mutual Funds:										
Local	**102,464**	95,328	**Level 2**	Level 2	**Net Assets Value**	Net Assets Value	**N/A**	N/A	**N/A**	N/A
Foreign	**619,148**	415,107	**Level 2**	Level 2	**Net Assets Value**	Net Assets Value	**N/A**	N/A	**N/A**	N/A
Local corporate debt	**-**	-	**Level 2**	Level 2	**Net Assets Value**	Net Assets Value	**N/A**	N/A	**N/A**	N/A
Foreign Corporate Debt	**-**	-								
Investment contract liabilities (a)	**1,002,454**	866,760	**Level 1**	Level 1	**N/A**	N/A	**N/A**	N/A	N/A	N/A

There have been no transfers between levels in the fair value hierarchy.

(i) The following table shows the valuation techniques used in the determination of fair values with in Level 3 of the hierarchy as well as the key unobservable inputs used in the valuation model.

Type	Fair value as at 31 December 2019 Rs'000	Fair value as at 31 December 2018 Rs'000	Valuation approach	Key unobservable inputs	Range of unobservable inputs (probability –weighted average)	Relationship of unobservable inputs to fair value
Foreign equities: Leisure and hotels	**7,359**	17,726	Comparable EV/EBITDA	Discount due to lack of marketability	20% - 30%	An increase/decrease in discount factor will lead to a decrease/ increase of Rs 1.84M (2018: Rs 0.372M) in fair value.
Foreign equities: Investment	**73,589**	71,882	NAV	FV of underlying property	5%	An increase/decrease in FV of property will lead to an increase/ decrease of Rs 3,68M (2018: Rs 3.5M) in fair value.

(a) Investment contract liabilities has been classified as level 1 as they are directly linked to listed equity prices.

34. FAIR VALUE MEASUREMENTS (CONTINUED)

THE GROUP	Carrying amount		Fair value	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Loans and receivables:				
Mortgage Loans	391,398	418,058	398,590	410,385
Loans on Life policies	13,116	14,232	25,249	15,260
Secured Loans	440,392	430,646	473,656	455,169
Unsecured Loans	2,077	1,961	2,237	2,093
CDS guarantee fund	1,140	2,668	3,046	2,282
Debt instruments at amortised cost:				
Deposits and corporate bonds	655,786	605,754	655,786	605,754
Government loan stocks	7,099,762	5,974,467	7,099,762	5,974,467
Financial liabilities:				
Preference share capital	100,000	100,000	100,000	100,000
Subordinate bonds	-	200,000	-	200,000
Floating rate notes	500,000	-	500,000	-

THE COMPANY	Carrying amount		Fair value	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Debt instruments at amortised cost:				
Notes issued by subsidiary	202,215	-	202,215	-
Fixed deposits	170,991	-	170,991	-

34. FAIR VALUE MEASUREMENTS (CONTINUED)

	Fair value hierarchy as at 31 December 2019			
THE GROUP	**Level 1**	**Level 2**	**Level 3**	**Total**
Loans and receivables:				
Mortgage Loans	-	**402,759**	-	**402,759**
Loans on Life policies	-	**14,168**	-	**14,168**
Secured Loans	-	**473,656**	-	**473,656**
Unsecured Loans	-	**2,237**	-	**2,237**
CDS guarantee fund	-	**3,046**		**3,046**
Debt instruments at amortised cost:				
Deposits and corporate bonds	-	**628,550**	-	**628,550**
Government loan stocks	-	**7,752,963**	-	**7,752,963**
Financial liabilities:				
Preference share capital	-	**100,000**	-	**100,000**
Subordinate bonds	-	-	-	-
Floating rate notes	-	**500,000**	-	**500,000**

	Fair value hierarchy as at 31 December 2018			
THE GROUP	Level 1	Level 2	Level 3	Total
Loans and receivables:				
Mortgage Loans	-	410,385	-	410,385
Loans on Life policies	-	15,260	-	15,260
Secured Loans	-	455,169	-	455,169
Unsecured Loans	-	2,093	-	2,093
CDS guarantee fund		2,282		2,282
Debt instruments at amortised cost:				
Deposits and corporate bonds	-	595,428	-	-
Government loan stocks	-	5,234,472	-	5,234,472
Financial liabilities:				
Preference share capital	-	125,230	-	125,230
Subordinate bonds	202,595	-	-	202,595

34. FAIR VALUE MEASUREMENTS (CONTINUED)

THE COMPANY	Fair value hierarchy as at 31 December 2019 Level 1	Level 2	Level 3	Total
Debt instruments at amortised cost:				
Notes issued by subsidiary	-	202,215	-	202,215
Fixed deposits	-	170,991	-	170,991
Financial liabilities:				
Floating rate notes	202,295			202,295

The valuation technique used to fair value the above instruments is discounted cash flow with observable yield for similar instruments.

(c) Reconciliation of Level 3 fair value measurements

The following table shows a reconciliation of the opening balance and closing recorded amount of Level 3 financial assets which are recorded at fair value:

	2019 THE GROUP Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total	2018 THE GROUP Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	89,608	45,542	135,150	77,054	49,445	126,499
Unrealised (losses)/gains	(8,660)	-	(8,660)	12,554	-	12,554
Total gains/(losses) in other comprehensive income	-	4,005	4,005	-	(3,903)	(3,903)
At 31 December	80,948	49,547	130,495	89,608	45,542	135,150

35. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. The Chief Executive Officer (CEO) is the chief decision maker.

The Group's reportable segments under IFRS 8 are based on insurance classes.
(i) Casualty - includes motor, liability, cash in transit, personal accident and health.
(ii) Property - includes fire and allied perils, engineering, marine, and all risks.
(iii) Life - includes both life and pensions.
Revenue in the above segments is derived primarily from insurance premiums, investment income and realised gain on financial assets.
(iv) Other - consists of stock-broking. Revenue in this segment is derived primarily from brokerage commissions, investment income and realised gains on financial assets.

The Company customer portfolio base is widely spread and no customer accounts for more than 10% of the total revenue.

THE GROUP

2019	Casualty	Property	Total General*	Life	Other	Consolidated Adjustments	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Income							
Net earned premium	2,118,742	251,833	2,370,575	963,358	-	-	3,333,933
Fee and commission income	94,842	162,524	257,366	43,503	-	-	300,869
Brokerage fees	-		-		8,633	-	8,633
Share of profit from joint venture	-	-	-		675	-	675
Investment and other income	223,340	59,406	282,746	620,825	66,621	(61,169)	909,023
Segment income	2,436,924	473,764	2,910,687	1,627,686	75,929	(61,169)	4,553,133
Expenses							
Gross claims and benefits	1,311,070	341,749	1,652,819	622,912	-	-	2,275,731
Claims recovered from Reinsurers	(63,980)	(239,164)	(303,144)	(32,472)	-	-	(335,616)
Movement in outstanding claims	(57,469)	(4,841)	(62,310)	631,412	-	-	569,102
Commission and brokerage fee paid	332,714	169,752	502,466	65,122	-	-	567,588
Management expenses	552,321	120,106	672,427	144,274	54,227	(7,211)	863,717
Finance costs	17,223	4,580	21,803	533	4,049	-	26,385
Depreciation	42,003	9,066	51,069	6,899	2,612	-	60,580
Amortisation	15,867	3,836	19,703	2,356	24	9,159	31,242
	2,149,749	405,084	2,554,833	1,441,036	60,912	1,948	4,058,729
Segment profit before tax	287,175	68,680	355,854	186,650	15,017	(63,117)	494,404
Profit before taxation							494,404
Taxation							(50,534)
Profit for the year							443,870

* Amount represents that of The Mauritius Union Assurance Cy Limited and the african subsidiaries.

35. SEGMENT INFORMATION (CONTINUED)

THE GROUP

2018	Casualty	Property	Total General*	Life	Other	Consolidated Adjustments	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Income							
Net earned premium	1,880,213	376,685	2,256,898	921,847			3,178,745
Fee and commission income	93,053	144,372	237,425	34,706			272,131
Brokerage fees	-	-			8,261		8,261
Share of profit from joint venture	4,327	1,067	5,394	-		-	5,394
Investment and other income	184,160	73,820	257,980	415,334	60,279	(52,614)	680,979
Segment income	2,161,753	595,944	2,757,697	1,371,887	68,540	(52,614)	4,145,510
Expenses							
Gross claims and benefits	1,348,422	728,234	2,076,656	564,231	-	-	2,640,887
Claims recovered from Reinsurers	(151,938)	(565,613)	(717,551)	(30,231)	-	-	(747,782)
Movement in outstanding claims	(104,299)	10,169	(94,130)	467,619	-	-	373,489
Commission and brokerage fee paid	300,222	176,363	476,585	55,295	-	-	531,880
Management expenses	519,846	164,419	684,265	132,433	46,245	(10,596)	852,347
Finance costs	13,688	3,375	17,063	-	130	-	17,193
Depreciation	21,102	6,024	27,126	3,833	717	-	31,676
Amortisation	15,724	4,387	20,111	3,834	-	11,519	35,464
	1,962,767	527,358	2,490,125	1,197,014	47,092	923	3,735,154
Segment profit before tax	198,986	68,586	267,572	174,873	21,448	(53,537)	410,356
Profit before taxation							410,356
Taxation							(55,993)
Profit for the year							354,363

* Amount represents that of The Mauritius Union Assurance Cy Limited and the african subsidiaries.

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35. SEGMENT INFORMATION (CONTINUED)

THE GROUP

2019	**Casualty**	**Property**	**Total General***	**Life**	**Other**	**Consolidated Adjustments**	**Total**
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	**5,463,295**	**1,144,338**	**6,607,633**	**9,927,545**	**1,033,049**	**(797,914)**	**16,770,313**
Segment liabilities	**1,027,227**	**216,923**	**1,244,150**	**123,514**	**302,017**	**1,469**	**1,671,150**
Technical liabilities							
- Unearned premium reserve							**1,488,986**
- Life assurance fund							**7,794,209**
- Investment contract liabilities							**1,002,454**
- Outstanding claims							**1,335,982**
Total equity							**3,477,532**
Capital expenditure							
Property, plant and equipment	**33,362**	**7,675**	**41,037**	**26,450**	**968**	**-**	**68,455**
Intangible assets	**13,896**	**3,189**	**17,085**	**4,083**	**286**	**-**	**21,454**

* Amount represents that of The Mauritius Union Assurance Cy Limited and the african subsidiaries.

THE GROUP

2018	Casualty	Property	Total General*	Life	Other	Consolidated Adjustments	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	4,864,865	1,781,510	6,646,375	9,049,245	107,689	(758,161)	15,045,149
Segment liabilities	716,236	266,656	982,892	97,333	26,427	(710)	1,105,942
Technical liabilities							
- Unearned premium reserve							1,340,726
- Life assurance fund							7,229,437
- Investment contract liabilities							866,760
- Outstanding claims							1,391,344
Total equity							3,110,940
Capital expenditure							
Property, plant and equipment	9,602	4,358	13,960	2,392	623	-	16,975
Intangible assets	8,980	3,268	12,248	3,151	-	-	15,399

* Amount represents that of The Mauritius Union Assurance Cy Limited and the african subsidiaries. It is made up of Casualty and Property businesses.

35. SEGMENT INFORMATION (CONTINUED)

GEOGRAPHIC INFORMATION	Income from External Customers		Non Current Assets	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Mauritius	3,689,173	3,361,701	11,743,602	11,003,599
Kenya	200,534	160,284	273,545	227,563
Tanzania	298,008	255,604	309,146	289,317
Uganda	139,126	140,467	130,754	82,781
Rwanda	228,095	222,060	214,285	71,826
	4,554,936	4,140,116	12,671,332	11,675,086

36. SHAREHOLDERS SHARE OF LIFE SURPLUS

In accordance with the accounting policy in note 2, the independent actuaries have assessed the amount of the Discretionary Participating Feature (DPF) eligible surplus to be transferred to/(from) the Life Assurance Fund (from)/to Profit or Loss at (Rs 8.4M) (2018: Rs 2.8M). Assets and liabilities of the life Company are owed by the shareholders and policyholders. Surplus for the year attributable to the policyholders are then transferred to the Life Assurance Fund.

37. COMMITMENTS

	THE GROUP		THE COMPANY	
Outstanding financial commitments:	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Loans approved by the Board of Directors but not yet disbursed	65,251	53,935	-	-

38. BASIC AND DILUTED EARNINGS PER SHARE

	THE GROUP	
	2019	2018
The following reflects the income and share data used in the basic and diluted EPS computations	Rs'000	Rs'000
Profit attributable to equity holders of the parent	381,850	309,069
Weighted average number of ordinary shares ranking for dividend:		
Number of ordinary shares for basic EPS	45,090,000	45,090,000
Effect of dilution from share options	200,711	117,843
Number of ordinary shares adjusted for the effect of dilution	45,290,711	45,207,843
Earnings per share - Basic	8.47	6.85
Earnings per share - Diluted	8.43	6.84

As described in note 33, the Company has set up a share option scheme for a total number of shares offered of 1,156,000 shares. An incremental number of shares of 200,711 shares (2018: 117,843 shares) under the share option scheme has been used to calculate the diluted EPS.

39. NOTES TO CASH FLOW STATEMENTS

(a) Cash generated from operations

	Notes	THE GROUP		THE COMPANY	
		2019	2018	2019	2018
		Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation		494,404	410,356	127,257	-
Increase in financial assets at fair value through profit or loss	10(b)	(80,825)	64,625	-	-
Increase in fair value of investment properties	6	3,578	-	-	-
Assets written off	5/7	1,507	153	-	-
Foreign exchange (gains)/losses	26/28	(10,675)	(15,302)	-	-
Provision for retirement benefit obligations		1,307	1,326	-	-
Provision for credit impairment (net)	11/12	(3,874)	19,847	-	-
ECL - IFRS 9		660	(4,496)	-	-
Loans and receivables written off	11	-	36	-	-
Dividend income	23	(162,301)	(87,548)	(135,721)	-
Interest income	23	(572,919)	(557,834)	(4,402)	-
Interest expense	29	28,550	17,193	6,169	-
Depreciation of property and equipment	5	32,347	32,070	-	-
Depreciation of rights of use asset		27,802	-	-	-
Amortisation of intangible assets	7	33,658	35,538	-	-
Amortisation of financial assets	10(c)	(48,883)	(15,082)	-	-
Profit on sale of property and equipment	24	(636)	(494)	-	-
Profit on disposal of financial assets	24	-	(1,415)	-	-
Share of profit from joint venture	9	(1,891)	(5,394)	-	-
		(258,191)	(102,843)	(6,697)	-
Change in unearned premium		62,338	80,659	-	-
Change in insurance and other receivables		(36,345)	93,661	(35,488)	-
Net change in deferred acquisition costs		(7,298)	3,871	-	-
Change in outstanding claims		299,867	373,487	-	-
Change in trade and other payables		238,549	(17,958)	2,089	-
Net cash generated from operations (refer to page 18)		298,920	430,877	(40,096)	-

(b) Cash and short term deposits

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at December 31,

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs'000	Rs'000
Cash at banks and on hand	590,125	179,230	97,715	-
Short-term deposits	21,560	352,482	-	-
	611,685	531,712	97,715	-

Cash at bank earns interest at fixed rates based on a daily basis deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposits rates. The interest rates on the cash at bank varies 0.5% to 1.8% and from 2.5% to 15% for short-term deposits.

40. GOODWILL

Goodwill acquired through business combination with indefinite lives are allocated to seven individual CGUs: Management Services, Life insurance and non life insurance. The recoverable amounts of goodwill allocated to each of the CGUs is show below:

	MUA Life Ltd (Life insurance)	MUA Mutual Fund Ltd (Management services)	The Mauritius Union Assurance Cy. Ltd (non life insurance)	MUA (Kenya) Ltd** (non life insurance)	MUA (Uganda) Ltd* (non life insurance)	Phoenix of Tanzania Assurance Company Limited (non life insurance)	MUA (Rwanda) Ltd (non life insurance)	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Goodwill	51,197	21,780	133,188	-	28,543	48,725	23,438	306,871

The recoverable amounts of the cash generating units are determined on the basis of value in use calculations. At 31st December 2019, the value in use of each cash generating units exceeds its carrying amount for seven GCUS. An impairment of Rs 38.6M has been recorded for the year ended 31st December 2016 in respect of MUA (Kenya) Ltd as the value in use is lower than its carrying value.

To determine the value in use for each cash generating unit, cash flow forecast from the most recent financial approved budgets for the next five years is used adjusted for any one off claims and change in business. Discount rates used represent the current market assessment of the risks specific to a cash generating unit, taking into consideration the time value of money and the weighted average cost of capital (WACC).

Life insurance CGU

The recoverable amounts for the life insurance business CGUs have been determined based on a value in use (VIU) calculation. The calculation is based on the VIU of the business, together with the present value of expected future profits from new business over a five year period.

The key assumptions used for the VIU impairment calculation for the Life Insurance were:

- The shareholder interest in the life insurance business is based on projected cash flows of the business including expected investment returns of 7 % (2018: 7%);
- Risk-adjusted discount rates used for calculation of embedded value are calculated using a risk margin of 4% (2018: 4%), based on the operating segment's weighted average cost of capital;
- Future regular bonuses on contracts with DPF are projected in a manner consistent with current bonus rates and expected future returns on assets deemed to back the policies;
- Economic assumptions are based on market yields on risk-free fixed interest rates for the relevant currencies at the end of each reporting period;
- New business contribution represents the present value of projected future distributable profit generated from business written in a period. This is initially based on the most recent five-year business plans approved by senior management;
- Growth rate represents the rate used to extrapolate new business contributions beyond the business plan period, and is based on management's estimate of future growth of 10% (2018: 10%), which is in line with the average growth rate of life insurance industry;
- A pre-tax Group-specific risk-adjusted discount rate of 8% % (2018: 8.5%) is used to discount expected profits from future new business.

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40. GOODWILL (CONTINUED)

Investment Management services CGU

The recoverable amount of the investment management services businesses has also been determined based on a VIU calculation using cash flow projections based on the budgeted fee income margin approved by management covering a five-year period. A pre-tax Group-specific risk-adjusted discount rate of 10% (2018: 10%) is used. The applied long-term growth rate is % (2018: 5%).

Non-life insurance

The recoverable amount of the non-life insurance business has been determined based on a VIU calculation using cash flow projections based on financial budgets approved by management covering a five-year period. Discount rates used represent the current market assessment of the risks specific to a cash generating unit, taking into consideration the time value of money and the weighted average cost of capital (WACC). The projected cash flows beyond the five years excluding expenses have been extrapolated using a steady average growth rate of 5% (2018: 5%) which is in line with the GDP growth rate of each country. The projected cash flows are determined by claim ratio, retention ratio, growth rate and rate of return on investment based on past performances, adjusted for one off expenses and management expectations for market developments.

The key assumptions used for the VIU impairment calculation are:

- Policy lapses – The Group has retained records of policy lapses since its inception and is, therefore, able to predict trends over the coming years. Management plans assume no change from recent experiences;
- Premiums and margins – Premium income is based on past data and adjusted for any group development. Difference growth rate has been applied to the different class of business and a growth rate varies between 10% to 25% (2018: 3% to 45%) per annum was applied for non-life insurance;
- Claims ratio was determined by using the past payment made during the four preceding years adjusted for one off claims occurred;
- Expenses – Estimates are obtained from forecasted budget. The financial budget plans assume that expenses will broadly increase in line with inflation rate.

Sensitivity to changes in assumptions

The Group also carried out a sensitivity analysis based on changes on major assumptions listed below:

Life insurance CGU	MUA Life Ltd (Life insurance)	
	2019	2018
	Rs'000	Rs'000
Discount factor +1%	(115,549)	(85,037)
Discount factor -1%	125,943	91,387
Growth rate +1%	142,857	63,746
Growth rate -1%	(133,017)	(59,319)

Investment Management services CGU	National Mutual Fund Ltd (Management services)	
	2019	2018
	Rs'000	Rs'000
Discount factor +1%	(7,216)	(7,163)
Discount factor -1%	10,826	10,722
Growth rate +1%	8,585	4,655
Growth rate -1%	(5,724)	(4,530)

40. GOODWILL (CONTINUED)

2019 Non-Life insurance	The Mauritius Union Assurance Cy. Ltd (non life insurance)	MUA (Kenya) Ltd	MUA (Uganda) Ltd *	Phoenix of Tanzania Assurance Company Limited	MUA (Rwanda) Ltd
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Discount factor +1%	**(184,400)**	**(57,121)**	**(4,778)**	**(259,332)**	**(47,360)**
Discount factor -1%	**194,514**	**19,147**	**5,022**	**322,779**	**57,102**
Claim ratio +1%	**(346,853)**	**(33,883)**	**(12,490)**	**(45,421)**	**(23,941)**
Claim ratio -1%	**346,853**	**33,883**	**12,490**	**45,421**	**23,941**
Growth rate +1%	**738,288**	**43,481**	**8,989**	**214,081**	**35,343**
Growth rate -1%	**(799,812)**	**(36,136)**	**(7,471)**	**(172,480)**	**(29,373)**

2018 Non-Life insurance	The Mauritius Union Assurance Cy. Ltd (non life insurance)	MUA (Kenya) Ltd	MUA (Uganda) Ltd *	Phoenix of Tanzania Assurance Company Limited	MUA (Rwanda) Ltd
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Discount factor +1%	(504,582)	(2,567)	(6,267)	(133,988)	(6,267)
Discount factor -1%	(756,811)	2,696	6,558	86,066	6,558
Claim ratio +1%	(396,266)	(15,263)	(7,540)	(12,373)	(7,540)
Claim ratio -1%	298,506	(15,019)	8,570	16,409	8,570
Growth rate +1%	1,244,035	56,631	24,134	33,946	24,134
Growth rate -1%	(1,154,208)	30,618	(23,436)	(39,830)	(23,436)

41. RELATED PARTY TRANSACTIONS

	Relationship	THE GROUP 2019	THE GROUP 2018	THE COMPANY 2019	THE COMPANY 2018
		Rs'000	Rs'000	Rs'000	Rs'000
Loans granted to					
Directors and key management personnel		2,500	14,500	-	-
Amount owed by					
Directors and key management personnel					
Receivables from:					
NMF Property Trust	Sister company	-	79	-	-
NMF General Fund	Sister company	-	677	-	-
MUA Life Ltd	Subsidiary	5,008	-	-	-
Decadel Ltée	Subsidiary	2,264	-	-	-
MUA Pension Ltd	Subsidiary	275	-	-	-
MUA Mutual Fund Ltd	Subsidiary	65	-	-	-
MUA Transafrica Holdings Ltd	Subsidiary	1,077	-	-	-
		8,689	756	-	-
Notes receivable from:					
The Mauritius Union Assurance Cy Ltd	Subsidiary	-	-	200,000	-
Amount receivable from:					
The Mauritius Union Assurance Cy Ltd	Subsidiary	-	-	8,567	-
Purchase of goods and services from					
Subsidiary company		-	457		-
Other related party - Accredited agent		29,511	29,976		-
Sale of services to					
Directors and key management personnel		13,491	10,443		-
Receivable from:					
Subsidiary companies		-	-		
Remuneration of key management personnel					
Salaries and short-term employee benefits		144,002	141,898		-
Post-employments benefits		11,239	10,986		-

Key management personnel consist of Chief Executive Officers and Senior managers. No termination benefits were paid during the year.

Terms and conditions of transactions with related parties
The sales to and purchases from related parties are made at normal market prices. Outstanding balances at the year end are unsecured, interest free except for loan granted to directors and settlements occurs in cash. There have been no guarantees provided or received for any related party receivables and payables. At each financial year, an assessment of provision for impairment is undertaken through examining the financial position of the related party and the market in which the related party operates.

Loans given to related party are repaid on a monthly basis at market rates ranging from 4.1% to 6.1% (2018: 7.5% to 13%).

42. LEASES

How these are accounted for

(a) Right of use asset

	2019 Building
	Rs
At 1 January	140,390
Addition	306
Depreciation (note 28)	(27,802)
Foreign exchange difference	862
At 31 December	113,756

(b) Lease liabilities

Set out below are the carying amounts of the lease liabilities and the movements during the year:

	2019 Total
	Rs
At 1 January	140,390
Addition	306
Accretion of interest	8,083
Payments	(32,775)
Foreign exchange difference	1,535
At 31 December	117,539
Analysed as:	
Current	25,599
Non-current	91,940
	117,539

The maturity analysis of lease liabilities are disclosed in note 3.2.3.

(c) Amounts recognised in the statement of profit or loss

The following are the amounts recognised in profit or loss:	2019 Total
	Rs
Depreciation expense of right-of-use assets (note 28)	27,802
Interest expense on lease liabilities (note 29)	8,083
Total amount recognised in profit or loss	35,885

The total cash outflow for leases in 2019 was Rs 32,8M which includes principal portion of Rs 24,7M and interest portion of Rs 8,1M.

43. CONTINGENCIES

In common practice with insurance industry in general, the group is subject to litigations arising in the normal course of insurance business.The directors are of the opinion that these litigations will not have a material effect on the financial position or results of the group as the insurance contract liabilities take into account the claims related to these litigations.

44. COMPARATIVES

The financial statements of the Company, MUA Ltd, is presented from the date of incorporation on 3rd July 2018 to 31st December 2019.

The comparative group figures for 2018 represent group figures from the 2018 audited financial statements of The Mauritius Union Assurance Cy Ltd before the restructuring, as more fully described in note 2.1 under the heading “Basis of preparation”.

45. EVENTS AFTER THE REPORTING DATE

(a) Subsequent to the reporting period, the Group made a significant investment on the African continent whereby its subsidiary, MUA Insurance (Kenya) Ltd acquired 100% of Saham Assurance Kenya Limited, subject to receiving all the regulatory approvals.
Additionally, the Company purchased an additional 17.9% stake in MUA (Uganda) Ltd for a total consideration of Rs 23M.

(b) The world has changed significantly over the past few weeks. Starting in Asia and now spreading across most of the world, the Corona Virus (COVID-19) has most countries currently in a state of near complete lockdown. While there is no way to tell exactly what the economic damage from the COV-19 pandemic will be, there is widespread agreement that it will have a severe negative impact on the global economy. International stock markets have suffered dramatic falls due to the outbreak, and the MSCI World Equity index is down -26% and the Stock Exchange of Mauritius index (SEMDEX) is down -28% since 31st December 2019.

The Organization for Economic Cooperation and Development (OECD), in its report “Coronavirus: The world economy at risk,” said that a longer-lasting and more intensive outbreak could reduce global growth to just 1.5 percent in 2020. Insurers across the board would likely be impacted by a sharp slowdown in economic activity, which would undermine growth and perhaps even contract insurable exposures.

On the current trajectory we must expect (and the market has priced in) the spread of COV-19 to get worse before it starts to improve. No amount of fiscal or monetary stimulus can fully offset the financial impact on the economy while the situation continues to worsen every day. However, the scale of fiscal and monetary intervention now unveiled by most major economies makes it hard for markets to keep on falling at the same pace. While global markets react daily to the economic stimulus packages being announced, the world needs to begin to feel there is a real likelihood of beating this virus. Certainly if we see tangible positive results from medical tests either of anti-viral treatments or vaccine trials, the picture will change considerably. Numerous trials are in progress all over the world, so a surprise in this regard could come at any time. One extraordinary fact is that the best performing market in the world this year has been China! As soon as it was clear from the data that China was winning the battle against COV-19, its markets began to recover. The same thing is likely to happen elsewhere including in Mauritius.

45. EVENTS AFTER THE REPORTING DATE (CONTINUED)

The fall of 28% in SEMDEX since 31st December 2019 has a direct impact on the equity portfolio of the Group. In order to boost the economy, any drop in interest rate will increase the policyholders' liability and the investment returns.

The probability of Default in the Expected Credit Loss calculation with respect to the loan portfolio is expected to increase with the prevailing situation if there are delays in repayments of instalment. However, management has assessed that the impact will not be material. The loans are well collateralised and even if the whole loan portfolio is moved to stage 3, the impact is not expected to be significant.

Currently no material deterioration has been noted in the Insurance and Reinsurance receivables as the countries are still in the early stages of the lock down. Whilst management is monitoring the situation closely, it remains uncertain to what extent the COV-19 outbreak will impact the ability of the Insurance debtors to settle their debts to the entities within the Group. Where there shall be delays in the payment of premiums management will assess on a case by case basis to evaluate whether there are any indicators that the whole amount will not be recovered and the necessary impairment made to the Insurance receivables book.

The Group deals with reinsurers with high credit ratings and management is not expecting the reinsurance recoveries will be impacted. Nevertheless management is closely monitoring the situation.

The other assets on the statement of financial position are not expected to be impacted.

Goodwill, customer base and investment in subsidiaries

The infection rate to the COV-19 is currently much lower on the African continent as compared to other countries. As far as the insurance business in Africa is concerned currently there is no major impact and it is uncertain how the situation will evolve in the coming weeks or months. The Group has investments in subsidiaries based in Mauritius and Africa and on acquisition, goodwill and customer base asset were recognised. Currently the Group has enough headroom on the carrying amount of the goodwill and investment in subsidiaries and should the situation change drastically, management will re-assess in light of the new information available. The customer base is currently amortised and when there are indications that the recoverable amount is less that the carrying amount the required impairment will be accounted for.

Going Concern

The main entities within the group have a strong balance sheet and are well capitalised that will allow the businesses to operate as a going concern. All the entities have an MCR cover that is above the statutory rate and the stress test scenarios under adverse economic conditions showed the strength of the balance sheets. The Group has a business continuity plan that will allow the business to operate without major disruptions.

Further, the Group is, and will continue to be, fully operational on a work from home basis having sufficient remote work capabilities in terms of access, capacity and bandwidth for employees for an extended period of time.

Besides the distribution channels for new businesses have not been significantly affected up to now but should the lock down be extended for longer periods, downside risks exist.

Nevertheless the Executive Committee of the Group is monitoring the situation on a daily basis.

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