



A Symbol of Trust Security and Progress

Tausi Assurance
Company Limited

2024

ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER





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Welcome to Tausi Assurance Company Ltd

We are different because of our philosophy that puts the customer first.

We are a leading Insurance company in Kenya with over 30 years of experience in writing a wide portfolio of insurance products. Established in 1992 in Westlands, Nairobi, with an initial capital of KES 20 Million, the company has grown over the years to become one of the most reputable general insurer in Kenya on the backdrop of its unique strategy of “growth and sustainability.”



MISSION

To create better value for our customers and stakeholders through workable solutions in general insurance.



VISION

To be the insurance provider of the first choice



COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. R.C. Kantaria	-	Chairman (Alternate Mr. Vijay Kantaria)
Mrs. R. Thatthi	-	Managing Director/ Principal Officer
Mr. S.K. Shah		
Mr. A.R. Kantaria		
Mr. S.O.J. Mainda		
Mr. P.T. Warutere		
Mr. S. Oueslati	-	Alternate Mr. F. Jiwa

COMPANY SECRETARY

Winfred Mwikali Muoki
Certified Public Secretary
P.O. Box 15840 - 00100 NAIROBI

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

L.R. No. 209/2259/1
Tausi Court, Tausi Road
Off Muthithi Road, Westlands
P.O. Box 28889, 00200 NAIROBI
Mobile: 0729145888/0735145020

INDEPENDENT AUDITOR

Grant Thornton LLP
Certified Public Accountants (Kenya)
"5th Floor, Avocado Towers,
Muthithi Road, Westlands"
P.O. Box 46986, 00100 NAIROBI

ACTUARIES

Zamara Actuaries Administrators
& Consultants Ltd
P.O. Box 52439, 00200 NAIROBI

PRINCIPAL BANKER

Prime Bank Limited
Westlands, Sarit Centre Branch
P.O. Box 43825, 00100 NAIROBI

LEGAL ADVISORS

Macharia, Mwangi & Njeru Advocates
P.O. Box 10627, 00100 NAIROBI

Mahida & Maina Co. Advocates
P.O. Box 1341, 01000 THIKA

Wanja & Kibe Advocates
P.O. Box 1382, 80100 MOMBASA

Daly & Inamdar Advocates
P.O. Box 80483, 80100 MOMBASA

Muchui & Company Advocates
P.O. Box 61901, 00200 NAIROBI

Mucheru Law LLP Advocates
P.O. Box 7769, 00200 NAIROBI

BOARD OF DIRECTORS



Dr. Rasik Kantaria
(Chairman)



Mrs. Rita Thatthi
M.D. & Principal Officer



Mr. Amar Kantaria



Mr. Shantilal Shah



Dr. Steve Mainda



Mr. Skander Khalil



Mr. Peter Warutere

MANAGEMENT



Mrs. Rita Thatthi
M.D. & Principal Officer



Ms Winfred Muoki
Company Secretary



Ms Lilian Wandungi
Senior Technical Manager



Mr. Steve Ogunde
Senior Manager Reinsurance



Mr. Sammy Muriuki
Head of Risk and Compliance



Mr. Samuel Wanjiku
Head of Internal Audit



Mr. Antony Kariuki
Senior Manager ICT



CHAIRMAN'S STATEMENT – 2024



It is my honor to present the Annual Report and Financial Statements of Tausi Assurance Company Ltd. for the year 2024.

The Kenyan economy, in 2024, was shaped by shifting dynamics, including mounting economic pressures, emerging opportunities, shifting policy directions, a rapidly evolving investment landscape, and most notably, the widespread effects of climate change.

The insurance industry in Kenya was particularly impacted by two major factors in the year; unprecedented flooding caused by prolonged heavy rainfall and inadequate infrastructure in the environs, and nationwide protests. Tausi was not spared, as the Company processed a huge volume of flood and riot-related claims. Despite these headwinds, Tausi remained resilient, continuing to prioritize service excellence and the achievement of its strategic objectives.

Gross written premiums increased by 6% from Ksh 2.09 billion in 2023 to Ksh 2.223 billion in 2024 while

profit before tax reduced to Ksh 425 million from Ksh 555.8 million in 2023. This decline was driven by an increase in claims incurred and paid due to flood and civil unrest. However, our investment income rose by 14% to Ksh 373 million, up from Ksh 328 million in 2023 mainly as a result of growth in interest from government securities. Management expenses were effectively managed, with a modest increase of 2%. The underwriting profit declined by 87% to Ksh 30M, from Ksh 234M recorded in 2023. This was attributed to an increase in net incurred claims from Ksh 378M to Ksh 573M with a subsequent rise in claim ratio from 31% to 43%.

It is indeed gratifying for me to note that the impact of the deteriorating claims experience in the year was well managed and that the board of directors have proposed a dividend of Ksh 198M. This is in line with our strategic commitment to deliver value to our shareholders.

The year marked the conclusion of our 2022-2024 Strategic Plan. I am pleased to report that the Company exceeded both its strategic and budgetary targets. The shareholders fund grew by 24.5% during this period from Ksh 2.16 billion to Ksh 2.696 billion, largely arising from sustained profitability in the Company's core business and prudent investment decisions.

Looking ahead, our 2025-2027 Strategic Plan will focus on delivering profitable growth through professional underwriting standards, optimizing operational efficiencies, strong and effective risk management strategies, and an emphasis on customer-centric service. At Tausi, every action is aligned to the needs of our customers, and our team remains committed to delivering prompt, fair, and transparent engagements.

On behalf of the Board of Directors, I extend my sincere appreciation to the Insurance Regulatory Authority for its guidance and support throughout the year. I also thank our reinsurers for their continued partnership and alignment with our evolving strategic and risk frameworks. To our loyal clients, agents and brokers thank you for your continued trust and confidence in Tausi. You remain at the heart of everything we do.

Finally, I express deep gratitude to the Board of Directors for their wise counsel, and to our dedicated management and staff for upholding the highest standards of professionalism and integrity in all aspects of our business.

Dr. RASIK KANTARIA



STATEMENT OF CORPORATE GOVERNANCE

Tausi remains committed to good corporate governance practices, ethics and accountability. These practices enhance openness and integrity, and are essential to the delivery of long term and sustainable stakeholder and shareholders' value. The Board of Directors is accountable to the shareholders for ensuring that the Company complies with the law and effective corporate governance for achieving long term goals and sustainability.

Board of Directors

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- Maintain and increase Shareholder value through fostering a culture of adopting best business practices and professionalism in Company's day to day operations
- Ensure there is transparency and accountability to the shareholders;
- Ensure compliance with the laws and regulations of the country;

The Board is responsible for;

- Establishing long-term goals of the company
- Ensuring strategic objectives and plans are established to achieve the company goals
- To ensure management structures are in place to achieve the company objectives
- To guide the implementation of strategic decisions and actions in addition to advising the management appropriately.
- The Board is responsible for development of the Company's strategic direction and ensuring implementation of the laid down plan. The board periodically monitors and reviews the financial performance of the company to ensure that the budgets and targets are clearly adhered to.
- The Board is responsible for risk management, overseeing the implementation of adequate control systems and relevant compliance with the laws and regulations.

Board committees

The Company has constituted the following committees that act as oversight for the Board of Directors;

- Board Audit Committee responsible for accuracy of financial reporting and

compliance with the laid down operational frameworks within the company and compliance with the relevant regulations.

- Board Risk Management Committee whose key responsibility is to identify, assess and mitigate risk that could affect our business. The committee is established to ensure effective operation and implementation of the risk management framework within the company. It also monitors implementation of the strategic plan and operation of the budget.
- Board Asset, Liability and Investment Committee ensures that the investments are done in accordance with the approved investment policy. The committee ensures that assets of the company are invested in viable investments that optimizes the company's investment income.
- Board Corporate Governance, Nomination, Remuneration and Human Resource Committee established to ensure there is transparency and fairness in remuneration of the board of directors, senior management and other members of staff. It also ensures succession planning of all levels of Management for continuity and smooth operations of the company. It is responsible for recruitment of persons in senior management positions.

Corporate social responsibility

The Board is conscious of the need to contribute towards corporate social responsibility and has ensured that the community at large and the environment benefit from the company operations. The staff have participated in various CSR activities. Some of the activities that the company supported in 2024 are as listed below;

- Donation to the Jaipur foot trust to fit artificial limbs to amputees
- Sponsorship to the needy for eye operations at Lions Sight First Hospital
- Famine relief Fund
- Donating towards Amara Charitable Trust



The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives.





Our chairman Dr. Rasik Kantaria flagging off food donations in support of flood victims on 26th may 2024.

REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2024, which disclose the state of affairs of the company.

PRINCIPAL ACTIVITIES

The company underwrites all classes of general insurance business as defined by Section 31 of the Kenyan Insurance Act (cap 487) with the exception of aviation.

RESULTS	2024 Shs	2023 Shs
Profit before tax	424,923,297	555,823,109
Tax charge	(43,931,732)	(81,101,986)
Profit for the year	380,991,565	474,721,123

BUSINESS REVIEW

During the year, the company's net earned premiums increased from Shs. 1,214,596,074 to Shs. 1,326,077,713. This was mainly attributed to increase in overall gross written premiums which was as a result of improved performance of various products offered by the company.

The profit before tax decreased from Shs.555,823,109 to Shs.424,923,297 This was as a result of increase in net claims ratio from 31% to 43%. Our Net Earned Premiums increased at the rate of 9%. Combined ratio increased from 83% to 98%. Net investment income increased by 24% while profitability decreased by 20%.

As at 31 December 2024, the net asset position of the company was Shs. 2,696,145,836 compared to Shs. 2,457,338,806 as at 31 December 2023.

During the year, the company's net earned premiums increased from Shs. 1,214,596,074 to Shs. 1,326,077,713. This was mainly attributed to increase in overall gross written premiums which was as a result of improved performance of various products offered by the company.

Key performance indicators

	2024 Shs	2023 Shs
Insurance revenue	2,203,589,792	2,042,049,313
Insurance service result before reinsurance contracts held	161,954,896	624,696,622
Net expense from reinsurance contracts held	(70,399,479)	(362,301,178)
Insurance service result	91,555,417	262,395,444
Net insurance finance income	(61,544,653)	(28,611,479)
Investment and other income	389,085,474	351,132,577
Fair value gain/(loss) on quoted shares	22,943,843	(17,562,427)
Other operating expenses	(17,116,784)	(11,531,006)
Net income	424,923,297	555,823,109
Profit for the year	380,991,565	474,721,123

PRINCIPAL RISKS AND UNCERTAINTIES

The overall business environment continues to remain challenging and this has a resultant effect on overall performance of the company. The company's strategic focus is to enhance revenue growth whilst maintaining profit margins, the success of which remains dependent on overall market conditions and innovativeness to sustain market share.

The Company pays particular attention to the credit risk and free cash flows. These are always material and key consideration throughout the financial year and are closely monitored.

In addition to the business risks discussed above, the company's activities expose it to a number of financial and insurance risks which are described in detail in Note 3 to the financial statements.

DIVIDEND

The directors recommend payment of final dividend of Shs. 198,000,000 for the year, (2023: Shs 198,000,000). During the year, no interim dividend was declared (2023: NIL). Therefore total dividend for the year ended 31 December 2024 was Shs 33 per share (2023: Shs 33 per share) amounting to a total of Shs. 198,000,000 (2023: Shs 198,000,000).

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 1.

DIRECTORS INDEMNITIES

In line with sound governance practices, the company maintains Directors' and Officers' liability insurance, which gives appropriate cover for legal action brought against its Directors. The company has also granted indemnities to each of its directors and the secretary to the extent permitted by law.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

- (a) there is, so far as the director is aware, no relevant audit information of which the company's auditor is unaware; and
- (b) the director has taken all the steps that the director ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

APPOINTMENT OF THE AUDITOR

Grant Thornton LLP has expressed willingness to continue in office in accordance with the company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

The Report of Directors was approved by the Board of Directors on 25th March 2025 and signed on its behalf by the Secretary.

BY ORDER OF THE BOARD



WINFRED MWIKALI MUOKI
COMPANY SECRETARY
NAIROBI



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the company keeps proper accounting records that are sufficient to show and explain the transactions of the company; that disclose, with reasonable accuracy, the financial position of the company and that enable them to prepare financial statements of the company that comply with IFRS Accounting Standards as issued by International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the IFRS Accounting Standards as issued by International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii. Selecting suitable accounting policies and then applying them consistently; and
- iii. Making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Company's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 25th March 2025 and signed on its behalf by:

Mr. Shantilal Shah
(Director)

Dr. Rasik Kantaria
(Director)

Mrs. Rita Thatthi
(Director & Principal officer)



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TAUSI ASSURANCE COMPANY LIMITED

Opinion

We have audited the financial statements of Tausi Assurance Company Limited set out on pages 10 to 61, which comprise the statement of financial position as at 31 December 2024, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respect Tausi Assurance Company Limited financial position as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board and the Kenyan Companies Act 2015.

Basis for Opinion

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

Key Audit Matters

This section of the audit report is intended to describe the matters communicated with those charged with governance that we have determined, in our professional judgment, were of most significance in the audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
Insurance contract liabilities	
<p>Valuation of the insurance contract liabilities is highly judgemental and requires material estimation by management.</p> <p>The valuation of non-life insurance contract liabilities or assets has a material risk of misstatement due to the complexity associated with the underlying assumptions and the sensitivity to assumption and actuarial judgement applied. Most of the actuarial assumptions relates to the calculation of the Liability for Incurred Claims (LIC), Liability for Remaining Coverage (LRC), Reinsurance Assets and the Risk Adjustment (RA).</p> <p>The valuation of outstanding claims relies on the quality of the underlying data. It involves complex and subjective judgements about future events both internal and external to the business for which small changes in assumptions can result in material impacts to the estimates.</p> <p>We identified this as a key audit matter due to the significance of the balances to the financial statements and the high degree of estimation uncertainty and material judgement applied by management in the determination of the value of these liabilities</p>	<p>Our audit procedures included but we are not limited to:</p> <ul style="list-style-type: none"> ● Gaining and documenting our understanding of any changes in the reserving models ● Tested the appropriateness of the underlying date by: <ul style="list-style-type: none"> a. Testing contracts and relevant reserving attributes to verify whether the data has been appropriately interpreted concerning contractual terms. b. Assessing judgements made in selecting data ● Involving our actuarial specialists to evaluate the actuarial valuation process, reasonableness of assumptions applied, and appropriateness of the methodologies used. <ul style="list-style-type: none"> a. Reviewed the model results to determine if they are compliant with the IFRS Accounting Standards b. Recomputed the risk adjustment



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TAUSI ASSURANCE COMPANY LIMITED (continued)

Key Audit Matters (continued)

We also considered that the disclosures on contract liabilities are critical to the understanding of the financial statements.

The expected credit losses on financial assets carried at amortised cost are determined under application of IFRS 9 Financial Instruments.

This was a key audit matter because material judgement was involved in determining the credit losses on mortgages and other loans, deposits with financial institutions, investments in government securities and bank balances as disclosed in note 3 (b) Credit risk.

Key areas of judgement included:

- the interpretation of the requirements to determine impairment under application of IFRS 9, which is reflected in the Company's expected credit loss model;
- the identification of exposures with a material deterioration in credit quality;
- assumptions used in the expected credit loss model such as the financial condition of the counterparty, expected future cash flows and forward-looking macroeconomic factors; and
- the need to apply additional overlays to reflect current or future external factors that are not appropriately captured by the expected credit loss model.

- Evaluating the key controls around the claims handling and reserve setting process and performing a walkthrough of the process.
- Tested a sample of claims reserves, by comparing the estimated amount of the reserve to appropriate documentation and where relevant, the correspondence with lawyers and reinsurers where the claims are under investigation.
- We evaluated the overall adequacy of the Company's disclosures in the financial statements

Our audit procedures included the following:

- We assessed and tested the design and operating effectiveness of the controls over the:
 - i. data used to determine the expected credit losses on financial assets carried at amortised cost.
 - ii. expected credit loss model, including model build and approval, ongoing monitoring/validation, model governance and mathematical accuracy.
- We assessed the modelling techniques / methodology against the requirements of IFRS 9 - Financial Instruments.
- We assessed and tested the material modelling assumptions as well as overlays with a focus on the:
 - i. key modelling assumptions adopted by the Company;
 - ii. basis for and data used to determine overlays; and
 - iii. sensitivity of the collective provisions to changes in modelling assumptions.
- In addition, we assessed the adequacy of the disclosures in the financial statements.

The directors are responsible for the other information. The other information comprises the report of the directors and statement of directors' responsibilities but does not include the financial statements and our auditor's report thereon.



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TAUSI ASSURANCE COMPANY LIMITED (continued)

Other information

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

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

When we read the other reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view

in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board and the requirements of the Kenyan Companies Act, 2015, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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

Auditor's responsibilities for the audit of the financial statements

is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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 material doubt on the company's ability to continue as a going concern. If we



REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF TAUSI ASSURANCE COMPANY LIMITED (continued)

conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and material

audit findings, including any material deficiencies in internal control that we identify during our audit

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year 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

Report on other matters prescribed by the Kenyan Companies Act, 2015

because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In our opinion, the information given in the report of the directors on pages 2 - 3 is consistent with the financial statements.

The engagement partner responsible for the audit resulting in this independent auditor's report was CPA Dipesh Shah, Practicing Certificate No. 1729.



For and on behalf of Grant Thornton LLP
Certified Public Accountants (Kenya)
Nairobi

27 MARCH 2025

T/1205/1223/AUD

Tausi Assurance Company Limited

Annual Report

FINANCIAL STATEMENTS ▶



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 Shs	2023 Shs
Insurance revenue	6	2,203,589,792	2,042,049,313
Insurance service expenses	6	(2,041,634,896)	(1,417,352,691)
Insurance service result before reinsurance contracts held		161,954,896	624,696,622
Allocation of reinsurance premiums	6	(877,452,078)	(827,453,240)
Amounts recoverable from reinsurers for incurred claims	6	807,052,599	465,152,062
Net expense from reinsurance contracts held		(70,399,479)	(362,301,178)
Insurance service result		91,555,417	262,395,444
Insurance finance expenses from insurance contracts issued	6	(86,456,435)	(38,765,800)
Reinsurance finance income from reinsurance contracts held	6	24,911,783	10,154,321
Net insurance finance (expenses)/income		(61,544,653)	(28,611,479)
Investment income	7 (a)	373,259,418	328,263,732
Other income	7 (b)	15,826,056	22,868,845
Fair value adjustments	7 (c)	22,943,843	(17,562,427)
Net investment income		412,029,317	333,570,150
Net insurance and investment result		350,484,664	304,958,671
Other operating expenses	8	(17,116,784)	(11,531,006)
Profit before tax		424,923,297	555,823,109
Income tax charge	9	(43,931,732)	(81,101,986)
Profit for the year		380,991,565	474,721,123
Other comprehensive income:			
Items that shall not be reclassified subsequently to profit or loss:			
Changes in fair value of quoted shares - Fair value through other comprehensive income	19 (b)	38,170,068	(17,423,515)
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Changes in fair value of Government securities - Fair value through other comprehensive income	18 (b)	17,645,396	(27,304,052)
Total other comprehensive loss		55,815,464	(44,727,567)
Total comprehensive income for the year attributable to shareholders of the company		436,807,029	429,993,556
Dividends proposed	26	198,000,000	198,000,000
		198,000,000	198,000,000

The notes on pages 22 to 63 form an integral part of these financial statements.



Mr. Shantilal Shah
(Director)



Dr. Rasik Kantaria
(Director)



Mrs. Rita Thatthi
(Director & Principal Officer)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Notes	2024 Shs	2023 Shs
CAPITAL EMPLOYED			
Share capital	10	600,000,000	600,000,000
Revaluation reserves	11(a)	181,909,032	185,311,874
Fair value reserve - Fair value through other comprehensive income	11(b)	(40,149,705)	(95,965,169)
Retained earnings	11(c)	1,756,386,508	1,569,992,101
Proposed dividend	26	198,000,000	198,000,000
Equity		2,696,145,836	2,457,338,806
REPRESENTED BY			
Assets			
Property and equipment	12	256,396,329	252,168,087
Prepaid lease rentals	13	88,698,631	89,965,754
Intangible assets	14	26,389,014	22,008,622
Mortgage and other loans	15	21,882,271	22,865,607
Reinsurance Contract Assets	16(b)	629,440,025	289,331,006
Other receivables	17(a)	13,151,595	16,977,711
Tax recoverable	17(b)	125,143,025	35,831,124
Government securities - Amortised cost	18(a)	1,732,275,081	1,766,506,555
Government securities - Fair value through other comprehensive income	18(b)	518,446,928	702,127,520
Quoted shares - Fair value through profit or loss	19(a)	81,513,068	60,095,801
Quoted shares - Fair value through other comprehensive income	19(b)	109,613,535	71,443,466
Investment in collective investment scheme at fair value through profit or loss	19(c)	7,563,852	6,037,276
Deposits with financial institutions	20(a)	546,129,350	351,539,607
Cash and cash equivalents	20(b)	65,772,539	71,859,226
Total assets		4,222,415,244	3,758,757,362
Liabilities			
Insurance contract liabilities	16(a)	1,368,185,277	1,160,195,514
Other payables	21	78,352,758	75,350,208
Deferred tax	22	79,731,373	65,872,834
Total liabilities		1,526,269,408	1,301,418,556
Net assets		2,696,145,836	2,457,338,806

The financial statements were approved and authorised for issue by the Board of Directors on 25th March 2025 and were signed on its behalf by:



Mr. Shantilal Shah
(Director)



Dr. Rasik Kantaria
(Director)



Mrs. Rita Thatthi
(Director & Principal Officer)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital Shs	Fair value reserve Shs	Revaluation reserve Shs	Retained earnings Shs	Proposed Dividend Shs	Total Shs
At 1 January 2024	600,000,000	(95,965,169)	185,311,874	1,569,992,101	198,000,000	2,457,338,806
Profit for the year	-	-	-	380,991,565	-	380,991,565
Other comprehensive income:						
Change in fair value of Government securities - Fair value through other comprehensive income	-	17,645,396	-	-	-	17,645,396
Change in fair value of quoted shares - Fair value through other comprehensive income	-	38,170,068	-	-	-	38,170,068
Transfer of excess depreciation	-	-	(4,861,203)	4,861,203	-	-
Deferred income tax on transfer of excess depreciation	-	-	1,458,361	(1,458,361)	-	-
Total comprehensive income for the year	-	55,815,464	(3,402,842)	384,394,407	-	436,807,029
Transactions with owners:						
Dividend:						
-	-	-	-	-	(198,000,000)	(198,000,000)
At 31 December 2024	600,000,000	(40,149,705)	181,909,032	1,756,386,508	198,000,000	2,696,145,836

The notes on pages 22 to 63 form an integral part of these financial statements.



Mr. Shantilal Shah
(Director)



Dr. Rasik Kantaria
(Director)



Mrs. Rita Thatthi
(Director & Principal Officer)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital Shs	Fair value reserve Shs	Revaluation reserve Shs	Retained earnings Shs	Proposed Dividend Shs	Total Shs
At 1 January 2023	600,000,000	(51,237,602)	188,714,716	1,289,868,137	252,000,000	2,279,345,251
Profit for the year	-	-	-	474,721,123	-	474,721,123
Other comprehensive income:						
Change in fair value of Government securities - Fair value through other comprehensive income	-	(27,304,052)	-	-	-	(27,304,052)
Change in fair value of quoted shares - Fair value through other comprehensive income	-	(17,423,515)	-	-	-	(17,423,515)
Transfer of excess depreciation	-	-	(4,861,203)	4,861,203	-	-
Deferred income tax on transfer of excess depreciation	-	-	1,458,361	(1,458,361)	-	-
Total comprehensive income for the year	-	(44,727,567)	(3,402,842)	478,123,965	-	429,993,556
Transactions with owners:						
Dividend:						
- Interim dividend for 2023	-	-	-	(198,000,000)	198,000,000	-
- Final dividend for 2022 (paid)	-	-	-	-	(252,000,000)	(252,000,000)
At 31 December 2023	600,000,000	(95,965,169)	185,311,874	1,569,992,101	198,000,000	2,457,338,806

The notes on pages 22 to 63 form an integral part of these financial statements.



Mr. Shantilal Shah
(Director)



Mrs. Rita Thatthi
(Director & Principal Officer)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 Shs	2023 Shs
Cash flows from operating activities			
Cash generated from operations	23	305,506,770	733,179,881
Tax paid	9(b)	(119,385,094)	(79,747,087)
Net cash from operating activities		186,121,676	653,432,794
Cash flows from investing activities			
Purchase of property and equipment	12	(18,615,243)	(12,875,861)
Purchase of intangible assets	13	(16,357,437)	(15,302,271)
Proceeds from disposal of property and equipment	12	95,000	-
Repayment of mortgage and other loans	15	4,547,811	4,102,779
Maturity of government securities held at amortised cost	18(a)	36,291,779	(378,540,117)
Maturity of government securities held at fair value through other comprehensive income	18(b)	200,000,000	-
Placement of fixed deposits maturing in over 90 days	20	(30,974,254)	(109,693,376)
Net cash from/(used in) investing activities		174,987,655	(512,308,846)
Cash flows from financing activities			
Dividend paid	26	(198,000,000)	(252,000,000)
Net cash used in financing activities		(198,000,000)	(252,000,000)
Increase/(decrease) in cash and cash equivalents		163,109,331	(110,876,052)
Movement in cash and cash equivalents			
Increase/(decrease) during the year		163,109,331	(110,876,052)
At 1 January	20	124,971,059	235,847,111
At 31 December		288,080,390	124,971,059

The notes on pages 22 to 63 form an integral part of these financial statements.



Mr. Shantilal Shah
(Director)



Dr. Rasik Kantaria
(Director)



Mrs. Rita Thatthi
(Director & Principal Officer)

1. MATERIAL ACCOUNTING INFORMATION

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

These financial statements comply with the requirements of the Kenyan Companies Act, 2015. The statement of profit or loss and other comprehensive income represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

of profit or loss and other comprehensive income represent the profit and loss account referred to in the Act.

The statement of financial position represents the balance sheet referred to in the Act.

a) Basis of preparation

The financial statements of Tausi Assurance Company Limited have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Kenyan Companies Act, 2015. The financial statements have been prepared under the historical cost basis, except for the following items which are carried at fair value or valued using another measurement basis



Fair value

- ◆ Owner - occupied and investment properties
- ◆ Financial assets designated at fair value through profit or loss and at fair value through other comprehensive



Income

- ◆ Investment contracts liabilities designated at fair value through income, financial liabilities designated at fair value through income



As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.



Other measurement basis

- ◆ Employee benefit obligations measured using projected unit credit method

Fair values are categorized into three levels of fair value hierarchy based on the degree to which the inputs to the measurements are observable and the significance of the inputs to the fair value measurement in its entirety

- ◆ Level 1 fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities the entity can access at the measurement date;
- ◆ Level 2 fair value measurements are derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) asset or liability, either directly or indirectly; and
- ◆ Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Transfers between levels of the fair value hierarchy are recognized by the Company at the end of the reporting period during which the change occurred

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management exercise its judgement in the process of applying the Company's accounting policies. These are areas of complexity involving a higher degree of judgement and areas where assumptions and estimates are significant to the financial statements. These judgements, assumptions and estimates are disclosed in detail in the notes to the annual financial statements and in summary in the critical accounting estimate judgements.

1. MATERIAL ACCOUNTING INFORMATION (continued)

(b) New Standards and Interpretations

(i) New standards, amendments and interpretations adopted by the company

The following standards and interpretations have been applied by the company for the first time for the reporting year commencing on or after 1 January 2024.

New amendments or interpretation	Effective for annual periods beginning on or after
Classification of liabilities as Current or Non- Current and Non- current	1 January 2024
Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements)	1 January 2024
Lease liability in a sale and leaseback (Amendments to IFRS 16 Financial Instruments: Disclosures - Supplier Finance Arrangements)	1 January 2024

The above standards and interpretations did not have a significant impact on the Company's financial statements

(ii) New standard and interpretations not yet adopted by the company

New amendments or interpretation	Effective for annual periods beginning on or after
Sale of Contribution of Assets between an investor and its associate	Available for optional adoption/
and its associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Effective date deferred indefinitely
Lack of Exchangeability - Amendments to IFRS 10 and IAS 21	1 January 2025
IFRS 18 Presentation and Disclosure in Financial statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountants	1 January 2027

The directors do not plan to apply the above standards, until they become effective. Based on their assessment of the potential impact of application of the above, there are no standards

that are not yet effective that would be expected to have material impact on the entity in the current or future reporting periods and on near future transactions.

(c) Insurance and reinsurance contracts

Contracts under which the Company accepts significant insurance risk are classified as insurance contracts. Contracts held by the Company under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Company to financial risk. The Company does not accept insurance risk from other insurers.

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

Some contracts entered into by the Company have the legal form of insurance contracts but do not transfer significant insurance risk. These contracts are classified as financial liabilities and are referred to as 'investment contracts'.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and the Company expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Company expects a substantial proportion of any change in the amounts to be paid to the Policyholder to vary with the change in fair value of the underlying items

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

1. MATERIAL ACCOUNTING INFORMATION (continued)

(c) Insurance and reinsurance contracts (continued)

(i) Separating components from insurance and reinsurance contracts

At inception, the Company separates the following components from an insurance or reinsurance contract and accounts for them as if they were stand-alone financial instruments:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument; and
- distinct investment components: i.e. investment components that are not highly inter-related with the insurance components and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction.

After separating any financial instrument components, the Company separates any promises to transfer to policyholders distinct goods or services other than insurance coverage and investment services and accounts for them as separate contracts with customers (i.e. not as insurance contracts). A good or service is distinct if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder.

A good or service is not distinct and is accounted for together with the insurance component if the cash flows and risks associated with the good or service are highly inter-related with the cash flows and risks associated with the insurance component, and the Company provides a significant service of integrating the good or service with the insurance component.

The Company's insurance contracts do not have embedded derivatives or separate investments or non-insurance services components attached to the contracts, hence the Company clarifies all its insurance contracts as contracts without direct participation features.

(ii) Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

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

groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

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

- the beginning of its coverage period (i.e. the period during which the Company provides services in respect of any premiums within the boundary of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.
- An insurance contract acquired in a transfer of contracts or a business combination is recognised on the date of acquisition.

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

The Company categorizes its insurance contracts into IFRS 17 groups based on the similarity of risks to form the IFRS 17 portfolios, the year of issue which are referred to as cohorts and degree of profitability, that is, Onerous, Profitable or Others.

Reinsurance contracts

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

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

1. MATERIAL ACCOUNTING INFORMATION (continued)

(c) Insurance and reinsurance contracts (continued)

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

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

- **Reinsurance contracts initiated by the Company that provide proportionate coverage:** The date on which any underlying insurance contract is initially recognized. This applies to the Company's quota share reinsurance contracts.
- **Other reinsurance contracts initiated by the Company:** The beginning of the coverage period of the group of reinsurance contracts. However, if the Company recognizes an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognized on that earlier date (see 'Reinsurance of onerous underlying insurance contracts'). This applies to the Company's excess of loss and stop loss reinsurance contracts.

(iii) Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort.

If insurance acquisition cash flows are directly attributable to a group of contracts (e.g. non-refundable commissions paid on issuance of a contract), then they are allocated to that group and to the groups that will include renewals of those contracts. The allocation to renewals only applies to non-life contracts that have a one-year coverage period. The Company expects to recover part of the related insurance acquisition cash flows through renewals of these contracts. The allocation to renewals is based on the manner in which the Company expects to recover those cash flows.

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

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

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

When the Company acquires insurance contracts in a transfer of contracts or a business combination, at the date of acquisition it recognises an asset for insurance acquisition cash flows at fair value for the rights to obtain:

- renewals of contracts recognised at the date of acquisition; and
- other future contracts after the date of acquisition without paying again insurance acquisition cash flows that the acquiree has already paid.

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

Recoverability assessment

At each reporting date, if facts and circumstances indicate that an asset for insurance acquisition cash flows may be impaired, then the Company:

- recognizes an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and
- if the asset relates to future renewals, recognizes an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognized as an impairment loss as above.

The Company reverses any impairment losses in profit or loss and increases the carrying amount of the asset to the extent that the impairment conditions have improved.

1. MATERIAL ACCOUNTING INFORMATION (continued)

(iv) Contract boundaries

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

Insurance contracts

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

A substantive obligation to provide services ends when:

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

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

Reinsurance contracts

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

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

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

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

(v) Measurement – Contracts measured under the PAA

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

- Insurance contracts: The coverage period of each contract in the group is one year or less. Some of these contracts provide compensation for the cost of rebuilding or repairing a property after a fire; for these contracts, the Company determines the insured event to be the occurrence of a fire and the coverage period to be the period in which a fire can occur for which a policyholder can make a valid claim.
- Loss-occurring reinsurance contracts: The coverage period of each contract in the group is one year or less.
- Risk-attaching reinsurance contracts: The Company reasonably expects that the resulting measurement of the asset

for remaining coverage would not differ materially from the result of applying the accounting policies in (v). When comparing the different possible measurements, the Company considers the impact of the different release patterns of the asset for remaining coverage to profit or loss and the impact of the time value of money. If significant variability is expected in the fulfilment cash flows during the period before a claim is incurred, then this criterion is not met.

However, certain groups of insurance contracts are acquired in their claims settlement period. The claims from some of these groups are expected to develop over more than one year.

Insurance contracts

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

1. MATERIAL ACCOUNTING INFORMATION (continued)

(c) Insurance and reinsurance contracts (continued)

Subsequently, the carrying amount of the liability for remaining coverage is increased by any premiums received and the amortization of insurance acquisition cash flows recognized as expenses and decreased by the amount recognized as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Company expects that the time between providing each part of the services, and the related premium due date is no more than a year.

Accordingly, the Company has chosen not to adjust the liability for remaining coverage to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Company recognizes a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cash flows are discounted (at current rates) if the liability for incurred claims is also discounted.

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

Reinsurance contracts

The Company applies the same accounting policies to measure a group of reinsurance contracts, adapted where necessary to reflect features that differ from those of insurance contracts. If a loss-recovery component created for a group of reinsurance contracts measured under the PAA, then the Company adjusts the carrying amount of the asset for remaining coverage.

(vi) Derecognition and contract modification

The Company derecognizes a contract when it is extinguished – i.e. when the specified obligations in the contract expire or are discharged or cancelled. The Company also derecognizes a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognized. If a contract modification does not result in derecognition, then the Company treats the changes in cash flows caused by the

modification as changes in estimates of fulfilment cash flows.

(vii) Presentation

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

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

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

The Company does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

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

Insurance revenue – Contracts measured under the PAA

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

Loss components

For contracts measured under the PAA, the Company establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are

1. MATERIAL ACCOUNTING INFORMATION (continued)

(c) Insurance and reinsurance contracts (continued)

(vii) Presentation (continued)

excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for nonfinancial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

Insurance service expenses

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

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

Net expenses from reinsurance contracts

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

The Company recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for

remaining coverage that relate to services for which the Company expects to pay consideration.

For a group of reinsurance contracts covering onerous underlying contracts, the Company establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Company expects to recover from the reinsurance contracts.

Insurance finance income and expenses

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

Amounts presented in OCI are accumulated in the insurance finance reserve. If the Company derecognises a contract without direct participation features as a result of a transfer to a third party or a contract modification, then any remaining amounts of accumulated OCI for the contract are reclassified to profit or loss as a reclassification adjustment.

1. MATERIAL ACCOUNTING INFORMATION (continued)

(d) Property and equipment

All property and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Buildings are subsequently measured at fair value, based on periodic valuations, less subsequent depreciation.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and credited to revaluation reserve in equity except to the extent that the increase reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. Decreases that offset previous increases of the same asset are charged to other comprehensive income. All other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Depreciation on all assets except buildings is calculated on the reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	Rate %	
Buildings	2	(Straight line basis)
Motor vehicles	25	
Furniture and fittings	12.5	
Computer equipment	30	

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future, future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit. On disposal of revalued amounts in the revaluation reserve relating to the particular assets being disposed of are transferred to retained earnings in the statement of changes in equity.

(e) Financial instruments

Financial instruments are recognised when, and only when, the company becomes party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

The company classifies its financial assets into the following categories:

i) Amortised cost:

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which 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 and are not designated at Fair Value

1. MATERIAL ACCOUNTING INFORMATION (continued)

(e) Financial instruments (continued)

Through Profit or Loss (FVTPL), are classified and measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance measured and recognised.

ii) Fair Value Through Other Comprehensive Income (FVTOCI):

Financial assets that are held for collection of contractual cash flows where these cash flows comprise SPPI and also for liquidating the assets depending on liquidity needs and that are not designated at FVTPL, are classified and measured at value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for recognition of impairment gain or losses, interest revenue and foreign exchange gain and losses. Gains and losses previously recognised in OCI are reclassified from equity to profit or loss on disposal of such instruments. Gains and losses related to equity instruments are not reclassified.

iii) Fair Value Through Profit or Loss (FVTPL):

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit or loss and other comprehensive income.

Notwithstanding the above, the company may:

- on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income.
- on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or materially reduces a measurement or recognition inconsistency.

At initial recognition of a financial asset, the company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The company reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the company has not identified a change in its business models.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the company has transferred substantially all risks and rewards of ownership, or when the company has no reasonable expectations of recovering the asset.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Financial instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Impairment

Debt instruments that are subsequently measured at amortised cost or at impairment assessment. No impairment loss is recognised on investments measured at FVTPL.

The company recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost or at fair value through other comprehensive income (FVTOCI):

	Mortgage and other loans
	Government securities
	Deposits with financial institutions
	Cash and bank balances
	Other receivables

No impairment loss is recognised on investments measured at fair value through profit and loss (FVTPL).

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

1. MATERIAL ACCOUNTING INFORMATION (continued)

- the credit risk has increased materially since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased materially since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Financial liabilities

Financial liabilities that are held for trading (including derivatives), financial guarantee contracts or commitments to provide a loan at a below-market interest rate are classified and measured at fair value through profit or loss. The company may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or materially reduces a measurement or recognition inconsistency.

All other financial liabilities are classified and measured at amortised cost.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 month of the reporting date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Derecognition

All financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(f) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less

Computer software

Computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Computer software is amortised over its estimated useful life which is estimated to be at five years.

(g) Impairment of non-financial assets and intangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that have an indefinite useful life are not

1. MATERIAL ACCOUNTING INFORMATION (continued)

subject to amortisation and are tested for impairment annually.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An impairment loss is recognised for the amount by which the carrying amount of an asset or a cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and 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 this case, management determines the recoverable amount of the CGU to which the asset belongs. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

A CGU is the smallest identifiable group of assets that generates cash flows that are largely independent of cash inflows from other assets or groups of assets.

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried

at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(h) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(i) Accounting for leases

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company as lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the company recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the company is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the company's incremental borrowing rate is used. For leases that contain non-lease components, the company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

For leases that contain non-lease components, the company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at

1. MATERIAL ACCOUNTING INFORMATION (continued)

amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Leasehold land is subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the company at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are recognised in profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset recognised in profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation reserves to retained earnings.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

The company as lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognised as income in the profit or loss on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

Assets leased to third parties under operating

leases are included in property and equipment in the statement of financial position

(j) Employee benefits

i) Retirement benefit obligations

The company operates a defined contribution scheme for its employees. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the company and employees. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company and its employees also contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

The company's contributions to the defined contribution scheme and NSSF are charged to statement of profit or loss in the year to which they relate.

ii) Other entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

(k) Taxation

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

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date. Deferred tax assets are recognised for all deductible

1. MATERIAL ACCOUNTING INFORMATION (continued)

temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward of unused tax credits and tax credits and unused tax losses can be utilised.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The company offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

(l) Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

(m) Share capital

Ordinary shares are classified as equity. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

(n) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(o) Insurance revenue

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

(p) Interest income and expenses

Interest income and expenses for all interest-bearing financial instruments measured at fair value through profit or loss, are recognised within investment income and finance costs in the statement of profit or loss using effective interest rate method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income

(q) Dividend income

Dividend income for available-for-sale equities is recognised when the dividend is publicly declared

(r) Investment contracts and collective investment schemes

Investment contracts comprise unit linked, and other investment linked contracts that do not transfer significant insurance risk. Such contracts are separated into two components: a financial liability (investment contract) and an investment management contract. Recurring fees are conditional on the provision of investment management services and are attributed to the investment management service contract component.

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily



The company and its employees also contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act.



2. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following assumptions that have a material risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Insurance and reinsurance contracts

The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk.

Liability for remaining coverage Insurance acquisition cash flows

For policies that have a coverage of one year or less, the Company is eligible and chooses to recognise insurance acquisition cash flows as an expense immediately as incurred. Where groups are not eligible to recognise an expense immediately, insurance acquisition cash flows are allocated to related groups of insurance contracts recognised in the statement of financial position (including those groups that will include insurance contracts expected to arise from renewals).

An asset for insurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised. The effect of electing to recognise insurance acquisition cash flows as an expense when incurred for a group of insurance contracts is to increase the liability for remaining coverage and reduce the likelihood of any subsequent onerous contract loss. There would be an increased charge to profit or loss on incurring the expense, offset by an increase in profit released over the coverage period.

Onerous groups

For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the

recovery expected on such claims from reinsurance contracts held.

Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques. These methods extrapolate the development of paid and incurred losses, average costs per claim (including claims handling costs), and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by Underwriting year, as well as by material business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Fulfilment cash flows

Fulfilment cash flows comprise:

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

The Company's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible

2. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(a) Insurance and reinsurance contracts (continued)

outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value.

Estimates of future cash flows

In estimating future cash flows, the Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experience, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Company's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices. When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. The Company derives cost inflation assumptions from the difference between the yields on nominal and inflation-linked government bonds. Cash flows within the boundary of a contract relate directly to the fulfilment of the contract, including those for which the Company has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows arise from the activities of selling, underwriting and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Other costs that are incurred in fulfilling the contracts include:



claims handling, maintenance and administration costs;



recurring commissions payable on instalment premiums receivable within the contract boundary;



costs that the Company will incur in providing investment services;



costs that the Company will incur in performing investment activities to the extent that the Company performs them to enhance benefits from insurance coverage for policyholders by generating an investment return from which policyholders will benefit if an insured event occurs; and income tax and other costs specifically chargeable to the policyholders under the terms of the contracts.

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads. Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. The Company generally allocates insurance acquisition cash flows to groups of contracts based on the total premiums for each group, claims handling costs based on the number of claims for each group, and maintenance and administration costs based on the number of in-force contracts within each group. Other costs are recognized in profit or loss as they are incurred.



When estimating future cash flows, the Company takes into account current expectations of future events that might affect those cash flows.



2. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(a) Insurance and reinsurance contracts (continued)

Contract boundaries

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

Insurance contracts	The Company underwrite insurance contracts with coverage period of one year or less. Insurance contract liability measurement ends at the contract boundary of the group of the insurance contracts. The Company has the right to terminate the insurance contracts earlier than the policy renewal date or at the end of the policy term by giving a one month notice. However, for these contracts, cash flows are likely to extend beyond the term of the contract due to delays in payment of the incurred claims. Cash flows that fall outside the contract boundary of an insurance contract are excluded from measurement. However, the coverage period, service period and settlement period for the liability for the incurred claims may extend beyond the contract boundary date if the cash flows falling in the boundary require that to be the case.
Reinsurance contracts	Each of the Company's surplus and quota share reinsurance contracts has an annual term, covers underlying contracts issued within the term on a risk-attaching basis and provides unilateral rights to both the Company and the reinsurer to terminate the cession of new business at any time by giving three months' notice to the other party. On initial recognition, the cash flows within the reinsurance contract boundary are determined to be those arising from underlying contracts that the Company expects to issue and cede under the reinsurance contract within the next three months. Subsequently, expected cash flows beyond the end of this initial notice period are considered cash flows of new reinsurance contracts and are recognized, separately from the initial contract, as they fall within the rolling three-month notice period. Each of the Company's excess of loss and stop loss reinsurance contracts has an annual term and covers claims from underlying contracts incurred within the year (i.e. loss- occurring). Cash flows within the contract boundary are those arising from underlying claims incurred during the year.

Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. The Company generally determines the risk-free rates using the Government yield for lack of reliable swap yield markets in Kenya. The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on significant changes to long-term expectations. To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. Illiquidity premiums are generally determined by comparing the spreads on corporate bonds with the costs of CDSs with matching critical terms for the same issuer.

Risk adjustment for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the individual issuing entity would require for bearing non-financial risk, separately for the non-life and other contracts, and are allocated to groups of contracts based on an analysis of the risk profiles of the groups. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by the entity, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined using a correlation matrix technique. The risk adjustments for non-financial risk are determined using a confidence level technique. To determine the risk adjustments for non-financial risk for reinsurance contracts, the Company applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results.

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

2. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Assets for insurance acquisition cash flows

The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts. This includes judgements about the amounts allocated to insurance contracts expected to arise from renewals of existing insurance contracts in a group and the volume of expected renewals from new contracts issued in the period. At the end of each reporting period, the Company revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

b) Measurement of expected credit losses (ECL):

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of complex models and material assumption about future economic conditions and credit behaviour.

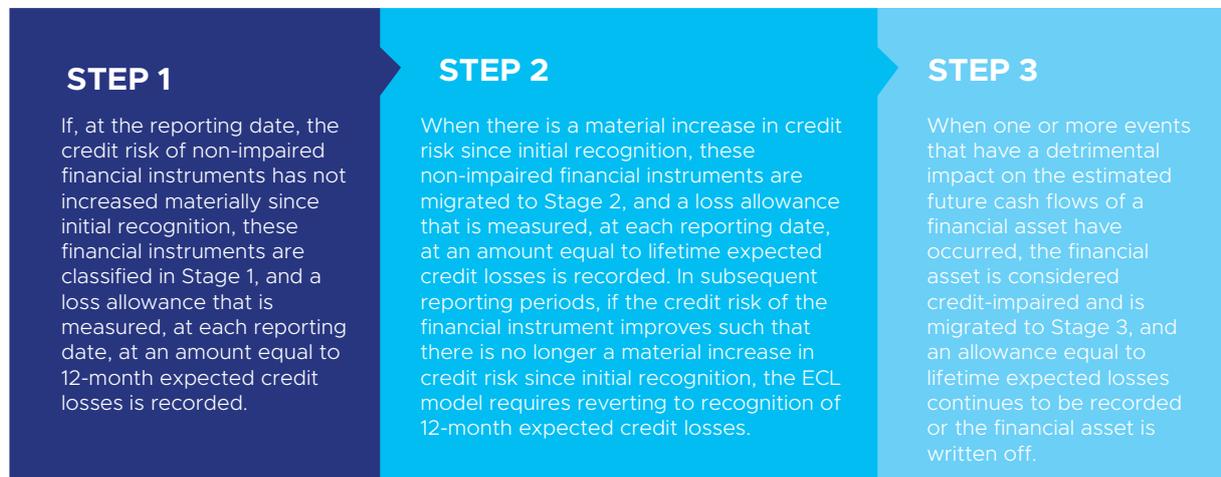
A number of material judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for material increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- Establishing companies of similar financial assets for the purposes of measuring ECL

ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

The ECL model is applied for financial assets other than trade receivables and contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.



Assessment of material increase in credit risk: The determination of a material increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments are overdue by more than 30 days will represent a material increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The company uses these guidelines in determining

the staging of its assets unless there is persuasive evidence available to rebut these presumptions.

For receivables arising out of direct insurance arrangements, the company has applied the simplified model under IFRS 9 where lifetime expected credit loss allowance is recognised on the basis of a provisioning matrix.

The carrying amounts of the company's financial assets that are subject to impairment assessment are disclosed in notes 3.2 (b).

2. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

c) Useful lives, depreciation methods and residual values of property and equipment, intangible assets and right-of-use assets

Management reviews the useful lives, depreciation methods and residual values of the items of property, plant and equipment, intangible assets and right-of-use assets on a regular basis. During the financial year, the directors determined no material changes in the useful lives and residual values. The carrying amounts of property and equipment, intangible assets and prepaid lease rentals are disclosed in notes 14, 15 and 16, respectively.

d) Income Taxes

Income taxes the Company is subject to income taxes in Kenya. material judgement is required in determining the Company's provision for income taxes and to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies. The Company uses judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision is based on which approach provides better predictions of the resolution of the uncertainty. The Company assumes that the taxation

authority will examine amounts reported to it and will have full knowledge of all relevant information when doing so. Where the Company concludes that it is probable that a particular tax treatment will be accepted, it determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the Company concludes that it is not probable that a particular tax treatment will be accepted, it uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss)

e) Revaluation of property

Estimates are made in determining valuation of investment properties. In performing the valuation, the valuer uses discounted cash flow projections. The fair value measurements as of September 2022 were performed by R.R. Oswald & Company Limited Valuers, independent valuers not related to the company. R.R. Oswald & Company Limited Valuers are members of the Institute of Valuers and they have the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The company conducts a formal and independent valuation at least once every three years and adjusts the recorded fair values accordingly for any significant change.

3. Management of insurance and financial risk

3.1 Insurance risk

The company's activities expose it to a variety of risks, including insurance and financial risks (credit risk, and the effect of changes in debt and equity market prices and interest rates). The company's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, by use of underwriting guidelines and capacity limits, reinsurance planning, credit policy governing the acceptance of clients, and defined criteria for the approval of intermediaries and reinsurers. Investment policies are in place which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk

The company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the company manages them.

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

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

i) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most material are the increasing level of awards for the damage suffered as a result of exposure to asbestos, and the increase in the number of cases coming to court that have been inactive or latent for a long period of time. Estimated inflation is also a material factor due to the long period typically required to settle these cases.

The company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

ii) Sources of uncertainty in the estimation of future benefit payments and premium receipts

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

will incur as a result of the accident.

3.2 Financial risk

The company is exposed to financial risk through its financial assets and financial liabilities. In particular the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important types of risk are credit risk, liquidity risk, market risk and other operational risks. Market risk includes currency risk, interest rate risk, equity price risk and other price risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the company primarily faces due to the nature of its investments and liabilities are interest rate risk and credit risk.

The company manages these positions within an asset liability management (ALM) framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The principal technique of the company's ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

a) Sensitivities

The liability for incurred claims' sensitivity is outlined below. It is not possible to quantify the sensitivity to certain assumptions such as uncertainty in the estimation process. The analysis is performed for possible movements in all assumptions, showing the impact on Net income. Movements in these assumptions may be non-linear and may be correlated with one another.

Sensitivity analysis (liability for incurred claims) –
Impact on Net income



The company is exposed to financial risk through its financial assets and financial liabilities.



3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

	December 31, 2024					
	Insurance Contracts		Reinsurance Contracts		Net	
	Reserves	Reserves	Reserves	Reserves	Reserves	Reserves
	+1%	-1%	+1%	-1%	+1%	-1%
Impact on net income	(11,532,791)	11,532,791	(4,330,751)	4,330,751	(7,202,040)	7,202,040

	December 31, 2023					
	Insurance Contracts		Reinsurance Contracts		Net	
	Reserves	Reserves	Reserves	Reserves	Reserves	Reserves
	+1%	-1%	+1%	-1%	+1%	-1%
Impact on net income	(8,673,600)	8,673,600	(2,893,310)	2,893,310	(5,780,290)	5,780,290

b) Market risk

i) Foreign exchange risk

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar on cash and bank balances.

The assets denominated in US dollar at year end totalled Shs. 1,857,840 (2023: Shs. 11,085,524) representing 0.04 % (2023: 0.31%) of total assets. At 31 December 2024, if the Kenya Shilling had weakened/strengthened by 10% against the US dollar with all other variables held constant, the effect on the post tax profit for the year would be Shs. 185,784 (2023: Shs. 1,108,552).

ii) Price risk

The company is exposed to equity securities price risk because of investments in quoted shares

and treasury bonds classified either as at fair value through profit or loss or fair value through other comprehensive income. The company is not exposed to commodity price risk. To manage its price risk arising from investments in equity the company diversifies its portfolio on several counters. Diversification of the portfolio is done in accordance with limits set by the company and guidelines per the Kenyan Insurance Act. All quoted shares and treasury bonds held by the company are traded on the Nairobi Securities Exchange (NSE).

The table below summarises the impact of increases/decreases of the NSE index on the company's post-tax profit for the year and on other comprehensive income. The analysis is based on the assumption that the equity indexes had increased by 5% with all other variables held constant and all the company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit		Impact on other comprehensive income	
	2024	2023	2024	2023
	Shs	Shs	Shs	Shs
Increase	4,075,653	3,004,790	5,480,677	3,572,173

iii) Cash flow and interest rate risk

Fixed interest rate financial instruments expose the company to fair value interest rate risk. Variable interest rate financial instruments expose the company to cash flow interest rate risk.

The company's fixed interest rate financial instruments are government securities, deposits with financial institutions.

No limits are placed on the ratio of variable rate financial instruments to fixed rate financial instruments. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

The government securities, deposits with financial institutions, and loans at year end totalled Shs. 2,815,139,799 (2023: Shs. 2,843,039,289) representing a material portion of total assets. At

the reporting date, if the interest rates had been 5 percent higher/lower with all other variables held constant, the effect on the post tax profit for the year would have been an increase/decrease by Shs. 140,756,990 (2023: Shs. 142,151,964).

c) Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Individual limits are set based on internal information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

In assessing whether the credit risk on a financial asset has increased materially, the company compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the company considers reasonable and supportable information that is indicative of material increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased materially since initial recognition when contractual payments are more than 30 days past due.

For these purposes default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the company does not have reasonable and supportable information to identify material increases in credit risk and/or to measure lifetime credit losses when there has been a material increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the company's financial assets on the basis of shared credit risk characteristics, such as:

- ▲ type of instrument.
- ▲ industry in which the debtor operates; and
- ▲ nature of collateral.

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

- ▲ material financial difficulty of the debtor
- ▲ a breach of contract
- ▲ it is probable that the debtor will enter bankruptcy
- ▲ the disappearance of an active market for the financial asset because of financial difficulties.

The gross carrying amount of financial assets with exposure to credit risk at the reporting date was as follows:

Basis for measurement of loss allowance	12-month expected credit losses Shs	Lifetime expected credit losses (see note below) Shs	Total Shs
As at 31 December 2024			
Receivables arising out of direct insurance arrangements	-	166,976,401	166,976,401
Receivables arising out of reinsurance arrangements	-	97,672,694	97,672,694
Mortgage and other loans	21,882,271	-	21,882,271
Government securities - Amortised Cost	1,734,561,971	-	1,734,561,971
Government securities - Fair value through other comprehensive income	519,185,363	-	519,185,363
Other receivables	13,156,344	-	13,156,344
Deposits with financial institutions	562,324,289	-	562,324,289
Cash and cash equivalents balances	67,722,197	-	67,722,197
Gross carrying amount	2,918,832,435	264,649,095	3,183,481,530
Loss allowance	(21,172,488)	-	(21,172,488)
Exposure to credit risk	2,897,659,947	264,649,095	3,162,309,042

Basis for measurement of loss allowance	12-month expected credit losses Shs	Lifetime expected credit losses (see note below) Shs	Total Shs
As at 31 December 2023			
Receivables arising out of direct insurance arrangements		77,434,402	77,434,402
Receivables arising out of reinsurance arrangements		78,638,755	78,638,755
Mortgage and other loans	26,430,085	-	26,430,085
Government securities - Amortised Cost	1,770,853,750	-	1,770,853,750
Government securities - Fair value through other comprehensive income	703,999,218	-	703,999,218
Other receivables	16,985,924	-	16,985,924
Deposits with financial institutions	361,964,169	-	361,964,169
Cash and cash equivalents	73,998,730	-	73,998,730
Gross carrying amount	2,954,231,876	156,073,157	3,110,305,033
Loss allowance	(22,355,650)	(12,518,548)	(34,874,198)
Exposure to credit risk	2,931,876,226	143,554,610	3,075,430,836

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

- financial assets for which credit risk has increased materially since initial recognition but that are not credit impaired;
- financial assets that are credit impaired at the statement of financial position date;
- trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient.

The age analysis of receivables arising out of direct insurance arrangements and out of reinsurance

	Receivables arising out of direct insurance arrangements		Receivables arising out of reinsurance arrangements	
	2024 Shs	2023 Shs	2024 Shs	2023 Shs
0 to 30 days past	43,586,567	6,573,930	78,428,748	50,033,960
31 to 60 days past	78,856,033	38,586,755	0	6,305,903
61 to 90 days past	28,177,263	21,054,503	230,064	6,746,153
Over 90 days past	16,356,537	11,219,214	19,013,882	15,552,740
Expected credit loss	0	(5,015,306)	-	(7,503,242)
	166,976,401	72,419,096	97,672,694	71,135,514

There was no assessment of ECL on receivables arising out of direct insurance and receivables arising out of reinsurance arrangements as they are outside the scope of IFRS 9 and instead are accounted for under IFRS 17

The changes in the loss allowance during the year were as follows:

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses (see note below)	Total
As at 31 December 2024	Shs	Shs	Shs
1 January 2024	22,355,650	12,518,547	34,874,197
12-month or lifetime expected credit losses	(1,183,162)	(12,518,548)	(13,701,710)
31 December 2024	<u>21,172,488</u>	<u>(1)</u>	<u>21,172,487</u>

Basis for measurement of loss allowance	12-month expected credit losses	Lifetime expected credit losses (see note below)	Total
As at 31 December 2023	Shs	Shs	Shs
At start of year	18,018,989	3,835,648	21,854,637
Changes arising from whether the loss allowance is measured at an amount equal to 12-month or lifetime expected credit losses	4,336,660	8,682,901	13,019,561
Total	<u>22,355,649</u>	<u>12,518,549</u>	<u>34,874,198</u>

	12-month expected credit losses	Lifetime expected credit losses (see note below)	Total
As at 31 December 2024	Shs	Shs	Shs
Receivables arising out of direct insurance arrangements	-	-	-
Receivables arising out of reinsurance arrangements	-	-	-
Mortgage and other loans	-	-	-
Government securities - Amortised Cost	2,286,890	-	2,286,890
Government securities - fair value through other comprehensive income	738,435	-	738,435
Other receivables	2,566	-	2,566
Deposits with financial institutions	16,194,939	-	16,194,939
Cash and cash equivalents	1,949,658	-	1,949,658
Total	<u>21,172,488</u>	<u>-</u>	<u>21,172,488</u>

	12-month expected credit losses	Lifetime expected credit losses (see note below)	Total
As at 31 December 2023	Shs	Shs	Shs
Receivables arising out of direct insurance arrangements	-	5,015,306	5,015,306
Receivables arising out of reinsurance arrangements	-	7,503,242	7,503,242
Mortgage and other loans	3,564,478	-	3,564,478
Government securities - Amortised Cost	4,347,195	-	4,347,195
Government securities - fair value through other comprehensive income	1,871,698	-	1,871,698
Other receivables	8,213	-	8,213
Deposits with financial institutions	10,424,562	-	10,424,562
Cash and cash equivalents	2,139,504	-	2,139,504
Total	<u>22,355,650</u>	<u>12,518,548</u>	<u>34,874,198</u>

The company does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

The Company manages credit risks on fixed deposits with banks by placing limits on deposits that can be held with each institution and dealing with institutions with good credit rating.

The Company manages credit risks on receivables arising out of direct insurance arrangements by setting credit period for each intermediary

(d) Liquidity risk

The table below presents the undiscounted cash flows payable by the company under financial liabilities by remaining contractual maturities (other than insurance contract liabilities and reinsurance contract assets which are discounted and based on expected maturities) at the reporting date. All figures are in Kenya Shillings.

	Up to 3 months	4 - 12 months	1 - 5 years	Total
	Shs	Shs	Shs	Shs
As at 31 December 2024				
Liabilities				
Insurance contract liabilities	136,818,528	287,318,908	944,047,841	1,368,185,277
Other payables	78,352,758	-	-	78,352,758
Total financial liabilities	215,171,286	287,318,908	944,047,841	1,446,538,035
As at 31 December 2023				
Liabilities				
Insurance contract liabilities	116,019,551	243,641,058	800,534,905	1,160,195,514
Other payables	75,350,208	-	-	75,350,208
Total financial liabilities	191,369,759	243,641,058	800,534,905	1,235,545,722

(e) Financial assets by category

	Fair value through profit or loss upon initial recognition	Amortised cost	Fair value through other comprehensive income	Total
	Shs	Shs	Shs	Shs
As at 31 December 2024				
Quoted equity investments	81,513,068	-	109,613,535	191,126,603
Collective equity investment scheme	7,563,852	-	-	7,563,852
Government securities	-	1,732,275,081	518,446,928	2,250,722,009
Reinsurance contract assets	-	629,440,025	-	629,440,025
Mortgage and other loans	-	21,882,271	-	21,882,271
Other receivables	-	13,151,595	-	13,151,595
Deposits with financial institutions	-	546,129,350	-	546,129,350
Cash and cash equivalents	-	65,772,539	-	65,772,539
	89,076,920	3,008,650,861	628,060,463	3,725,788,245

As at 31 December 2023

Quoted equity investments	60,095,801	-	71,443,466	131,539,267
Collective equity investment scheme	6,037,276			6,037,276
Government securities	-	1,766,506,555	702,127,520	2,468,634,075
Reinsurance contract assets		289,331,006	-	289,331,006
Mortgage and other loans	-	22,865,607	-	22,865,607
Other receivables	-	16,977,711	-	16,977,711
Deposits with financial institutions	-	351,539,607	-	351,539,607
Cash and cash equivalents	-	71,859,226	-	71,859,226
	-			
	<u>66,133,077</u>	<u>2,519,079,712</u>	<u>773,570,986</u>	<u>3,358,783,775</u>

(f) Financial liabilities by category

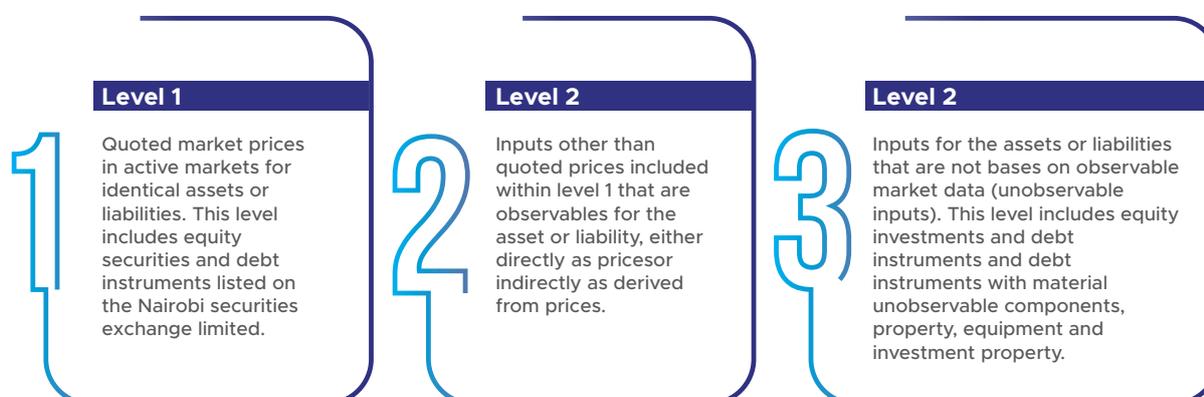
	As at 31 December 2024		As at 31 December 2023	
	Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
	Shs	Shs	Shs	Shs
Other payables	-	78,352,758	-	75,350,208

3.3 Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process

4. Fair Value Measurement

The company specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy.



This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

The following table presents the company's assets that are measured at fair value at 31 December 2024 and 31 December 2023:

As at 31 December 2024	Level 1 Shs	Level 2 Shs	Level 3 Shs	Total Shs
Assets				
Financial assets				
Quoted equities - Fair value through profit or loss	81,513,068	-	-	81,513,068
Collective equity investment scheme	-	7,563,852	-	7,563,852
Quoted shares - Fair value through other comprehensive income	109,613,535	-	-	109,613,535
Government securities - Fair value through other comprehensive income	518,446,928	-	-	518,446,928
	<u>709,573,531</u>	<u>7,563,852</u>	<u>-</u>	<u>717,137,383</u>
As at 31 December 2023				
	Level 1 Shs	Level 2 Shs	Level 3 Shs	Total Shs
Assets				
Financial assets				
Quoted shares - Fair value through profit or loss	60,095,801	-	-	60,095,801
Quoted shares - Fair value through other comprehensive income	71,443,466	-	-	71,443,466
Collective equity investment scheme	-	6,037,276	-	6,037,276
Government securities - Fair value through other comprehensive income	702,127,520	-	-	702,127,520
	<u>833,666,787</u>	<u>6,037,276</u>	<u>-</u>	<u>839,704,063</u>

5. Capital management

Internally imposed capital requirements

The company's objectives when managing capital, which is a broader concept than the 'shareholders' funds' on the financial position are to:

- to comply with the capital requirements as set out in the Kenyan Insurance Act;
- to comply with regulatory solvency requirements as set out in the Kenyan Insurance Act;
- to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business;
- to maintain an optimal capital structure to reduce the cost of capital; and
- to provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

The insurance capital requirements regulations 2015 under Section 180 of the Insurance Act require that a company, should maintain risk-based capital determined by its size and risk profile. Such a company should achieve the prescribed capital requirement and maintain a capital adequacy ratio which shall at all times be at least 100%. The capital adequacy status of the company as at the reporting date is as follows:

	2024	2023
	Shs	Shs
Tier-1 Capital	2,356,386,508	2,169,992,101
Tier-2 Capital	339,759,327	287,346,705
Deductions	(37,846,329)	(160,554,849)
Total capital available (TCA)	2,658,299,507	2,296,783,957
Absolute amount minimum 1	600,000,000	600,000,000
Volume of business minimum 2	242,919,215	200,231,359
Risk based capital minimum	327,992,381	282,135,940
Minimum required capital	600,000,000	600,000,000
Capital adequacy ratio	443%	383%

6. Insurance Revenue and Expenses

	2024	2023
	Shs	Shs
Insurance contract revenue		
Insurance revenue from contracts measured under PAA	2,203,589,792	2,042,049,313
Insurance service expenses		
Actual claims and expenses over the period	(1,435,597,934)	(1,026,522,733)
Expected release of incurred claims over the period	672,919,645	693,829,511
Expected release of risk adjustment for incurred claims	74,720,565	76,002,709
New incurred claims over the period	(569,325,398)	(402,440,973)
Increase in incurred claims liability for past periods		
Increase in Present Value and Risk Adjustment of incurred claim liability	(382,554,193)	(382,302,429)
Release of deferred acquisition cost	(405,125,210)	(371,374,717)
Increase in losses on onerous contracts	3,327,628	(4,544,059)
	(2,041,634,896)	(1,417,352,691)
Reinsurance Expenses		
PAA premium reserve release	(877,452,078)	(827,453,240)
Reinsurance Recoveries		
Actual claims recoveries	372,754,271	122,792,209
Expected release of incurred claims over the period	(182,551,754)	(174,361,042)
Expected release of risk adjustment for incurred claims	(20,306,191)	(19,092,433)
New incurred claims over the period	281,353,625	151,863,047
Increase in Present Value and Risk Adjustment of incurred claim liability	86,385,876	68,069,272
Release of deferred acquisition cost	272,234,920	312,421,472
Changes in loss recovery component	(2,818,148)	3,459,537
	807,052,599	465,152,062
Reinsurance Service Result	(70,399,479)	(362,301,178)

Total insurance service result	91,555,417	262,395,444
Insurance finance expenses from insurance contracts issued		
Interest accreted to insurance contracts	(86,639,746)	(52,849,546)
Effect of changes in interest rates and other financial assumptions	183,311	14,083,745
	(86,456,435)	(38,765,800)
Reinsurance finance income from reinsurance contracts held		
Interest accreted to reinsurance contracts	24,955,370	13,637,864
Effect of changes in interest rates and other financial assumptions	(43,588)	(3,483,543)
	24,911,783	10,154,321

7. Investment income

	2024 Shs	2023 Shs
(a) Interest income determined using the effective interest rate method		
Interest from Government securities	320,774,711	294,218,649
Interest from bank deposits and current accounts	48,670,550	30,903,893
Interest on staff and mortgage loans	3,814,157	3,141,190
	373,259,418	328,263,732
(b) Other income		
Foreign exchange (loss)/gain	(143,097)	2,544,057
Rental income	2,523,319	2,383,521
Miscellaneous income	289,100	5,082,750
Gain on disposal of property and equipment	(3,923)	-
Dividend income	13,160,657	12,858,517
	15,826,056	22,868,845
(c) Fair value adjustments		
Fair value gain/(loss) on quoted shares at fair value through profit or loss (Note 19 (a))	21,417,267	(16,736,528)
Fair value gain/(loss) on collective investment scheme at fair value through profit or loss (Note 19 (c))	1,526,576	(825,899)
	22,943,843	(17,562,427)
	412,029,317	333,570,150

8. Other expenses

	2024 Shs	2023 Shs
Rent and rates	79,330	42,510
Electricity and water	2,326,309	2,331,607
Repairs and maintenance	4,769,715	1,871,215
Security	1,469,050	1,368,552
Licence and subscriptions	2,555,257	

Depreciation on property, plant and equipment	5,917,123	5,917,123
	17,116,784	11,531,006

9(a) Tax

Current tax charge	30,073,193	87,279,007
Deferred tax charge credit (Note 21)	13,858,539	(6,177,021)
Tax charge	43,931,732	81,101,986

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

Profit before tax	424,923,297	555,823,109
Profit for tax purpose		
Tax calculated at the rate of 30% (2023: 30%)	127,476,988	166,746,933
Tax effect of:		
• Expenses not deductible for tax purpose underprovision in prior year	27,429,163	14,082,728
• income not subject to tax	(110,974,419)	(99,727,675)
Tax charge	43,931,731	81,101,986

10. Share capital: Authorised, issued and fully paid

	2024 Shs	2023 Shs
6,000,000 (2023: 6,000,000) ordinary shares of Shs. 100 each	600,000,000	600,000,000

11. Revaluation reserve

Leasehold land (a)	59,465,167	60,313,009
Buildings(b)	122,443,865	124,998,865
	181,909,032	185,311,874

The movement on the reserve is as follows:

(a) Leasehold land		
At start of year	60,313,009	61,160,851
Transfer of excess depreciation	(1,211,203)	(1,211,203)
Deferred tax on transfer of excess depreciation	363,361	363,361
At end of year	59,465,167	60,313,009
(b) Buildings		
At start of year	124,998,865	127,553,865
Transfer of excess depreciation	(3,650,000)	(3,650,000)
Deferred tax on transfer of excess depreciation	1,095,000	1,095,000
At end of year	122,443,865	124,998,865

The revaluation reserve is not distributable.

(b) Fair value reserve - Fair value through other comprehensive income

Fair value reserve - Fair value through other comprehensive income relates to valuation gains on valuation of financial instruments designated at fair value through other comprehensive income.

(c) Retained earnings

The retained earnings balance represents the amount available for distribution as dividend to the shareholders.

12. Property and equipment

31 December 2024	Buildings Shs	Motor vehicles Shs	Furniture and fittings Shs	Computer equipment Shs	Total Shs
Cost/Valuation					
At 1 January 2024	232,500,000	10,273,024	48,522,131	61,399,890	352,695,045
Additions	-	-	10,941,490	7,673,753	18,615,243
Disposal	-	(150,000)	-	(137,500)	(287,500)
					-
At 31 December 2024	232,500,000	10,123,024	59,463,621	68,936,143	371,022,788
Accumulated depreciation					
At 1 January 2024	9,300,000	4,989,384	34,645,356	51,592,218	100,526,958
Elimination of accumulated depreciation on disposal	-	(147,327)	-	(41,250)	(188,577)
Charge for the year	4,650,000	1,320,242	3,102,283	5,215,553	14,288,078
At 31 December 2024	13,950,000	6,162,299	37,747,639	56,766,521	114,626,459
Carrying Amount	218,550,000	3,960,725	21,715,982	12,169,622	256,396,329

The company has rented out a portion of the building to third parties and is earning rent from it, however, in management's assessment, the portion that the company is using for administrative purposes is significant, hence the entire building has been classified as owner occupied property.

Year ended 31 December 2023	Buildings Shs	Motor vehicles Shs	Furniture and fittings Shs	Computer equipment Shs	Total Shs
Year ended 31 December 2023					
Cost/Valuation					
At 1 January 2023	232,500,000	5,973,024	44,039,569	57,306,591	339,819,184
Additions	-	4,300,000	4,482,562	4,093,299	12,875,861
At 31 December 2023	232,500,000	10,273,024	48,522,131	61,399,890	352,695,045
Accumulated depreciation					
At 1 January 2023	4,650,000	3,228,170	32,662,959	47,388,930	87,930,059
Charge for the year	4,650,000	1,761,214	1,982,397	4,203,288	12,596,899
At 31 December 2023	9,300,000	4,989,384	34,645,356	51,592,218	100,526,958
Carrying Amount	223,200,000	5,283,640	13,876,775	9,807,672	252,168,087

Leasehold land and buildings were professionally valued by R.R. Oswald & Company Limited on the basis of open market value in September 2022. The book values of the properties were adjusted to the revaluations, and the resultant surplus net of deferred tax was credited to the revaluation reserve in shareholder's equity, through the statement of comprehensive income.

Revaluation of property and equipment is considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets and replacement costs. Management does not expect there to be a material sensitivity to the fair values arising from the non-observable inputs.

If leasehold land and buildings were stated on the historical cost basis, the carrying values would be as follows:

	Leasehold land Shs	Buildings Shs	Total Shs
Year ended 31 December 2024			
Cost	5,000,000	50,000,000	55,000,000
Elimination of accumulated depreciation	(1,318,780)	(23,000,000)	(24,318,780)
	<u>3,681,220</u>	<u>27,000,000</u>	<u>30,681,220</u>
Year ended 31 December 2023			
Cost	5,000,000	50,000,000	55,000,000
Elimination of accumulated depreciation	(1,262,860)	(22,000,000)	(23,262,860)
	<u>3,737,140</u>	<u>28,000,000</u>	<u>31,737,140</u>

13. Prepaid lease rentals - Leasehold land

	2024 Shs	2023 Shs
Cost		
At 1 January and at 31 December	92,500,000	92,500,000
Accumulated amortization		
At 1 January	2,534,246	1,267,123
Charge for the year	1,267,123	1,267,123
At 31 December	3,801,369	2,534,246
Carrying Amount	<u>88,698,631</u>	<u>89,965,754</u>

The company lease on leasehold land is for a period of 99 years, with options to renew. The lease does not contain any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

14. Intangible asset – software

	2024 Shs	2023 Shs
Cost		
At 1 January	73,068,453	57,766,182
Additions	16,357,437	15,302,271
At 31 December	89,425,890	73,068,453
Amortisation		
At 1 January	51,059,831	41,399,498

Charge for the year	11,977,045	9,660,333
At 31 December	63,036,876	51,059,831
Carrying Amount	26,389,014	22,008,622

15. Mortgage and other loans

Mortgage loans

At 1 January	18,880,121	26,147,814
Amount advanced	11,000,000	-
Accrued interest	2,807,900	2,639,896
Repayment	(12,253,782)	(6,343,111)
Expected credit loss	-	(3,564,478)
At 31 December	20,434,239	18,880,121

Other loans

At 1 January	3,985,486	568,775
Amount advanced	-	3,505,044
Accrued interest	251,007	73,558
Repayment	(2,788,461)	(161,921)
At 31 December	1,448,032	3,985,486
Total mortgage and other loans	21,882,271	22,865,607

The mortgage and other loans relates to staff mortgage loans given to staff at Fringe Rate and third-party mortgage loans given at CBR Rate + 2.5%.

16. Insurance and Reinsurance Contract Assets/Liabilities

	2024			2023		
	Remaining Coverage Shs	Incurred Claims Shs	Total Shs	Remaining Coverage Shs	Incurred Claims Shs	Total Shs
Insurance Contract liabilities	214,906,215	1,049,389,660	1,368,185,277	297,612,269	862,583,245	1,160,195,514
Reinsurance Contract assets	(196,364,952)	(394,062,851)	(629,440,025)	(46,049,271)	(243,281,735)	(289,331,006)



**Shs 1,214,596,074 to
Shs. 1,326,077,713.**

The increased amount during the year, the company's net earned premiums.



16. Insurance and Reinsurance Contract Assets/Liabilities (continued)

Entries	2024				
	Liability for remaining coverage	Liability for incurred claims	Liability for incurred claims	Liability for incurred claims	Total
	Excl Loss Component Shs	Loss Component Shs	Present Value of Future Cash Flows Shs	Risk Adjustment Shs	Shs
Opening insurance contract liabilities	292,835,671	4,776,598	779,208,148	83,375,097	1,160,195,514
Opening insurance contract assets	-	-	-	-	-
Net opening balance	292,835,671	4,776,598	779,208,148	83,375,097	1,076,820,417
Insurance revenue	2,203,589,792	-	-	-	2,203,589,792
Insurance service expenses	-	-	-	-	-
Inurred claims and other directly attributable expenses	-	-	1,435,597,934	-	1,435,597,934
Changes that relate to past service - adjustments to the LIC	-	-	193,213,344	11,026,036	204,239,380
Losses on onerous contracts and reversal of those losses	-	(3,327,628)	-	-	(3,327,628)
Insurance acquisition cashflows amortisation	405,125,209	-	-	-	405,125,209
Insurance service expenses	405,125,209	(3,327,628)	1,628,811,278	11,026,036	2,041,634,896
Insurance service result	1,798,464,582	3,327,628	(1,628,811,278)	(11,026,036)	161,954,896
Finance income (expenses) from insurance contracts issued	-	-	(76,968,167)	(9,488,268)	(86,456,435)
Total amounts recognised in profit or loss	1,798,464,582	3,327,628	(1,705,779,445)	(20,514,304)	75,498,461
Investment components	-	-	-	-	-
Cash flows	-	-	-	-	-
Premiums received	2,128,819,569	-	-	-	2,128,819,569
Claims and other directly attributable expenses paid	-	-	(1,435,597,934)	-	(1,435,597,934)
Insurance acquisition cashflows deducted	(409,733,412)	-	-	-	(409,733,412)
Total cash flows	1,719,086,157	-	(1,435,597,934)	-	283,488,223
Net closing balance	213,457,245	1,448,970	1,049,389,660	103,889,401	1,284,810,180
Closing insurance contract liabilities	213,457,245	1,448,970	1,049,389,660	103,889,401	1,264,295,875
Closing insurance contract assets	-	-	-	-	-
Net closing balance	213,457,245	1,448,970	1,049,389,660	103,889,401	1,368,185,277

16. Insurance and Reinsurance Contract Assets/Liabilities (continued)

Entries	2023					
	Liability for remaining coverage		Liability for incurred claims		Risk Adjustment Shs	Total Shs
	Excl Loss Component Shs	Loss Component Shs	Present Value of Future Cash Flows Shs	Present Value of Future Cash Flows Shs		
Opening insurance contract liabilities	165,937,997	232,539	732,705,107	76,201,156	-	975,076,800
Opening insurance contract assets	-	-	-	-	-	-
Net opening balance	165,937,997	232,539	732,705,107	76,201,156	-	975,076,800
Insurance revenue	2,042,049,313	-	-	-	-	2,042,049,313
Insurance Service expenses	-	-	1,026,522,733	-	-	1,026,522,733
Incurred claims and other directly attributable expenses	-	-	15,062,891	(151,710)	-	14,911,182
Changes that relate to past service - adjustments to the LIC	-	4,544,059	-	-	-	4,544,059
Losses on onerous contracts and reversal of those losses	-	-	-	-	-	-
Insurance acquisition cashflows amortisation	371,374,717	-	-	-	-	371,374,717
Insurance service expenses	371,374,717	4,544,059	1,041,585,624	(151,710)	-	1,417,352,691
Insurance service result	1,670,674,596	(4,544,059)	(1,041,585,624)	151,710	-	624,696,622
Finance income (expenses) from insurance contracts issued	-	-	(31,440,150)	(7,325,650)	-	(38,765,800)
Total amounts recognised in profit or loss	1,670,674,596	(4,544,059)	(1,073,025,774)	(7,173,941)	-	585,930,822
Investment components	-	-	-	-	-	-
Cash flows	-	-	-	-	-	-
Premiums received	2,178,628,989	-	-	-	-	2,178,628,989
Claims and other directly attributable expenses paid	-	-	(1,026,522,733)	-	-	(1,026,522,733)
Insurance acquisition cashflows deducted	(381,056,720)	-	-	-	-	(381,056,720)
Total cash flows	1,797,572,269	-	(1,026,522,733)	-	-	771,049,536
Net closing balance	292,835,671	4,776,598	779,208,148	83,375,097	-	1,160,195,514
Closing insurance contract liabilities	292,835,671	4,776,598	779,208,148	83,375,097	-	1,160,195,514
Closing insurance contract assets	-	-	-	-	-	-
Net closing balance	292,835,671	4,776,598	779,208,148	83,375,097	-	1,160,195,514

16. Insurance and Reinsurance Contract Assets/Liabilities (continued)

	2024					
	Assets for remaining coverage Excl Loss Component Shs	Loss Component Shs	Assets for present Future Cash Flows Shs	Risk Adjustment Shs	Total Shs	
(b) Analysis by reinsurance remaining coverage and incurred claim						
Opening reinsurance contract assets	42,575,841	3,473,430	219,766,698	23,515,037	289,331,006	
Opening reinsurance contract liabilities	-	-	-	-	-	
Net opening balance	42,575,841	3,473,430	219,766,698	23,515,037	289,331,006	
Reinsurance Service expenses	877,452,078	-	-	-	877,452,078	
Reinsurance Service expenses						
Incurred claims and other directly attributable expenses	-	-	372,754,271	-	372,754,271	
Changes that relate to past service - adjustments to the LIC	-	-	152,061,158	12,820,398	164,881,556	
Losses on onerous contracts and reversal of those losses	-	(2,818,148)	-	-	(2,818,148)	
Insurance acquisition cashflows amortisation	272,234,920	-	-	-	272,234,920	
Reinsurance service expenses	272,234,920	(2,818,148)	524,815,429	12,820,398	807,052,599	
Reinsurance service result	605,217,158	2,818,148	(524,815,429)	(12,820,398)	70,399,479	
Finance income (expenses) from insurance contracts issued			(22,234,995)	(2,676,788)	(24,911,783)	
Total amounts recognised in profit or loss	605,217,158	2,818,148	(547,050,424)	(15,497,186)	45,487,697	
Investment components	-	-	-	-	-	
Cash flows						
Reinsurance Premiums paid	1,032,998,027	-	-	-	1,032,998,027	
Other charges	-	-	-	-	-	
Claims and other directly attributable expenses paid	-	-	(372,754,271)	-	(372,754,271)	
Insurance acquisition cashflows deducted	(274,647,040)	-	-	-	(274,647,040)	
Total cash flows	758,350,987	-	(372,754,271)	-	385,596,716	
Net closing balance	195,709,670	655,282	394,062,851	39,012,222	629,440,025	
Closing reinsurance contract liabilities	195,709,670	655,282	394,062,851	39,012,222	629,440,025	
Closing reinsurance contract assets	-	-	-	-	-	
Net closing balance	195,709,670	655,282	394,062,851	39,012,222	629,440,025	

(b) Analysis by reinsurance remaining coverage and incurred claim (continued)

	2023				
	Assets for remaining coverage		Assets for present value of Future Cash Flows	Risk Adjustment	Total
	Excl Loss Component Shs	Loss Component Shs	Shs	Shs	Shs
Opening reinsurance contract assets	10,845,966	13,893	187,181,675	19,466,894	217,508,428
Opening reinsurance contract liabilities	-	-	-	-	-
Net opening balance	10,845,966	13,893	187,181,675	19,466,894	217,508,428
Reinsurance Service expenses	827,453,240	-	-	-	827,453,240
Reinsurance Service expenses	-	-	122,792,209	-	122,792,209
Incurred claims and other directly attributable expenses	-	-	24,313,217	2,165,628	26,478,845
Changes that relate to past service - adjustments to the LIC	-	-	-	-	3,459,537
Losses on onerous contracts and reversal of those losses	-	3,459,537	-	-	3,459,537
Insurance acquisition cashflows amortisation	312,421,472	-	-	-	312,421,472
Reinsurance service expenses	312,421,472	3,459,537	147,105,426	2,165,628	465,152,061
Reinsurance service result	515,031,768	(3,459,537)	(147,105,426)	(2,165,628)	362,301,178
Finance income (expenses) from insurance contracts issued	-	-	(8,271,806)	(1,882,515)	(10,154,321)
Total amounts recognised in profit or loss	515,031,768	(3,459,537)	(155,377,232)	(4,048,143)	352,146,856
Investment components	-	-	-	-	-
Cash flows	-	-	-	-	-
Reinsurance Premiums paid	862,765,088	-	-	-	862,765,088
Claim paid	-	-	(122,792,209)	-	(122,792,209)
Insurance acquisition cashflows deducted	(316,003,445)	-	-	-	(316,003,445)
Total cash flows	546,761,644	-	(122,792,209)	-	423,969,435
Net closing balance	42,575,841	3,473,430	219,766,698	23,515,037	289,331,006
Closing reinsurance contract liabilities	42,575,841	3,473,430	219,766,698	23,515,037	289,331,006
Closing reinsurance contract assets	-	-	-	-	-
Net closing balance	42,575,841	3,473,430	219,766,698	23,515,037	289,331,006

17 (a). Other receivables

	2024 Shs	2023 Shs
Sundry debtors	1,079,871	1,265,207
Prepayments	11,128,955	12,431,827
Deposit with courts	860,336	3,204,275
Policy stamp imprest	30,000	30,000
Deposits with Safaricom	55,000	55,000
	<u>13,154,162</u>	<u>16,986,309</u>
Expected credit loss	(2,567)	(8,598)
	<u>13,151,595</u>	<u>16,977,711</u>
(b) Tax Recoverable		
At 1 January	35,831,124	43,363,044
Charge for the year	(30,073,193)	(87,279,007)
Tax paid	119,385,094	79,747,087
At 31 December	<u>125,143,025</u>	<u>35,831,124</u>

18. Government securities

	2024 Shs	2023 Shs
a) Government securities - At amortised cost		
Treasury bonds maturing:		
Less than 90 days from the reporting date	-	21,117,615
Over 90 days to 5 years of the reporting date	385,375,442	307,873,629
After 5 years of the reporting date	1,349,186,530	1,441,862,505
Expected credit loss	(2,286,890)	(4,347,195)
	<u>1,732,275,081</u>	<u>1,766,506,555</u>

The movement in government securities - held at amortized cost is analysed as follows:

As at 1 January	1,766,506,555	1,391,050,051
Maturities during the year	(95,845,883)	(82,980,608)
Purchase during the year	58,000,000	450,000,000
Accrued interest movement	2,410,658	3,365,979
Expected credit loss	2,060,305	(3,083,613)
Interest movement	2,151,244	
Amortization	(3,007,798)	8,154,745
As at 31st December	<u>1,732,275,081</u>	<u>1,766,506,555</u>

Government securities held at amortized cost whose face value is Shs.210,000,000 (2023: Shs. 180,000,000) are held under lien in favour of the Commissioner of Insurance in accordance with Section 32 of the Kenyan Insurance Act.

b) Government securities - Fair value through other comprehensive income**Government securities maturing:**

Between 1 and 5 years of the reporting date	103,843,157	222,830,227
After 5 years of the reporting date	415,342,206	481,168,991
Expected credit loss allowance	(738,435)	(1,871,698)
	<u>518,446,928</u>	<u>702,127,520</u>

The movement in government securities held at fair value through other comprehensive income is analysed as follows:

As at 1 January	702,127,520	730,368,907
Maturities during the year	(200,000,000)	
Accrued interest movement	(2,459,252)	247,023
Expected credit loss	1,133,263	(1,184,358)
Fair value movement	17,645,396	(27,304,052)
As at 31 December	<u>518,446,928</u>	<u>702,127,520</u>

19. Equity investments

	2024	2023
	Shs	Shs
a) Quoted Shares at fair value through profit or loss		
1 January	60,095,801	76,832,329
Fair value gain/(loss)	21,417,267	(16,736,528)
31 December	81,513,068	60,095,801
b) Quoted Shares At fair value through other comprehensive income		
1 January	71,443,466	88,866,981
Fair value gain/(loss)	38,170,068	(17,423,515)
31 December	109,613,535	71,443,466
c) Collective investment scheme		
1 January	6,037,276	6,863,175
Fair value gain/(loss)	1,526,576	(825,899)
31 December	<u>7,563,852</u>	<u>6,037,276</u>

20. Cash and cash equivalents

	2024	2023
	Shs	Shs
a) Deposits with financial institutions maturing:		
Below three months from the reporting date	220,358,193	50,972,329
After three months from the reporting date	341,966,096	310,991,840
Expected credit loss Allowance	(16,194,939)	(10,424,562)
	<u>546,129,350</u>	<u>351,539,607</u>

The movement in deposits with financial institutions is analysed as follows:

As at 1 January	351,539,607	370,905,130
Purchases during the year	488,071,714	554,030,411

Liquidations during the year	-283,000,000	-574,000,000
Accrued interest movement	-3,141,369	381,746
Expected credit loss movement	-5,770,377	222,320
Exchange loss movement	(1,570,225)	-
	<u>546,129,350</u>	<u>351,539,607</u>
b) Cash at bank and in hand		
Cash and cash equivalents	67,722,197	73,998,730
Expected credit loss Allowance	(1,949,658)	(2,139,504)
	<u>65,772,539</u>	<u>71,859,226</u>

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

Deposits with financial institutions maturing in below three months from the reporting date	220,358,193	50,972,329
Cash at bank and in hand	67,722,197	73,998,730
	<u>288,080,390</u>	<u>124,971,059</u>

21. Other payables

	2024 Shs	2023 Shs
Accrued expenses	6,159,743	6,481,305
Other liabilities	72,193,015	68,868,903
	<u>78,352,758</u>	<u>75,350,208</u>

22. Deferred tax liability

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30% (2023:30%) The movement on the deferred tax account is as follows:

	2024 Shs	2023 Shs
At 1 January	65,872,834	72,049,855
Charge/(credit) to profit or loss (Note 9)	13,858,539	(6,177,021)
At 31 January	<u>79,731,373</u>	<u>65,872,834</u>

Deferred tax liability in the statement of financial position and deferred tax charge/(credit) to profit or loss and other comprehensive income are attributable to the following items:

2024	At 1 January Shs	Charge to profit or loss Shs	At 31 December Shs
Property and equipment			
- historical cost	(2,420,883)	(644,295)	(3,065,178)
- revaluation	84,730,683	-	84,730,683
Provisions	(16,436,967)	3,920,316	(12,516,651)
Foreign exchange gain/loss		(1,569,363)	(1,569,363)
Fair value gain/loss quoted shares		12,151,881	12,151,881
Net deferred tax liability	65,872,834	13,858,539	79,731,373
2023			
Property and equipment			
- historical cost			
- revaluation	(941,347)	(1,479,536)	(2,420,883)
Provisions	84,730,683	-	84,730,683
	(11,739,483)	(4,697,485)	(16,436,967)
Net deferred tax liability	72,049,854	(6,177,021)	65,872,834

23. Cash from operations

		2024 Shs	2023 Shs
Reconciliation of profit before tax to cash from operations:			
Profit before tax		424,923,297	555,823,109
Adjustments for:	Note		
Depreciation on property and equipment	12	14,288,078	12,596,899
Amortisation of leasehold land	14	1,267,123	1,267,123
Amortisation of intangible assets	13	11,977,045	9,660,333
Gain on disposal of property and equipment	7b	3,923	-
Expected credit gain	3.2(c)	(13,701,710)	13,019,564
Fair value loss on quoted shares through profit or loss	19(a)	(22,943,843)	17,562,427
Accrued Interest movement on Government securities - Fair value through other comprehensive income	18(b)	2,459,252	(247,023)
Changes in working capital:			
- Reinsurance contract assets		(332,605,779)	(78,569,317)
- Other receivables		3,831,763	16,829,262
- Insurance contract liabilities		213,005,069	183,182,552
- Other payables		3,002,552	2,054,952
Cash from operations		305,506,770	733,179,881

24. Related party disclosures

Related parties are defined as entities which are related to the company through common shareholdings or common directorships. In the normal course of business, insurance policies are sold to related parties at terms and conditions similar to those offered to major clients.

	2024 Shs	2023 Shs
i) Transaction with the related parties		
Gross premiums written	159,328,512	131,193,853
Gross claims incurred	25,716,682	11,435,565
Commission paid	29,811,158	24,330,488
ii) outstanding balances		
Outstanding premiums	(24,272,347)	(11,897,332)
Claims payable		
Prime Bank Limited	12,061,910	2,204,796
Prime Merchant Insurance Agency Limited	30,628,364	11,278,282
	42,690,274	13,483,078
Deposits with Prime Bank Limited	461,658,535	337,166,087
Current account balances with Prime Bank Limited	67,722,197	74,288,323
Staff mortgage loans	17,251,634	10,809,636
Staff motor vehicle loans	1,448,032	3,984,222
iii) Directors' remuneration		
Fees for services as a director	2,640,000	3,780,000
Other emoluments	3,960,000	3,960,000
iv) Key management compensation		
Remuneration of senior management	127,840,324	118,754,564

25. Weighted average effective interest rates

The following table summarises the weighted average effective interest rates at the year end on the principal interest-bearing investments:

	2024 %	2023 %
Government securities	14.25	11.92
Deposits with financial institutions	8.91	8.79
Mortgage and other loans	15.23	13.74



The company is exposed to foreign exchange risk arising from various currency exposures,...



26. Dividend

The directors recommend Shs. 198,000,000 dividend for the year. (2023: Shs 198,000,000). During the year, no interim dividend was declared (2023: NIL)

Therefore, total dividend for the year ended 31 December 2024 was Shs. 198,000,000 (2023: Shs 33 per share) amounting to a total of Shs. 198,000,000.

In accordance with the Kenyan Companies Act, 2015, these financial statements reflect this dividend payable, which is accounted for in the shareholders' funds as an appropriation of retained profits in the year ended 31 December 2023.

Payment of dividend is subject to withholding tax at a rate of 0%, 5% or 15% depending on the tax status or residency of the shareholder.

The movement in dividends is analysed as follows:

	Note	2024 Shs	2023 Shs
Final dividend for previous year b/f	SOE	198,000,000	252,000,000
Final dividend for previous year paid	SOE	-198,000,000	-252,000,000
Proposed final dividend for the year		198,000,000	198,000,000
As at 31 December		198,000,000	198,000,000

27. Contingent liabilities

As is common with the insurance industry in general, the company is subject to litigations arising in the normal course of insurance business.

The directors are of the opinion that these litigations will not have a material effect on the financial position or profits of the company.

28. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of the Director's Report.

OUR
PRODUCTS

Tausi underwrites a diverse portfolio of general insurance and medical products, serving a wide array of clients and brokers across the country. Our portfolio include engineering products, marine, contractors all risks, domestic package protection, workmen's compensation covers, group and personal accident, political violence and terrorism, public liability, fidelity guarantee, motor insurance, industrial all risks, burglary, consequential loss and business interruption and money insurance among others.

CUSTOMER
FIRST

We are different because of our philosophy to put the customer first. We are passionate about providing only the best service. Our aim is to build satisfying relationships with our customers. Our procedures and processes are constantly upgraded to meet our clients' specific needs and to provide lasting solutions to every problem that they approach us with.

REEMARKABLE
GROWTH

We have experienced a non-comparable growth over the years with our capital growing to over KES 1 Billion from the paid-up capital of KES 20 Million and the total assets to over KES 2.2 Billion from the initial KES 19.9 Million.

PEOPLE POWER

We are powered and driven forward by people. Human resource is our most treasured asset. Employee numbers have swelled from the initial total of nine to over fifty employees.. Our staff are well known for their friendliness and dedication to meeting their individual customers' insurance needs.

Our staff are equipped with tools and support to guarantee synergy and customer satisfaction. The team is made up of the most talented, dynamic, team-oriented and forward-thinking people who have helped in developing strong working relationships with well-known brokers and agents. Today we can proudly say that we are insurers and co-insurers of some of the top privately owned businesses in Kenya.

THE HEART OF
THE MATTER

As we strengthen our position as a key player in Kenya's insurance market, the customer-focused principles and values that were fixed in 1993 will continue to be at the heart of Tausi's operations in the coming years. At Tausi, we value our clients that is why we believe they have come to value us.



A Symbol of Trust Security and Progress

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