Specialty Emergency Services Limited
(Registration number 36581)
Financial statements
for the year ended 31 December 2023

BDO

General Information

Country of incorporation and domicile	Zambia
Company registration number	36581
Nature of business and principal activities	Provision of classes of medical and life insurance services
Directors	Jo-Anne Vlahakis Doras Ian G Ncube Graham Woolford Sarah Taylor Philimon Songolo George Roberts Sipho Phiri
Registered office	Corner of Mahogany Drive and Kafue Road, Lusaka Zambia.
Business address	Corner of Mahogany Drive and Kafue Road, Lusaka Zambia.
Postal address	P.O Box 30337, Lusaka, Zambia
Bankers	Standard Chartered Bank Plc First National Bank Zambia ABSA Bank Zambia Plc ZANACO Bank Plc
Auditors	BDO Zambia Audit Services Chartered Accountants Registered Auditors
Secretary	Jo-Anne Vlahakis Doras

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act, 2017 of Zambia and Insurance Act 2021 of Zambia to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2024 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 10.

The financial statements set out on pages 11 to 66, which have been prepared on the going concern basis, were approved by the board of directors on 2 May 2024 and were signed on their behalf by:

Director

Director

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Specialty Emergency Services Limited for the year ended 31 December 2023.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2017 of Zambia and Insurance Act 2021 of Zambia. The accounting policies have been applied consistently compared to the prior year.

Financial results were as follows:

	2023 ZMW	Restated 2022 ZMW
Insurance revenue	228,775,347	194,086,018
Profit for the year	17,002,046	5,256,278

2. Share capital

The authorised share capital of the company remained unchanged at 6,000,000 ordinary shares, with a par value of ZMW 2 each. The issued and paid up share capital of the company is ZMW 12,000,000.

The company's share holding and beneficial ownership is represented as follows:

Name of shareholder	Percentage shareholding	Beneficial ownership
Unihealth Zambia Limited	81%	Graham Woolford
Jo-Anne Vlahakis Doras	19%	Jo-Anne Vlahakis Doras

There were no changes in the beneficial owners during the year.

3. Dividends

The board of directors do not recommend the declaration of a dividend for the year (2022: Nil)

4. Directorate

The directors in office at the date of this report are as follows:

Directors	Office	Nationality	Changes
Jo-Anne Vlahakis Doras	Managing Director	Zambian	Appointed 1 January 2013
Ian G Ncube	Non Executive Director	Zambian	Appointed 1 January 2013
Graham Woolford	Executive Director	South African	Appointed 1 January 2013
Sarah Taylor	Executive Director, Non Executive Director	South African	Appointed 1 July 2017, 1 June 2022
Philimon Songolo	Non Executive Director	Zambian	Appointed 1 March 2021
George Roberts	Non Executive Director	Zambian	Appointed 1 May 2021
Sipho Phiri	Non Executive Director	Zambian	Appointed 1 October 2023

During the year, the total directors' remuneration was ZMW 3,870,021 (2022: ZMW 4,679,614). This comprised of ZMW 3,569,349 (2022: ZMW 4,437,020) for services rendered by executive directors, and ZMW 300,672 (2022: ZMW 242,594) for services rendered by the non-executive directors.

Interests register information

During the year, the Company officers (a director, company secretary or executive officer of a company) made declarations of interest in Company transactions and business as follows:

Directors' Report

Interest in shares

Director	Direct	Indirect	Total	Percentage holding
Jo-Anne Vlahakis Doras	1,140,000	-	1,140,000	19%

5. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

6. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

During the year, the company acquired property, plant and equipment amounting to ZMW 5,699,259 (2022: ZMW 4,876,117). and disposed off property, plant equipment with a cost of ZMW 3,616,540 (2022: Nil).

7. 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 this report.

8. Staff

The average number of employees during the year was 102 (2022: 97) and their total remuneration was ZMW 75,018,787 (2022: ZMW 60,397,920).

9. Donations

During the year the Company made donations of ZMW 7,425 (2022: ZMW 15,000) to charitable organizations and events.

10. Health and Safety

The company is committed to ensuring the health, safety and welfare at work of its employees and for protecting other persons against risks to health arising out of, or in connection with the activities at work of those employees.

11. Auditors

BDO Zambia Audit Services were appointed as auditors on 17 October 2023. Having indicated their willingness to continue in office, a resolution proposing the re-appointment of BDO Zambia Audit Services as auditors will be put to the Annual General Meeting.

By Order of the Board

SECRETARY
Date: 02 MAY 2024

BDO

Tel:+260 211 250222
Email:contact@bdo.co.zm
www.bdo.co.zm

Frost Building
The Gallery Office Park
Lagos Road
Rhodes Park
P.O. Box 35139
Lusaka, Zambia

Independent Auditor's Report

To the members of Speciality Emergency Services Limited

Report on the audit of financial statements

Opinion

We have audited the financial statements of Specialty Emergency Services Limited, which comprise the statement of financial position, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2023 and notes to the financial statements, including a summary of significant accounting policies as set out on pages 11 to 66.

In our opinion, the financial statements give a true and fair view of the financial position of Specialty Emergency Services Limited, as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting standards, and in the manner required by the Insurance Act 2021 and the Companies Act, 2017.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the Audit of the Financial Statements section of our report. We are independent of the bank 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 Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Valuation of the liability for incurred claims in relation to insurance contracts recognized in accordance with IFRS 17.	
The company adopted the PAA approach for the measurement of its insurance contract liabilities for the medical business and the adoption of IFRS 17 resulted in the following changes: • The liability for remaining coverage ("LIC") reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided. • Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart. • Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for nonfinancial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision). • Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not	Utilising our independent audit expert actuary we developed a challenger model to test the assumptions used in the implementation of IFRS 17. These involved the challenging of the contract boundaries used in defining the cohorts as well as the contractual service margin and the calculation of the best estimate of the liability for incurred claims. • We compared the methodology applied by management to the methodology applied by other companies in the industry. • We independently calculated the incurred but not reported component of the best estimate liability for incurred claims and using our independently determined range of assumptions performed sensitivity testing on the key areas of judgement to calculate a reasonable range for this liability.

Key audit matter	How our audit addressed the key audit matter
reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses. • Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts. The company measures the contracts under life insurance using the general model. The model measures a group of insurance contracts as the total of: • Fulfilment cash flows • A CSM representing the unearned profit the Company will recognise as it provides insurance contract services under the insurance contracts in the group. Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk. The Company's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions. The value of the liability for incurred claims is the sum of the present value of expected future cash flows and the risk adjustment. The liability for incurred claims (which is the net insurance contract liabilities for incurred claims relating to medical insurance and life insurance, on both the general model and the premium allocation approach) is ZMW 145,137,524 as at 31 December 2023 (2022: ZMW 107,552,156) for the company. We considered the valuation of the liability for incurred claims to be a matter of most significance to the current year audit due to the following: • The significant judgement and estimation uncertainties in the future cash flow projections and the risk adjustment for non-financial risk; and • The magnitude of the liability.	

Other Matter

The financial statements of Specialty Emergency Services Limited for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on 31 March 2023.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report for the year ended 31 December 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and in the manner required by the Insurance Act, No 38 of 2021 and the Companies Act, 2017 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

The Companies Act, 2017 requires that in carrying out our audit of Specialty Emergency Services Limited, we consider whether or not a Company has kept the accounting records and registers as required by this Act. In accordance with Section 259(3) of the companies Act of Zambia, we report that in our opinion:

- There is no relationship, interest or debt which us, as the Company's auditor, have in the Company;
- There were no serious breaches of corporate governance principles or practices by the Directors. In the absence of the Act specifying the criteria for purposes of reporting on serious breaches of corporate governance principles or practices by the Directors, as required by section 259(3) (b) of the Act, we express our opinion based on the corporate governance provisions of the Act, Part VII Corporate Governance of the Companies Act of Zambia.
- There is no omission in the financial statements as regards particulars of loans made to a Company Officer (a Director, Company Secretary or Executive Officer of a Company) during the year, and if reasonably possible, disclose such information in our opinion.

The Companies Act section 83 states that a person shall not be eligible for the appointment as a company secretary if the person in the case of an individual is not:

(a) A legal practitioner, a chartered accountant, or a member of the chartered institute of secretaries.

(b) A resident in Zambia.

The company secretary is not a legal practitioner nor is she a chartered accountant.

Opinion on compliance with the Insurance Act No. 38 of 2021

In accordance with the Insurance Act, No. 38 of 2021, we report on whether:

- The Company made available all necessary information to enable us to comply with the requirements of the Act;
- The Company has not complied with the capital adequacy ratio (CAR) as required by the Act. In respect of the foregoing, we have nothing to report, except that the company did not meet the minimum capital adequacy ratio (CAR) which is set at 150%. During the period under review the company had a capital adequacy ratio of 48% which is below 120% the minimum allowed for 2023.
- The company did not use the chain ladder model in its computation of IBNR as required by the Insurance Act of Zambia.
- There are no transactions or conditions that have come to our attention affecting the well being of the company and require rectification including:

  -Transactions carried out with the company that are not within the powers of the company contrary to the Act or any other written law.

- There were any outstanding loans that were non-performing, restructured or had terms of payments extended whose principal was five percent or more of the regulatory capital of the company.

BDO

BDO Zambia Audit Services

T.Jerahuni
Partner
AUD/F008775
Date: 02 MAY 2024

Specialty Emergency Services Limited

(Registration number 36581)
Financial Statements for the year ended 31 December 2023

Statement of Financial Position as at 31 December 2023

Figures in Zambian Kwacha	Note	31 December 2023	Restated 31 December 2022
Assets			
Cash and cash equivalents	7	99,252,931	75,258,673
Investments in debt instruments	8.1	37,684,436	13,967,729
Debt based investment	8.2	27,050,454	8,331,297
Amounts due from related parties	26	6,148,176	18,480,894
Other assets	9	11,181,219	5,216,676
Property, plant and equipment	10	30,114,799	29,245,238
Right-of-use assets	11	4,126,706	151,559
Deferred tax	18	1,573,243	1,344,785
Total assets		**217,131,964**	**151,996,851**
Equity and liabilities			
Equity			
Share capital	12	12,198,527	12,198,527
Reserves		-	-
Retained income		30,805,260	13,803,214
		43,003,787	**26,001,741**
Liabilities			
Current tax payable	16	547,678	3,484,597
Insurance contract liabilities	13	145,137,524	107,552,156
Amounts due to related parties	26	4,888,651	-
Managed funds	14	977,527	849,084
Lease liabilities	11	4,410,854	278,144
Other liabilities	15	18,165,943	13,831,129
		174,128,177	**125,995,110**
Total equity and liabilities		**217,131,964**	**151,996,851**

The financial statements and the notes on pages 11 to 66, were approved by the board of directors on the 2 May 2024 and were signed on its behalf by:

Director

Director

Statement of Profit or Loss and Other Comprehensive Income

Figures in Zambian Kwacha	Note	31 December 2023	Restated 31 December 2022
Insurance revenue	19	228,775,347	194,086,018
Insurance service expense	20	(198,670,303)	(161,081,944)
Insurance service result before reinsurance contracts held		**30,105,044**	**33,004,074**
Allocation of reinsurance premiums	19.2	(2,506,429)	(1,120,507)
Amounts recoverable from reinsurers for incurred claims		-	-
Net expense from reinsurance contracts held		**(2,506,429)**	**(1,120,507)**
Insurance service result		**27,598,615**	**31,883,567**
Income from medical services	21	67,647,065	63,904,085
Costs incurred in the provision of medical services	21	(25,633,466)	(23,966,126)
		42,013,599	39,937,959
Finance income - interest income	22	4,622,503	1,571,897
Fair value profit / (loss) on financial assets at fair value through profit or loss	8.2	3,183,590	(861,938)
Other income	23	29,894,942	2,460,887
Total other income		37,701,035	3,170,846
Operating and other administrative costs	24	(85,698,175)	(64,536,354)
Net financial result		**21,615,074**	**10,456,018**
Finance cost	25	(464,783)	(180,525)
Profit before taxation		**21,150,291**	**10,275,493**
Income tax expense	17	(4,148,245)	(5,019,215)
Profit for the year		**17,002,046**	**5,256,278**
Other comprehensive income		-	-
Total comprehensive income for the year		**17,002,046**	**5,256,278**

Statement of Changes in Equity

Figures in Zambian Kwacha	Share capital	Share premium	Total share capital	Retained income	Total equity
Balance at 1 January 2022	12,000,000	198,527	12,198,527	12,660,194	24,858,721
Impact of initial application of IFRS 17 Refer to Note 3.1.4	-	-	-	(4,113,258)	(4,113,258)
Total comprehensive income for the year	-	-	-	1,143,020	1,143,020
Balance at 1 January 2023 - restated	12,000,000	198,527	12,198,527	13,803,214	26,001,741
Total comprehensive income for the year	-	-	-	17,002,046	17,002,046
Balance at 31 December 2023	12,000,000	198,527	12,198,527	30,805,260	43,003,787
Note	12	12	12		

Statement of Cash Flows

Figures in Zambian Kwacha	Note	31 December 2023	Restated 31 December 2022
Cash flows from operating activities			
Cash generated from operations	27	59,431,345	40,310,463
Finance costs		(464,783)	(180,525)
Tax paid	16	(7,313,662)	(15,240,487)
Net cash from operating activities		**51,652,900**	**24,889,451**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(5,699,259)	(4,876,116)
Work in progress - property, plant and equipment	10	(393,310)	(2,123,410)
Proceeds from disposal of property, plant and equipment	10	100,089	-
Movements in investments in debt instruments	8.1	(23,716,707)	(2,874,128)
Lease liability additions		4,214,648	-
Right of use asset modification		(484,601)	-
Additions of right of use assets		(4,971,813)	-
Additions in debt based investments	8.2	(15,535,567)	(9,193,235)
Financial assets at fair value through profit or loss		-	8,207,473
Net cash from investing activities		**(46,486,520)**	**(10,859,416)**
Cash flows from financing activities			
Repayment of loan to subsidiaries	26	4,888,651	-
Payment on lease liabilities	11	(2,235,128)	(1,031,897)
Changes in related parties receivables		12,332,718	-
Net cash from financing activities		**14,986,241**	**(1,031,897)**
Total cash movement for the year		**20,152,621**	**12,998,138**
Cash at the beginning of the year		75,258,674	58,651,549
Effect of exchange rate movement on cash balances		3,841,636	3,608,987
Total cash at end of the year	7	**99,252,931**	**75,258,674**

1. General information

Specialty Emergency Service Limited (the "Company") deals with life and health insurance business and medical services and is incorporated in Zambia under the Companies Act as a private limited company. The Company is domiciled in Zambia and the address of its registered office is Corner of Mahogany Drive and Kafue Road, Lusaka Zambia.

2. Basis of preparation

The financial statements for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The annual financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The annual financial statements have been prepared in accordance with the going concern principle under the historical cost concept. The annual financial statements are presented in Zambian Kwacha.

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

3. Material accounting policy information

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

3.1 Changes in accounting policies and disclosures

3.1.1 New standards, amendments, interpretations adopted by the Company

Standard	Effective date	Summary of standard
Initial application of IFRS 17 and IFRS 9	Annual periods beginning on or after 1 January 2023 (adopted)	A narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9.

Notes to the Financial Statements

Figures in Zambian Kwacha

Standard	Effective date	Summary of standard
Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	Annual periods beginning on or after 1 January 2023 (adopted)	The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	Annual periods beginning on or after 1 January 2023 (adopted)	IAS 1 was amended to require that only material accounting policy information shall be disclosed in the financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.
Definition of accounting estimates: Amendments to IAS 8	Annual periods beginning on or after 1 January 2023 (adopted)	The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty."
IFRS 17 Insurance contracts	Annual periods beginning on or after 1 January 2023 (adopted)	The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

3.1.2 Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts. The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the PAA. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage ("LIC") reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for nonfinancial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

The Company expenses its insurance acquisition cash flows for its all its insurance product lines immediately upon payment and does not capitalize insurance acquisition cash flows.

New standards, amendments, interpretations adopted by the Company

3.1.3 Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance and reinsurance contracts issued, and reinsurance contracts held, respectively;

- Portfolios of reinsurance contracts held that are assets; and
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognized in its financial statements from insurance contracts
- Significant judgements, and changes in those judgements, when applying the standard.

3.1.4 Transition

On transition date, 1 January 2023, the Company:

- Has identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied; and
- Has identified, recognized and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed, and no impairment loss was identified.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in equity.

Impact of IFRS 17 on insurance contract liabilities

	ZMW
Net earned premiums	193,109,687
Insurance revenue	194,086,018
Insurance contract liabilities before IFRS 17	103,438,938
Insurance contract liabilities after IFRS 17	107,552,196
Impact	4,113,258

3.1.5 Full retrospective approach

On transition to IFRS 17, the Company has applied the full retrospective approach unless impracticable.

The company has applied the full retrospective approach on transition to all contracts issued on or after 1 January 2017.

Notes to the Financial Statements

3.1.6 IFRS 9 Financial Instruments

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the Company elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9, thereby deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17.

The Company has applied IFRS 9 retrospectively and assessed the impact on the comparative information for 2022 for financial instruments in the scope of IFRS 9. This assessment concluded that a restatement of comparative information was not necessary as the impact on the financial statements was negligible. Consequentially, no differences arising from the adoption of IFRS 9 were recognized in retained earnings as of 1 January 2023.

3.1.6.1 Changes to classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the Company's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories for financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortized cost) have been replaced by:

- Financial assets at fair value through profit or loss, including equity instruments and derivatives;
- Debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition (not used by the Company); and
- Debt instruments at amortized cost.

3.1.6.2 Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for debt instruments held at FVOCI or amortized cost by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Company to record an allowance for ECLs for all debt instruments not held at FVPL.

For debt instruments, the ECL is based on the portion of lifetime ECLs (LTECL) that would result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company considers an instrument to be in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full.

Financial Instrument	Measurement	Credit rating	Impairment
Insurance assets (Debt instruments arising from direct insurance arrangements)	Amortized cost	B - Normal credit risk applies.	ECL is based on the portion of lifetime ECLs (LTECL) that would result from default events on a financial instrument that are possible within 12 months after the reporting date. The simplified approach in IFRS 9 for non-financing receivables repayable in next 12 months applies.
Investments in debt instruments - Intercompany debt assets	Amortized cost	A - Credit risk deemed present but low due to control over recoverability of debt.	Not impaired (Impairment if any immaterial to financial statements)

Investments in debt instruments - Fixed deposits with Bank of Zambia licensed commercial banks/ Financial Services Companies	Amortized cost	AA - Credit risk deemed minimal due to regulation by central bank and no known history of default.	Not impaired (Impairment if any immaterial to financial statements)
Debt based investments (Investment in Government securities)	Amortized cost	AAA - Credit risk-free as guaranteed by Government.	Not impaired (Impairment if any immaterial to financial statements)

3.1.6.3 Changes in disclosure - IFRS 7

To reflect the differences between IFRS 9 and IAS 39, IFRS 7 Financial Instruments: Disclosures was also amended. The Company applied the amended disclosure requirements of IFRS 7, together with IFRS 9, for the year beginning 1 January 2023.

3.2 Insurance contracts classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues health and life insurance to individuals and businesses.

The Company does not issue any contracts with direct participating features.

3.2.1 Insurance contracts classification

The Company assesses its insurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Company applies IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include any distinct components that require separation.

3.2.2 Level of aggregation

IFRS 17 requires a company to determine the level of aggregation for applying its requirements. The Company previously applied aggregation levels as allowed under IFRS 4, which were significantly higher than the level of aggregation required by IFRS 17. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. This means that, for determining the level of aggregation, the Company identifies a contract as the smallest 'unit', i.e., the lowest common denominator. However, the Company makes an evaluation of whether a series of contracts need to be treated together as one unit based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts. As such, what is treated as a contract for accounting purposes may differ from what is considered as a contract for other purposes (i.e., legal or management). IFRS 17 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

The Company applied a full retrospective approach for transition to IFRS 17. The portfolios are further divided by year of issue and profitability for recognition and measurement purposes. Hence, within each year of issue, portfolios of contracts are divided into three groups, as follows:

- A group of contracts that are onerous at initial recognition;
- A group of contracts that, at initial recognition, have no significant possibility of becoming onerous subsequently; and
- A group of the remaining contracts in the portfolio (none).

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information;
- Results of similar contracts it has recognized; and
- Environmental factors, e.g., a change in market experience or regulations.

3.2.3 Recognition

The Company recognizes groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date; and
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

3.2.4 Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; Or

Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognized. Such amounts relate to future insurance contracts.

Onerous groups of contract

The Company issues some contracts before the coverage period starts and the first premium becomes due. Therefore, the Company has determined whether any contracts issued form a group of onerous contracts before the earlier of the beginning of the coverage period and the date when the first payment from a policyholder in the group is due. The Company looks at facts and circumstances to identify if a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised
- Environmental factors, e.g., a change in market experience or regulations

Notes to the Financial Statements

Figures in Zambian Kwacha

3.2.5 Measurement - Premium Allocation Approach

	IFRS 17 options	Adopted approach
Premium Allocation Approach (PAA) Eligibility	Subject to specified criteria, the PAA can be adopted as a simplified approach to the IFRS 17 general model.	Coverage period for health insurance contracts is one year or less and so qualifies automatically for PAA. Health insurance includes contracts with coverage periods greater than one year. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA.
Insurance acquisition cash flows for insurance contracts issued	Where the coverage period of all contracts within a group is not longer than one year, insurance acquisition cash flows can either be expensed as incurred, or allocated, using a systematic and rational method, to groups of insurance contracts (including future groups containing insurance contracts that are expected to arise from renewals) and then amortized over the coverage period of the related group. For groups containing contracts longer than one year, insurance acquisition cash flows must be allocated to related groups of insurance contracts and amortised over the coverage period of the related group.	For all insurance contracts, acquisition cash flows are expensed as incurred.
Measurement	**General measurement model**	

3.2.5.1 Insurance contracts - initial measurement

The general model measures a group of insurance contracts as the total of:
- Fulfilment cash flows
- A CSM representing the unearned profit the Company will recognise as it provides insurance contract services under the insurance contracts in the group

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk. The Company's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort. The Company estimates future cash flows considering a range of scenarios which have commercial substance and give a good representation of possible outcomes. The cash flows from each scenario are probability-weighted and discounted using current assumptions.

When estimating future cash flows, the Company includes all cash flows that are within the contract boundary including:
- Premiums and related cash flows
- Claims and benefits, including reported claims not yet paid, incurred claims not yet reported and expected future claims

a) Payments to policyholders resulting from embedded surrender value options
b) An allocation of insurance acquisition cash flows attributable to the portfolio to which the contract belongs

- Claims handling costs
- Policy administration and maintenance costs, including recurring commissions that are expected to be paid to intermediaries
- An allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts

Notes to the Financial Statements

- Transaction-based taxes

The Company does not provide investment-return services in respect of contracts that it issues, nor does it perform investment activities for the benefit of policyholders.

The Company incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The Company estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by policyholders
- Other information about the known or estimated characteristics of the insurance contracts
- Historical data about the Company's own experience, supplemented when necessary with data from other sources. Historical data is adjusted to reflect current conditions.
- Current pricing information, when available

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time. The Company does not elect to accrete interest on insurance acquisition cash flows to be allocated to profit or loss.

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.
- The premiums, if any, received at initial recognition;
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed;
- Plus or minus any amount arising from the derecognition at that date of the asset recognized for insurance acquisition cash flows; and
- Any other asset or liability previously recognized for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognized.

3.2.5.2 Reinsurance contracts - initial measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Measurement of the cash flows include an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral and losses from disputes.
- The Company determines the risk adjustment for non-financial risk so that it represents the amount of risk being transferred to the reinsurer.
- The Company recognises both day 1 gains and day 1 losses at initial recognition in the statement of financial position as a CSM and releases this to profit or loss as the reinsurer renders services, except for any portion of a day 1 loss that relates to events before initial recognition.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, it establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. Where only some contracts in the onerous underlying group are covered by the group of reinsurance contracts held, the Company uses a systematic and rational method to determine the portion of losses recognised on the underlying group of insurance contracts to insurance contracts covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

Where the Company enters into reinsurance contracts held which provide coverage relating to events that occurred before the purchase of the reinsurance, such cost of reinsurance is recognised in profit or loss on initial recognition.

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3.2.5.3 Insurance contracts - subsequent measurement

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognised in profit or loss, because it relates to future service to be provided.

For a group of insurance contracts the carrying amount of the CSM of the group at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted, as follows:

- The effect of any new contracts added to the group
- Interest accreted on the carrying amount of the CSM during the reporting period, measured at the discount rates at initial recognition.
- The changes in fulfilment cash flows relating to future service, except to the extent that:

a) Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss
Or
b) Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.

- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

The locked-in discount rate is the weighted average of the rates applicable at the date of initial recognition of contracts that joined a group over a 12-month period. The discount rate used for accretion of interest on the CSM is determined using the bottom-up approach at inception.

The changes in fulfilment cash flows relating to future service that adjust the CSM comprise of:

- Experience adjustments that arise from the difference between the premium receipts (and any related cash flows such as insurance acquisition cash flows and insurance premium taxes) and the estimate, at the beginning of the period, of the amounts expected. Differences related to premiums received (or due) related to current or past services are recognised immediately in profit or loss while differences related to premiums received (or due) for future services are adjusted against the CSM.
- Changes in estimates of the present value of future cash flows in the liability for remaining coverage, except those relating to the time value of money and changes in financial risk (recognised in the statement of profit or loss and other comprehensive income rather than adjusting the CSM).
- Differences between any investment component expected to become payable in the period and the actual investment component that becomes payable in the period. Those differences are determined by comparing (i) the actual investment component that becomes payable in the period with (ii) the payment in the period that was expected at the start of the period plus any insurance finance income or expenses related to that expected payment before it becomes payable. The same applies to a policyholder loan that becomes repayable.
- Changes in the risk adjustment for non-financial risk that relate to future service.

Except for changes in the risk adjustment, adjustments to the CSM noted above are measured at discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition.

Where, during the coverage period, a group of insurance contracts becomes onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised.

The Company measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Company comprising the fulfilment cash flows related to past service allocated to the group at that date.

- Plus premiums received in the period;
- Minus insurance acquisition cash flows;
- Plus any amounts relating to the amortization of the insurance acquisition cash flows recognized as an expense in the reporting period for the company;
- Plus any adjustment to the financing component, where applicable;
  a. Minus the amount recognized as insurance revenue for the services provided in the period; and
  b. Minus any investment component paid or transferred to the liability for incurred claims.

3.2.5.4 Reinsurance contracts held - subsequent measurement

The measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- Changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM.
- Changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the contractual service margin as they do not relate to future service.

Any change in the fulfilment cash flows of a retroactive reinsurance contract held due to the changes of the liability for incurred claims of the underlying contracts is taken to profit and loss and not the contractual service margin of the reinsurance contract held.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where the Company has established a loss-recovery component, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

A loss-recovery component reverses consistent with reversal of the loss component of underlying groups of contracts issued, even when a reversal of the loss-recovery component is not a change in the fulfilment cash flows of the group of reinsurance contracts held. Reversals of the loss- recovery component that are not changes in the fulfilment cashflows of the group of reinsurance contracts held adjust the CSM.

3.2.5.5 Insurance contracts - modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)

Or

- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract.

3.2.5.6 Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the statement of financial position, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the statement of financial position when the insurance acquisition cash flows are included in the initial measurement of the CSM of the related group of insurance contracts. The Company expects to derecognise all assets for insurance acquisition cash flows within one year.

3.2.5.7 Insurance contracts - modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognizes the modified contract as a new contract.

When a modification is not treated as a derecognition, the Company recognizes amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

3.2.5.8 Presentation

The Company has presented separately, in the statement of financial position, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

The Company disaggregates the total amount recognized in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

3.2.5.9 Insurance revenue

The Company's insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Company adjusted for financing effect (the time value of money) and excluding any investment components). The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- Insurance service expenses, excluding any amounts relating to the risk adjustment for non-financial risk and any amounts allocated to the loss component of the liability for remaining coverage.
- Amounts related to income tax that are specifically chargeable to the policyholder.
- The risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage
- The CSM release
- Amounts related to insurance acquisition cash flows

3.2.5.10 Liability for remaining coverage

Unearned premiums relate to the unexpired risks under policies in force. Unearned premiums are calculated on a time basis using the 365th method in respect of all classes of business.

3.2.5.11 Loss components

The Company has grouped contracts that are onerous at initial recognition separately from contracts in the same portfolio that are not onerous at initial recognition. Groups that were not onerous at initial recognition can also subsequently become onerous if assumptions and experience changes. The Company has established a loss component of the liability for remaining coverage for any onerous group depicting the future losses recognised.

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts (or contracts profitable at inception that have become onerous). The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfilment cash flows to: (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes relating to future service in estimates of the fulfilment cash flows and the risk adjustment for non-financial risk. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of contracts (since the loss component will have been materialised in the form of incurred claims). The Company uses the proportion on initial recognition to determine the systematic allocation of subsequent changes in future cash flows between the loss component and the liability for remaining coverage excluding the loss component.

3.2.5.12 Loss-recovery components

When the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

Where a loss component has been set up subsequent to initial recognition of a group of underlying insurance contracts, the portion of income that has been recognised from related reinsurance contracts held is disclosed as a loss-recovery component.

Where a loss-recovery component has been set up at initial recognition or subsequently, the Company adjusts the loss-recovery component to reflect changes in the loss component of an onerous group of underlying insurance contracts.

The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts held. On this basis, the loss-recovery component recognised at initial recognition is reduced to zero in line with reductions in the onerous group of underlying insurance contracts and is nil when loss component of the onerous group of underlying insurance contracts is nil.

3.2.5.13 Insurance finance income or expense

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

The Company disaggregates insurance finance income or expenses on insurance contracts issued for its immediate annuity and term life portfolios between profit or loss and OCI. The impact of changes in market interest rates on the value of the life insurance and related reinsurance assets and liabilities are reflected in OCI in order to minimise accounting mismatches between the accounting for financial assets and insurance assets and liabilities. The Company's financial assets backing the insurance issued portfolios are predominantly measured at amortised cost or FVOCI. Finance income or expenses on the Company's issued reinsurance contracts is not disaggregated because the related financial assets are managed on a fair value basis and measured at fair value through profit or loss.

The Company systematically allocates expected total insurance finance income or expenses over the duration of the group of contracts to profit or loss using discount rates determined on initial recognition of the group of contracts.

In the event of transfer of a group of insurance contracts or derecognition of an insurance contract, the Company reclassifies the insurance finance income or expenses to profit or loss as a reclassification adjustment to any remaining amounts for the group (or contract) that were previously recognised in other comprehensive income.

3.2.5.14 Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income. Amounts relating to the recovery of losses relating to reinsurance of onerous direct contracts are included as amounts recoverable from the reinsurer.

3.3 Financial assets

3.3.1 Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described earlier above. Financial instruments are initially recognized on the trade date measured at their fair value.

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3.3.2 Measurement categories

The Company classifies all of its financial assets based on the business model for managing the assets and the assets' contractual terms. The categories include the following:

- Amortized cost ("AC");
- Fair value through other comprehensive income ("FVOCI"); or
- Fair value through profit or loss ("FVPL").

3.3.3 Debt instruments measured at amortized cost

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

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

The details of these conditions are outlined below:

Business model assessment

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

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

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

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

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

The SPPI test

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

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

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

Notes to the Financial Statements

3.3.4 Subsequent measurement

Debt instruments at amortized cost

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

The following as the classifications into the measurement categories of the Company's financial instruments:

Financial instrument	Measurement category	Basis
Debt instruments arising from direct insurance arrangements	Amortized cost	Cash flows test - Solely payment of principal plus interest. Business model test - Held to Maturity
Intercompany debt assets	Amortized cost	Cash flows test - Solely payment of principal plus interest. Business model test - Held to Maturity
Investments in debt instruments - Fixed deposits with Bank of Zambia licensed commercial banks/ Financial Services Companies	Amortized cost	Cash flows test - Solely payment of principal plus interest. Business model test - Held to Maturity
Debt based investments (Investment in Government securities)	Fair value through profit or loss	Cash flows test - may not be strictly met. Business model test - Held for sale
Cash and cash equivalents	Fair value through profit or loss (however, stated cash value reflects its fair value with no impairment)	Cash flows test - May not strictly meet. Business model test - May not strictly meet.

3.3.5 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

3.4 Derecognition

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

3.4.1 Derecognition due to substantial modification of terms and conditions

The Company derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognized as a derecognition gain or loss. In the case of debt instruments at amortized cost, the newly recognized instruments are classified as 'performing' for ECL measurement purposes.

When assessing whether or not to derecognise an instrument, amongst others, the Company considers the following factors:

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

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

3.4.2 Impairment of financial assets

The Company recognizes an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

For credit exposures arising from insurance contract assets (debt arising from direct insurance arrangements), ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL).

The Company's debt instruments comprise solely of Government bonds and treasury bills, fixed deposits with institutions that are regulated by the Central Bank (the Bank of Zambia) and intercompany debt. These securities are graded in the top investment categories as carrying minimal risk (Bank of Zambia regulated entities) to no risk (Government securities). It is the Company's policy to consider such assets for impairment, however, where such assets have not deteriorated in investment grade, to render such impairment as immaterial to the financial statements i.e. no impairment.

The Company considers a financial asset to be in default (credit impaired) when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

3.4.3 The calculation of ECLs

"The Company calculates ECLs based on scenarios to measure the expected cash shortfalls. Because only the debt arising from direct insurance arrangements is impaired, and these are expected to be settled within 12 months of the reporting date, no discounting at an appropriate EIR is performed. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the entity expects to receive.

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

- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. It is estimated with consideration of economic scenarios and forward-looking information.
- The Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and accrued interest from missed payments.
- The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive. It is usually expressed as a percentage of the EAD.

The Company allocates its assets subject to ECL calculations as follows:

The 12m ECL is equivalent to the lifetime ECLs (LTECLs) because the Company's debt arising from direct insurance arrangements is expected to be settled within 12 months of the reporting date and represents the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date which is equivalent to the financial instrument's lifetime. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to the EAD (which is the balance of the financial instrument at the reporting date) and multiplied by the expected LGD. No discounting is applied as the exposure is expected to be recovered within 12 months after the reporting date.

3.4.4 Forward looking information

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

- GDP growth;
- Inflation;
- Central Bank base rates; or
- Other micro or macro-economic indicators

The Company will select those economic indicators that are most correlated to the receivables.

3.4.5 Write-offs

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write-offs over the periods reported in these financial statements.

3.5 Recognition of interest income

Under IFRS 9, interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortized cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortized cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset as well as fees and costs that are an integral part of the EIR. The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the debt instrument.

If expectations of a fixed rate financial asset's cash flows are revised for reasons other than credit risk, and the changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the statement of financial position with a corresponding increase or decrease in interest income.

3.5.1 Interest and similar income

Interest income comprises amounts calculated using the effective interest method and other methods. These are disclosed separately on the face of the income statement

In its Interest income calculated using the effective interest method the Company only includes interest on financial instruments at amortized cost.

3.6 Leases

3.6.1 The Company's leasing activities and how these are accounted for

The Company leases office space in Kitwe and a storage facility in Lusaka. Rental contracts are typically made for fixed periods varying between 2 to 3 years but may have renewal periods as described below.

Notes to the Financial Statements

The Company recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. However, the Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets and for short-term leases, i.e. leases that at commencement date have lease terms of 12 months or less. The Company defines low-value leases as leases of assets for which the value of the underlying asset when it is new is US$5 000 or less and is not considered fundamental to its operations. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments specific to the lease, e.g. term, country, currency and security.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use assets are initially measured at cost comprising the following:

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

The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

3.6.2 Renewal and termination options

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Company applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the Company's business planning cycle of three to five years and history of terminating/not renewing leases.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Notes to the Financial Statements

A number of leases entitle both the Company and the lessor to terminate the lease without a termination penalty. In determining whether the Company has an economic incentive to not exercise the termination option, the Company considers the broader economics of the contract and not only contractual termination payments.

3.6.3 Subsequent measurement of right of use

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

3.7 Foreign currency translation

3.7.1 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The functional currency and presentation currency of the Company and Company is the Zambian Kwacha (ZMW).

3.7.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in profit or loss within Other gains/(losses). Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date.

3.8 Gross claims and expenses recognition

3.8.1 Gross claims

Health claims, funeral claims and life claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage, subrogation recoveries and other recoveries, and any adjustments to claims outstanding from previous years. These claims are recognised upon notification.

Outstanding claims, net of reinsurance recoveries, include claims reported but unpaid, and claims incurred but not reported at the reporting date . Any differences between the original claim provision and subsequent re-estimates or settlements are reflected in the underwriting results for the year.

3.8.2 Reinsurance claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

3.8.3 Finance cost

Interest paid is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Accrued interest is included within the carrying value of the interest bearing financial liability.

3.9 Employee benefits

3.9.1 Wages, salaries and annual leave

Wages, salaries, bonuses, other contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company. The Company operates an accumulating leave policy; this can be encashed when the employee is leaving employment. The Company measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of each reporting period. The Company does not operate a defined contribution pension scheme.

Notes to the Financial Statements

3.9.2 Defined contribution scheme

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls 'in substance' on the employee. The Company does not operate a defined contribution retirement benefit scheme for its employees. Under the scheme, employee contributes 5% while the Company contributes 5% of the emoluments. 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 contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.10 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined using the indirect method. Profit before tax is therefore adjusted by non-cash items, such as depreciation of property and equipment and amortisation of intangible assets. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

In the statement of cash flows, cash and cash equivalents includes cash in hand and current accounts held with banks. The cash flows from investing and financing activities are determined using the direct method.

3.11 Cash in bank and in hand

Cash balance shown in the statement of financial position include cash at bank and short term fixed deposits held with financial institutions.

3.12 Property and equipment

All categories of property and equipment are stated initially at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. 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 of the item can be measured reliably. Buildings are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent impairment losses.

It is the Company's policy to perform revaluations with regularity such that the carrying amounts do not differ materially from those that would be determined using fair values every three years. The revaluation differences are credited to other comprehensive income and accumulated in equity under the heading "revaluation reserve" unless it represents the reversal of a revaluation decrease previously recognized as an expense, in which case it would be recognised as income. A decrease as a result of a revaluation is recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred. Depreciation of assets commences when assets are available for use. Depreciation is charged on a straight line basis at annual rates which are expected to write off the cost of the assets over their anticipated useful lives. The principal annual rates used which are consistent with those of the previous years are:

Asset category	Useful life (%)
Land & buildings	2%
Motor vehicles	25%
Computer equipment	33%
Office equipment	25%
Furniture & fittings	25%
Medical equipment	25%
Other fixed assets	25%

Notes to the Financial Statements

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

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the estimated selling price in the ordinary course of business less costs to sell and value in use.

Gains or losses on disposal of property and equipment are determined by reference to their carrying amounts and taken into account in determining operating profit. These gains or losses are recognised within "Other gains /(losses)" in profit or loss.

3.13 Held-to-maturity investments

Held-to maturity investment are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

3.14 Other payables

Other payables are initially measured at fair value, and are subsequently measured at amortised cost.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3.15 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of the cash flows. When some or all of the economic benefits required to settle a provision are expected to be recorded from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivables can be measured reliably.

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

3.16 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Companied at the lowest levels for which there are largely independent cash inflows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.17 Current and deferred income taxation

3.17.1 Current income tax

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

Notes to the Financial Statements

3.17.2 Deferred income tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.18 Share capital

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded as share capital at their par value.

4. Management of insurance and financial risks

The Company issues contracts that transfer insurance or financial risk or both. This section summarises the main risks linked to insurance business and the way they are managed.

4.1 Financial risk factors

This note explains the Company's exposure to insurance and financial risks and how these risks could affect the Company's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Company's risk management is carried out by the Chief Financial Officer (CFO) under policies approved by the board of directors. The Company's CFO monitors financial risks. The board provides written principles for overall risk management and sets the overall risk appetite for the Company. Specific risk management approaches are defined for respective risks.

4.1.1 Credit risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents and deposits with banks, credit exposures to related parties, outstanding receivables and committed transactions.

Below is a breakdown of the Company's financial assets that are exposed to credit risk and the maximum credit risk exposure.

	Maximum Exposure	
Cash at bank (Note 7)	99,252,931	75,258,673
Other assets (Note 9)	11,181,219	5,216,676
Investment in debt instruments (Note 8.1)	37,684,436	13,967,729
Total assets bearing credit risk	**148,118,586**	**94,443,078**

Notes to the Financial Statements

These financial assets are further broken into the following:

31 December 2023	Investment in debt instruments	Cash at bank	Other assets	Total
	ZMW	ZMW	ZMW	ZMW
Neither past due nor impaired	37,684,436	99,252,931	11,181,219	148,118,586
Past due but not impaired				
Impaired	-	-	-	-
Gross	37,684,436	99,252,931	11,181,219	148,118,586
Impairment allowance	-	-	-	-
Net financial assets	37,684,436	99,252,931	11,181,219	148,118,586
31 December 2022				
Neither past due nor impaired	13,967,729	75,258,673	5,216,676	94,443,078
Past due but not impaired				
Impaired	-	-	-	-
Gross	13,967,729	75,258,673	5,216,676	94,443,078
Impairment allowance	-	-	-	-
Net financial assets	13,967,729	75,258,673	5,216,676	94,443,078

4.1.2 Liquidity risk

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:

The Company's liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs.

Maturity profiles

Maturity analysis for insurance and reinsurance contract liabilities (present value of future cash flows basis)

The following table summarises the maturity profile of portfolios of insurance contract issued and portfolios of reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented.

2023

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Life Insurance contract liabilities	5,820,797	13,048,195	-	-	-	-	18,868,992
Reinsurance contract liabilities (held)	508,300	-	-	-	-	-	508,300
TOTAL	6,837,397	13,048,195	-	-	-	-	19,885,592

2022

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Life Insurance contract liabilities	1,288,625	11,759,570	-	-	-	-	13,048,195
Reinsurance contract liabilities (held)	207,125	-	-	-	-	-	207,125
TOTAL	1,495,750	11,759,570	-	-	-	-	13,255,320

Maturities of financial liabilities

Below is the analysis of the Company's financial liabilities into relevant maturity Companying's based on the remaining period at the reporting date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

		Between 6 months and 1 year ZMW	More than 1 year and above ZMW	Total ZMW
31 December 2023				
Lease liabilities	Note 11	956,738	3,454,116	4,410,854
Managed funds	Note 14	977,527	-	977,527
Insurance contract liabilities	Note 13	145,137,524	-	145,137,524
Accrual and other liabilities	Note 15	10,489,748	-	10,489,748
		157,561,537	**3,454,116**	**161,015,653**
31 December 2022				
Lease liabilities	Note 11	278,144	-	278,144
Managed funds	Note 14	849,084	-	849,084
Insurance contract liabilities	Note 13	107,552,156	-	107,552,156
Accrual and other liabilities	Note 15	8,451,447	-	8,451,447
		117,130,831	-	**117,130,831**

4.1.3 Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Company is exposed to risks resulting from fluctuations in foreign currency exchange rates. A change in the value of any such foreign currency could have an effect on the Company's cash flow and future profits. The Company is exposed to exchange rate risk to the extent of balances and transactions.

Notes to the Financial Statements

Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022
Foreign currency denominated balances - USD		
Cash at bank	86,739,513	71,975,247
Investment in debt instruments	-	-
Lease liabilities	(4,410,854)	(196,206)
Other liabilities	(263,062)	(392,217)
	-	-
	77,654,743	71,190,618
Foreign currency denominated balances - ZAR		
Cash at bank	228,197	267,968

Sensitivity analysis for foreign exchange risk

Foreign exchange risks arise from future commercial transactions and recognised assets. The Company makes payments primarily in Zambian Kwacha, however receives funds primarily in US Dollar. The Company is exposed to exchange rate risks to the extent of balances and transactions denominated in a currency other than the Kwacha.

Impact on profit or loss and equity after tax - USD		
10% increase in exchange rates	5,047,558	4,627,390
10% decrease in exchange rates	(5,047,558)	(4,627,390)
Impact on profit or loss and equity after tax - ZAR		
10% increase in exchange rates	14,833	17,418
10% decrease in exchange rates	(14,833)	(17,418)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. The Company is not exposed to cash flow interest rate risk as it has no bank borrowing with variable rates as at the reporting period.

Price risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. 'The equity price risk exposure relates to quoted equity instrument. If the price changed by 10% with all other variables held constant, the impact on the profit/loss after tax would have been ZMW 1,579,334 (2022: ZMW1,062,669).

4.2 Capital management

The Company's objectives in managing its capital are:

to match the profile of its assets and liabilities, taking account of the risks inherent in the business;
to maintain financial strength to support new business growth;

- to satisfy the requirements of its policy holders, regulators and rating agencies;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets;
- to allocate capital efficiently to support growth
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022

- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

An important aspect of the Company's overall capital management process is the setting of target risk-adjusted rate of return which is aligned to performance objectives and ensures that the Company is focused on the creation of value for shareholders.

The Company has a number of sources of capital available to it and seeks to optimise its debt to equity structure in order to ensure that it can consistently maximise returns to shareholders. The Company considers not only the traditional sources of capital funding but the alternative sources of capital including reinsurance, as appropriate, when assessing its deployment and usage of capital. The Company manages as capital all items that are eligible to be treated as capital for regulatory purposes.

In December 2022, the Insurance Act, 2021 of Zambia became effective after the signing of the commencement order. The Act requires a minimum capital adequacy requirement (CAR) ratio of 150% and a solvency margin of 10%. As at 31 December 2022 the company's solvency margin and capital adequacy were 44% and 29%, respectively. The Company fell below the 120% required for the CAR. The Directors are taking remedial action to meet the minimum requirements of the Act within the three year transition period, which will run from 2023 to 2025 with 2022 as the base year. The Pensions and Insurance Authority (PIA) has further guided that entities should meet the following requirements:

- 2022 (year 0), achieve a CAR of at least 100%
- 2023 (year 1), achieve a CAR of at least 120%
- 2024 (year 2), achieve a CAR of at least 130%
- 2025 (year 3), achieve a CAR of at least 150%

Below is a summary of the solvency of the Company:

	2023	2022
Calculation of Available Capital		
Admitted assets	212,290,632	135,014,440
Admitted liabilities	164,004,744	116,825,581
Available Capital	**48,285,888**	**18,188,859**
Minimum Capital Requirements	101,463,117	194,361,313
Capital adequacy requirement ratio (%)	**48%**	**9%**
Solvency margin	**39.7%**	**32.1%**

The capital adequacy statement is disclosed in supplementary information.

Notes to the Financial Statements

4.3 Insurance risk

Life insurance contracts and reinsurance contracts

The Company offers term life and immediate annuity contracts, as well as life reinsurance contracts.

The main risks that the Company is exposed to are, as follows:

- Mortality risk - risk of loss arising due to the incidence of policy holder death being different than expected
- Morbidity risk - risk of loss arising due to policyholder health experience being different than expected
- Longevity risk - risk of loss arising due to the annuitant living longer than expected
- Expense risk - risk of loss arising from expense experience being different than expected
- Policy holder decision risk - risk of loss arising due to policy holder experiences (lapses and surrenders) being different than expected

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with the insurance and reinsurance contracts that it issues. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of outwards reinsurance arrangements.

The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance held (outward reinsurance) is placed on a proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business.

Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

There is no single counterparty exposure that exceeds 5% of total reinsurance assets at the reporting date.

For immediate annuity contracts, the most significant factor that could increase the amount and frequency of claims is continued improvement in medical science and social conditions that would increase longevity. The Company reinsures its immediate annuity contracts on a quota-share basis to mitigate its risk.

The nature of the Company's exposure to insurance risks and its objectives, policies and processes used to manage and measure the risks have not changed from the previous period.

The geographical concentration of the Company's life insurance and reinsurance contracts issued (both before and after reinsurance held) is shown below. The disclosure is based on the carrying amounts of insurance contract liabilities and reinsurance contracts held disaggregated to countries where the business is written.

	2023			2022		
	Insurance and reinsurance issued	**Reinsurance held**	**Net**	**Insurance and reinsurance issued**	**Reinsurance held**	**Net**
Direct life insurance contracts issued						
Zambia	5,154,209	-	5,154,209	2,287,469	-	2,287,469
Total term life contracts	**5,154,209**	**-**	**5,154,209**	**2,287,469**	**-**	**2,287,469**
Zambia	-	-	-	-	-	-
Total immediate annuity contracts	-	-	-	-	-	-
Total life insurance	5,154,209	-	5,154,209	2,287,469	-	2,287,469

Sensitivities

The following sensitivity analysis shows the impact (gross and net of reinsurance held) on contractual service margin, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non-linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options. When options exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

Life insurance contracts issued

2023

	Change in assumptions	Impact on profit before tax on gross reinsurance	Impact on profit before tax on gross reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
Mortality/morbidity rate	+10%	(1,025,326)	(1,025,326)	(1,025,326)	(1,025,326)
Risk adjustment	+10%	102,532	102,532	102,532	102,532
Expenses	+10%	(2,032,963)	(2,032,963)	(2,032,963)	(2,032,963)
Inflation	+10%	(1,654,983)	(1,654,983)	(1,654,983)	(1,654,983)
Mortality/morbidity rate	-10%	1,025,326	1,025,326	1,025,326	1,025,326
Risk adjustment	-10%	(102,532)	(102,532)	(102,532)	(102,532)
Expenses	-10%	1,654,983	1,654,983	1,654,983	1,654,983
Inflation	-10%	1,654,983	1,654,983	1,654,983	1,654,983

2022

	Change in assumptions	Impact on profit before tax on gross reinsurance	Impact on profit before tax on gross reinsurance	Impact on equity gross of reinsurance	Impact on equity net of reinsurance
Mortality/morbidity rate	+10%	(721,541)	(721,541)	(721,541)	(721,541)
Risk adjustment	+10%	72,154	72,154	72,154	72,154
Expenses	+10%	(1,654,983)	(1,654,983)	(1,654,983)	(1,654,983)
Inflation	+10%	(1,654,983)	(1,654,983)	(1,654,983)	(1,654,983)
Mortality/morbidity rate	-10%	721,541	721,541	721,541	721,541
Risk adjustment	-10%	(72,154)	(72,154)	(72,154)	1,654,983
Expenses	-10%	1,654,983	1,654,983	1,654,983	1,654,983
Inflation	-10%	1,654,983	1,654,983	1,654,983	1,654,983

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Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022

	Change in assumptions	2023 Impact on CSM before tax gross of reinsurance	Impact on CSM before tax net of reinsurance	2022 Impact on CSM before tax gross of reinsurance	Impact on CSM before tax net of reinsurance
Mortality/morbidity rate	+10%	(102,533)	(102,533)	(72,154)	(72,154)
Risk adjustment	+10%	10,253	10,253	7,215	7,215
Expenses	+10%	(203,296)	(203,296)	(165,498)	(165,498)
Inflation	+10%	(203,296)	(203,296)	(165,498)	(165,498)
Mortality/morbidity rate	-10%	102,533	102,533	72,154	(72,154)
Risk adjustment	-10%	(10,253)	(10,253)	(7,215)	(7,215)
Expenses	-10%	203,296	203,296	203,296	203,296
Inflation	-10%	203,296	203,296	203,296	203,296

4.3.1 Insurance contracts

Concentration, frequency and severity of claims

The frequency and severity of claims can be affected by several factors, the most significant resulting from severe unknown medical conditions and accidents. Inflation is another factor that may affect claims payments.

Underwriting measures are in place to enforce appropriate risk selection criteria. For example, the Company has the right to review terms and conditions on renewal or not to renew an insurance contract.

The reinsurance arrangements for life insurance are such that the Company is adequately protected and would only suffer predetermined amounts.

4.3.2 Concentration of insurance risk

The following tables disclose the concentration of claims by class of business gross and net of reinsurance for short-term insurance:

Class of business

Health Insurance - outstanding claims reserve	7,934,060	5,807,592
Incurred but not reported (IBNR)	12,934,072	7,597,317
Total insurance contract liabilities	20,868,132	13,404,909

4.3.3 Sources of uncertainty in the estimation of future claim payment

Claims are payable on a mix of claims-occurrence and claims-made basis. On a claims-occurrence basis, mostly for the liabilities classes of business, 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. 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 adopted.

Year ended 31 December 2023	Change in assumptions	Impact on gross liabilities	Impact on profit/loss and equity after tax
	%	ZMW	ZMW
Average Claim Cost	5%	1,043,407	678,215

Figures in Zambian Kwacha		31 December 2023	Restated 31 December 2022
Year ended 31 December 2022			
Average Claim Cost	5%	670,245	435,659

4.3.4 Claims development

The development of insurance liabilities for the short-term insurance business provides a measure of the Company's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of net claims outstanding for each year have changed at successive year ends and the table reconciles the cumulative claims to the net amount appearing in the statements of financial position for the net claims outstanding at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023.

Year ended 31 December 2023

Reporting year	**2020 ZMW**	**2021 ZMW**	**2022 ZMW**	**2023 ZMW**	**Total ZMW**
At end of reporting year	7,628,853	3,741,869	5,807,593	7,934,060	25,112,375
One year later	8,295,677	-	-	-	8,295,677
Cumulative claims incurred	15,924,530	3,741,869	5,807,593	7,934,060	33,408,052
Cumulative claims paid and to date	(15,924,530)	(3,741,869)	(5,807,593)	-	(25,473,992)
Net outstanding claims	-	-	-	7,934,060	7,934,060
Incurred but not reported (IBNR)					12,934,072
Net insurance contract liabilities at reporting date					**20,868,132**

Year ended 31 December 2022

Reporting year	**2020 ZMW**	**2021 ZMW**	**2022 ZMW**	**Total ZMW**
At end of reporting year	7,628,853	3,741,869	5,807,592	17,178,314
One year later	8,295,677	-	-	8,295,677
Cumulative claims incurred	15,924,530	3,741,869	5,807,592	25,473,991
Cumulative claims paid and to date	(15,924,530)	(3,741,869)	-	(19,666,399)
Net outstanding claims	-	-	5,807,592	5,807,592
Incurred but not reported (IBNR)				7,597,317
Net insurance contract liabilities at reporting date				**13,404,909**

5. Fair value

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. The carrying amounts of all financial assets and liabilities at the reporting date approximate their fair values. There are no assets that are measured at fair value.

The different level of fair value measurement hierarchy is described as follows:

- Quoted prices(unadjusted) in active markets for identical assets (level 1)

Notes to the Financial Statements

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- Inputs other than quoted shares included in level 1 that are observable for the asset, either directly (that is, as prices)or indirectly(that is, derived from prices) (level 2)
- Inputs for the assets that are not based on observable market data(that is, unobservable data) (level 3)

The carrying amounts of all financial assets and liabilities at the reporting date approximate their fair values.

The following table presents the Company's assets that are measured at fair value as at 31 December 2023.

Year ended 31 December 2023

	Level 1	Total
Debt based investments	27,050,454	27,050,454

6. Critical accounting estimates, judgements and errors

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

6.1. Insurance and reinsurance contracts

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The Company disaggregates information to disclose life insurance contracts issued and reinsurance contracts issued separately. This disaggregation has been determined based on how the company is managed.

6.1.1. The methods used to measure insurance contracts

The Company primarily uses deterministic projections to estimate the present value of future cash flows and for some groups it uses stochastic modelling techniques. A stochastic model is a tool for estimating probability distributions of potential outcomes by allowing for random variation in one or more inputs over time. The random variation is usually based on fluctuations observed in historical data for a selected period using standard time-series techniques.

The following assumptions were used when estimating future cash flows:

- Mortality and morbidity rates (term life insurance and reinsurance business)

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by policyholder gender, underwriting class and contract type.

An increase in expected mortality and morbidity rates will increase the expected claim cost which will reduce future expected profits of the Company.

- Longevity (immediate annuity business)

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Company's own risk experience. An appropriate, but not excessive, allowance is made for expected future improvements. Assumptions are differentiated by a number of factors including (but not limited to) policyholder gender, underwriting class and contract type.

An increase in expected longevity rates will lead to an increase in expected cost of immediate annuity payments which will reduce future expected profits of the Company.

- Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in-force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the expected level of expenses will reduce future expected profits of the Company.

The cash flows within the contract boundary include an allocation of fixed and variable overheads directly attributable to fulfilling insurance contracts. Such overheads are allocated to groups of contracts using methods that are systematic and rational, and are consistently applied to all costs that have similar characteristics.

- Lapse and surrender rates

Lapses relate to the termination of policies due to non-payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends.

An increase in lapse rates early in the life of the policy would tend to reduce profits of the Company, but later increases are broadly neutral in effect.

The assumptions that have the greatest effect on the expected cash flows are listed below. The table below sets out the percentage assumed to apply to industry mortality and morbidity tables in estimating fulfilment cash flows:

Portfolio assumption by type of business impacting net liabilities	**Mortality and morbidity rates**		**Lapse and surrender rates**	
	2023	**2022**	**2023**	**2022**
Life insurance contracts issued				
Males	43-145% TM19	43-145% TM19	4.5%	4%
Females	55-160% TF19	43-145% TM19	4.5%	4%

6.1.2. Discount rates

Life insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the life insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates, including sovereign debt, corporate debt and market swap rates.

Discount rates applied for discounting of future cash flows are listed below:

	Portfolio duration									
	1 year		**3 years**		**5 years**		**10 years**		**20 years**	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Life insurance contracts issued										
ZMW	0.8%	0.9%	1.0%	1.1%	1.3%	1.4%	1.6%	1.7%	1.8%	1.9%

Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022

6.1.3. Amortisation of the Contractual Service Margin

The CSM is a component of the asset or liability for the group of insurance contracts that represents the unearned profit the Company will recognise as it provides services in the future. An amount of the CSM for a group of insurance contracts is recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided under the group of insurance contracts in that period. The amount is determined by:

- Identifying the coverage units in the group
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the insurance contract services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future.
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

The number of coverage units in a group is the quantity of insurance contract services provided by the contracts in the group, determined by considering the quantity of the benefits provided and the expected coverage period. For groups of life insurance contracts, the quantity of benefits is the contractually agreed sum insured over the period of the contracts. The total coverage units of each group of insurance contracts are reassessed at the end of each reporting period to adjust for the reduction of remaining coverage for claims paid, expectations of lapses and cancellation of contracts in the period. They are then allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts issued, the number of coverage units in a group reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in force. The quantity of benefit is the maximum probable loss. The remaining coverage units are reassessed at the end of each reporting period to reflect the expected pattern of service and the expectations of lapses and cancellations of contracts. The remaining coverage is allocated based on probability-weighted average duration of each coverage unit provided in the current period and expected to be provided in the future.

For reinsurance contracts held, the CSM amortisation is similar to the reinsurance contracts issued and reflects the expected pattern of underwriting of the underlying contracts because the level of service provided depends on the number of underlying contracts in-force.

6.1.4. 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 whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to groups including future renewals and the volume of expected renewals from new contracts issued in the period.

In the current and prior years, the Company did not allocate any insurance acquisition cash flows to future groups of insurance contracts, as it did not expect any renewal contracts to arise from new contracts issued in the period.

In the current and prior year, the Company did not identify any facts and circumstances indicating that the assets may be impaired.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	70,975	109,482
Bank balances	99,181,956	75,149,191
	99,252,931	**75,258,673**

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Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022

8. Investments in financial assets

Investments held by the company are as follows:

8.1 Investments in debt instruments

Fixed term deposit	37,684,436	13,967,729
	37,684,436	**13,967,729**

The balance above is made up of fixed deposits. The fixed deposits relate to two placements made by the Company with IZWE Loans Zambia Plc and two placements with ZANACO Bank Plc and are denominated in Kwacha. Interest is earned at 18.5% and 19.5% from IZWE Loans Zambia and 13% and 13.5% from Zambian National Commercial Bank Plc. Placements matures on 21 June 2024, 19 October 2024, 16 March 2024, 16 August 2024 and 19 November 2024 respectively.

8.2 Debt based investment

Government Bonds through Standard Chartered Bank	17,881,597	8,331,297
Government Bond through Zambian National Commercial Bank Plc	9,168,857	-
	27,050,454	**8,331,297**

At beginning of year	8,331,297	-
Additions	15,535,567	9,193,235
Fair value adjustment	3,183,590	(861,938)
At 31 December	**27,050,454**	**8,331,297**

Above Government bonds was purchased by the Company through Standard Chartered Bank and Zambian Commercial Bank Plc and are denominated in Kwacha. Coupon rate is earned at 10% and 12% respectively semi-annually and matures on 27 December 2024. 30 November 2027 and 1 November 2028 respectively. Coupon pay outs were received to the value of ZMW 1,845,371.

9. Other assets

Prepayments	1,508,232	535,345
Staff advances	428,693	525,273
Rental deposits on short term leases	182,913	146,671
Medical services receivables	9,061,381	4,009,387
	11,181,219	**5,216,676**

Notes to the Financial Statements

Figures in Zambian Kwacha	2023	2022

10. Property, plant and equipment

	2023			2022		
	Cost or valuation	Accumulated depreciation	Carrying value	Cost or valuation	Accumulated depreciation	Carrying value
Land and buildings	23,271,423	(1,606,403)	21,665,020	22,957,796	(2,563,099)	20,394,697
Medical equipment	7,409,063	(4,413,310)	2,995,753	8,707,411	(4,734,291)	3,973,120
Furniture and equipment	7,697,484	(5,567,789)	2,129,695	5,000,720	(4,899,914)	100,806
Motor vehicles	5,233,531	(3,537,605)	1,695,926	5,231,879	(2,513,746)	2,718,133
Office equipment	6,330,052	(4,701,647)	1,628,405	5,576,307	(3,517,825)	2,058,482
Total	**49,941,553**	**(19,826,754)**	**30,114,799**	**47,474,113**	**(18,228,875)**	**29,245,238**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Work in progress	Disposals	Write back on depreciation	Depreciation	Total
Land and buildings	20,394,697	-	1,546,720	-	-	(276,397)	21,665,020
Medical equipment	3,973,120	573,899	-	(1,834,466)	1,834,466	(1,551,266)	2,995,753
Furniture and equipment	100,806	3,333,963	-	(716,886)	716,885	(1,305,074)	2,129,694
Motor vehicles	2,718,133	-	-	(26,179)	26,179	(1,022,206)	1,695,927
Office equipment	2,058,482	1,791,397	(1,153,410)	(1,039,009)	1,009,430	(1,038,485)	1,628,405
	29,245,238	**5,699,259**	**393,310**	**(3,616,540)**	**3,586,960**	**(5,193,428)**	**30,114,799**

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Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment 2022

	Opening balance	Additions	Work in progress	Depreciation	Total
Land and buildings	19,441,846	255,664	970,000	(272,813)	20,394,697
Medical equipment	3,188,669	1,933,404	-	(1,148,953)	3,973,120
Furniture and equipment	912,387	101,166	-	(912,747)	100,806
Motor vehicles	1,799,113	1,712,067	-	(793,047)	2,718,133
Office equipment	1,173,243	873,816	1,153,410	(1,141,987)	2,058,482
	27,409,891	**4,876,117**	**2,123,410**	**(4,269,547)**	**29,245,238**

11. Leases (company as lessee)

The company has the option to purchase the plant at a nominal amount on completion of the lease term.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

	31 December 2023	Restated 31 December 2022
Buildings	4,126,706	151,559

	31 December 2023	Restated 31 December 2022
As at 1 January	151,559	303,118
Additions	4,971,813	-
Modification	484,601	-
Amortisation	(1,481,267)	(151,559)
As at 31 December	**4,126,706**	**151,559**

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Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022

11. Leases (company as lessee) (continued)

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Non-current liabilities	3,454,116	-
Current liabilities	956,738	278,144
	4,410,854	**278,144**

As at 1 January	278,144	1,142,172
Additions	4,214,648	-
Repayments of lease liabilities	(2,235,128)	(1,031,897)
Foreign exchange gain	1,688,407	(12,656)
Interest on right of use liabilities	464,783	180,525
As at 31 December	**4,410,854**	**278,144**

12. Share capital

Authorised		
6,000,000 ordinary shares of ZMW 2 each	12,000,000	12,000,000

Issued and fully paid:		
6,000,000 ordinary shares of ZMW 2 each	12,000,000	12,000,000
Share premium	198,527	198,527
	12,198,527	**12,198,527**

The total authorised and issued number of ordinary shares is 6,000,000 with a par value of ZMW 2 per share. All issued shares are fully paid.

Share premium comprises additional paid-in capital in excess of the par value. This reserve is not ordinarily available for distribution.

Retained income relates to all other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

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13. Insurance contract liabilities

Insurance and reinsurance contracts

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

		2023			2022	
Insurance contracts issued	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Medical	-	125,251,932	125,251,932	-	94,296,836	94,296,836
Life	-	19,885,592	19,885,592	-	13,255,320	13,255,320
Total insurance contracts issued	**-**	**145,137,524**	**145,137,524**	**-**	**107,552,156**	**107,552,156**

13.1. Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

13.1.1. Medical insurance - contracts under PAA

The Company disaggregates information to provide disclosure in respect of major product lines separately: medical, life and liability reinsurance issued. This disaggregation has been determined based on how the company is managed.

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for medical insurance product line, is disclosed in the table below:

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Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022

13.1. Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

	2023					
	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cashflows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cashflows	Risk adjustment		
Insurance contract liabilities as at 1 January 2023	81,423,057	-	12,873,779	-	-	94,296,836
Insurance contract assets as at 1 January 2023	-	-	-	-	-	-
Net insurance contract (assets) / liabilities as at 1 January 2023	81,423,057	-	12,873,779	-	-	94,296,836
Insurance revenue - Note 19	(224,490,610)	-	-	-	-	(224,490,610)
Insurance service expense	8,048,683	-	183,040,805	-	-	191,089,488
-Incurred claims and other expenses	-	-	175,577,582	-	-	175,577,582
-Amortisation of insurance acquisition cashflows	8,048,683	-	-	-	-	8,048,683
-Changes to liabilities for incurred claims	-	-	7,463,223	-	-	7,463,223
Insurance service result	(216,441,927)	-	183,040,805	-	-	(33,401,122)
Total changes in the statement of comprehensive income	(216,441,927)	-	183,040,805	-	-	(33,401,122)
Cash flows						
Premiums received	239,933,800	-	-	-	-	239,933,800
Claims and other expenses paid	(175,577,582)	-	-	-	-	(175,577,582)
Insurance acquisition cash flows	-	-	-	-	-	-
Total cashflows	64,356,218	-	-	-	-	64,356,218
Net assurance contract (assets) / liabilities as at 31 December 2023	(70,662,652)	-	195,914,584	-	-	125,251,932
Insurance contract liabilities as at 31 December 2023	(70,662,652)	-	195,914,584	-	-	125,251,932
Insurance contract assets as at 31 December 2023	-	-	-	-	-	-

13.1. Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Net assurance contract (assets) / liabilities as at 31 December 2023	(70,662,652)	-	195,914,584	-	-	125,251,932

	2022					
	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cashflows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cashflows	Risk adjustment		
Insurance contract liabilities as at 1 January 2022	72,041,732	-	9,494,210	-	-	81,535,942
Insurance contract assets as at 1 January 2022	-	-	-	-	-	-
Net insurance contract (assets) / liabilities as at 1 January 2022	72,041,732	-	9,494,210	-	-	81,535,942
Insurance revenue - Note 19	(192,994,348)	-	-	-	-	(192,994,348)
Insurance service expense	3,771,885	-	144,031,783	-	-	147,803,668
-Incurred claims and other expenses	-	-	140,121,084	-	-	140,121,084
-Movement in LIC	-	-	3,910,699	-	-	3,910,699
-Amortisation of insurance acquisition cashflows	3,771,885	-	-	-	-	3,771,885
Insurance service result	(189,222,463)	-	144,031,783	-	-	(45,190,680)
Total changes in the statement of comprehensive income	(189,222,463)	-	144,031,783	-	-	(45,190,680)
Cash flows						
Premiums received	198,603,788	-	-	-	-	198,603,788
Claims and other expenses paid	-	-	(140,652,214)	-	-	(140,652,214)
Insurance acquisition cash flows	-	-	-	-	-	-
Total cashflows	**198,603,788**	-	**(140,652,214)**	-	-	**57,951,574**
Net assurance contract (assets) / liabilities as at 31 December 2022	81,423,057	-	12,873,779	-	-	94,296,836
Insurance contract liabilities as at 31 December 2022	81,423,057	-	12,873,779	-	-	94,296,836

Notes to the Financial Statements

13.1. Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Insurance contract assets as at 31 December 2022	-	-	-	-	-	-
Net assurance contract (assets) / liabilities as at 31 December 2022	81,423,057	-	12,873,779	-	-	94,296,836

13.1.2. Life insurance - Contracts under GMM

The Company disaggregates information to provide disclosure in respect of major product lines separately: medical, life and liability reinsurance issued. This disaggregation has been determined based on how the company is managed.

The roll-forward of the net asset or liability for insurance contracts issued, showing the liability for remaining coverage and the liability for incurred claims for life insurance product line, is disclosed in the table below:

	2023					
	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition casfhlows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 1 January 2023	362,902	-	12,170,872	721,546	-	13,255,320
Insurance contract assets as at 1 January 2023	-	-	-	-	-	-
Net insurance contract (assets) / liabilities as at 1 January 2023	362,902	-	12,170,872	721,546	-	13,255,320
Insurance revenue - note 19	(4,284,737)	-	-	-	-	(4,284,737)
Insurance service expense	-	-	7,580,814	-	-	7,580,814
-Incurred claims and other expenses	-	-	2,121,189	-	-	2,121,189
-Changes to liabilities for incurred claims	-	-	5,459,625	-	-	5,459,625
Insurance service result	(4,284,737)	-	7,580,814	-	-	3,296,077
Total changes in the statement of comprehensive income	(4,284,737)	-	7,580,814	-	-	3,296,077
Cash flows						
Premiums received	5,455,384	-	-	-	-	5,455,384
Claims and other expenses paid	-	-	(2,121,189)	-	-	(2,121,189)
Total cashflows	5,455,384	-	(2,121,189)	-	-	3,334,195
Net assurance contract (assets) / liabilities as at 31 December 2023	1,533,549	-	17,630,497	721,546	-	19,885,592

Notes to the Financial Statements

Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022

13.1. Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Insurance contract liabilities as at 31 December 2023	1,533,549	-	17,630,497	721,546	-	19,885,592
Insurance contract assets as at 31 December 2023	-	-	-	-	-	-
Net assurance contract (assets) / liabilities as at 31 December 2023	**1,533,549**	**-**	**17,630,497**	**721,546**	**-**	**19,885,592**

2022

	Liabilities for remaining coverage		Liabilities for incurred claims		Assets for insurance acquisition cashflows	Total
	Excluding loss component	Loss component	Estimates of the present value of future cash flows	Risk adjustment		
Insurance contract liabilities as at 1 January 2022	341,598	-	-	-	-	341,598
Insurance contract assets as at 1 January 2022	-	-	-	-	-	-
Net insurance contract (assets) / liabilities as at 1 January 2022	**341,598**	**-**	**-**	**-**	**-**	**341,598**
Change in profit or loss	(341,598)	-	-	-	-	(341,598)
Insurance revenue - note 19	(1,091,670)	-	-	-	-	(1,091,670)
Insurance service expense	-	-	13,938,330	721,546	-	14,659,876
-Incurred claims and other expenses	-	-	1,767,458	-	-	1,767,458
-Changes to liabilities for incurred claims	-	-	12,170,872	721,546	-	12,892,418
Insurance service result	(1,433,268)	-	13,938,330	721,546	-	13,226,608
Total changes in the statement of comprehensive income	(1,433,268)	-	13,938,330	721,546	-	13,226,608
Cash flows						
Claims and other expenses paid	-	-	(1,767,458)	-	-	(1,767,458)
Total cashflows	-	-	**(1,767,458)**	-	-	**(1,767,458)**
Premium received	1,454,572	-	-	-	-	**1,454,572**
Other movements	-	-	-	-	-	-
Net assurance contract (assets) / liabilities as at 31 December 2022	**362,902**	**-**	**12,170,872**	**721,546**	**-**	**13,255,320**
Insurance contract liabilities as at 31 December 2023	362,902	-	12,170,872	721,546	-	13,255,320
Insurance contract assets as at 31 December 2023	-	-	-	-	-	-

Notes to the Financial Statements

Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022

13.1. Roll-forward of net asset or liability for insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (continued)

Net assurance contract (assets) / liabilities as at 31 December 2022	362,902	-	12,170,872	721,546	-	13,255,320

Insurance liabilities include net insurance receivables of ZMW 13,403,673 (2022: ZMW 3,752,584) that have been netted off against contract liabilities as per IFRS 17.

	31 December 2023	Restated 31 December 2022
Insurance liabilities	158,541,197	111,304,740
Insurance receivables	(13,403,673)	(3,752,584)
At 31 December	**145,137,524**	**107,552,156**

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the company operates.

Expected credit loss

At 31 December 2023	**Current**	**More than 30 days past due**	**More than 90 days past due**	**Total**
Expected credit loss	0.142%	0.047%	98%	
Gross carrying amount	5,020,329	8,175,881	3,768,170	16,964,380
Loss provision	15,785	3,843	3,541,079	3,560,707

At 31 December 2022	**Current**	**More than 30 days past due**	**More than 90 days past due**	**Total**
Expected credit loss	0.132%	0.048%	100%	
Gross carrying amount	1,825,306	1,946,565	3,650,792	7,422,663
Loss provision	14,822	4,466	3,650,792	3,670,080

Notes to the Financial Statements

Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022

14. Managed funds

As at 1 January	849,084	2,382,303
Funds received from client	5,342,830	4,935,823
Claims managed or paid on behalf of clients	(5,370,523)	(6,510,876)
Foreign exchange gain	156,136	41,834
As at 31 December	**977,527**	**849,084**

The managed fund relates to an arrangement with Barloworld where it has been agreed that the Company will be handling claims on behalf of the company at a fee. The total fees earned during the year were ZMW 2,620,031 and have been disclosed in Note 23.

15. Other liabilities

Pay as you earn (PAYE)	2,197,910	1,470,514
National Pension Scheme Authority (NAPSA) contributions	2,684	163,808
National Health Insurance (NHI) scheme contributions	27,380	73,087
Withholding tax	399,431	279,925
Insurance Levy	930,667	672,117
Unidentified bank deposits	126,947	240,563
Amounts due to external suppliers	931,563	720,799
Advance customer payments	3,991,176	2,479,668
Gratuity provision	4,512,250	3,264,246
Audit fee accrued	547,310	360,000
Accrued leave liability	268,977	418,336
Other payables	4,229,648	3,688,066
	18,165,943	**13,831,129**

16. Current tax (payable)

Balance at beginning of the year	(3,484,597)	(13,798,571)
Current tax charge for the year recognised in profit or loss	(4,075,775)	(4,926,513)
Understatement of income tax charge in prior year	(300,928)	-
Payments made during the year	7,313,662	15,240,487
	(547,638)	**(3,484,597)**

Notes to the Financial Statements

Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022

17. Taxation

Major components of the tax expense

Current		
Local income tax - current period	4,075,775	5,598,661
Local income tax - prior period under provision	300,928	(672,148)
	4,376,703	**4,926,513**
Deferred		
Deferred tax	(228,458)	92,702
	4,148,245	**5,019,215**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Profit before tax	21,150,291	10,275,493
Tax calculated at the rate of 30%	6,345,087	3,082,648
Effects of non deductible expenses	489,702	489,702
Deferred tax asset on tax losses not recognized	(440,201)	(440,201)
Under/(over) provision of tax in prior years	300,928	(672,148)
Tax effects of IFRS 17	(2,547,271)	2,559,214
	4,148,245	**5,019,215**

Notes to the Financial Statements

Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022

18. Deferred tax

Deferred tax asset

Deferred taxes are calculated on all temporary differences using the liability method and an effective tax rate of 30%. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The analysis of deferred tax assets and deferred tax (liabilities) is as follows:

Deferred tax assets to be settled after more than 12 months	3,116,863	5,522,585
Deferred tax liabilities to be settled after more than 12 months	(1,543,620)	(4,177,800)
Total net deferred tax asset	**1,573,243**	**1,344,785**

Reconciliation of deferred tax asset / (liability)		
At beginning of year	1,344,785	1,437,487
Property, plant and equipment	3,083,504	(681,272)
Lease liabilities	(37,976)	(213,740)
Other temporary differences	(2,817,070)	802,310
	1,573,243	**1,344,785**

Notes to the Financial Statements

Figures in Zambian Kwacha		31 December 2023	Restated 31 December 2022

19. Insurance revenue

By class of business:			
Medical	Note 13.1.1	224,490,610	192,994,348
Life	Note 19.1	4,284,737	1,091,670
		228,775,347	**194,086,018**

The table below presents an analysis of the total insurance revenue recognised in the period:

19.1 GMM - life revenue analysis

	Life contracts	2023 Reinsurance contracts issued	Total	Life contracts	2022 Reinsurance contracts issued	Total
Amounts relating to the changes in the liability for remaining coverage						
Expected insurance service expenses incurred in the period	3,624,810	-	3,624,810	543,586	-	543,586
Change in the risk adjustment for non-financial risk	-	-	-	-	-	-
Amount of CSM recognised in profit or loss - GMMs	659,927	-	659,927	548,084	-	548,084
Other amounts including experience adjustments for premium receipts	-	-	-	-	-	-
Amounts relating to recovery of insurance acquisition cash flows						
Allocation of the portion of premiums that relate to the recovery of insurance acquisition cash flows	-	-	-	-	-	-
Insurance revenue	4,284,737	-	4,284,737	1,091,670	-	1,091,670

19.2 Reinsurance premiums

Allocation of reinsurance premiums	2,506,429	1,120,507

Notes to the Financial Statements

Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022

20. Insurance service expense

The breakdown of insurance service expenses by major product lines is presented below:

2023

	Health	Life	Total
Incurred claims	157,369,139	-	157,369,139
Amortisation of acquisition expenses	8,048,683	-	8,048,683
Movement in Liability coverage	7,463,223	5,459,625	12,922,848
Attributable expenses paid	18,208,444	2,121,189	20,329,633
	191,089,489	7,580,814	198,670,303

2022

	Health	Life	Total
Incurred claims	124,102,375	-	124,102,375
Amortisation of acquisition expenses	3,771,885	-	3,771,885
Movement in Liability coverage	5,147,047	11,510,798	16,657,845
Attributable expenses paid	14,782,381	1,767,458	16,549,839
	147,803,688	13,278,256	161,081,944

21. Medical Services Provision

	2023	2022
Income from medical services	67,647,065	63,904,085
Costs incurred in provision of medical services	(25,633,466)	(23,966,126)
	42,013,599	**39,937,959**

Medical income relates to income earned from the provision of medical services and health care through the Company's clinic and ambulance services.

22. Interest income

	2023	2022
Finance income	4,622,503	1,571,897

23. Other income

	2023	2022
Foreign exchange gains / (losses)	27,204,442	(1,316,583)
Management fees - managed fund admin fee	2,620,031	2,683,670
Profit on sale of asset	70,469	1,093,800
	29,894,942	**2,460,887**

Notes to the Financial Statements

Figures in Zambian Kwacha		31 December 2023	Restated 31 December 2022

24. Expenses by nature

Sales and marketing costs		2,132,179	1,504,358
Other staff costs		2,227,169	1,335,805
Consulting fees		1,052,440	893,636
Management fees		3,275,901	3,739,393
Office rent for short term leases		(898,323)	(41,159)
Depreciation of property, plant and equipment	10	5,193,431	4,269,545
Amortisation of right of use asset	11	1,481,267	151,559
General expenses		501,716	404,836
IT expenses		4,679,564	2,781,062
Staff travel and accommodation		899,367	155,035
Software costs		3,272,056	3,626,599
Printing and stationery		938,303	950,054
License and registration fees		249,840	346,427
Office expenses		1,469,675	1,085,437
Bank charges		1,346,700	961,375
Motor vehicle costs		1,305,908	758,878
Staff training		743,628	477,471
General insurance		822,459	839,591
Insurance levy - PIA		1,240,756	1,033,738
Donations		7,425	15,000
Legal fees		76,560	76,560
		32,018,021	**25,365,200**
Auditors' remuneration			
Audit / tax related expenses		1,218,167	903,658
Salaries and wages			
Salaries and wages		52,461,987	38,267,497
Non attributable costs		**85,698,175**	**64,536,355**
Attributable costs		**20,329,632**	**16,549,839**
		106,027,807	**81,086,194**

25. Finance cost / (income)

Lease interest expense	Note 11	464,783	180,525

26. Related parties

26.1 Amounts due (to) or from related parties

Unihealth Limited Guernsey - Ultimate parent company	6,148,176	4,342,411
SES Assistance Pty Limited - Subsidiary	(4,888,651)	9,009,456
SES Assistance Pty Limited - Subsidiary	-	5,129,027
	1,259,525	**18,480,894**

Notes to the Financial Statements

Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022

26. Related parties (continued)

*This is a dollar denominated loan to Unihealth Limited based Guernsey, the ultimate holding parent company of Specialty Emergency Services Limited. The loan earn interest at 3.5% per annum and does not mature unless SES Zambia recalls it or is mutually agreed between the two parties.

**The receivables from SES Assistance Pty Ltd relates to operational funding to the subsidiary that are used to pay for medical expenses on behalf of SES Zambia.

***The receivables from SES Assistance Pty Ltd relates to investment funding sent to the subsidiary to invest on behalf of SES Zambia.

26.2 Transactions with related parties

		31 December 2023	31 December 2022
Unihealth - Holding Company	Management fees	3,041,126	3,471,401
Non-executive directors	Consultancy	300,672	242,594
		3,341,798	**3,713,995**

26.3 Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. These persons make up the board of directors. The compensation paid or payable to key management for employee services is shown below:

The emoluments to the management team are stated below:

	31 December 2023	31 December 2022
Salaries and other short term benefits	11,868,420	15,512,718

The fees to directors are stated below:

	31 December 2023	31 December 2022
Non executive director fees	300,672	242,594
Salaries and other short term benefits to executive directors	3,569,349	4,437,020
	3,870,021	**4,679,614**

26.4 Employees

The average number of persons (excluding directors) employed by the Company during the year was as follows:

	Number	Number
Management	6	7
Non - Management	96	90
	102	**97**

Notes to the Financial Statements

Figures in Zambian Kwacha	2023	2022

27. Cash generated from operations

Profit before taxation	21,150,291	10,275,493
Adjustments for:		
Depreciation of property and equipment	5,193,428	4,269,545
Amortisation of right of use assets	1,481,267	151,559
Exchange difference on lease liabilities	(1,688,407)	(12,656)
Interest expense on lease Liability	464,783	180,525
Fair value (gain) / loss on financial asset at fair value through profit or loss	(3,183,590)	861,938
Profit on the sale of assets	(70,509)	-
Changes in working capital:		
(Increase) / decrease in other assets	(5,964,543)	15,114,795
Increase in other liabilities	4,334,814	1,064,057
Increase / (decrease) in managed funds	128,443	(1,533,219)
Increase in insurance contract liabilities	37,585,368	9,938,426
	59,431,345	**40,310,463**

Statement of Capital Adequacy Requirement

Figures in Zambian Kwacha	31 December 2023	Restated 31 December 2022
PART A: CALCULATION OF AVAILABLE CAPITAL REQUIREMENT		
(1) TOTAL VALUE OF ASSETS (Statement of Financial Position)	**225,646,989**	**155,502,049**
(2) LESS: TOTAL DISALLOWED ASSETS		
Deferred tax income or expenses and current tax assets or future income tax credits;	1,573,243	1,344,785
Surplus or deficit of right of use assets over lease liability;	4,126,706	126,585
Prepayments;	1,508,232	535,345
Receivables from related parties;	6,148,176	18,480,894
(3) NET ALLOWABLE ASSETS: (1) - (2)	**212,290,632**	**135,014,440**
(4) TOTAL VALUE OF LIABILITIES (Statement of Financial Position)	**164,004,743**	**125,995,110**
i. Total Policyholder Liabilities		
Liability for Remaining Coverage (LRC)	118,526,308	85,048,734
Additional Unexpired Risk Reserve (AURR)	-	-
Incurred but Not reported claims (IBNR)	12,934,072	7,597,317
Other Reserves (Outstanding Claims and Reinsurance Payable)	8,442,360	6,014,717
ii. Current Liabilities	**24,102,003**	**27,334,342**
iii. Non-Current Liabilities		
(5) AVAILABLE CAPITAL REQUIREMENTS: (3) - (4)	**48,285,889**	**9,019,330**
	-	-
PART B: CALCULATION OF MINIMUM CAPITAL REQUIREMENTS		
Medical fluctuation*	81,128,492	184,739,289
Mortality, morbidity & medical risk	431,136	253,244
Expense fluctuation	11,407,649	8,533,097
Resilience	32,507,298	23,787,141
Credit risk	11,450,121	1,324,653
Operational & other risk	10,511,511	7,812,190
(1) IOCAR	**101,463,117**	**194,361,313**
(2) INVESTMENT ADJUSTMENT FACTOR:	-	-
(3) OCAR	**101,463,117**	**194,361,313**
(4) ENTRY MINIMUM CAPITAL REQUIREMENT	**12,000,000**	**12,000,000**
(5) MINIMUM CAPITAL REQUIREMENT = HIGHER OF (3) OR (4)	**101,463,117**	**194,361,313**
(6) *CAPITAL ADEQUACY REQUIREMENT = PART A(5)/PART B(5)	**47.6%**	**9.4%**
7) *Solvency margin = Part A (5)/ Part A (4)	**39.7%**	**32.1%**

* 45 used as suppose to 135 as agreed by the PIA

Solvency Statement

Admitted assets	2023 ZMW	2023 ZMW	Restated 2022 ZMW	Restated 2022 ZMW
Property & equipment	-	30,114,799	-	29,245,238
Investment in debt instruments	-	37,684,436	-	13,967,729
Debt based investment	-	27,050,454	-	8,331,297
Gross insurance receivables	16,964,381	-	7,422,663	-
Less: insurance receivables over 60 Days	(9,362,144)	-	(4,109,211)	-
Net reinsurance receivables		7,602,237		3,313,452
Other receivables (UPR on RI, Salvages Recoveries)		9,672,987		4,681,330
Cash at bank and in hand		99,252,931		75,258,673
Total		211,377,844		134,797,719
Admitted liabilities				
Liability for remaining coverage (LRC)	118,526,308		85,134,294	
Less UPR on debtors over 60 days and less than 12 months	(8,607,176)		(3,976,830)	
UPR Net		109,919,132		81,157,464
Insurance contract liabilities		20,868,142		13,404,910
Current income tax payable		547,678		3,484,597
Lease liabilities		284,148		278,144
Reinsurance payables		508,300		232,109
Managed funds		977,527		849,084
Other liabilities		18,165,943		13,831,129
Total		151,270,870		113,237,437
Margin		60,106,974		21,560,282
Solvency margin		39.7%		32.1%

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