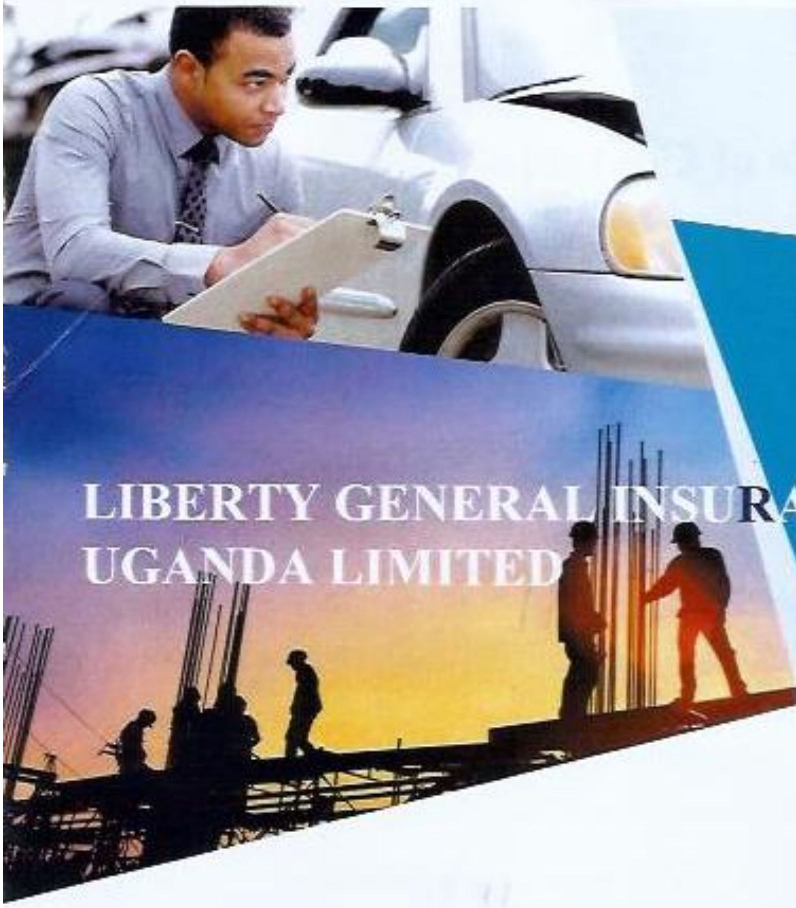

LIBERTY

LIBERTY GENERAL INSURANCE UGANDA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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LIBERTY

About the Liberty Group

Liberty offers a comprehensive range of short/long-term insurance products, value added services, health solutions, retirement income facilitation, investment, and lifestyle risk solutions for both the retail and corporate markets. Liberty is one of the four biggest long-term insurers in South Africa by market capitalization and ranks as one of the 50 largest companies in South Africa, with products distributed across multiple channels throughout Africa.

Liberty is an established and growing Pan-African financial services group, with a presence in 27 countries in Southern Africa, East & Central Africa and West Africa.

Liberty Uganda Services

In Uganda, Liberty has over 10 years of exceptional customer service experience – offering services in long-term insurance, investments and health services. Today, Liberty Uganda has a comprehensive financial services suite – built to comprehensively meet our customers needs at every step of their life journey.

LIBERTY GENERAL

Through the acquisition of East Africa Underwriters Limited (EAUL), Liberty now offers bespoke short-term insurance to meet our customer's needs.

We offer short-term insurance solutions for Individuals, SME, Corporates and specialized risks like Oil and Gas, Infrastructure et cetera.

LIBERTY LIFE

Liberty Life Assurance Uganda Limited (LLAU) was established in 2006 and is a specialist life insurance company and one of Uganda's largest life insurers.

We provide group and individual/ personal risk insurance solutions for life changing events.

LIBERTY HEALTH

Our range of health options have been carefully crafted to suit a range of different needs and to meet those needs with quality care.

We empower customers to make appropriate choices. Our partnerships across the healthcare industry ensure that customers have access to the best and widest practitioners to improve their healthcare

GOVERNANCE

DIRECTORS

Liberty General Insurance Uganda Limited has a board of 7 directors, all of whom are of good public standing. The board members are:-

- Mr. Peter Kabatsi – Chairman
- Liberty Holdings Limited
- Mr. Kamlesh. M Madhvani
- Mr. Andrew Mashanda
- Mr. Gustav Jenkins
- Marasa Holdings Limited
- Independent Sugar Estates Limited
- Ms Esther Joan Nabasirye Kasirye

MANAGEMENT

Under the Board of Directors we have a strong, qualified and experienced management team. The team ensures that the correct business management, financial and underwriting principles and practices are applied to ensure that the company goes about its business in the most professional manner.

REINSURANCE PROTECTION

One of the major strengths is the support we enjoy from our reinsurers. Our reinsurance programme is handled through an experienced reinsurance broker. Some of our reinsurers include:-

- Africa Re
- Zep Re
- East Africa Re
- Uganda Re
- Kenya Re

Our insurance programme is placed with financially sound, properly managed and rated Reinsurers.

RISK MANAGEMENT

As insurance risks become more complex and of higher value, risk management becomes imperative for any insurance company which wishes to remain competitive. We constantly review our client's insurance programs and provide specialist service in the following areas:

- Analysis, identification and evaluation of risks
- Planning, implementation and maintenance of your insurance program
- Risk management and loss control, including property liability and other surveys.
- Effective claims management

We assess risks by surveying and recommending risk improvement measures on a regular basis. This is done by an independent Risk Manager commissioned by the company.

In addition, we run seminars for corporate clients on risk management and product knowledge for our mutual benefit.

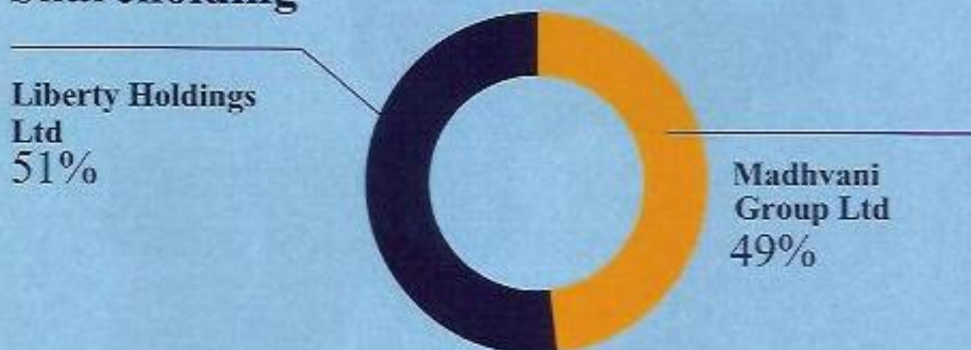
COMPANY OBJECTIVES

Our objectives are stated as follows:

- To provide swift professional service and customer care to our clients.
- Capture and grow our market share in premium volume without sacrificing our underwriting standards.
- Increasing our net retentions in line with our growth in premium income and reserves.
- Monitoring our portfolio by risk assessment and risk improvement to the mutual benefit of our clients and ourselves.
- Developing our management information capability for long term sustainability.
- Developing our manpower through training to meet both the company's growth and profitability needs and the individual staff member's needs.
- Improving our staff welfare.
- Consistently producing satisfactory returns on the investment for our shareholders

CORPORATE PROFILE

Shareholding



Liberty General Insurance Uganda Limited (LGIUL) is 51% owned by Liberty Holdings Ltd, a Johannesburg insurer that was founded in 1957 by Sir Donald Gordon. Liberty Holdings is an integral part of Standard Bank Group, who have a 53.62% shareholding in Liberty Holdings.

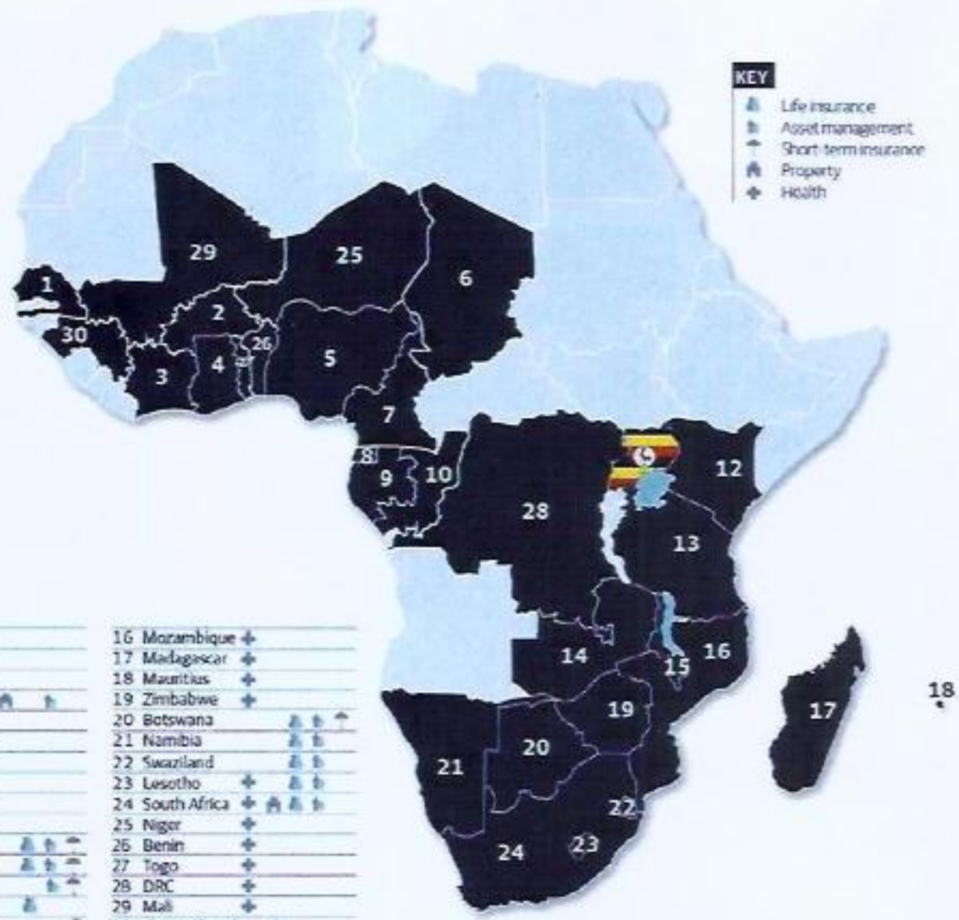
The remaining 49% of LGIUL is owned by Madhvani Group, one of Uganda's largest and most esteemed private enterprise groups with significant interests in almost all sectors of the economy. The flagship company of the Group is Kakira Sugar Limited, which was established in 1930, and now enjoys a commanding position in Uganda's economy.

LIBERTY

Liberty's presence in Africa

Liberty Health is present in 27 countries

Liberty Life Presence in 9 Countries including 5 Short term licenses



1	Senegal
2	Burkina Faso
3	Ivory Coast
4	Ghana
5	Nigeria
6	Chad
7	Cameroon
8	Equatorial Guinea
9	Gabon
10	Congo
11	Uganda
12	Kenya
13	Tanzania
14	Zambia
15	Malawi
16	Mozambique
17	Madagascar
18	Mauritius
19	Zimbabwe
20	Botswana
21	Namibia
22	Swaziland
23	Lesotho
24	South Africa
25	Niger
26	Benin
27	Togo
28	DRC
29	Mali
30	Guinea Conakry

About the group

Our Purpose

It all starts with being more than a financial services organization.

Improving people's lives by making their financial freedom possible

Our Vision

Is a picture of what we would like to be in 2022

Transform Liberty to be the trusted leader in South Africa and chosen markets by delivering superior value through exceptional client and adviser experiences

Our Clients are at the centre of what we do

Our Legitimacy

Allows us to confidently deliver on our purpose

- Trusted partners to our clients and advisers for over 60 years
- Unrivalled FA distribution capability
- Pioneering financial solutions track record
- Integral part of the Standard Bank Group
- Passionate and committed people
- Strong capital base and unique ability to manage risk

LIBERTY

Our capabilities across Africa

Our Capabilities

Replicable solutions

Consistent benefit offering and service experience across Africa

Product solutions, IT platforms and administration capabilities are replicated across geographies allowing consistent interaction between countries

Local Management

Dedicated team at Group that provides insurance expertise and support services such as actuarial, legal, marketing and other resources

In country client management and servicing

Consistent standards and service level agreements

Local Knowledge & expertise

Solutions are locally benchmarked and nuanced where required to comply with local legislation

Footprint

Strong Life, Health and Short term presence in East Africa footprint.

Service excellence

Solid service delivery track record with a team of professionals, experienced and skilled staff in-country and at Group

Technical competence and innovation are among our core strengths

Brand

Strong brand provides assurance to our clients, as well as consistent experience across all territories

TRAINING

One of our prime commitments is to attract and retain top quality people. We will develop in house resources to train and build an inspired and highly motivated staff team.

Career development potential will be fostered at every opportunity, either through in – house insurance or junior management courses, and local external or overseas courses.

Liberty General Insurance Uganda Limited will provide its people with the best training available to maintain high competencies and therefore give our customers the best value and service.

CUSTOMER SERVICE

At Liberty, we know how to take care of your business, whether you have a small operation or a large corporate enterprise. For small businesses, we offer a wide range of comprehensive covers tailor made to suit such businesses. The covers provided are flexible enough to provide essential and immediate cover while allowing the business to add more covers as it grows.

For medium or large businesses, we provide all the convenience of commercial packages that allow greater scope to select and have the covers tailored to suit the needs.

With the support from our Re-insurers, we have the capacity to deal with the complex requirements of large corporate clients and their brokers.

CONFIDENTIALITY

Staff l regularly liaise with our clients and are privy to information of highly sensitive nature; strict confidentiality is always adhered to.

CHANNELS OF DISTRIBUTION

We pride ourselves in building partnership that benefit our clients and our business. We do business with reputable and licensed brokers, banks, agents.


Organizational
Structure
" Liberty is not just our name,
its what we do everyday. "


Managing Director
OPERATIONS
FINANCE
HRM
DISTRIBUTION
RISK & COMPLIANCE
IT
UNDERWRITING
ACCOUNTING
AGENTS
CLAIMS
ADMINISTRATION
BROKERS
BANCASSURANCE

Why Liberty General Insurance?

Liberty General Insurance is your ideal one stop insurance centre offering you a whole range of insurance covers and through our packages, we provide more variety of benefits both locally and internationally. We provide benefits and limits, which can be tailor made to individual requirements.

Liberty General Insurance has a record of accomplishment and financial integrity. The financial stability of Liberty General Insurance, its shareholders and reinsurers will ensure solid protection of your business and give you peace of mind.

Insurance cover includes:

Fire and Special Perils

This policy provides cover against fire, lightning, earthquake, rain, wind, water, hail, impact by animals or vehicles, riot, strike, malicious damage.

Motor Private/Commercial Motor Insurance

Covers against accidental loss of or damage to the Motor Vehicle and its accessories and spare parts whilst thereon due to any cause not specifically excluded by the policy.

Burglary Insurance

This policy provides cover for theft of movable property declared to the insurer, following violent and forcible entry into or exit from the premises from threat of violence.

Fire and Special Perils and Business Interruption

This policy provides cover against loss following interruption of or interference with the business as a consequence of damage occurring during the period of insurance at the premises.

The insurance under this item is limited to loss of gross profit due to reduction in turnover or increase in cost of Working capital.

LIBERTY

Group Personal Accident

We provide cover for accidental death, bodily injury and or disease/illness to employees on 24hour basis happening anywhere in the world arising out of and in the course of both employment and at leisure. The death and disability benefits can be selected as a fixed sum or a multiple of annual earnings. Additional benefits include medical expenses and funeral benefits.

Fidelity Guarantee

This policy provides protection against loss of money and/or property of the insured or for which they are responsible stolen by an insured employee during the currency of the policy resulting in Personal financial gain by the employee.

All Risks

This policy provides all risks cover within the territorial limits for valuables and portable items such as laptops, cameras, tablets, cell phones and the like.

Money

This policy covers loss or damage to money (as defined) on the premises during or after working hours or in transit to and from the bank or branch offices resulting out of burglary, holdups, violence or threat thereof.

Workers Compensation

Covers the insured against accidental death and/or bodily injury to employees arising out of and in the course of their employment. Benefits follow the Workers Compensation Act Cap 255. Cover can be extended to include Employers Liability.

Electronic Equipment Insurance

This policy covers computers, laptops, photocopiers, printers, satellite dishes and electronic equipment of all kinds against accidental damage.

Package policies

Liberty General Insurance designs package policies which work as an umbrella to cover all possible risks. Examples of some of the sectors we have designed package policies for are:

- Shopkeepers
- Fuel stations
- Hotels
- Distributors
- SMEs
- Bank clients
- Domestic package

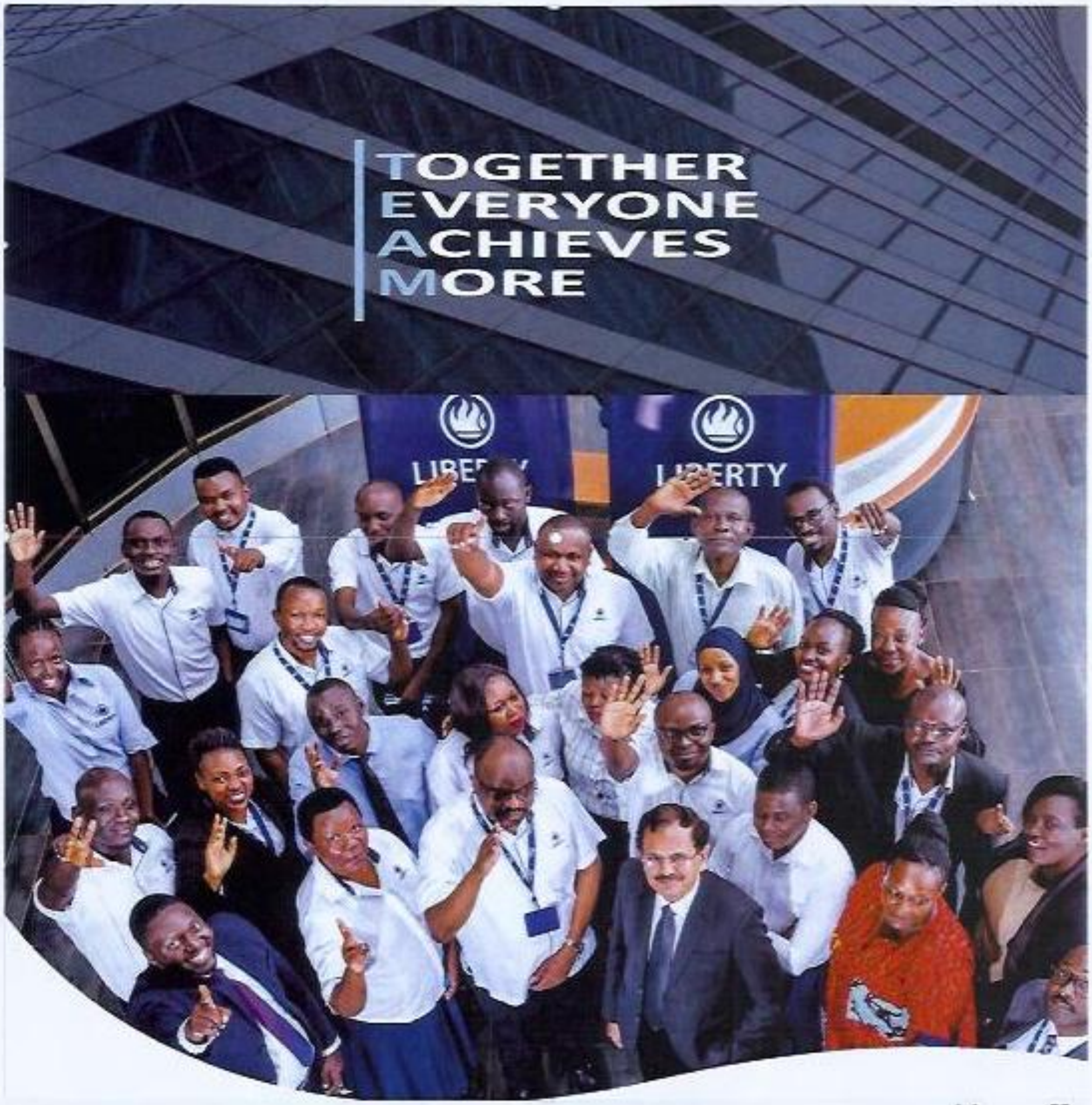
Public Liability

This policy covers the legal liability arising out of and in the course of the business of the insured consequent upon:
i) Accidental death and or bodily injury to third parties.
ii) Accidental loss of or physical damage to third party property.

In summary

Be assured of our best services as you place business with Liberty General Insurance and we are committed to timely claim settlement by our professional claims department...

If you require any more information or a quotation please contact us on
Email: info@liberty.co.ug **or call :** [illegible]


TOGETHER
EVERYONE
ACHIEVES
MORE

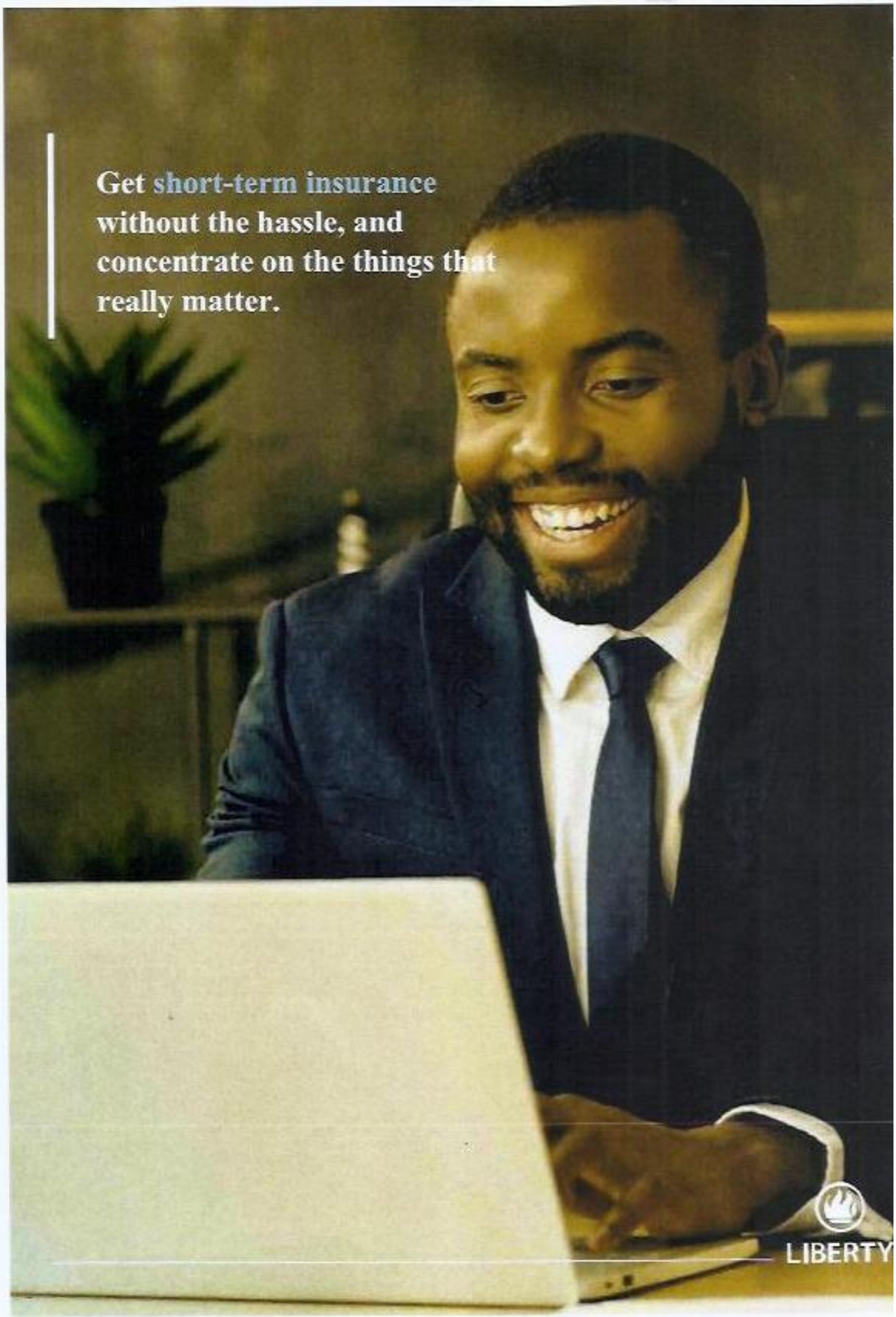
UNDERWRITING & CLAIMS PROCESS EFFICIENCY

"We have an internal customer service charter which stipulates our binding **Turn Around Time (TAT)** for all functional areas of the company.
This is updated on a regular basis to reflect the current market expectations"

Senior Management team

Peter Chakah Makhanu
Managing Director

K. Balasundar
Head of Operations


Get short-term insurance without the hassle, and concentrate on the things that really matter.
LIBERTY

CORPORATE INFORMATION

DIRECTORS

Mr. Peter Kabatsi	-	Chairman
Liberty Holdings Limited	-	Member
Mr. Kamlesh M Madhvani	-	Member
Mr. Gustav Jenkins	-	Member
Mr. Andrew Mashanda	-	Member
Marasa Holdings Limited	-	Member
Independent Sugar Estates Limited	-	Member
Ms Esther Joan Nabasirye Kasirye	-	Member

COMPANY SECRETARY

Madhvani Group Limited
P O Box 54, Jinja

REGISTERED OFFICE

3rd Floor, 99 Buganda Road
P O Box 22938
Kampala

AUDITOR

PricewaterhouseCoopers Certified Public Accountants
10th Floor, Communications House
1 Colville Street
P O Box 882
Kampala, Uganda

BANKERS

Stanbic Bank Uganda Limited
Kampala Corporate Branch
P O Box 7131
Kampala, Uganda

Standard Chartered Bank Uganda Limited
5 Speke Road
P O Box 7111
Kampala, Uganda

Bank of India Uganda Limited
Plot 37 Jinja Road
P O Box 7332
Kampala, Uganda

Bank of Baroda Uganda Limited
Plot 18, Kampala Road
P O Box 7197
Kampala, Uganda

Diamond Trust Bank Uganda Limited
Plot 17/19, DTB Centre
Kampala Road
P O Box 7155,
Kampala, Uganda

NCBA Bank
Twed Towers, Plot 10
Kafu Road, Nakasero
P O Box 74827
Kampala, Uganda

CORPORATE INFORMATION *(continued)*

Equity Bank Uganda Limited
Plot 390, Muteesa 1
Road, Katwe
P O Box 10184
Kampala, Uganda

Finance Trust Bank Uganda Limited

Plot 121 & 115
Block 6, Katwe
P O Box 6972
Kampala, Uganda

Tropical Bank Uganda Limited
Plot 27 Kampala Road
P O Box 9485
Kampala, Uganda

LAWYERS

Kasirye, Byaruhanga & Co. Advocates
Plot 33 Clement Hill Road
P O Box 10946
Kampala, Uganda

Kampala Associated Advocates
KAA House, Plot 41
Nakasero Road
P O Box 9566
Kampala, Uganda

Arcadia Advocates
Plot 6, Acacia Avenue,
3rd Floor, Acacia Place
P O Box 28987
Kampala, Uganda

OVERVIEW OF FINANCIAL PERFORMANCE 2018-2022

	2022 Shs'M	2021 Shs'M	2020 Shs'M	2019 Shs'M	2018 Shs'M
Gross written premiums	32,024	24,573	18,413	17,463	15,673
Reinsurance premium ceded	(20,157)	(14,250)	(9,601)	(7,228)	(6,486)
Net written premiums	**11,867**	**10,323**	**8,812**	**10,235**	**7,187**
Net movement in unearned premium reserve	(500)	(482)	(144)	(96)	(160)
Net earned premium	**11,367**	**9,841**	**8,668**	**10,139**	**7,027**
Investment and other income	2,127	1,121	1,518	1,530	1,690
Total income	**13,494**	**10,962**	**10,186**	**11,669**	**8,717**
Net claims incurred	(4,466)	(2,714)	(2,663)	(2,999)	(1,437)
Income net of claims	**9,028**	**8,248**	**7,523**	**8,670**	**7,280**
Net commission expense	(646)	(712)	(790)	(1,532)	(683)
Management expenses	(7,159)	(7,663)	(6,874)	(8,103)	(6,122)
Profit/ (loss) before tax	**1,223**	**(127)**	**(141)**	**(965)**	**475**
Income tax credit/ (charge)	20	(183)	108	337	(96)
Profit/ (loss) for the year	**1,243**	**(310)**	**(33)**	**(628)**	**379**
Other comprehensive loss – net of tax	(59)	(57)	24	153	(73)
Total comprehensive income/ (loss) income for the year	**1,184**	**(367)**	**(9)**	**(475)**	**306**
Financial Performance Metrics					
Management expense ratio	65%	78%	78%	80%	85%
Claims ratio	39%	28%	30%	29%	20%
Commission ratio	6%	7%	9%	15%	10%
Combined ratio	108%	113%	117%	123%	115%
Cession ratio	63%	58%	52%	41%	47%
Non-Financial Disclosures					
Number of Staff	30	27	25	26	25
Number of Agents	30	30	33	21	4

Report of the directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of Liberty General Insurance Uganda Limited ("the Company").

Overview

Principal activities

The Company's principal activity is to transact in all classes of non-life insurance business.

Results

The net profit for the year of Shs 1,243 million has been included to retained earnings and other reserves (2021: loss of Shs 310 million). The Company recorded net other comprehensive losses of Shs 59 million (2021: losses of Shs 57 million) in relation to fair value movements on equity investments held.

The summarised performance of the business per class is shown below.

	Motor Shs'000	Fire Shs'000	Accident Shs'000	Marine Shs'000	Other Shs'000	Total
Net earned premiums 2022	5,486,307	1,630,328	1,110,218	248,552	2,891,625	**11,367,030**
Net earned premiums 2021	5,456,925	2,104,310	1,484,551	411,429	384,078	**9,841,293**
Total expenses 2022	(5,922,992)	(1,760,094)	(1,198,586)	(268,336)	(3,121,785)	**(12,271,793)**
Total expenses 2021	(5,526,055)	(1,804,840)	(2,573,896)	(230,197)	(955,644)	**(11,090,632)**
Underwriting results						
2022	**(436,685)**	**(129,766)**	**(88,368)**	**(19,784)**	**(230,160)**	**(904,763)**
2021	**(69,130)**	**299,470**	**(1,089,345)**	**181,232**	**(571,566)**	**(1,249,339)**

Total expenses = Net claims cost + Net commissions cost + Management expenses

Business review

The gross premium income during the year increased from Shs 24.6 billion in 2021 to Shs 32.0 billion in 2022 representing 30.32% increase year on year. This was mainly driven by growth from the brokerage channel.

The net premium income increased by Shs 1.5 billion from Shs 9.8 billion in 2021 to Shs 11.4 billion in 2022 in line with increase in gross premium for the year and the timing of premium written across the year.

During the year under review, net commission expense was Shs 646 million against the previous year net commission expense amount of Shs 712 million due to an increase in commission income owing to increased cessions.

Technical underwriting performance review

Underwriting loss for the year was Shs 905 million compared to a loss of Shs 1.2 billion in 2021. Claims outstanding at the end of the year increased from Shs 16.8 billion to Shs 42.8 billion. This was due to a single claim of Kakira Industrial All risk of 27 billion. The net incurred claims are Shs 4.4 billion (2021: Shs 2.7 billion) which is 39% (2021: 28%) of net earned premium. Net earned premium increased by Shs 1.5 billion. The net unearned premium reserve increased by Shs 0.50 billion to Shs 4.1 billion (2021: Shs 3.6 billion).

Report of the directors (cont'd)

Investment income

Total investment income for the year was Shs 1.7 billion (2021: Shs 1.5 billion). Below are the average yields obtained on various investments.

Fixed deposits	2022	2021
• Denominated in Uganda shillings	10.42%	14.5%
• Denominated in US dollars (weighted average)	3.37%	2.85%
Treasury bills	12.24%	10.22%
Corporate bond	14.70%	14.70%

Foreign exchange earnings and outgoings

There was a net exchange gain of Shs 0.415 million (2021: loss of Shs 0.370 million) during the year due to a marginal depreciation of the Uganda shilling against the US dollar in the year 2022 compared to the appreciation of rates in 2021.

Material events after the balance sheet date

There was no material post balance sheet event.

Foreign operations

The Company operates solely in Uganda.

Financial review

Capital and funds

During the year the the directors of the Company issued 300,000 shares with a par value of Shs 10,000 to the existing shareholders in January 2022, increasing the issued share capital from Shs 6 billion to Shs 9 billion. The total share capital as at 31 December 2022 was Shs 9 billion (2021: Shs 6 billion). A total of Shs 700 million (2021: Shs 491 million) has been transferred to the contingency and capital reserves from retained earnings to meet regulatory requirements. Below is the position of the capital and reserves of the Company at the date of the balance sheet.

	2022	2021
	Shs '000	Shs '000
Share capital	9,000,000	6,000,000
Contingency reserves	5,647,448	5,006,966
Capital reserve	766,737	707,512
Available for sale fair value reserve	414,539	473,529
Retained earnings	1,752,488	1,208,707
Total	**17,581,212**	**13,396,714**

Report of the directors (cont'd)

Cash flow activities

Below is a summarized statement of cash flows:

Particulars	**2022**	**2021**
	Shs' 000	**Shs' 000**
Net cash generated from operating activities	2,475,886	4,127,200
Net cash used in from investing activities	(5,327,070)	(1,715,703)
Net cash generated from/ (used) in financing activities	2,612,053	(370,259)
(Decrease)/ increase in cash and cash equivalents	**(239,131)**	**2,041,238**

There is a proper system of budgetary control in place. The Finance and Investment Committee monitors performance regularly. Extensive reporting on all major operational aspects of the Company is done on a regular basis. The Company's reinsurance program is critically monitored in order to minimise risks and costs.

Pending litigation

The Company is a defendant in some legal actions. In the opinion of the directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss.

Subsidiary companies

The Company does not have any subsidiaries.

Board of directors

The current members of the board are as shown on page 17. There were no changes to the composition of the board during the year under review.

Prospects of business and action plan for the next year

The directors expect that business will grow substantially, as a result of expanded distribution channels and footprint as well as the growth in Bancassurance business.

Statutory requirements

Share capital

Under the insurance regulations, a company carrying on non-life insurance business is required to have a paid up capital of at least Shs 6 billion. The Company has met this requirement.

The issued share capital is Shs 9,000 million divided into 900,000 ordinary shares of Shs 10,000 each. (2021: 6,000 million)

Report of the directors (cont'd)

Security deposits

Under Section 7(1) of the Insurance Act of Uganda, the Company is required to maintain a security deposit of at least 10% of the prescribed paid up capital. The Company has a statutory deposit amounting to Shs 1,107 million (2021: Shs 1,272 million) and it has therefore fulfilled this requirement.

Deposit with a commercial bank

Under Section 29(2) of the Insurance Act of Uganda, the Company is required to maintain a further deposit equivalent to 20% of the minimum-security deposit in a commercial bank. The Company has satisfied this statutory requirement by making deposits with various commercial banks. At 31 December 2022, the total amount fixed with commercial banks was Shs 8.0 billion (2021: Shs 9.3 billion)

Employees

The number of persons employed by the Company at the end of the year was 29 (2021: 27).
Out of the 29 members of staff employed by Liberty General Uganda Limited as at 31 December 2022, 18 are male and 11 are female.

Auditor

The Company's auditor, PricewaterhouseCoopers Certified Public Accountants, continues in office in accordance with the provisions of Section 167(2) of the Ugandan Companies Act and Section 108 of the Ugandan Insurance Act.

Approval of the Financial Statements
The Financial Statements were approved at the meeting of the directors held on 29 March 2023.

Director

INSURANCE REGULATORY AUTHORITY OF UGANDA
3 1 MAR 2023
RECEIVED
P. O. BOX 22855, KAMPALA

CORPORATE GOVERNANCE REPORT

Introduction

The Liberty General Insurance Limited Corporate Governance Framework comprises the Board of Directors, Committees of the Board, Management and Operations Committees, as well as policies, procedures and systems which together govern the management of the business. The Company continuously embraces the principles of good corporate governance to ensure that its business remains sustainable, relevant and profitable.

The Board of Directors and Management have embraced the principles of integrity, accountability and transparency in directing and running the affairs of the Company. The Corporate Governance Framework also guides the relationship between Liberty General Insurance Uganda Limited its parent shareholder, Liberty Holdings Ltd, as well as its relations with other member companies of the Liberty Africa Group.

Board of Directors

The Mandate of the Company's Board of Directors is to implement principles of good corporate governance, determine the strategic direction of the company and ensure sustainability of the business. The Board of Directors is therefore responsible for implementing the Strategic Plan through oversight, enhanced shareholder value, company growth, profitability, financial reporting, accountability and safeguarding of company assets.

In order to achieve this efficiently, the Board has delegated various responsibilities to various committees of the Board and Management Committees, while the mandate to oversee the running of the business has been conferred to the Managing Director. There are two committees of the board, namely: Audit and Risk Committee and the Investment Committee.

The Board of Directors as at 31 December 2022 was constituted of two non-executive director, five executive directors representing both shareholders. The Board and its committee hold meetings three times on a quarterly basis.

In the year 2022, the Board of directors held meetings as follows:

Board Member	22 March 2022	8 August 2022	10 Nov 2022
Mr. Peter Kabatsi	P	P	P
Liberty Holdings Limited	P	P	P
Mr. Kamlesh M Madhvani	P	P	P
Ms. Esther Kasirye	P	P	P
Mr. Andrew Mashanda	P	P	P
Marasa Holdings Limited	P	P	P
Independent Sugar Estates Limited	P	P	P
Gustav Jenkins	P	P	P

P – Present

Secretary to the Board during the year ended 31 December 2022 was K.P Eswar.

The Audit and Risk Committee (ARC)

The mandate of this committee is to oversee the implementation of effective policies, procedures and internal controls. The ARC also sets and reviews the company's risk management strategy, while enforcing compliance with internal and regulatory provisions.

This committee also reviews the scope of work, skills of the Internal Audit function and provides guidance in the resolution of audit findings. The ARC reinforces best practice in Corporate Governance through the implementation of its mandate. The Audit and Risk committee is charged with approving the company's financial statements and acts as the liaison with the External Auditor. In this regard, the ARC provides oversight and assurance for financial reporting.

The Audit and Risk Committee is constituted of four executive directors.

In the year 2022, the Audit and Risk Committee held meetings as follows:

Director	18 March 2022	3 August 2022	8 November 2022
Esther Kasirye	P	P	P
K. N. Nair	P	P	P
Gustav Jenkins	P	P	P
Parag Shah	P	P	N/A
Pammi	N/A	N/A	P

P – Present

Secretary to the ARC during the year ended 31 December 2022 was the Head of Finance, Levi Ndyamuhaki.

Investment Committee (IC)

The objective of the Investment Committee is to oversee the design of the company's investment strategy and to monitor its implementation. The committee monitors performance of the company's investment portfolio, as administered by professional asset managers in accordance with the Board Investment Strategy, and reviews compliance of the investment managers with benchmarks and performance standards.

The committee is constituted of four directors. The IC holds meetings three times in three quarters.

In year 2022, the Investment Committee held meetings as follows:

Director	18 March 2022	3 August 2022	8 November 2022
K. N. Nair	P	P	P
Mike du Toit	P	P	P
Jenkins Gustav	P	P	P
Parag Shah*2	P	P	N/A
Pammi Sarma	N/A	N/A	P

P – Present

Secretary to the IC during the year ended 31 December 2022 was the Head of Finance, Levi Ndyamuhaki.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Company's directors are responsible for the preparation and fair presentation of the financial statements of comprising the statement of financial position as at 31 December 2022,the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Ugandan Companies Act and the Ugandan Insurance Act.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and in the manner required by the Ugandan Companies Act and the Ugandan Insurance Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit in accordance with International Financial Reporting Standards and have been prepared in the manner required by the Ugandan Companies Act and the Ugandan Insurance Act. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements 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.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern for the next twelve months from the date of this statement.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of Liberty General Insurance Uganda Limited, as indicated above, were approved and authorised for issue by the Board of Directors on 29 March 2023.

....	....
Peter Kabatsi	**Director**
Chairman	

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF LIBERTY GENERAL INSURANCE UGANDA LIMITED

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Liberty General Insurance Uganda Limited ("the Company") as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and have been prepared in the manner required by the Ugandan Companies Act and the Ugandan Insurance Act.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("the IESBA Code") together with the ethical requirements that are relevant to our audit of financial statements in Uganda, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

31 MAR 2023

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Key audit matter

A key audit matter is that which in our professional judgment was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on it.

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF LIBERTY GENERAL INSURANCE UGANDA LIMITED (continued)

Report on the audit of the financial statements (continued)

Key audit matter	How our audit addressed the key audit matter
Insurance contract liabilities As at 31 December 2022, the Company had total insurance contract liabilities of Shs 42,843 million. Of this amount, Shs 39,923 million related to notified claims, whereas Shs 2,920 million was recognised in respect of claims incurred but not reported ("IBNR"). For details on insurance contract liabilities, refer to Note 25 of the financial statements. We considered insurance contract liabilities a key audit matter because of the judgement involved in estimating the liability for outstanding claims and incurred but not reported claims. Management exercises significant judgment in the process of estimating provisions for reported claims – the ultimate cost of which may not be known with certainty for a significant period of time. Both reported claims and IBNR provisions are estimated using actuarial techniques and the Company's historical claims development experience and a range of other factors, including loss adjusters' reports for individually large claims.	*Our audit procedures are summarised as follows:* • We tested claims outstanding (notified claims) as at year-end on a sample basis by checking that claims reserves were consistent with supporting documents provided by management. • We compared reserves for outstanding claims and incurred but not reported claims to the results of the liability adequacy test performed by management. We also assessed the professional competence of management's actuarial specialists and assessed the appropriateness and consistency of the methodology applied year on year. • We checked the reasonableness of the data used by the Company's actuary by tracing that data to the underlying financial information • We compared the methodology applied by management's actuary in determining the liabilities to generally accepted actuarial techniques.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 the other information, we are required to report that fact. We have nothing to report in this regard.

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF LIBERTY GENERAL INSURANCE UGANDA LIMITED (continued)

Report on the audit of the financial statements (continued)

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Ugandan Companies Act and Ugandan Insurance Act, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the 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.

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF LIBERTY GENERAL INSURANCE UGANDA LIMITED (continued)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 auditors 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 Ugandan Companies Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- the Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement leader on the audit resulting in this independent auditor's report is CPA Clive Mayombwe – P0349.

PricewaterhouseCoopers

Certified Public Accountants
Kampala
31 March 2023

CPA Clive Mayombwe

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2022 Shs'000	2021 Shs'000
Gross written premiums		32,024,085	24,573,745
Reinsurance premium ceded		(20,156,676)	(14,250,064)
Net written premiums	7	**11,867,409**	**10,323,681**
Gross movement in unearned premium reserve	27(a)	(3,207,399)	(1,711,995)
Reinsurer's share of movement in unearned premium reserve	27(a)	2,707,019	1,229,607
Net movement in unearned premium reserve	27(a)	(500,380)	(482,388)
Net earned premium		**11,367,029**	**9,841,293**
Investment income	8(a)	1,712,426	1,490,678
Net foreign exchange gains/ (losses)	8(b)	414,940	(369,989)
Total income		**13,494,395**	**10,961,982**
Gross claims paid		(12,565,485)	(5,346,235)
Reinsurance recoveries		8,587,568	3,016,915
Net claims paid	26	(3,977,917)	(2,329,320)
Net movement in insurance contract liabilities	25	(488,252)	(385,102)
Net claims incurred		(4,466,169)	(2,714,422)
Income net of claims		**9,028,226**	**8,247,560**
Net commission expense	9	(646,444)	(712,442)
Management expenses	11	(7,145,953)	(7,651,249)
Net impairment loss on financial assets	17(d)	(13,229)	(11,047)
Profit/ (loss) before tax		**1,222,600**	**(127,178)**
Income tax (charge)/ credit	13(a)	20,888	(182,863)
Profit/ (loss) for the year		**1,243,488**	**(310,041)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value losses on equity investments	17(a)	(85,364)	(80,756)
Deferred income tax on fair value losses		26,374	24,227
Other comprehensive loss – net of tax		**(58,990)**	**(56,529)**
Total comprehensive income/ (loss) for the year		**1,184,498**	**(366,570)**

STATEMENT OF FINANCIAL POSITION

	Notes	2022 Shs'000	2021 Shs'000
Assets			
Cash and bank balances	16	1,939,867	2,178,998
Equity investments	17(a)	1,266,002	967,360
Government securities, fixed deposits and bonds	17(b)	22,047,249	16,980,628
Statutory deposits	17(c)	1,106,790	1,271,549
Premium and other insurance related receivables	18	4,115,403	6,360,782
Other receivables	21	338,504	257,729
Deferred insurance commission	27(b)	84,256	216,716
Reinsurers' share of insurance contract liabilities	19	45,734,582	17,494,653
Current income tax recoverable	13(b)	1,313,340	1,913,114
Property and equipment	15	199,378	250,442
Right-of-use assets	30	130,913	444,331
Intangible assets	15(b)	217,314	242,892
Deferred income tax asset	14	1,475,389	1,203,600
Total assets		**79,968,987**	**49,782,794**
Liabilities			
Unearned premium reserve	27	12,164,953	8,957,554
Other payables	28	2,663,522	2,734,507
Lease liabilities	30	185,474	538,851
Amounts due to related parties	22(b)	1,193,588	3,260,080
Payables arising out of reinsurance arrangements	29(b)	3,337,010	4,073,021
Insurance contract liabilities	25	42,843,228	16,822,067
Total liabilities		**62,387,775**	**36,386,080**
Equity			
Share capital	23(a)	9,000,000	6,000,000
Contingency reserve	24(a)	5,647,448	5,006,966
Capital reserve	24(b)	766,737	707,512
Fair value through other comprehensive income reserve	23(b)	414,539	473,529
Retained earnings	23(c)	1,752,488	1,208,707
Total equity		**17,581,212**	**13,396,714**
Total equity and liabilities		**79,968,987**	**49,782,794**

The financial statements on pages 31 to 80 were approved and authorised for issue by the Board of Directors on 29 March 2023 and were signed on its behalf by;

....
Director

....
Director

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STATEMENT OF CHANGES IN EQUITY

	Share capital Shs'000	Contingency reserve Shs'000	Capital reserve Shs'000	Available for sale fair value reserve Shs'000	Retained earnings Shs'000	Total Shs'000
At 1 January 2021	4,000,000	4,515,491	707,512	530,058	4,010,223	13,763,284
Loss for the year	-	-	-	-	(310,041)	(310,041)
Transfer to contingency and capital reserves (note 24)	-	491,475	-	-	(491,475)	-
Other comprehensive income:						
Other comprehensive loss - net of tax	-	-	-	(56,529)	-	(56,529)
Total comprehensive loss	-	491,475	-	(56,529)	(801,516)	(366,570)
Transactions with owners:						
Issue of bonus shares during the year (note 23a)	2,000,000	-	-	-	(2,000,000)	-
As at 31 December 2021	**6,000,000**	**5,006,966**	**707,512**	**473,529**	**1,208,707**	**13,396,714**
At 1 January 2022	6,000,000	5,006,966	707,512	473,529	1,208,707	13,396,714
Profit for the year	-	-	-	-	1,243,488	1,243,488
Transfer to contingency and capital reserves (note 24)	-	640,482	59,225	-	(699,707)	-
Other comprehensive income:						
Other comprehensive loss - net of tax	-	-	-	(58,990)	-	(58,990)
Total comprehensive income	-	640,482	59,225	(58,990)	543,781	1,184,498
Transactions with owners:						
Issue of shares during the year (note 23a)	3,000,000	-	-	-	-	3,000,000
As at 31 December 2021	**9,000,000**	**5,647,448**	**766,737**	**414,539**	**1,752,488**	**17,581,212**

STATEMENT OF CASH FLOWS

	Notes	2022 Shs'000	2021 Shs'000
Operating activities			
Profit/ (loss) before income tax		1,222,600	(127,178)
Adjustments for:			
Depreciation and amortisation		431,262	420,550
Interest on lease liabilities	30(c)	34,570	60,841
Working capital changes:			
Unearned premium		3,207,399	1,711,995
Insurance contract liabilities		26,021,161	932,020
Reinsurance share of insurance liabilities and reserves		(28,239,929)	(1,776,524)
Premiums receivable and deferred insurance commission		2,377,839	(851,715)
Other receivables		(80,775)	164,620
Amounts due to related party		(2,066,492)	1,789,011
Payables arising from reinsurance arrangements		(736,011)	769,657
Other payables		528,789	1,279,502
		2,700,413	**4,372,779**
Tax paid		(224,527)	(245,579)
Net cash generated from operating activities		**2,475,886**	**4,127,200**
Investing activities			
Purchase of intangible assets	15(b)	-	(55,485)
Purchase of property and equipment	15	(41,202)	(37,972)
Net placements of fixed deposits and other investments		(5,285,868)	(1,622,246)
Net cash used in investing activities		**(5,327,070)**	**(1,715,703)**
Financing activities			
Issue of ordinary shares	23(a)	3,000,000	-
Payment of lease liabilities	30	(387,947)	(370,259)
Net cash generated from/ (used in) financing activities		**2,612,053**	**(370,259)**
(Decrease)/ increase in cash		(239,131)	2,041,238
Cash at 1 January		2,178,998	137,760
Cash at 31 December		**1,939,867**	**2,178,998**
Represented by:			
Cash at bank and in hand	16	**1,939,867**	**2,178,998**

NOTES

1. REPORTING ENTITY

Liberty General Insurance Uganda Limited is incorporated in Uganda under the Ugandan Companies Act, regulated by the Insurance Regulatory Authority of Uganda and is domiciled in Uganda. The immediate holding Company is Liberty Holdings Limited, incorporated in South Africa. At 31 December 2022, the immediate holding Company held 51% (2020: 51%) of the share capital of the Company.

The address of its registered office is:

P. O. Box 22938
99 Buganda Road
Kampala, Uganda

For Ugandan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

The Company is licensed to underwrite short term (or general) insurance business. General insurance business relates to all other categories of insurance business other than life written by the Company, analysed into several sub-classes of business based on the nature of the assumed risks.

1.2 BASIS OF PREPARATION

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Ugandan Companies Act and the Ugandan Insurance Act. The measurement basis applied is the historical cost basis, as modified by the carrying amount of available-for-sale investments at fair value, impaired assets at their recoverable amounts, and actuarially determined liabilities at their present value. The financial statements are presented in Uganda Shillings (Shs), which is the functional currency and are rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates due to the uncertainty about these assumptions and estimates, and could require a material adjustment to the carrying amount of the asset or liability affected in the future. See details on the significant estimates in note 4.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

(a) New and amended standards adopted by the Company

The following standards and amendments have been applied by the Company for the first time for the financial year beginning 1 January 2021, with no material impact:

- Annual improvements cycle 2018 -2020 – minor changes to various financial statements.
- IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment.
- Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use.

(b) New and amended standards and interpretations in issue but not yet adopted

The effective date of IFRS 17 is for years commencing 1 January 2023. IFRS 4 *Insurance Contracts* (IFRS 4), the existing standard dealing with the accounting treatment for insurance contracts will be replaced by IFRS 17 for the Company's financial year commencing 1 January 2023 (with 2022 comparative information restated as required by the standard). IFRS 17 provides the basis of measurement for defined insurance contracts, including reinsurance contracts held, as well as investment contracts with discretionary participation features (DPF), which are scoped into IFRS 17 measurement from IFRS 9 *Financial Instruments* (which is no change from IFRS 4).

Whereas IFRS 4 required the use of local accounting practices in measuring insurance liabilities (which essentially referred to the local actuarial guidance), IFRS 17 introduces defined accounting models which will increase the comparability of information reported by all reporting entities that issue insurance contracts. Alignment to accounting principles applied to other industries (besides insurance) that report under IFRS, was a key objective of the standard. In particular, revenue recognition principles and disclosure comparisons between industries have specifically been enhanced. There are very closely aligned recognition principles between IFRS 17 and IFRS 15 *Revenue from Contracts with Customers*.

IFRS 17 needs to be retrospectively applied for the first date of adoption, being 1 January 2022, as if IFRS 17 had always been in place. Due to the long contract boundaries of certain contracts in the scope of IFRS 17, the standard permitted once off optional transition simplifications where it would be impracticable to apply components fully retrospectively. The standard requires disclosure on the transition approaches applied. Transition to IFRS 17 is discussed in more detail below.

Project governance, status and process going forward

Liberty Holdings Limited's IFRS 17 steering committee, sponsored by the group's Chief Financial Officer, is responsible for providing overall strategic direction to the project and monitoring progress and interdependencies with other group initiatives. The committee comprises representation from finance, risk, actuarial, IT (Information Technology) and internal audit. The steering committee is also supported by several other working groups responsible for various work streams within the project. The steering committee also supports Liberty Africa Insurance, a division of Liberty Holdings Limited of which Liberty General Insurance Uganda Limited is a subdivision of.

Summaries of IFRS 17 progress to date and IFRS 17 accounting policy elections were submitted to the Audit and Risk committee for recommendation to the Company's Board and were subsequently approved.

Representatives from Liberty Group have been involved in various industry forums to remain aware of implementation issues and technical interpretations being considered.

The implementation of IFRS 17 is significant for the company, specifically in areas such as revenue recognition, presentation in the statement of comprehensive income and level of transparency of the components of measurement. Comprehensive effort has been applied to the technical interpretation of the standard and the design decisions required. While audit involvement and industry discussions have been critical to the project, management are mindful of the possibility of interpretation differences. Management is also cognisant that it remains possible that certain interpretations may be further clarified as additional information becomes available.

To meet the requirements of IFRS 17, the company has invested significant effort in data collection and storage, modelling development, general ledger and supporting sub ledger configuration. The Company will present the full restated IFRS 17 compliant results with the annual financial statements presented for the year ended 31 December 2023.

Overview of IFRS 17

The definition and scope of contracts to be measured under IFRS 17 is largely aligned to IFRS 4, however, there are some slight differences regarding certain judgements related to investment contracts with DPF and the introduction of the determination of significant insurance risk now being on a present value basis

The main revenue recognition principle that IFRS 17 adopts is to recognise revenue (and consequently profit or loss) over the duration of the applicable policyholder contracts in a manner that best reflects the delivery of insurance contract services in the specific reporting period. This aligns closely to the principles applied in IFRS 15. The total recognised profit or loss outcome of contracts (i.e. the actual cash flows that emerge over the total contract term) naturally remains unchanged. However, the year-by-year reporting of profit or loss outcomes between IFRS 4 and IFRS 17 is often different. This is mainly due the accounting policy measurement elections under the application of IFRS 4 being largely referenced to locally adopted actuarial standards or guidance. This has led to significant divergence of profit recognition between jurisdictions, and in many cases within the insurance industry in each jurisdiction.

One significant change is that the standard does not allow for profits to emerge on "day one" (contract recognition date), while still avoiding the deferral of anticipated contracted losses (onerous contracts). Losses for each applicable contract are to be recognised immediately in profit or loss.

Some contracts include an amount that meets the definition of a 'non-distinct investment component' (NDIC) under IFRS 17. The NDIC is the amount that an insurance contract requires the Company to repay to a policyholder in all circumstances, regardless of whether an insured event occurs. Under IFRS 17, the investment components that are highly inter-related with the insurance contract are not unbundled on contract inception. Any such amounts are treated like deposits and excluded from insurance revenue and insurance services expenses when they are paid to the policyholder or beneficiary, as they do not relate to the provision of insurance services. This is a significant change to current disclosure treatments which includes these amounts in insurance premiums and insurance claims respectively.

Another change is that the IFRS 17 measurement principles are ambivalent to the type of insurance (i.e., life or non-life/ general), and the permitted measurement model depends on the terms and conditions of the underlying contracts, including the related contract boundaries and coverage periods, rather than the insurance license type.

Portfolios are established for insurance contracts that have similar risks, however each portfolio is limited to a maximum of a twelve-month duration between the first contract and the last contract recognised. At date of inception, the portfolios are further divided into distinct and ring-fenced cohort groups that differentiate the expected profitability of each contract between onerous, unlikely to become onerous and those that have a higher risk of becoming onerous over time. This leads to the possibility of one, two or three distinct cohort groups per year per portfolio. Subsequent measurement of insurance contracts is therefore applied to the cohort groups.

IFRS 17 includes three permitted measurement models. The measurement approach refers to the model used for valuing the liabilities and recognising profits in insurance revenue over time and should be appropriate for the contract being measured. The allocation of groups of contracts to each measurement approach is dictated by the IFRS 17 standard, although there is an element of judgement in certain cases, as well as a permitted simplification if prescribed eligibility criteria are met. All measurement models include two components, being a liability for remaining coverage (LRC) and a liability for incurred claims (LIC). The LRC relates to the measurement of the liability where the insured event has not occurred (i.e. the company's obligation for insured events related to the unexpired portion of the coverage period).

The LIC component relates to the measurement of the liability, where the insured event has occurred (i.e. the company's obligation to investigate and pay claims for insured events that have already occurred and includes events that have occurred but have not been reported). The LRC measured component is dependent on what measurement model is applied, whereas the measurement of the LIC component is the same under all three measurement models.

A general measurement model (GMM) is applicable to longer contract duration insurance contracts that do not have significant investment components (unless the criteria to use a simplified model is met) and is based on a fulfilment objective (risk-adjusted present value of probability-weighted estimates of future cash flows, which includes insurance acquisition cash flows). GMM is prescribed by the standard for insurance and reinsurance contracts which are not substantially investment-related service contracts i.e., predominantly risk type contracts and annuities.

It requires the use of current estimates, which are those informed by actual trends and investment markets, adjusted for the time value of money. A risk adjustment (RA) is established as an explicit, current adjustment to compensate the Company for bearing non-financial risk, that is a deferral of margin to cover the risk of variation to the estimated cash flows. The risk adjustment is released over the contract duration in line with the reduction of the estimated risk.

IFRS 17 establishes a contractual service margin (CSM) at the initial measurement of the liability (LRC). The CSM represents the unearned profit on the contract which is expected to be earned in the future and results in no profit at initial recognition. The CSM is only applicable to the LRC as the Company still has an obligation for service, and not to the LIC. The CSM is released over the life of the contract in line with the level of service provided in each period. The interest rate used to discount cash flows and determine the initial CSM is locked in at the rate at inception for that contract, for all future CSM movements. Although there is no profit recognised at inception, the standard does require the group to recognise losses on any onerous groups of contracts upfront.

Apart from the CSM, all other probability-weighted estimates of cash flows contained in the measurement of insurance assets or liabilities are measured at current values.

For contracts that have a component of significant insurance risk but are substantially investment-related contracts with direct participation in a share of underlying items, the GMM is modified to measure such contracts using the variable fee measurement approach (VFA), for example, a retirement annuity that may include a product benefit of a minimum return of contributions on death. This approach effectively amortises, over the remaining life of the contract, the impact to the future estimated revenue (e.g., asset-based investment management fees) that have arisen from changes in investment values at the reporting date. A key difference to the GMM approach is that the CSM is not locked in at the original discount rate.

The Company has elected to apply the simplified premium allocation approach (PAA), which is available for contracts that have a coverage period of 12 months or less, or if it is reasonably expected that the PAA would produce a measurement of the LRC that would not materially differ from the one produced applying the GMM. Contracts measured under the PAA approach do not have a CSM.

Key revenue recognition changes between IFRS 17 and IFRS 4 as applied by the Company

Whereas IFRS 4 permitted local actuarial practice to measure insurance contracts, IFRS 17 prescribes the use of one of three measurement models for insurance (including reinsurance contracts), as described above.

Contracts measured under PAA (including reinsurance)

Insurance contracts generally have short periods (one year or less). The company has elected to measure these under the PAA measurement model. The LRC at initial recognition is measured as premiums received, minus acquisition costs and plus or minus any assets or liabilities previously recognised. This model for the LRC is similar to the unearned premium model adopted under existing accounting policies. However, under IFRS 17, the LIC requires the calculation of a risk adjustment and also includes future claims handling expenses to be incurred in settling the LIC, which is different to the existing accounting policies.

The PAA measurement approach, is not expected to materially impact profit emergence on applicable policy portfolios going forward, when compared to the current basis.

Transition approaches

The standard requires retrospective application of IFRS 17 prior to the transition date, which is 1 January 2022, unless it is impracticable to do so. If it is impracticable, an entity can choose between either a modified retrospective or a fair value approach to measure the initial IFRS 17 balances on the transition date (1 January 2022, in the case of the Company). For the short contract boundary nature contracts measured under the PAA approach (twelve months or less), these will all be measured using modified retrospective approach.

The company intends to use the modified retrospective approach. For the modified retrospective approach, the company has maximised the use of information that would have been used to apply the full retrospective approach.

IFRS 17 requires disclosure of the movement analysis of all contracts measured on the transition date applying the modified retrospective approach, until all those contracts are derecognised under IFRS 17. The first time this will be provided is in the annual financial statements for the year ended 31 December 2023.

Accounting policy elections and key judgements applied to the preparation of the transition statement of financial position

In order to derive the impact of the adoption of IFRS 17 on transition, being 1 January 2002, certain accounting policy elections and key judgements have been applied, as follows:

PAA approach

The company has elected, as permitted by the standard, to apply the simplified model, for insurance contracts and reinsurance contracts held where the coverage period is less than 12 months, On inception of groups of contracts where the coverage period is over one year, and the groups meet the eligibility criteria (in that the measurement result of the PAA and general model are not materially different), the company has elected to apply the PAA approach.

For contracts measured under PAA, the company has elected:

- To defer the recognition of the acquisition costs over the coverage period.
- To not adjust the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk for those contracts where the coverage period is less than one year, or where there is no significant financing component for contracts longer than one year.
- Where claims incurred are expected to be paid within a year of the date that the claim is incurred, to not adjust future cash flows for the time value of money.

Key judgements related to the transition statement of financial position will relate to:

- Determining which expenses meet the definition of directly attributable under IFRS 17 and are included in the measurement of fulfilment cash flows. The interpretation may vary for some expense items between insurers, as well as potentially the method to attribute the qualifying expense cash flows to the various portfolios.
- Defining criteria to determine whether a contract is unlikely to become onerous over the contract term.
- The technique for calculating the risk adjustment and associated confidence levels.

Financial instruments

The Company applied IFRS 9 Financial Instruments for years commencing 1 January 2018. There is no expected change to previously applied classification and designation of financial instruments that are linked to policyholder benefits as a result of IFRS 17. The existing measurement methodology for policyholder investment contracts does not change on adoption of IFRS 17.

Management's intention is to document the full IFRS 17 accounting policies, including accounting policy elections and key judgements that will have been applied in the application of the standard, in the 2023 annual financial statements.

Transition adjustment to equity on 1 January 2022

The cumulative net adjustment to the company's equity as at 1 January 2022 is not expected to be material. The impact of restating the 2022 financial results, presentation of the detailed transition statement of financial position and inclusion of the IFRS 17 compliant disclosures are not available for this financial report and will be included in the annual financial statements for the year ending 31 December 2023.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022 and have not been applied in preparing these financial statements. These standards, which are not expected to have a significant effect on the financial statements of the Company, are set out below:

- IFRS 17, Insurance contracts Amendments - effective for annual periods beginning on or after 1 January 2023. In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.

- Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current – effective for annual periods beginning on or after 1 January 2023.

- Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction - – effective for annual periods beginning on or after 1 January 2023.

- Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - effective for annual periods beginning on or after 1 January 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Underwriting results

The underwriting results for non-life business are determined on an annual basis whereby the incurred claims, commission and related expenses are charged against the earned portion of premiums, net of reinsurance, as follows:

i) Premium income

General insurance business which is generally short term in nature relates to all categories of insurance business written by the Company, analysed into several sub classes of business based on the nature of the assumed risk.

For general insurance business, premium income is recognised on assumption of risks, and includes estimates of premiums due but not yet received, less an allowance for cancellations, and less unearned premium.

Unearned premiums represent the proportion of the premiums written in periods up to the accounting date that relates to the unexpired terms of policies in force at the financial reporting date, and is computed using the 365th method. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

ii) Claims and policyholders benefits payable

Claims incurred comprise claims paid in the year and changes in the provision for outstanding claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years. Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the balance sheet date, but not settled at that date. Outstanding claims are computed on the basis of the best information available at the time the records for the year are closed, and include provisions for claims Incurred but not reported ("IBNR"). Outstanding claims are not discounted.

iii) Commissions payable and deferred acquisition costs ("DAC")

A proportion of commission is deferred and amortised over the period in which the related premium is earned. Deferred commission represents a portion of acquisition costs that relate to policies that are in force at the year end. All other costs are recognised as expenses when incurred.

iv) Liability adequacy test

At each reporting date, the Company performs a liability adequacy test on its insurance liabilities to ensure the carrying value is adequate, using current estimates of future cash flows, taking into account the relevant discount rate(s). If that assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is recognized as an expense in profit or loss account initially by writing down the deferred policy administration expense and subsequently by recognizing additional unearned premiums and "IBNR" provisions.

(b) Property and equipment

Equipment is recorded at historical cost less accumulated depreciation and accumulated impairment losses if any.

Depreciation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle. Depreciation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

Depreciation is calculated on the straight line basis to write down the cost of assets to their residual values over their estimated useful lives as follows:

Furniture, fixture and fittings	10 years
Motor vehicles	4 years
Office equipment	10 years
Computer	3 years
Software	10 years

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. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Equipment is reviewed annually for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.
Gains and losses on disposal of equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

(c) Intangible assets

Software acquired by the company is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date that it is available for use. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Amortisation of intangibles
Amortisation of intangibles is charged to profit or loss. Goodwill is not amortised. The expected useful lives are as follows

Item	Useful life
Computer software	10 years

(d) Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amount of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of the future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(e) Financial instruments

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

(i) *Financial assets*

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market-place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes government securities, deposits with financial institutions, statutory deposit, income tax recoverable and other receivables.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company had no debt instruments at fair value through OCI at year-end.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss.

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Company had no financial assets at fair value through profit or loss at year-end.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

a) The rights to receive cash flows from the asset have expired; or

b) The Company has transferred its rights 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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

(ii) *Financial liabilities*

Initial recognition and measurement

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

The Company's holding in financial liabilities represents mainly insurance liabilities, payable under deposit administration contracts, unearned premium and unexpired risks provision, creditors arising from reinsurance arrangements and other liabilities.

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. The Company had no held-for-trading financial liabilities at end year-end.

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

Derecognition

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

(iii) ***Determination of fair value***

For financial instruments traded in active markets, the determination of fair values of financial instruments is based on quoted market prices or dealer price quotations.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions. In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment.

(iv) ***Offsetting***

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs.

(f) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortised cost under IFRS 9. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

(g) Retirement benefits

i) Retirement benefit obligations

The Company operates a defined contribution scheme for its employees. The assets of the scheme are held in separate trustee administered funds, which are funded from contributions from both the Company and employees.

The Company and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme.

ii) Voluntary Retirement Benefit Scheme

The Company also contributed to a voluntary staff benefit scheme held with ICEA Asset Management Uganda Limited.

(h) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Company has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.
The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by analysing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets in 'equipment' and lease liabilities in 'other payables and accruals' in the statement of financial position

Short term leases and leases of low value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounting using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(j) Investment income

Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument. Investment income also includes dividends when the right to receive payment is established. For listed securities, this is the date the security is listed as ex dividend.

(k) Foreign exchange differences

Translations during the period are translated into Uganda shillings at rates ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date, which are expressed in foreign currencies, are translated into Uganda shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the income statement in the period in which they arise.

(l) Premium and reinsurance receivables

Outstanding premiums and amounts due from reinsurers are carried at amortised invoice amount less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the net recoverable amount.

(m) Reinsurance

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or inwards reinsurance business being reinsured.

Reinsurance liabilities comprise premiums payable for outwards reinsurance contracts and are recognised as an expense when due. Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses. Reinsurance assets are measured consistently with the amounts associated with the underlying insurance contract and in accordance with the terms of the reinsurance contract. Reinsurance is recorded as an asset unless a right of set-off exists, in which case the associated liabilities are reduced to take account of reinsurance.

Reinsurance assets are subject to impairment testing and the carrying amount is reduced to its recoverable amount. The impairment loss is recognised as an expense in profit or loss. The asset is impaired if objective evidence is available to suggest that it is probable that the Company will not be able to collect the amounts due from reinsurers.

(n) Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

(o) Contingency reserve

The contingency reserve is set up under Section 47(2) (c) of the Insurance Act, 2011. Although this Act was repealed and replaced with the Ugandan Insurance Act 2017, the regulations of the new Act are yet to be finalized by the Regulator, IRA. As such, the existing regulations have been referred to regarding compliance with the Insurance Act except where, the Regulator has given guidance regarding the enactment of the 2017 Act provisions. The reserve is provided for at the greater of 2% of the gross premium income or 15% of net profit each year and is required to accumulate until it reaches the greater of either minimum paid-up capital or fifty percent of the net premium written.

(p) Capital reserve

Capital base reserve is set up as a requirement under the Insurance Act, 2011, by which every insurer should transfer from its profits each year, before any dividend is declared and after tax provision, 5% of profits to the capital base growth fund which subsequently will be transferred to the paid up capital to facilitate capital growth Although the 2011 Act was repealed and replaced with the Ugandan Insurance Act 2017, the regulations of the new Act are yet to be finalized by the Regulator, IRA. As such, the existing regulations have been referred to regarding compliance with the Insurance Act except where, the Regulator has given guidance regarding the enactment of the 2017 Act provisions.

(q) Taxation

(i) Current income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in 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 also recognised in other comprehensive income or directly in equity respectively.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Uganda Income Tax Act. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax.

Deferred income 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. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income 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 income taxes assets and liabilities relate to income taxes 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.

(r) Comparatives

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date. Estimates and judgments 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.

(i) Impairment losses

Trade receivables

The Company reviews its receivables to assess impairment at least on annual basis. In determining whether an impairment loss should be recorded in profit or loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the receivables. This evidence may include observable data indicating that there has been an adverse change in the payment status of debtors. Management uses estimates based on historical loss experience for receivables with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. The Company further uses days past due to determine the appropriate impairment losses from premium receivables. All receivables that are past due by more than 1 year are deemed fully impaired.

Financial assets at amortised cost

The Company recognises an allowance for expected credit losses (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 an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default 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 in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Valuation of insurance contract liabilities

Estimates for insurance contracts have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form a significant part of the liability in the statement of financial position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development.

Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved. Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

(iii) Income taxes

The Company is subject to various government taxes under the Ugandan tax laws. Significant estimates and judgments are required in determining the provision for taxes on certain transactions. For these transactions, the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss.

(iv) Fair value measurements

The fair value of the company's held to maturity investment securities and other financial assets and liabilities approximate the respective carrying amounts.
Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy.

- Fair value measurements classified as Level 1 include exchange-traded prices of fixed maturities, equity securities and derivative contracts measured at fair value with reference to publicly available quoted prices in active markets. A financial instrument is regarded as being quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, pricing service or regulatory agency and the prices quoted represent actual and regularly occurring market transactions conducted at an arm's length basis.

  The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily Uganda securities Exchange (USE) equity investments (shares in East African Breweries, BAT, Kenyan Airways and New Vision) classified at fair value through other comprehensive income.

- Investments classified as Level 2 primarily include government and agency securities and certain corporate debt securities, such as private fixed maturities. As market quotes generally are not readily available or accessible for these securities, their fair value measures are determined utilizing relevant information generated by market transactions involving comparable securities. They are often based on model pricing techniques that effectively discount prospective cash flows to present value using appropriate sector-adjusted credit spreads commensurate with the security's duration, also taking into consideration issuer-specific credit quality and liquidity.

These valuation methodologies have been studied and evaluated by the Company and the resulting prices determined to be representative of exit values. Observable inputs generally used to measure the fair value of securities classified as Level 3 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data.

Additional observable inputs are used when available, and as may be appropriate, for certain security types, such as pre-payment, default and collateral information for purpose of measuring the fair value of mortgage. The predominance of market inputs is actively quoted and can be validated through external sources or reliably interpolated if less observable. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Investments classified as Level 3 primarily include corporate debt securities, such as private fixed maturities. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement.

These investments are measured at fair value based on prices with reference to valuation techniques (models) that use significant inputs that are unobservable. These measurements include circumstances in which there is little, if any, market activity for the asset or liability. As at 31 December 2022, the Company had investments in Uganda Reinsurance Company (Uganda Re) and the Oil and Gas Consortium which have been classified under Level 3 hierarchy.

The shares in Uganda Re have been valued at the fair value. In assessing reasonableness of the price of the shares, we have made reference to the current replacement cost of the same shared and noted that they are fairly stated. Cost per share as at 31 December 2022 was Shs 3,040,000 (2021: Shs 2,750,000). The investment in the Oil and Gas Consortium was made during the year and the cost of acquisition approximates the fair value.

5. INSURANCE RISK MANAGEMENT

The Company accepts insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

Regulatory capital is also managed (though not exclusively) by reference to the insurance risk to which the Company is exposed.

i. Short-term insurance

The Company writes fire, accident, property, liability, motor and marine risks primarily over a twelve-month duration. The most significant risks arise from natural disasters, climate change and other catastrophes (i.e. high severity, low frequency events). A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial business. The relative variability of the outcome is mitigated if there is a large portfolio of similar risks.

The concentration of short-term insurance by type of contract is summarised below by reference to liabilities.

	2022			2021		
	Gross premiums	**Ceded premiums**	**Net**	**Gross premiums**	**Ceded premiums**	**Net**
	Shs '000	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**
Motor	8,220,120	(2,492,304)	5,727,816	5,579,267	(593,500)	**4,985,767**
Fire	10,705,022	(9,002,927)	1,702,095	6,662,807	(5,197,228)	**1,465,579**
Accident	3,231,850	(2,072,760)	1,159,090	5,000,785	(2,712,512)	**2,288,273**
Marine	863,718	(604,225)	259,493	772,014	(415,828)	**356,186**
Others	9,003,375	(5,984,460)	3,018,915	6,558,872	(5,330,996)	**1,227,876**
	32,024,085	**(20,156,676)**	**11,867,409**	**24,573,745**	**(14,250,064)**	**10,323,681**

ii. Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of government regulation through legislation and trade union structures leading to awards for the damage suffered within workmen's compensation cases.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation).

The reinsurance arrangements include excess of loss, surplus treaties and catastrophe coverage. The effect of such reinsurance arrangements is that the Company should not suffer total net insurance losses of more than predetermined amounts for any one risk in any one year.

6. FINANCIAL RISK MANAGEMENT POLICIES

The Company's activities expose it to a variety of risks, including credit risk and the interest rates. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the management that comprises of Managing Director, Head of Operations, and Head of Finance under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, use of derivative and non-derivative financial instruments and investing excess liquidity.

The Board receives quarterly reports from the Management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Liberty Group's internal auditors also review the risk management policies and processes and report their findings to the Audit and Risk Committee. Internal day-to-day risk management is also monitored by the Company's Risk and Compliance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

i.Market risk

Foreign exchange risk

The Company mainly transacts in Ugandan shillings and only upon the request of specific clients does management transact in US dollars. Premiums arising from foreign denominated policies constitute 46% of total premiums. The Company maintains a dollar account to receive dollar premiums and settle dollar payments such as rent, interest charges among others. The Company has not designated any derivative instruments as hedging instruments.

Currency risk sensitivity analysis

The Company operates fully within Uganda and its assets and liabilities are carried in the local currency. The Company's exposure to foreign currency risk is as follows based on amounts in Uganda shillings.

At 31 December 2022	USD	Shs	2022 Total
Assets	**Shs '000**	**Shs '000**	**Shs '000**
Cash and bank balances	1,835,878	103,989	**1,939,867**
Deposits with financial institutions	3,791,241	4,228,651	**8,019,892**
Related party loans	-	-	-
Premium debtors – other clients	441,222	778,261	**1,219,483**
Premium due from related parties	18,560	1,038,971	**1,057,531**
Total assets	**6,086,901**	**6,149,872**	**12,236,773**
Liabilities			
Creditors arising out of reinsurance	307,954	3,029,056	**3,337,010**
Amounts due to related parties	-	1,193,588	**1,193,588**
Total liabilities	**307,954**	**4,222,644**	**4,530,598**

At 31 December 2021	**USD**	**Shs**	**2021 Total**
Assets	**Shs '000**	**Shs '000**	**Shs '000**
Cash and bank balances	530,352	1,648,646	**2,178,998**
Deposits with financial institutions	8,509,289	818,792	**9,328,081**
Related party loans	-	-	-
Premium debtors – other clients	3,148,014	1,576,362	**4,724,376**
Premium due from related parties	560,997	1,075,409	**1,636,406**
Total assets	**12,748,652**	**5,119,209**	**17,867,861**
Liabilities			
Creditors arising out of reinsurance	2,264,895	1,808,126	**4,073,021**
Amounts due to related parties	-	3,260,080	**3,260,080**
Total liabilities	**2,264,895**	**5,068,206**	**7,333,101**

The finance department on daily basis monitors the spot rates. The spot rate used at 31 December 2022 was: USD; 3,714 (2021: 3,544). The average rate used for the year ended 31 December 2022 was USD 3,716 (2021: 3,617)

Sensitivity analysis

Strengthening or weakening of the Uganda shilling by 500 basis points against the United States Dollar as at 31 December 2022 would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Change in dollar rate	**500 basis point increase**	**500 basis point decrease**
	Shs '000	**Shs '000**
Effect on profit after tax (2022)	202,263	(202,263)
Effect on loss after tax (2021)	366,931	(366,931)

Price risk

The Company is exposed to equity securities price risk through its investments in quoted shares classified as subsequently measured at fair with the gains/ (losses) are credited/ (debited) to fair value reserves in the shareholders' equity. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity and debt securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Company.

All shares held by the Company are either quoted or traded on the Uganda and Nairobi Securities Exchanges (USE and NSE respectively) or unquoted.

At 31 December 2022, the USE and NSE Indices reduced the previously recorded market value of the shares leading to a fair value loss of Shs 85 million (2021: Shs 81 million loss).

ii.Credit risk

Credit risk arises from cash and cash equivalents, financial instruments, premium debtors and other receivables. The Company assesses the credit quality of each customer, taking into account financial position, past experience and other factors. Since most of the business comes through brokers, the Company ensures that it deals with reputable brokers.

Insurance receivables and payables

Receivables and payables related on insurance contracts are subsequently measured in terms of IFRS 4. Outstanding premiums receivable on insurance contracts i.e. premiums still due from the broker on an insurance contract, and where the policy is no longer in the insurance coverage period, those premiums receivable will be derecognised as an insurance debtor under IFRS 4 and will be recognised as a financial instrument under IFRS 9 as a repayment/financing arrangement has been entered into.

The carrying amounts shown in the statement of financial position are a reasonable representation of the Company's maximum exposure to credit risk. All receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms negotiated. Trade receivables have been analysed according to the number of days past the invoiced date. All receivables are considered collectable and are carried at their estimated recoverable value.

Trade receivables including related party insurance receivables and receivables arising out of reinsurance arrangements have been analysed according to the number of days past the invoiced date as shown below:

Past due but not impaired: 2022	Gross	Provision	Net
	Shs'000	Shs'000	Shs'000
- by up to 30 days	264,600	-	264,600
- by 31 to 90 days	992,413	-	992,413
- Impaired past due by > 91 days	3,414,716	(556,326)	2,858,390
Total receivables	**4,671,729**	**(556,326)**	**4,115,403**

Past due but not impaired: 2021	Gross	Provision	Net
	Shs'000	Shs'000	Shs'000
- by up to 30 days	5,556,020	-	5,556,020
- by 31 to 90 days	618,347	-	618,347
- Impaired past due by > 91 days	1,045,989	(859,574)	186,415
Total receivables	**7,220,356**	**(859,574)**	**6,360,782**

Credit exposure on insurance receivables

The table below represents a worst-case scenario of credit risk exposure to the Company at 31 December 2022 and 2021, without taking account of any collateral held or other credit enhancements attached. The exposure set out above are based on net carrying amounts as reported in the statement of financial position.

Maximum exposure:	2022	2021
	Shs.000	Shs. 000
Direct and related party premium receivables	1,776,499	7,113,906
Receivables arising out of reinsurance arrangements	2,895,230	106,450
	4,671,729	**7,220,356**

Credit exposure on other financial instruments

An internal assessment is performed on each of the financial instruments to determine whether an increase in credit risk since initial recognition using a credit rating framework. Credit quality of a financial instrument is assessed based on an extensive credit rating scorecard and individual ratings are defined in accordance with this assessment. An impairment analysis is performed at each reporting date using a credit rating framework and the expected credit losses (ECLs) determined for each of the financial asset.

Credit risk from balances with banks, financial institutions and related party loans is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds is made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Investment Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Maximum exposure:	**2022**	**2021**
	Shs'000	**Shs'000**
Term deposits with financial institutions	7,583,709	9,328,081
Treasury bills and statutory deposit	14,496,621	8,407,691
Corporate bond	106,500	177,500
Accrued interest on financial assets at amortised cost	1,055,531	411,541
Other receivables	339,472	257,928
Cash at bank	1,939,406	2,180,469
At 31 December	**25,521,239**	**20,763,210**
Allowance for expected credit losses (*Note 17(d)*)	(89,539)	(76,310)
At 31 December	**25,431,700**	**20,686,900**

Allowances for expected credit losses	**2022**	**2021**
	Shs'000	**Shs'000**
Government securities and fixed deposits	83,876	70,914
Statutory deposit	4,445	1,722
Cash and bank	250	3,475
Other receivables	968	199
Allowance for expected credit losses (*Note 17(d)*)	**89,539**	**76,310**

iii. Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities. On a weekly basis, management monitors the liquidity levels through cash flow statements. On a monthly basis, two (2) months projected cash flows, and current investment positions are circulated to the Finance and Investment Committee. Management monitors rolling forecasts of the Company liquidity reserve on the basis of expected cash flow.

As an insurance Company, Liberty General Insurance Uganda Limited is registered as a financial institution and is required to maintain minimum capital levels to reduce policy holders' exposure to the entity's liquidity risk. The Insurance Regulatory Authority as the regulatory authority regularly reviews compliance with these minimum requirements.

The table below analyses the Company's financial assets and liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual date. The amounts disclosed in the table below are the contractual undiscounted cash flows.

	Up to 1 month Shs'000	1-3 months Shs'000	3-12 months Shs'000	1-5 years Shs'000	Over 5 years Shs'000	Total Shs'000
Contractual maturities of non-derivative financial assets						
Cash and bank balances	1,939,867	-	-	-	-	1,939,867
Held to maturity investments	4,254,605	10,223,911	7,568,733	-	-	22,047,249
Equity investments	-	-	-	-	1,266,002	1,266,002
Statutory deposits	-	-	1,106,790	-	-	1,106,790
Premium receivables	1,830,136	1,028,254	1,257,013	-	-	4,115,403
Net insurance contract assets	-	-	2,891,354	-	-	2,891,354
	8,024,608	**11,252,165**	**12,823,890**	**-**	**1,266,002**	**33,366,665**
Contractual maturities of financial liabilities						
Other payables	-	-	2,663,522	-	-	2,663,522
Lease liabilities	-	185,474	-	-	-	185,474
Amounts due to related parties	-	-	1,193,588	-	-	1,193,588
Payables arising out of reinsurance arrangements	-	-	3,337,010	-	-	3,337,010
	-	**185,474**	**7,194,120**	**-**	**-**	**7,379,594**
Net liquidity gap	**8,024,608**	11,066,691	5,629,770	-	1,266,002	**25,987,071**

31 December 2021	Up to 1 month Shs'000	1-3 months Shs'000	3-12 months Shs'000	1-5 years Shs'000	Over 5 years Shs'000	Total Shs'000
Total assets	10,465,869	3,543,850	13,454,824	-	967,360	28,431,903
Total liabilities	-	354,052	10,252,407	-	-	10,606,459
Net liquidity gap	**10,465,869**	**3,189,798**	**3,202,417**	**-**	**967,360**	**17,825,444**

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Company and its exposure to changes in interest rates and exchange rates.

iv. Fair value of financial assets and liabilities

The fair values of the Company's held to maturity investment securities and other financial assets and liabilities approximate the respective carrying amounts, due to the generally short periods to contractual re-pricing or maturity dates as set out above. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that the directors expect would be available to the Company at the balance sheet date.

Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market date obtained from independent sources; unobservable inputs reflect the Company market assumptions. Those two types of inputs have created the following fair value hierarchy:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities level includes listed equity securities and debt instruments on exchanges and exchange traded derivatives like futures.

Level 2 - inputs other than quoted prices included within level 1 that are observable for asset or liability, either directly (that is as prices) or indirectly (that is, derived from sources of input parameters like LIBOR yield curve or counterparty credit risk raters like Bloomberg and Reuters.

Level 3 - inputs for the asset or liability that are not based on observable market date (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

31-Dec-22	**Industry**	**Level 1**	**Level 2**	**Level 3**	**Total**
		Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
British American Tobacco (10,000 ordinary shares)	Tobacco	150,000	-	-	150,000
Kenya Airways (58,479 ordinary shares)	Aviation	7,016	-	-	7,016
New Vision (142,100 ordinary shares)	Media	37,939	-	-	37,939
Uganda Reinsurance Company (217 ordinary shares)	Insurance	-	-	708,320	708,320
Uganda Oil and Gas Consortium	Insurance	-	-	362,727	362,727
Total		**194,955**	**-**	**1,071,047**	**1,266,002**

31-Dec-21					
		Shs'000	**Shs'000**	**Shs'000**	**Shs'000**
British American Tobacco (10,000 ordinary shares)	Tobacco	300,000	-	-	300,000
Kenya Airways (58,479 ordinary shares)	Aviation	7,016	-	-	7,016
New Vision (142,100 ordinary shares)	Media	37,941	-	-	37,941
Uganda Reinsurance Company (217 ordinary shares)	Insurance	-	-	622,403	622,403
Total		**344,957**	**-**	**622,403**	**967,360**

During the reporting period ending 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 instruments.

Financial instruments by category

The Company's financial assets are summarised by measurement category in the table below:

As at 31 December 2022	Financial assets at amortised cost	Financial assets at fair value through P/L	Financial assets at fair value through OCI
	Shs '000	Shs '000	Shs '000
Cash and bank balances	1,939,867	-	-
Government securities and fixed deposits and bonds	23,154,039	-	-
Premium and other insurance related receivables	4,115,403	-	-
Investment in quoted equities	-	194,955	-
Unquoted equities	-	-	1,071,047
Total	**29,209,309**	**194,955**	**1,071,047**
As at 31 December 2021			
Cash and bank balances	2,178,998	-	-
Government securities and fixed deposits and bonds	18,252,177	-	-
Premium and other insurance related receivables	6,360,782	-	-
Investment in quoted equities	-	344,957	-
Unquoted equities	-	-	622,403
Total	**26,791,957**	**344,957**	**622,403**

The Company's financial liabilities measured at amortised cost are summarised in the table below:

	2022	2021
	Shs '000	Shs '000
Other payables	2,663,522	2,734,507
Lease liabilities	185,474	538,851
Amounts due to related parties	1,193,588	3,260,080
Payables arising out of reinsurance arrangements	3,337,010	4,073,021
	7,379,594	**10,606,459**

v.Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern and comply with the regulators' capital requirements while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of issued capital, reserves and an accumulated surplus. Reinsurance is also used as part of capital management.

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's paid up share capital of Shs 9 billion is above the minimum amount of Shs 6 billion required by the regulations.

The Company has a number of sources of capital available to it and seeks to optimise its investment securities 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 such for regulatory purposes.

The Company is regulated by the Insurance Regulatory Authority, and is subject to insurance solvency regulations which specify the minimum amount and type of capital that in accordance with these rules, has embedded in its risk management framework the necessary tests to ensure continuous and full compliance with such regulations. The Company has complied with the solvency requirements throughout the year.

Capital adequacy requirements

Under Ugandan Insurance Act, the Insurance Regulatory Authority of Uganda ("IRA") is mandated to use Risk Based Supervision (RBS) as a supervisory approach of regulating licensees on a risk sensitive basis. IRA introduced a framework for RBS to be implemented by insurance companies.

RBS in essence is divided into three pillars as shown below:

- Pillar 1 – RBS sets out minimum capital requirements that insurance companies and HMOs are required to meet and specifies valuation of assets and liabilities.
- Pillar 2 – Includes the supervisory review process, systems of governance and risk management.
- Pillar 3 – Disclosure and supervisory reporting regime, under which defined reports to the regulator and public are required to be made.

Capital adequacy under the RBS framework is measured based on requirements which are enshrined in the Insurance (Capital Adequacy and Prudential Requirements) Regulations, 2020. Capital required includes amount for: credit risk; market risk; operational risk, concentration risk, liquidity risk and insurance risk which are determined based on specifications set out in the regulations.

As at 31 December 2022, application of the RBS framework to the Company gave rise to a capital requirement as shown below:

	2022 Shs'000	2021 Shs'000
Capital available	13,977,004	9,334,486
Capital required	6,000,000	6,000,000
Capital Adequacy Ratio	233%	156%
Prescribed Capital Adequacy Ratio	200%	200%
Capital deficit	-	(2,665,514)

The Company's Capital Adequacy Ratio of 233% was above the required amount of 200%, which represents compliance with the Insurance (Capital Adequacy and Prudential Requirements) Regulations, 2020 ("the Regulations").

7. NET WRITTEN PREMIUM

	2022		
	Gross premiums	**Ceded premiums**	**Net**
	Shs '000	**Shs'000**	**Shs'000**
Motor	8,220,120	(2,492,304)	5,727,816
Fire	10,705,022	(9,002,927)	1,702,095
Accident	3,231,850	(2,072,760)	1,159,090
Marine	863,718	(604,225)	259,493
Others	9,003,375	(5,984,460)	3,018,915
	32,024,085	**(20,156,676)**	**11,867,409**

	2021		
	Gross premiums	**Ceded premiums**	**Net**
	Shs '000	**Shs'000**	**Shs'000**
Motor	5,579,267	(593,500)	**4,985,767**
Fire	6,662,807	(5,197,228)	**1,465,579**
Accident	5,000,785	(2,712,512)	**2,288,273**
Marine	772,014	(415,828)	**356,186**
Others	6,558,872	(5,330,996)	**1,227,876**
	24,573,745	**(14,250,064)**	**10,323,681**

8. INCOME

(a) Investment income

	2022	**2021**
	Shs '000	**Shs '000**
Profit from sale of quoted shares	-	176,779
Interest income on fixed deposits	570,454	329,315
Interest income on government securities	1,122,635	878,846
Other interest income	19,337	105,738
	1,712,426	**1,490,678**

(b) Net foreign exchange gains/ (losses)

	2022	**2021**
	Shs '000	**Shs '000**
Realised exchange gains/ (losses)	65,220	(5,730)
Unrealised exchange gains/ (losses)	349,720	(364,259)
	414,940	**(369,989)**

9. NET COMMISSION EXPENSE

	2022	**2021**
	Shs'000	**Shs'000**
Total commission income	4,713,663	3,158,505
Total commission expense	(5,360,107)	(3,870,947)
	(646,444)	**(712,442)**

10. PROFIT/ (LOSS) BEFORE INCOME TAX

The profit/ (loss) before income tax was arrived at after charging.

	2022	2021
	Shs '000	Shs '000
Employee benefits expense *(Note 12)*	2,567,850	2,558,121
Audit fees *(Note 11)*	114,343	90,000
Depreciation *(Notes 15 and note 30)*	432,762	395,985

11. MANAGEMENT EXPENSES

	2022	2021
	Shs '000	Shs '000
Employee benefits expense *(Note 12)*	2,567,850	2,558,121
Administrative and other related fees	1,514,319	2,122,712
Audit fees	114,343	90,000
Un-claimable VAT	208,686	197,130
Depreciation *(Notes15 and note 30)*	432,762	395,985
Bad debts (reversal)/ expense *(Note 18)*	(303,248)	154,375
Other management expenses	2,576,056	1,984,977
Claims handling expense reserve	103,701	78,357
Reversals/ (additions to) unexpired risk reserve	(68,516)	69,592
	7,145,953	**7,651,249**

12. EMPLOYEE BENEFITS EXPENSE

	2022	2021
	Shs'000	Shs'000
Salaries and benefits	2,064,911	2,109,325
NSSF contributions	192,796	199,759
Contribution to retirement benefits scheme	49,079	50,352
Other employee benefits	261,064	198,685
	2,567,850	**2,558,121**

13. INCOME TAX

(a) Charge for the year

	2022	2021
	Shs '000	Shs '000
Current income tax charge	224,527	182,863
Deferred income tax credit	(245,415)	-
	(20,888)	**182,863**

The tax on the Company's profit/ (loss) before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2022 Shs '000	2021 Shs '000
Profit/ (loss) before income tax	1,222,600	(127,178)
Tax at applicable rate of 30% (2021: 30%)	366,780	(38,153)
Tax effects of:		
- expenses not deductible for tax purposes	64,459	104,383
- income not taxable	(336,791)	(274,294)
- withholding tax as a final tax	224,527	182,863
- deferred income tax asset not recognised	-	231,218
- recognition of previously unrecognised deferred tax asset	(231,218)	-
- prior period over provision for deferred tax	(108,645)	(23,154)
Income tax expense	**(20,888)**	**182,863**

(b) Current income tax recoverable

	2022 Shs '000	2021 Shs '000
At 1 January	(1,913,114)	(1,667,535)
Movement in the year	599,774	(245,579)
At 31 December	**(1,313,340)**	**(1,913,114)**

14. DEFERRED INCOME TAX ASSET

Deferred taxation is provided for on all temporary differences under the liability method using the applicable rate of 30% (2021: 30%).

Deferred income tax assets are only recognised to the extent that realisation of the related tax benefit is probable. The movement on the deferred tax account is as follows:

	2022 Shs '000	2021 Shs '000
At 1 January	(1,203,600)	(1,179,373)
Charge/ (credit) to profit or loss	(14,197)	(231,218)
Credit to other comprehensive income	(26,374)	(24,227)
Recognition of previously unrecognised deferred tax asset	(231,218)	-
Deferred income tax asset derecognised	-	231,218
At 31 December	**(1,475,389)**	**(1,203,600)**

The tax on the Company's profit/ (loss) before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2022 Shs '000	2021 Shs '000
Profit/ (loss) before income tax	1,222,600	(127,178)
Tax at applicable rate of 30% (2021: 30%)	366,780	(38,153)
Tax effects of:		
- expenses not deductible for tax purposes	64,459	104,383
- income not taxable	(336,791)	(274,294)
- withholding tax as a final tax	224,527	182,863
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- prior period over provision for deferred tax	(108,645)	(23,154)
Income tax expense	**(20,888)**	**182,863**

(b) Current income tax recoverable

	2022 Shs '000	2021 Shs '000
At 1 January	(1,913,114)	(1,667,535)
Movement in the year	599,774	(245,579)
At 31 December	**(1,313,340)**	**(1,913,114)**

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Deferred income tax assets are only recognised to the extent that realisation of the related tax benefit is probable. The movement on the deferred tax account is as follows:

	2022 Shs '000	2021 Shs '000
At 1 January	(1,203,600)	(1,179,373)
Charge/ (credit) to profit or loss	(14,197)	(231,218)
Credit to other comprehensive income	(26,374)	(24,227)
Recognition of previously unrecognised deferred tax asset	(231,218)	-
Deferred income tax asset derecognised	-	231,218
At 31 December	**(1,475,389)**	**(1,203,600)**

Deferred tax assets and liabilities, deferred tax charge in profit or loss (P/L) and deferred tax credit/ charge to other comprehensive income (OCI) are attributable to the following items:

Year ended 31 December 2022	At start of year Shs'000	Charged/ (credited) to P/L Shs'000	Charged/ (credited) to OCI Shs'000	At end of year Shs'000
Deferred income tax liabilities				
Fair value gains on equity investments	192,730	-	(26,374)	166,356
Accelerated tax depreciation	32,541	11,137	-	43,678
	225,271	11,137	(26,374)	210,034
Deferred income tax assets				
Unrealised exchange (losses)/gains	(109,278)	109,278	-	-
Bad debt provisions	(280,765)	87,005	-	(193,760)
Tax losses carried forward	(739,545)	(111,022)	-	(850,567)
Other deductible temporary differences	(530,501)	(110,595)	-	(641,096)
	(1,660,089)	(25,334)	-	(1,685,423)
Net deferred income tax asset	**(1,434,818)**	**(14,197)**	**(26,374)**	**(1,475,389)**

Year ended 31 December 2021	At start of year Shs'000	Charged/ (credited) to P/L Shs'000	Charged/ (credited) to OCI Shs'000	At end of year Shs'000
Deferred income tax liabilities				
Fair value gains on equity investments	216,957	-	(24,227)	192,730
Accelerated tax depreciation	19,642	12,899	-	32,541
	236,599	12,899	(24,227)	225,271
Deferred income tax assets				
Unrealised exchange gains/ losses	58,967	(168,245)	-	(109,278)
Bad debt provisions	(231,260)	(49,505)	-	(280,765)
Tax losses carried forward	(812,416)	72,871	-	(739,545)
Other deductible temporary differences	(431,263)	(99,238)	-	(530,501)
	(1,415,972)	(244,117)	-	(1,660,089)
Net deferred income tax asset	(1,179,373)	(231,218)	(24,227)	(1,434,818)
Unrecognised deferred tax asset	-	231,218	-	231,218
Net recognised deferred tax asset	**(1,179,373)**	**-**	**(24,227)**	**(1,203,600)**

15. PROPERTY AND EQUIPMENT

	Computer equipment	Furniture fixtures and fittings	Motor vehicles	Office equipment	Total
	Shs '000	**Shs '000**	**Shs '000**	**Shs '000**	**Shs '000**
Cost					
At 1 January 2021	259,901	179,403	336,119	109,886	885,309
Additions	34,322	1,950	-	1,700	37,972
As at 31 December 2021	294,223	181,353	336,119	111,586	923,281
At 1 January 2022	294,223	181,353	336,119	111,586	923,281
Additions	31,963	4,432	-	4,807	41,202
At 31 December 2022	326,186	185,785	336,119	116,393	964,483
Depreciation					
At 1 January 2021	185,130	79,656	271,820	39,375	575,981
Charge for the year	46,669	17,790	21,433	10,966	96,858
At 31 December 2021	231,799	97,446	293,253	50,341	672,839
At 1 January 2022	231,799	97,446	293,253	50,341	672,839
Charge for the year	42,863	18,086	21,433	9,884	92,266
At 31 December 2022	274,662	115,532	314,686	60,225	765,105
Net book value					
At 31 December 2022	**51,524**	**70,253**	**21,433**	**56,168**	**199,378**
At 31 December 2021	**62,424**	**83,907**	**42,866**	**61,245**	**250,442**

15(b) INTANGIBLE ASSETS

	2022	2021
	Shs '000	**Shs '000**
Cost		
At start of year	285,680	230,195
Additions	-	55,485
At end of year	285,680	285,680
Amortisation:		
At start of year	(42,788)	(18,223)
Charge for the year	(25,578)	(24,565)
At end of year	(68,366)	(42,788)
Net book value	**217,314**	**242,892**

Intangible asset relates to software acquired by the company.

16. CASH AND BANK BALANCES

	2022	2021
	Shs '000	Shs '000
Cash on hand	711	2,004
Cash at bank	1,939,406	2,180,469
Expected credit losses	(250)	(3,475)
	1,939,867	2,178,998

17. FINANCIAL INSTRUMENTS AND INVESTMENTS

(a) Equity investments	2022	2021
	Shs '000	Shs '000
At 1 January	967,360	1,057,960
Fair value losses	(85,364)	(80,756)
Additions	384,006	-
Disposal of EABL shares (cost)	-	(9,844)
At 31 December	**1,266,002**	**967,360**

Split as follows:	2022	2021
	Shs '000	Shs '000
Quoted shares (at fair value)		
BAT Uganda Limited (10,000 ordinary shares)	150,000	300,000
Kenya Airways Limited (58,479 ordinary shares)	7,016	7,016
New Vision Printing & Publishing Company Limited (142,100 ordinary shares)	37,939	37,941
	194,955	344,957
Unlisted shares at fair value		
Uganda Reinsurance Company Limited	708,320	622,403
Oil and Gas Consortium	362,727	-
	1,071,047	622,403
	1,266,002	967,360

Share price at 31 December	2022	2021
BAT Uganda Limited	15,000	30,000
Kenya Airways Limited	120	120
New Vision Printing & Publishing Company Limited	267	267

(b) Government securities, fixed deposits and bonds	2022	2021
	Shs '000	Shs '000
Treasury bills with a tenor of not more than one year	13,385,386	7,134,420
Fixed deposits with a tenor of not more than one year	7,583,709	9,328,081
Corporate bond	106,500	177,500
Accrued interest	1,055,530	411,541
ECL impairment provision	(83,876)	(70,914)
	22,047,249	16,980,628

Further information on the held to maturity investments is as follows:

Investment	Currency	Tenor	Interest rate - fixed or floating?	Weighted average interest rate
Treasury bills	Shs	364 days	Fixed	12.24%
Fixed deposits	Shs	364 days	Fixed	10.42%
Fixed deposits	USD	364 days	Fixed	3.4%
Corporate bond	Shs	6 years	Fixed	14.7%

(c) Statutory deposit

	2022	2021
	Shs '000	Shs '000
Treasury bills	1,111,235	1,273,271
ECL impairment provision	(4,445)	(1,722)
	1,106,790	**1,271,549**

The Company maintained a statutory deposit in line with the requirement of Section 7(1) of the Insurance Act, 2011 which states that every insurer must maintain a security deposit of at least 10% of the prescribed paid-up capital of the Company. The deposit made is considered part of the assets in respect of the capital of the insurer and is invested in short term investments and securities. Interest and all income accruing from this deposit is payable to the insurer. The deposit can be made available if the insurer suffers a substantial loss arising from liability to claimants and the loss is such that it cannot be met from its available resources or in the event of closure or winding up of the insurance business.

(d) Movement in the expected credit loss

	2022	2021
	Shs '000	Shs '000
As at 1 January	76,310	65,263
Provisions raised during the year	13,229	11,047
As at 31 December	**89,539**	**76,310**

18. PREMIUM RECEIVABLES

	2022	2021
	Shs '000	Shs '000
Related party premium receivable *(Note 22(a))*	1,057,531	1,636,406
Premium receivable	718,968	5,477,500
Receivables arising out of reinsurance arrangements *(Note 29(a))*	2,895,230	106,450
Provisions for doubtful debts	(556,326)	(859,574)
	4,115,403	**6,360,782**

Balances due from related parties relate to normal insurance receivables for policies written during the normal course of business. These balances have been disclosed under premium receivables for the purpose of applicability to IFRS 4 rather than IFRS 9.

Analysis of movement in provisions for doubtful debts is as shown below:

	2022	2021
	Shs '000	Shs '000
At 1 January	859,574	705,198
(Reversal)/ charge for the year	(303,248)	154,376
At 31 December	**556,326**	**859,574**

19. REINSURERS' SHARE OF INSURANCE CONTRACT LIABILITIES

	2022	2021
	Shs'000	Shs '000
Reinsurers' share of:		
- unearned premium	8,069,115	5,362,096
- notified claims outstanding	35,956,994	10,839,694
- claims incurred but not reported	1,708,473	1,292,863
	45,734,582	**17,494,653**

20. RELATED PARTY LOANS

	2022	2021
	Shs '000	Shs '000
At 1 January	-	1,407,214
Interest earned in the period	-	35,467
Payments received during the year	-	(1,360,957)
Foreign exchange movement	-	(81,724)
At 31 December	-	-

The short-term loans related to amounts advanced to Kakira Sugar Limited which comprised one loan for Shs 830 million and one of US$ 150,000, bear interest at 14.5% and 4.5% per annum respectively.

21. OTHER RECEIVABLES

	2022	2021
	Shs '000	Shs '000
Deposits	38,157	93,099
Prepayments	125,360	50,719
Other advances	175,955	114,110
Impairment provision	(968)	(199)
	338,504	**257,729**

The carrying amounts of the other receivables approximate their fair values.

22. RELATED PARTY BALANCES AND TRANSACTIONS

The Company is controlled by Liberty Holdings Limited incorporated in South Africa. The Company's ultimate parent is Standard Bank Group Limited, incorporated in South Africa. There are other companies that are related to the Company through common shareholdings or common directorships.

The Company provides/ incurs some transactions with Stanbic Bank Uganda Limited (SBUL), a subsidiary of Standard Bank Group Limited and these are:

- provision of insurance services, payment of commissions to Stanbic Bank Uganda Limited and payment of claims;
- joint venture profit commission sharing agreement where the Company and SBUL share in the profits earned on the insurance business underwritten by Liberty General Insurance Uganda Limited through the bancassurance arm department of SBUL; and
- use of banking facilities provided by SBUL.

(a) Amounts due from related parties	2022 Shs '000	2021 Shs '000
Madhvani Group Limited	73,273	75,557
Jinja Sailing Club	1,806	-
Stanbic Bank Uganda Limited	769,381	706,641
Madhvani Group - Tea Division	69,424	86,181
Madhvani Group - Steel Division	68,015	61,636
Makepasi Match Co. Ltd	16,308	48,557
Mweya Safari Lodge	3,678	-
T.P.S.C Uganda Ltd	30,061	30,061
Paraa Safari Lodge Ltd	750	39,569
Chobe Safari Lodge Limited	4,361	27,207
Kakira Sugar Limited	20,474	560,997
	1,057,531	**1,636,406**

Balances due from related parties relate to normal insurance receivables for policies written during the normal course of business. These balances have been disclosed under premium receivables for the purpose of applicability to IFRS 4 rather than IFRS 9 under note 18.

(b) Amounts due to related parties	2022 Shs '000	2021 Shs '000
Liberty Holdings Limited	852,236	725,107
Madhvani Group Limited	274,214	2,534,973
Stanbic Uganda Holdings Ltd	67,138	-
	1,193,588	**3,260,080**

Madhvani Group has a 49% shareholding in Liberty General Insurance. All the companies as disclosed in note 22 are related to Liberty General Insurance through a common parent i.e. Madhvani Group.

(c) Related party transactions

	2022	2021
	Shs'000	**Shs'000**
Administrative and related charges	1,867,738	1,917,007
Rent - Madhvani Group Limited	358,007	370,757
Sale of policies and commission paid	3,501,673	9,879,522
Claims paid	6,671,066	1,767,280
Directors' fees	246,000	205,500

23. SHARE CAPITAL AND RESERVES

(a) Share capital

	2022	2021
At 31 December 2022	**Shs'000**	**Shs'000**
Authorised:		
900,000 ordinary shares of Shs 10,000 each	**9,000,000**	**6,000,000**
Issued and fully paid:		
900,000 (2021: 600,000) ordinary shares of Shs 10,000 each	**9,000,000**	**6,000,000**

During the year ended 31 December 2021, the directors of the Company increased the number of authorised shares from 400,000 to 900,000, with a par value of Shs 10,000. The directors also authorised a bonus issue of 200,000 shares from undistributed profits.

The directors of the Company issued 300,000 shares with a par value of Shs 10,000 to the existing shareholders in January 2022, increasing the issued share capital from Shs 6 billion to Shs 9 billion

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company.

(b) Fair value through other comprehensive income reserve

	2022	2021
	Shs'000	**Shs'000**
At 1 January	473,529	530,058
Fair value loss net of tax	(58,990)	(56,529)
At 31 December	**414,539**	**473,529**

(c) Retained earnings

	2022	2021
	Shs'000	**Shs'000**
At 1 January	1,208,707	4,010,223
Issue of bonus shares	-	(2,000,000)
Profit/ (loss) for the year	1,243,488	(310,041)
Transfer to contingency and capital reserves	(699,707)	(491,475)
At 31 December	**1,752,488**	**1,208,707**

24. STATUTORY RESERVES

(a) Contingency reserve

	2022	2021
	Shs'000	**Shs'000**
At 1 January	5,006,966	4,515,491
Additions	640,482	491,475
At 31 December	**5,647,448**	**5,006,966**

The statutory reserve is required by Ugandan Insurance Act. The reserve is provided for at the greater of 2% of the gross premium income or 15% of net profit each year and is required to accumulate until it reaches the greater of either minimum paid-up capital or fifty percent of the net premium written.

(b) Capital reserve

	2022	2021
	Shs'000	**Shs'000**
At 1 January	707,512	707,512
Additions	59,225	-
At 31 December	**766,737**	**707,512**

This is set up as a requirement under the Ugandan Insurance Act, by which every insurer should transfer from its profits each year, before any dividend is declared and after tax provision, 5% of profits to the capital base growth fund which subsequently will be transferred to the paid up capital to facilitate capital growth.

25. INSURANCE CONTRACT LIABILITIES

	Gross	Reinsurance	Net
Year ended 31 December 2022	**Shs'000**	**Shs'000**	**Shs'000**
Outstanding notified claims	39,922,549	(35,956,994)	3,965,555
Incurred but not reported	2,920,679	(1,708,473)	1,212,206
	42,843,228	**(37,665,467)**	**5,177,761**

	Gross	Reinsurance	Net
Year ended 31 December 2021	**Shs'000**	**Shs'000**	**Shs'000**
Outstanding notified claims	14,804,259	(10,839,695)	3,964,564
Incurred but not reported	2,017,808	(1,292,863)	724,945
	16,822,067	**(12,132,558)**	**4,689,509**

Net movement in insurance contract liabilities

	2022	2021
	Shs'000	**Shs'000**
1 January	4,689,509	4,304,407
Movement during the year	488,252	385,102
At 31 December	**5,177,761**	**4,689,509**

26. NET CLAIMS PAID

	2022	2021
	Shs'000	**Shs'000**
Accident	197,446	176,023
Fire	564,090	483,841
Marine	11,452	4,348
Motor	2,495,468	1,493,420
Others	709,461	171,688
	3,977,917	**2,329,320**

CLAIMS/ LOSS DEVELOPMENT TABLES FOR SHORT TERM NON-LIFE INSURANCE CONTRACTS

The loss development tables presented below show the cumulative provisions for insurance claims, whether reported or not, and related loss adjustment expenses arising for each accident year accumulated from 2016 onwards. The historical net insurance claims provision for all outstanding claims arising for accident years prior to 2016 are shown cumulatively as one figure in the left hand column.

The top most table shows the estimated ultimate insurance claims losses after related loss adjustment expenses for each accident year presented as at the end of each reporting year. Movements in provisions arise as additional information becomes available upon which more accurate estimates of the ultimate insurance claims losses can be made. The lower half of each table shows the cumulative amounts paid against those claims provisions at the end of each reporting year.

The company's technical reserves were reviewed by the QED Actuarial team as per the report dated 31 March 2023.

This review was done based on the claims data covering a seven-year period from 1 January 2016 to 31 December 2022 and the 2022 premium data. The following reserves are included in the scope of the review:

The Outstanding Claims Reserve;
- The Incurred But Not Reported (IBNR) Claims Reserve;
- Unearned Premium Reserve (UPR);
- Additional unexpired risk Reserve (AURR); and
- Claims Handling Expense Reserve (CHER).

Short-term insurance liabilities – gross claims paid in respect of reporting year

	Total	2022	2021	2020	2019	2018	2017	2016 and prior
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
2022	**12,565,485**	4,381,919	2,769,011	1,871,211	3,483,311	31,780	3,308	24,945
2021	**5,346,235**		3,095,392	1,236,616	963,956	31,704	18,567	-
2020	**3,881,561**		-	618,951	2,886,575	136,805	221,066	18,164
2019	**5,279,778**		-	-	2,098,027	2,939,439	99,531	142,781
2018	**3,585,094**		-	-	-	1,900,629	1,142,623	541,842
2017	**2,074,032**		-	-	-	-	987,551	1,086,481
2016	**2,585,461**		-	-	-	-	-	2,585,461
Cumulative payments to date	**35,317,646**	**4,381,919**	**5,864,403**	**3,726,778**	**9,431,869**	**5,040,357**	**2,472,646**	**4,399,674**

Short-term insurance liabilities – net claims paid in respect of reporting year

	Total	2022	2021	2020	2019	2018	2017	2016 and prior
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
2022	**3,977,917**	2,203,779	1,385,650	239,383	125,255	16,256	618	6,976
2021	**2,329,320**		1,706,401	559,583	29,786	20,576	12,974	-
2020	**1,833,540**		-	306,186	1,013,893	333,233	171,290	8,938
2019	**2,425,772**		-	-	905,466	1,404,524	47,558	68,224
2018	**1,837,614**		-	-	-	974,207	585,675	277,732
2017	**1,554,106**		-	-	-	-	739,988	814,118
2016	**1,381,184**		-	-	-	-	-	1,381,184
Cumulative payments to date	**15,339,453**	**2,203,779**	**3,092,051**	**1,105,152**	**2,074,400**	**2,748,796**	**1,558,103**	**2,557,172**

27. PREMIUM AND COMMISSION RESERVES

(a) Movement in unearned premium reserves

Year ended 31 December 2022	Gross Shs'000	Reinsurance Shs'000	Net Shs'000
At 1 January	8,957,554	(5,362,096)	3,595,458
Increase in the year	3,207,399	(2,707,019)	500,380
At 31 December	**12,164,953**	**(8,069,115)**	**4,095,838**

Year ended 31 December 2021	Gross Shs'000	Reinsurance Shs'000	Net Shs'000
At 1 January	7,245,559	(4,132,489)	3,113,070
Increase in the year	1,711,995	(1,229,607)	482,388
At 31 December	**8,957,554**	**(5,362,096)**	**3,595,458**

(b) Movement in deferred insurance commission

	2022 Shs'000	2021 Shs'000
At 1 January	216,716	258,124
Movement during the year	(132,460)	(41,408)
At 31 December	**84,256**	**216,716**

Deferred insurance commission represents a proportion of commissions payable and other acquisition costs that relate to unexpired terms of the policies that are in force at the year end

28. OTHER PAYABLES

	2022 Shs'000	2021 Shs'000
Stamp duty and stickers	5,915	53,819
Sundry creditors	634,346	569,891
Tax provisions from assessments	-	475,863
Internal and external audit fees	78,007	90,408
Other accrued expenses	1,945,254	1,544,526
	2,663,522	**2,734,507**

The carrying amounts of other payables approximate their fair values

29. BALANCES ARISING OUT OF REINSURANCE ARRANGEMENTS

(a) Receivables arising out of reinsurance arrangements

	2022	2021
	Shs'000	**Shs'000**
APA Insurance Uganda Limited	231,707	49,425
Sanlam General	614,044	-
Jubilee General insurance	252,743	-
Britam	108,545	-
Guardian Re	166,846	-
Sky Re	214,561	-
UAP	108,575	-
Liberty Life Assurance Uganda Limited	102,815	47,954
Alliance Africa	257,864	-
GA Insurance	42,570	9,071
Others	794,960	-
	2,895,230	**106,450**

These balances have been disclosed under premium receivables for the purpose of applicability to IFRS 4 rather than IFRS 9 under Note 18.

(b) Payables arising out of reinsurance arrangements

	2022	2021
	Shs'000	**Shs'000**
PTA Re	583,224	868,105
Marsh Uganda	1,673,154	2,264,895
Uganda Reinsurance Company	260,590	296,189
Kenya Reinsurance	24,818	155,818
African Reinsurance Corporation	359,862	130,262
Sky Re-Insurance Brokers Limited	236,775	109,606
Others	198,587	248,146
	3,337,010	**4,073,021**

30. LEASES

	2022	2021
(a) Right-of-use assets	**Shs'000**	**Shs'000**
Buildings – Plot 99 Buganda Road	400,186	691,519
Buildings – Africourt	44,145	51,939
Accumulated dep - plot 99 Buganda Road	(269,701)	(257,403)
Accumulated dep - Africourt	(43,717)	(41,724)
	130,913	**444,331**

	2022	2021
	Shs'000	**Shs'000**
(b) Lease liabilities		
Current liabilities	185,474	354,052
Non-current liabilities	-	184,799
	185,474	**538,851**

	2022	2021
	Shs'000	**Shs'000**
(c) Amounts recognised in profit or loss		
Depreciation charge of right-of-use assets		
Buildings - Plot 99 Buganda Road	(269,701)	(257,403)
Buildings - Africourt	(43,717)	(41,724)
	(313,418)	**(299,127)**
Interest expense	(34,570)	(60,841)

The total cash outflow for leases in 2022 was Shs 388 million (2021; 431 million).

(d) The Company's leasing activities and how they are accounted for

The Company's leases three offices. Rental contracts are typically made for fixed periods of 12 months to 5 years, but may have extension options as described below.

Extension and termination options

Extension and termination options are included in the property leases for the Company. These are used to maximise operational flexibility in terms of managing the properties used in the Company's operations for both Plot 99 Buganda Road and Africourt space.

Critical judgements in determining the lease term

In determining the lease term, management of Liberty General Insurance Uganda Limited 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).

For leases of the properties, the following factors have been considered the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

All extension options in the two property leases have not been included in the lease liability, because the Company could decide to acquire new leases without significant cost or business disruption. As at 31 December 2022, no cash outflows (undiscounted) have been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

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

31. CONTINGENT LIABILITIES

The Company, like other insurers, is subject to litigation in the normal course of its business. The Company does not believe that such litigation will have a material impact on its profit or loss and financial position. Management has carried out an assessment of all the cases outstanding as at 31 December 2022 and did not find any that warranted a provision.

32. POST BALANCE SHEET

There was no material post balance sheet event.

LIBERTY

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Disclaimer

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Liberty General Insurance Uganda Limited is registered by the Insurance Regulatory Authority of Uganda. [illegible]