Mayfair Insurance Company Zambia Limited

Financial statements
31 December 2010

Mayfair Insurance Company Zambia Limited

Financial statements

Contents | *Page*

Directors' report for the year ended 31 December 2010	1 – 2
Directors' responsibilities in respect of the preparation of financial statements	3
Independent auditor's report	4 - 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to and forming part of the financial statements	10 – 36
Revenue account - Appendix I	37
Solvency margin computation – Appendix II	38

Mayfair Insurance Company Zambia Limited

Directors' report for the year ended 31 December 2010

Activities

The principal business of Mayfair Insurance Company Zambia Limited is the provision of non-life insurance services to both corporate and individual clients.

Share capital

During the year 2010 authorised, issued and fully paid capital of the Company of K2,763,426 divided into 2,763,426 ordinary shares of K1.00 each.

Results

The Company recorded a Gross Written Premium of K 2 billion in 2010. The loss before tax was K 2 billion in 2010. This information is shown in the statement of comprehensive income of the audited financial statements for 2010.

Proposed dividend

There was no dividend paid or proposed during the period under review.

Directors

The Directors for the year 2010 were:

Mr Tushar Shah	-	Chairman
Mr Harvey Libati	-	Director
Mr Kingstone Musaila	-	Director
Mr Bhavin Patel	-	Director
Mr Hemantkumar Patel	-	Director
Mr Ramesh Patel	-	Director

Directors' interest in ordinary shares

Mr Tushar Shah is the only director who has direct interest in the equity of the Company.

Loans to Directors

No loans were issued to the Directors during the year.

Mayfair Insurance Company Zambia Limited

Directors report for the year ended 31 December 2010 *(continued)*

Other material facts, circumstances and events

The Directors are not aware of any material fact, circumstances or event which has occurred between the accounting date and the date of this report which might influence an assessment of the Company's position for the results of its operations.

Registration

Mayfair Insurance Company Zambia Limited is a private Company, which was incorporated in the Republic of Zambia in September 2009. Operations commenced in March 2010.

Donations and gifts

Mayfair Insurance Company Zambia Limited made donations amounting to K8.9 million.

Employees

The average number of people employed by the Company during the year was 6. The total amount paid to the above employees during the period under review, (in the form of salaries, wages and other allowances) was K 520 million.

Health and safety

The Company attaches great importance to the welfare of its employees. The Company provides medical services to staff and their direct dependants through a medical scheme.

Corporate governance

The Board of Directors hereby confirms that the Company has complied with all the internal control aspects of the principles of good governance.

The financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board and in the manner required by the Companies Act and the Insurance Act 1997 (as amended).

The Company has no service contracts with any of the Directors.

There have been no contracts of significance subsisting during or at the end of the financial year in which any Director or any substantial shareholder has been materially interested.

By order of the Board

Directors' responsibilities in respect of the preparation of financial statements

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 31 December 2010, the statement of comprehensive income, the statement of changes in equity for the year then ended, statement of cash flows 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 in the manner required by the Companies Act of Zambia and the Insurance Act of Zambia.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

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 in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the financial statements

The financial statements of the Company as indicated above set out on pages 6 to 38 were approved by the Directors on 31st March 2011 and were signed on its behalf by.

....
Chairman

....
Director

KPMG, ZAMBIA
Nkwazi House, Stand No. 25/26
Corner Nkwazi/ Cha Cha Cha Roads
P O Box 31014, Lusaka, Zambia

Telephone +260 211 228 874
+260 211 225 903
Fax +263 211 228 883

Independent auditor's report to the members of Mayfair Insurance Company Zambia Limited

Report on the financial statements

We have audited the financial statements of Mayfair Insurance Company Zambia Limited, which comprise the statement of financial position at 31 December 2010, the statement of comprehensive income, the statement of changes in equity for the year then ended, 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 as set out on pages 6 to 38.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by Companies Act of Zambia and the Insurance Act of Zambia 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mayfair Insurance Company Zambia Limited at 31 December 2010, and the results of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act and the Insurance Act.

Report on other legal and regulatory requirements

In accordance with Section 173 (3) of the Companies Act, we report that, in our opinion, the required accounting records, other records and registers have been properly kept in accordance with the Act.

KPMG
Chartered Accountants of Zambia

31/3/11
Lusaka, Zambia

Hampande Hachongo
Partner

Mayfair Insurance Company Zambia Limited

Statement of comprehensive income
for the year ended 31 December 2010

In thousands of Zambian Kwacha

	Note	2010
Gross written premium		2,041,714
Written premiums ceded to reinsurers		1,005,486
Net premiums written		1,036,228
Change in gross provision for unearned premium		1,530,660
Reinsurers share of change in provision for unearned premiums		(753,278)
Change in net provision for unearned premiums		777,382
Net earned premiums		258,846
Investment income		20,763
Other income	7	990
Revenue		280,599
Insurance claims		(12,609)
Insurance claims recoverable from reinsurers		-
Net insurance claims		(12,609)
Outstanding loss and IBNR adjustment expenses		(201,569)
Administrative expenses	8	(2,259,979)
Net commissions		62,011
		(2,399,537)
Results from operating activities		(2,131,547)
Net financing cost	9	(24,140)
Loss before income tax		(2,155,687)
Tax expense	11	-
Loss for the period		(2,155,687)

There were no items or other comprehensive income during the year.

The notes on pages 10 to 38 form an integral part of these financial statements.

Mayfair Insurance Company Zambia Limited

Statement of financial position

as at 31 December 2010

In thousands of Zambian Kwacha

	Note	2010
Non-current assets		
Property and equipment	*13*	**258,789**
Total non-current assets		**258,789**
Current assets		
Trade and other receivables	*14*	**649,515**
Re-insurers share of unearned premium reserves		**781,802**
Insurance receivables	*16*	**83,786**
Cash and cash equivalents	*17*	**1,449,201**
Total current assets		**2,964,304**
Total assets		**3,223,093**
Equity		
Share capital	*18*	**2,763,426**
Retained earnings		**(2,155,687)**
Total equity		**607,739**
Non-current liabilities		
Insurance funds - Unearned Premium Reserve	*19*	**1,530,660**
Total non-current liabilities		**1,530,660**
Current liabilities		
Insurance payables	*20*	**624,530**
Trade and other payables	*21*	**460,164**
Total current liabilities		**1,084,694**
Total liabilities		**2,615,354**
Total equity and liabilities		**3,223,093**

These financial statements were approved by the board of directors on 31st March 2011 and signed on its behalf by:

.... *Chairman*

.... *Director*

The notes on pages 10 to 38 form an integral part of these financial statements.

Mayfair Insurance Company Zambia Limited

Statement of changes in equity

In thousands of Zambian Kwacha

	Share capital	Retained earnings	Total
Balance at 1 January 2010	-	-	-
Total comprehensive income for the period			
Profit or loss	-	(2,155,687)	(2, 155,687)
Total comprehensive income for the period	-	(2,155,687)	(2, 155,687)
Transactions with owners recorded directly in equity			
Contributions by and distributions to owners			
Issue of shares	2,763,426	-	2,763,426
Balance at 31 December 2010	2,763,426	(2,155,687)	607,739

Retained earnings are the carried forward recognised income net of expenses of the Company plus current period profit attributed to shareholders.

The notes on pages 10 to 38 form an integral part of these financial statements.

Mayfair Insurance Company Zambia Limited

Statement of cash flows
for the year ended 31 December 2010

In thousands of Zambian Kwacha

	Note	2010
Cash flows from operating activities		
Loss for the period		(2,155,687)
Adjustments for:		
Depreciation		54,949
Interest received		(20,763)
Exchange gains on cash balances	9	24,140
		58,326
Change in trade and other receivables		(649,515)
Change in insurance funds receivable		(83,786)
Change in insurance receivables		(781,802)
Change in insurance payables		1,530,660
Change in insurance funds payable		624,530
Change in trade and other payables		294,744
Change in other payables		165,420
		1,100,251
Income tax paid		
Net cash from operating activities		(997,110)
Cash flows from investing activities		
Interest received		20,763
Acquisition of property and equipment	13	(313,738)
Net cash used in investing activities		(292,975)
Cash flows from financing activities		
Issue of share capital		2,763,426
Net cash used in financing activities		2,763,426
Net increase in cash and cash equivalents		
Cash and cash equivalents at 1 January		-
Effect of exchange rate fluctuations		(24,140)
Cash and cash equivalents at 31 December	17	1,449,201

The notes on pages 10 to 38 form an integral part of these financial statements.

1 Reporting entity

Mayfair Insurance Company Zambia Limited (the "Company") is a Company domiciled in Zambia. The address of the Company's registered office is Plot No. 1278 Lubuto Road, Rhodes Park, Lusaka Zambia.

The Company is primarily involved in the provision of non-life insurance services to both corporate and individual clients.

2 Basis of preparation

(a) Statement of compliance

The financial statements of Mayfair Insurance Company Zambia Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Insurance Act of 1997 (as amended), and the Zambian Companies Act.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Zambian Kwacha ("Kwacha"), which is the Company's functional currency. Except as indicated, all financial information presented in Kwacha has been rounded off to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in note 5 "critical accounting estimates and judgement in applying polices".

3 Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements applied in all material respects, are set out below:

(a) Premium recognition

The underwriting results are determined on an annual basis. Premiums written are accounted for in the year in which the risks are assumed. Revenue is recognised when a debit note is signed by the insurer.

Premiums are disclosed gross of commission payable to intermediaries and exclude taxes and levies based on premiums. Premiums written include adjustments to premiums written in prior accounting periods.

(b) Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

(c) Provision for unearned premiums - insurance funds

At the end of each year a proportion of the net premiums is provided for to cover portions of risk which have not expired at the balance sheet date. These are shown in the balance sheet as Insurance Funds. The provision has been based on S33 of the Insurance Act, 1997 (as amended) which requires an insurer transacting general insurance business to set aside reserves for unearned premium, using the 24th method or fifty per centum of the net premium income in respect of all classes of business, whichever is higher, or any other method approved by the Registrar of Pensions and Insurance in writing. The basis used in these financial statements is the 24th method, as authorised by the Registrar of Pensions and Insurance.

(d) Unearned premium provision

The provision for unearned premiums comprises the proportion of premiums written which is estimated to be earned in the following or subsequent financial years, computed separately for each insurance contract using the 24th method, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract.

3 Significant accounting policies *(continued)*

e) Classification of contracts

Contracts under which the Company accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policy holder or other beneficially are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Insurance contracts may allow transfer of some financial risk. Once a contract is classified as an Insurance Contract, it remains classified as an Insurance contract until all rights and obligations are extinguished or expire.

(f) Deferred acquisition costs

Policy acquisition costs are expensed in proportion to the gross written premium per class of business over the total gross written premium.

(g) Claims

Claims incurred in respect of general business consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims.

Claims outstanding comprise provision for the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not, and related internal and external claims handling expenses. Claims outstanding are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends.

Whilst the directors consider that the gross provisions for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made, and disclosed separately if material. The methods used, and the estimates made are reviewed regularly.

(h) Outstanding claims

Full provision is made for the estimated cost of all claims notified but not settled at the balance sheet date, less re-insurance recoveries, using the best information available at that time. Provision is also made for the cost of claims incurred but not reported until after the balance sheet date. Any differences between these provisions and subsequent provisions or payments are charged or credited to the underwriting account in the year in which they are determined.

(i) Re-insurance

Amounts recoverable under re-insurance contracts are assessed for impairment at each balance sheet date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and

3 Significant accounting policies *(continued)*

***(j) Re-insurance** (continued)*

that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

The Company cedes re-insurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risk. Re-insurance arrangements do not relieve the Company from its direct obligations to its policy holders.

Premiums ceded and benefits reimbursed are presented in the statement of comprehensive income and statement of financial position on a gross basis.

(k) Property and equipment

i) Owned assets

Items of property and equipment are stated at cost or valuation less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income" in the statement of comprehensive income. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

ii) Subsequent expenditure

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditure is recognised in profit or loss as incurred.

iii) Depreciation

Deprecation is recognised in profit or loss on a straight line basis over the estimated useful life of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is amortised over the period of the lease.

The estimated useful lives are as follows:

▪ Computer equipment	3 years
▪ Furniture and equipment	8 years

The residual value, depreciation methods and useful lives are reassessed at each financial year end and adjusted if appropriate.

3 Significant accounting policies *(continued)*

(m) Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(n) Dividend distribution

Dividends are recognised as a liability in the financial statements in the period in which they are approved by the shareholder.

(o) Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost at balance sheet date, are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the reporting currency at the foreign exchange rates ruling at the dates that the values were determined.

(p) Financial instruments

The Company recognises financial assets and financial liabilities in its statement of financial position when and only when it becomes a party to the contractual provisions of the instrument.

The Company derecognises financial assets when the contractual rights to the cash flows from the asset expire or the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognised when they are extinguished.

3 Significant accounting policies *(continued)*

(q) Financial instruments (continued)

Measurement

Financial instruments are initially measured at fair value, which includes transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The fair value of financial assets classified as available for sale financial assets is determined by reference to the quoted closing bid prices at the reporting date. If the Company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other receivables

- Trade and other receivables are measured at amortised cost using the effective interest method less impairment losses.

Cash and cash equivalents

- Cash and cash equivalents which comprise cash and bank balances are measured at amortised cost using the effective interest method less impairment losses.

Financial liabilities

- Financial liabilities are measured at amortised cost using the effective interest method.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments that are held at fair value through profit or loss are included in net profit or loss in the period in which the change arises. For available-for-sale financial assets, gains and losses arising from a change in the fair value of these instruments are recognised through the statement of other comprehensive income and accumulated in the fair value reserve in the statement of changes in equity.

Offsetting financial instruments

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity net of any tax effects.

3 Significant accounting policies *(continued)*

(r) Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (i.e. salvaged). The Company may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation).Income from salvage is recognised as part of other income when;

1. The entity has transferred to the buyer the significant risks and rewards of ownership.
2. The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor-effective control.
3. It is probable that the economic benefits associated with the transaction will flow to the entity.
4. The costs to be incurred in respect of the salvage can be measured reliably.
5. The income from the salvage can be measured reliably.

(s) Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation 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 of the amount of the obligation can be made.

(t) Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and fixed deposits which have a maturity period of less than three months. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3 Significant accounting policies *(continued)*

(u) Impairment

Financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

i) *Calculation of recoverable amount*

The recoverable amount of the Company's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. Financial assets are assessed individually, and portfolio impairment tests are performed periodically.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised directly in equity to profit or loss. The cumulative loss that is removed from equity and recognised in profit or loss is the difference between the acquisition costs, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If in a subsequent period, the fair value of an impaired available- for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed with the amount of the reversal recognised in the profit or loss.

ii) *Reversals of impairment*

An impairment loss in respect of a held to maturity security or receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

3 Significant accounting policies *(continued)*

(v) Impairment (continued)

Non-financial assets *(continued)*

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(w) Lease payments

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or a series of payments the right to use the asset for an agreed period of time. The classification of leases is based on the extent to which risks and rewards incidental to ownership of a leased asset are vested in the lessor or the lessee. Leases can generally be classified into two categories namely operating leases and finance leases. A lease contract in which substantially all the risks and rewards of ownership remain with the lessor is classified as an operating lease, whereas, where a lease contract transfers substantially all the risks and rewards incidental to ownership to the lessee, it is classified as a finance lease.

Minimum lease payments under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and the leased assets are not recognised in the Company's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

3 Significant accounting policies *(continued)*

(x) Income tax

Income tax on expense comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

4 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2010, and have not been applied in preparing theses financial statements. The following standards and interpretations will have an impact on the financial statements of the Company:

- IFRS 9 *Financial instruments* deals with classification and measurement of financial assets. The standard contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held for within a business model whose objective is to hold assets in order to collect contractual cash flows, and the assets contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be at measured at fair value. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables.

  The Company has not yet made an assessment of the impact the adoption of the standard will have on the financial statements.

  The standard is effective for annual periods beginning on or after 1 January 2013 with earlier application permitted

- *Revised* IAS 24 *Related Party Disclosures*. The revised IAS 24 is likely to effect the Company's related party disclosures but will not have an impact on the measurement of transactions and balances with related parties. It is effective for annual periods beginning on or after 1 January 2011.

- *Improvements to International Financial Reporting Standards 2010*, effective for annual periods beginning on or after 1 July 2010 or 1 January 2011. The Company has not yet made an assessment of the impact the amendments will have on the financial statements

- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*. The interpretation will be effective 1 July 2010. The Company has not yet made an assessment of the impact the interpretation will have on the financial statements.

- An amendment to IFRS 7 *Disclosures – Transfer of Financial Assets*, is effective for annual periods beginning on or after 1 July 2011. In terms of the amendments additional disclosure will be provided regarding transfers of financial assets that are:

  In terms of the amendments additional disclosure will be provided regarding transfers of financial assets that are:

  - not derecognised in their entirety and
  - derecognised in their entirety but for which the Company retains continuing involvement.

  The Company has not yet made an assessment of the impact the interpretation will have on the financial statements.

5 Critical accounting estimates and judgements in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The ultimate liability arising from claims made under insurance contracts

The estimation of ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims.

Impairment losses on receivables

The Company reviews its portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of debtors before the decrease can be identified with individual debtors. This evidence may include observable data that there has been an adverse change in the payment status of borrowers in a Company, or national or local economic conditions that correlate with defaults on assets in the Company. Management used estimates based on historical loss experience for assets 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 cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Incurred but not reported

The Company's estimates for reported and unreported losses and establishing resulting provisions and related reinsurance recoverable are continually reviewed and updated, and adjustments resulting from this review are reflected in income. The process relies upon the basic assumption that past experience, adjusted for the effect of current developments and likely trends, is an appropriate basis for predicting future events.

Impairment of assets other than receivables

The carrying amounts of the Company's assets other than receivables are reviewed at each reporting date to determine whether there is an indication of impairment. If any such exists, the asset's recoverable amount is estimated. This estimation requires significant judgement. An impairment loss is recognised in the income statement whenever the carrying amount exceeds the recoverable amount.

Income taxes

The tax charged to the accounts is subject to agreement with Zambia Revenue Authority. When the final tax outcome upon agreement of assessments differs from the amounts initially recorded, such differences are adjusted in subsequent periods.

6 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operation risk

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Insurance and re-insurance

Management has a policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on significant customers requiring credit over a certain amount. The Company conducts business with reputable and financially sound re-insurers to minimize losses arising from defaulting debtors. Reputable financial institutions are used for investing and cash handling purposes. No collateral is required in respect of financial assets.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position under the Insurance Act. Major liabilities of the Company mature within 60 days.

Re-insurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a re-insurer fails to pay a claim for any reason, the Company remains liable for the payment to the policy holder. The creditworthiness of re-insurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

6 Financial risk management *(continued)*

Liquidity risk

Liquidity risk arises in the general funding of the Company's activities and in the management of investments.

Liquidity management is directed towards ensuring that all the Company's operations can meet their funding needs, whether this is to replace existing funding as it matures, or is withdrawn.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is exposed to interest rate risk to the extent of the balance of the current accounts and on its cash and cash equivalents. Interest rate risk management activities are conducted in the context of the Company's sensitivity to interest rate changes. Debt financing and investment decisions are supposed to be approved by the Audit Committee before the transaction takes place.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

6 Financial risk management *(continued)*

Operational risk *(continued)*

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Insurance risk

The primary insurance activity carried out by the Company assumes the risk of loss from persons or organisations that are directly subject to the risk. Such risks may relate to property, liability, financial or other perils that may arise from an insurable event. As such, the Company is exposed to the uncertainty surrounding the timing and severity of claims under the contract. The Company also has exposure to market risk through its insurance and investment activities.

The Company manages its insurance risk through underwriting limits, approval procedures for transactions that involve new products or that exceed set limits, pricing guidelines, centralised management of re-insurance and monitoring of emerging issues.

The Company uses several methods to assess and monitor insurance risk exposures both for individual types of risk insured and overall risks. These methods include internal risk measurement, sensitivity analysis, scenario analysis, stress testing etc.

Insurance risk is managed primarily through sensible pricing, product design, risk selection, appropriate investment strategy, and re-insurance. The Company therefore monitors and reacts to changes in the general economic and commercial environment in which it operates.

Re-insurance risk

The Company cedes insurance risk to limit exposure to underwriting losses under various agreements that cover individual risks, Company risks or defined blocks of business, on a coinsurance, yearly renewable term, excess or catastrophe excess basis. These re-insurance agreements spread the risk and minimise the effect of losses. The amount of each risk retained depends on the Company's evaluation of the specific risk, subject in certain circumstances, to maximum limits based on characteristics of coverage. Under the terms of the re-insurance agreements, the re-insurer agrees to reimburse the ceded amount in the event that the claim is paid. However the Company remains liable to its policy holders with respect to ceded insurance if any re-insurer fails to meet the obligations it assumes.

6 Financial risk management *(continued)*

Concentration risk

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk and industry. All risks arise within Zambia and mainly under manufacturing, transport and service industry.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as results from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

In thousands of Zambian Kwacha

7 Other income

	2010
Other income	990

8 Administrative expenses

	2010
Impairment	38,540
Depreciation and amortisation	54,950
Directors' fees	12,250
Auditor's fees	33,460
Personnel expenses (note 10)	539,565
Other costs	1,581,214
	2,259,979

Included in other costs are consultancy fees K294 million and communication costs K79 million.

9 Net financing income/(cost)

	2010
Finance income	
Exchange gains	4,413
	4,413
Finance costs	
Exchange loss	(28,553)
Net finance cost	(24,140)

10 Personnel expenses

	2010
Salaries, wages and allowances	512,346
Compulsory social security contributions	10,271
Other staff costs	16,948
	539,565

In thousands of Zambian Kwacha

11 Income tax expense in the statement of comprehensive income

Tax losses

The Company has incurred tax losses of K2,155,687, which are subject to agreement with the Zambia Revenue Authority. The tax losses are available to carry forward for five years.

12 Deferred taxation

Deferred tax asset has not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Company can utilise the benefits there from.

Deferred taxation - unrecognised

	Assets	Liabilities	Net
	2010	**2010**	**2010**
Property, plant and equipment	-	8,219	8,219
Unrealised exchange losses	(8,449)		(8,449)
Tax losses	(714,778)	-	(714,778)
	(723,227)	8,219	(715,008)

Movement in temporary differences during the year

	Balance 1 Jan. 2010	Unrecognised in income	Recognised in equity	Balance 31 Dec 2010
Property, plant and equipment	-	8,219	-	8,219
Unrealised exchange (losses)/gains	-	(8,449)	-	(8,449)
Tax losses	-	(714,778)	-	(714,778)
	-	(715,008)	-	(715,008)

In thousands of Zambian Kwacha

13 Property and equipment

	Office equipment	Telephone equipment	Furniture & fittings	Leasehold improvements	Computer hardware & software	Total
Cost or valuation						
Balance at 1 January 2010	-	-	-	-	-	-
Additions	54,659	8,299	93,156	27,375	130,249	313,738
Balance at 31 December 2010	**54,659**	**8,299**	**93,156**	**27,375**	**130,249**	**313,738**
Accumulated depreciation						
Balance at 1 January 2010	-	-	-	-	-	-
Depreciation for the year	6,832	1,037	11,644	3,422	32,014	54,949
Balance at 31 December 2010	**6,832**	**1,037**	**11,644**	**3,422**	**32,014**	**54,949**
Carrying amounts						
At 31 December 2010	**47,827**	**7,262**	**81,512**	**23,953**	**98,235**	**258,789**

14 Trade and other receivables

	2010
Brokers and agents balances (note 15)	**562,865**
Other receivables	**9,100**
Prepayments	**77,550**
	649,515

15 Brokers and agents balances

	2010
Gross receivables (note 14)	**601,405**
Less impairment	**(38,540)**
	562,865

16 Insurance receivables

	2010
Reinsurers premiums receivable	**111,715**
Commissions payable	**(27,929)**
	83,786

In thousands of Zambian Kwacha

17 Cash and cash equivalents

	2010
Cash and bank balances	**1,449,201**
Cash and cash equivalents in the statement of cash flows	**1,449,201**

18 Share capital

	2010
Authorised, issued and fully paid	
Ordinary – 2,763,426 shares of K1 each	**2,763,426**
	2,763,426

Rights of ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and to vote at meetings of the Company.

19 Insurance funds - Unearned Premium Reserve

	2010
Balance at 1 January	-
Movement	**1,530,660**
Balance at 31 December	**1,530,660**

20 Insurance payables

	2010
Amounts payable to re-insurance companies	**624,530**

In thousands of Zambian Kwacha

21 Trade and other payables

	2010
Accruals	383,571
IBNR	76,593
	460,164

These accruals related to audit fees for the year ended 31 December 2010.

22 Related party transactions

Identity of related parties

The Company has related party relationships Mayfair Insurance Company that holds 50% shares in Mayfair Insurance Company Zambia Limited.

Transactions with key management personnel and directors

iii) Key management personnel compensations

	2010
Salaries and allowances	294,765
Pension contributions	3,913
	298,678

iv) Directors' remuneration

	2010
Directors' fees	12,250

In thousands of Zambian Kwacha

23 Financial instruments

Exposure to currency, interest rate and credit risk arises in the normal course of business:

- *Currency risk*

The Company incurs currency risk as a result of transactions in US Dollar. The Company ensures that the net exposure is kept to an acceptable level by transacting in foreign currencies at spot rates where necessary to address short term imbalances. The currency risk expressed in Kwacha at 31 December 2010 was as follows:-

31 December 2010	*Note*	**US$**	**ZMK**	**Total**
Assets				
Trade and other receivables	*15*	**601,405**	**86,650**	**688,055**
Re-insurance receivables	*16*	**83,786**	**-**	**83,786**
Cash and bank equivalents	*17*	**257,307**	**1,191,894**	**1,449,201**
		942,498	**1,278,544**	**2,221,042**
Liabilities				
Re-insurance payables	*20*	**624,530**	**-**	**624,530**
IBNR		**76,593**	**-**	**76,593**
		701,123	**-**	**701,123**
Net exposure		**241,375**	**1,278,544**	**1,519,919**

Interest rate risk

The Company is exposed to interest rate risk to the extent of the balance of the current accounts and on its cash and cash equivalents. Interest rate risk management activities are conducted in the context of the Company's sensitivity to interest rate changes. Debt financing and investment decisions are supposed to be approved by the Board before the transaction takes place.

At the reporting date, the Company had no fixed tenure investments.

In thousands of Zambian Kwacha

23 **Financial instruments** *(continued)*

Credit risk

The Company has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

	2010
Re-insurers share of insurance liabilities	**781,802**
Amounts due from insurance contract holders	**601,405**
Total	**1,383,207**

Management has a policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on significant customers requiring credit over a certain amount. The Company conducts business with reputable and financially sound re-insurers to minimize losses arising from defaulting debtors. Reputable financial institutions are used for investing and cash handling purposes. No collateral is required in respect of financial assets.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position under the Insurance Act. Major liabilities of the Company mature within 60 days.

Re-insurance is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer. If a re-insurer fails to pay a claim for any reason, the Company remains liable for the payment to the policy holder. The creditworthiness of re-insurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	**2010**
Trade and other receivables	*14*	**688,055**
Cash and cash equivalents	*17*	**1,449,201**
Total		**2,137,256**

In thousands of Zambian Kwacha

23 Financial instruments *(continued)*

Impairment losses

The aging of trade receivables at the reporting date was:

	Gross 2010	Impairment 2010	Net 2010
Past due 0 – 30 days	185,965	-	185,965
Past due 31 – 60 days	138,178	-	138,178
Past due 61 – 90 days	238,722	-	238,722
Past due 91 – 180	38,540	(38,540)	-
	601,405	(38,540)	562,865

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2010
Balance at 1 January	-
Net impairment loss recognised	38,540
Balance at 31 December	38,540

None of the receivables are secured, the Company believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 90 days.

Fair values

The carrying amounts of financial assets and liabilities are representative of the Company's position at 31 December 2010 and are in the opinion of the directors not significantly different from their respective fair values due to generally short periods to maturity dates. The significant classes of financial assets and liabilities are as disclosed in the statement of financial position. As far as possible market prices are applied in determining fair values.

In thousands of Zambian Kwacha

23 Financial instruments *(continued)*

Liquidity risk

Liquidity risk arises in the general funding of the Company's activities and in the management of investments.

Liquidity management is directed towards ensuring that all the Company's operations can meet their funding needs, whether this is to replace existing funding as it matures, or is withdrawn.

The following table provides an analysis of the financial assets and liabilities of the Company into relevant maturity groupings based on the remaining periods to repayment:

31 December 2010

Non-derivative financial liabilities

	Carrying amount	Contractual cash flows	6 mths or less	6 – 12 months	1-2 Years	2-5 years	More thai 5 year:
Insurance payables	624,530	624,530	624,530	-	-	-	-
Trade and other payables	294,744	294,744	294,744	-	-	-	-
Total	919,274	919,274	919,274	-	-	-	-

24 Operating segments

The Company has five reportable segments, as described below, which are its strategic products. The strategic products offer services with different risk profiles. For each of the strategic business products, the Company's CEO reviews internal management reports on a monthly basis. The following summary describes the nature of each of the risk products:-

- Motor
- Fire
- Engineering
- Accident
- Marine

There are varying levels of integration.

Information regarding the results of each reportable product is included below. Performance is measured based on products, growth and profit before income tax and investment income, as included in the internal management reports that are reviewed by the CEO. Segment growth and profit are used to measure performance as management believes that such information is relevant in evaluating the results of the Company.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more tan one year.

In thousands of Zambian Kwacha

24 Operating segments *(continued)*

	2010 Gross written premium	Reinsurance premium	Net written premium
Fire	534,814	(479,779)	55,035
Motor	855,795	(149,584)	706,211
Engineering	112,340	(33,795)	78,545
Accident	374,765	(239,987)	134,778
Marine	164,000	(102,340)	61,660
Total	**2,041,714**	**1,005,486**	**1,036,228**

Underwriting profit/(loss)

	2010
Fire	(516,666)
Motor	(903,636)
Engineering	(102,940)
Accident	(341,565)
Marine	(257,683)
	(2,122,490)

Reconciliation of reportable segment

	2010
Total profit for reported segments	(2,122,490)
Investment income	20,763
Investment Income	990
Depreciation	(54,950)
Loss before income tax	(2,155,687)

In thousands of Zambian Kwacha

25 Contingent liabilities and commitments

Contingent liabilities

There were no material contingent liabilities as at 31 December 2010.

26 Subsequent events

There were no material post balance sheet events that would require disclosure or adjustment to the balance sheet at 31 December 2010.

27 Comparative figures

There were no comparative figures since this is the first year of operation.

Appendix I

Mayfair Insurance Company Zambia Limited

Revenue account

for the year ended 31 December 2010

In thousands of Zambian Kwacha

	2010
Gross written premium	**2,041,714**
Less: Re-insurance premium	**1,005,486**
Net written premiums	**1,036,228**
Net underwriting expenses	
Net commissions	**(62,011)**
Net claims	**12,609**
Administrative expenses	**2,259,979**
Unearned premium reserve	**777,382**
Incurred but not reported	**48,068**
Outstanding loss adjustments	**153,501**
Underwriting exchange (gains)/ losses	**24,140**
Depreciation	**(54,950)**
	3,158,718
Underwriting loss	**(2,122,490)**

Mayfair Insurance Company Zambia Limited

Solvency margin computation
as at 31 December 2010

In thousands of Zambian Kwacha

		2010
Admitted assets		
Property and equipment		**258,789**
Trade receivables (gross)	**601,405**	
Less: trade receivables over 60 days	**(277,262)**	
Trade receivables (net)		**324,143**
Other receivables		**865,588**
Cash, cash equivalents and investments		**1,449,201**
Total		**2,897,720**
Admitted liabilities		
Outstanding losses		**230,093**
UPR	**1,530,660**	
Less UPR on debtors over 60 days & less than 12 months	**(189,096)**	
UPR net		**1,341,564**
IBNR		**76,593**
Reinsurance payables		**624,530**
Income tax payable		**-**
Other payables		**165,420**
Total		**2,438,200**
Margin		**19%**

The statutory requirement by Pension and Insurance Authority for the Solvency ratio is 10%.