आपत्काले रक्षिष्यामि

GIC Re SA Ltd.

GIC RE SOUTH AFRICA LTD

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

The financial statements have been audited in compliance with Section 30 of the South African Companies Act 71 of 2008.

Prepared under the supervision of:
Sandip Karmarkar
Managing Director & Chief Executive Officer

GIC RE SOUTH AFRICA LTD
REGISTRATION NUMBER 1956/003037/06
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

Contents	**Page**

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the annual financial statements of GIC Re South Africa Ltd (the company), comprising the statement of financial position as at 31 March 2023, and the statement of comprehensive income, changes in equity and cash flows for the period 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 Companies Act of South Africa. In addition, the directors are responsible for preparing the Directors' report.

The directors are also responsible for such internal control as the directors determine 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.

The directors have made an assessment of the ability of the company 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 financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The annual financial statements of GIC Re South Africa Ltd, as identified in the first paragraph, were approved by the board of directors on 27th July 2023 and are signed on their behalf by

27/07/2023

Sandip Karmarkar
Managing Director & CEO

Jonathan Bagg
Chairman

Declaration of the Company Secretary

In terms of S88 (2)(e) of the Companies Act 71 of 2008, I certify that in respect of the financial period ended 31 March 2023, the company has lodged with the Registrar of Companies all such returns that are required by the Companies Act, and that all such returns are to the best of my knowledge and belief, true, correct and up to date.

W Mwase
Company Secretary

AUDIT COMMITTEE REPORT

In addition to having specific statutory responsibilities, the audit committee is a sub-committee of the board of directors (board). It assists the board through advising and making recommendations on financial reporting, oversight of financial risk management and internal financial controls, external audit functions and statutory and regulatory compliance of the company. General risk management remains the responsibility of the board.

Terms of reference

The audit committee has adopted the formal terms of reference that have been approved by the board of directors and has executed its duties during the past financial year in accordance with these terms of reference.

The composition of the audit committee

Name	Appointed	Qualifications	Position	Independent
S Bhikha	24-Apr-14	B Compt Hons CA(SA)	Chairman	Yes
J Bagg	24-Apr-14	B.Sc. FASSA, FIA	Member	Yes
N Sallie	1-Jun-22	Exec Dev Programme Post Grad Dip Financial Planning, MBA, MBL	Member	Yes
F Roji	1-Mar-23	B.Comm Accounting, B.Comm Honours, CA(SA, Post Grad Diploma Financial Planning, Certified Director	Member	Yes

The executive directors and managing executives attend the committee meetings by invitation only. The external and internal auditors have unrestricted access to the audit committee.

Meetings

The audit committee held six meetings during the year. Attendance at the meetings is shown below:

Members	12-Jul-22	29-Jul-22	27-Sep-22	2-Dec-22	10-Feb-22	6-Mar-23
S Bhikha	Yes	Yes	Yes	Yes	Yes	Yes
J Bagg	Yes	Yes	Yes	Yes	Yes	Yes
N Sallie	Yes	Yes	Yes	Yes	Yes	Yes
F Roji						Yes

AUDIT COMMITTEE REPORT (CONTINUED)

Statutory duties

In the execution of its statutory duties, as required in terms of the Companies Act of South Africa (the Act) during the past financial year, the audit committee has:

- Ensured the reappointment of an external registered auditor, who in the opinion of the audit committee is qualified and independent of the company.
- Determined the fees to be paid to the external auditor and such auditor's terms of engagement.
- Ensured that the appointment of the external auditor complies with this Act and any other legislation relating to the appointment of such auditor.
- Considered the independence of the external auditor and has concluded that the external auditor has been independent of the company since being appointed during the year taking into account all other non-audit services performed and circumstances known to the audit committee.
- Confirmed that there were no complaints relating to the accounting practices of the company, the content or auditing of its financial statements, the internal financial controls of the company, or to any related matter.
- Based on reports from the external auditor, internal auditor and appropriate inquiries, made submissions to the board on any matter concerning the company's accounting policies, financial control, records and reporting, including input to the board's statement regarding control effectiveness.

Legal requirements

The audit committee has complied with all applicable legal, regulatory and other responsibilities for the year under review.

Annual financial statements

Following our review of the annual financial statements of GIC Re South Africa Ltd for the year ended 31 March 2023, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and International Financial Reporting Standards, and the committee verifies that the financial information provided by management to the users of such information is adequate, reliable and accurate.

S Bhikha
Chairman of the Audit Committee

GIC RE SOUTH AFRICA LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors have pleasure in presenting their report for the year ended 31 March 2023.

Business

GIC Re South Africa Ltd is a 100% owned subsidiary of General Insurance Corporation of India (GIC Re) which is controlled by the Government of India by virtue of its 85.78% equity shareholding.

GIC Re made its first African acquisition in April 2014, when it acquired the South African composite reinsurer Saxum Re and renamed it as GIC Re South Africa Ltd.

GIC Re South Africa Ltd.'s vision is to become a truly African Reinsurer. The core business philosophy includes reinsurance capacity development in Africa, application of state of art technology, mutually beneficial relationships, benchmarking reinsurance and service delivery mechanism and a professional attitude.

The company is rated BB+ (Global) with stable outlook and zaAAA (National) by S&P.

GIC Re South Africa Ltd commenced the underwriting business on 1 January 2015. The company underwrites business from the entire African continent following the expansion of its territorial scope to include Egypt and Libya from 1st January 2022.

Global Economic Outlook:

According to the World Economic Outlook published by the International Monetary Fund in April 2023, the world economies are showing steady growth. The IMF project the global economy to grow at 3.0 percent in 2023 which is lower than earlier projections of 3.4 percent. Post the Covid pandemic and the outbreak of Russia Ukraine war, many global economies are still under pressure However, certain larger economies like China are showing recovery post COVID 19 pandemics.

The global headline inflation is set to fall from 8.7 percent in 2022 to 7.0 percent in 2023 on the back of lower commodity prices, but the underlying core inflation is likely to decline more slowly. To control core inflation central banks across the globe are continued to tighten monetary policy. Once the inflation targets are achieved, interest rates will likely reduce to their pre pandemic levels. The rising interest rates are also creating pressure on some banking systems evidenced by the collapse of two specialized regional banks in United States.

Following the April 2022 KZN it was seen that many reinsurers applied stricter underwriting and pricing principles while also de-risking their portfolio of poor performing business. Hardening of rate which was observed in January 2023 renewal season is expected to continue off the back of KZN floods. The global reinsurance market was tough and following this insurers have made various changes to their policy wordings to ensure absolute clarity and bring about underwriting discipline. The primary rates have improved which is favourable for reinsurance market.

South Africa Economic Outlook:

The International Monetary Fund, in its World Economic Outlook publication April 2023 indicates that growth is expected at 0.1 percent in 2023 significantly lower 2022 which recorded a 2% growth rate. This is largely due to electricity shortages in the country. The inflation rate is projected to be between 5 to 7 percent. The unemployment rate is hovering around 36% and job creation remains a key Government priority.

GIC RE SOUTH AFRICA LTD
DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2023

Share capital

The company has in issue, 571,030,862 ordinary shares of no-par value equating to R 1,142,061,725. There were no new shares issued in 2023.

Overview for the year

The results for the year and the financial position of the company are fully disclosed in the attached financial statements.

Holding company

The company is a wholly owned subsidiary of General Insurance Corporation of India (GIC Re).

Dividends

No dividends were paid or declared during the year (2022: Nil).

Directors

The directors in office at the date of this report are:	Age	Date Appointed	Period of service	Date Resigned
J Bagg (Chairman, Independent, non- executive)	70	24-Apr-14	9	
D Srivastava (Non-executive)	59	18-Jun-18	5	
S Bhikha (Independent, non-executive)	58	24-Apr-14	9	
M Bhaskar (Non-executive)	60	6-Mar-20	3	
S. Karmarkar (Executive)	56	10-Dec-21	1.5	
N. Sallie (Independent, non-executive)	53	1-Jun-22	1	
F Roji	47	1-Mar-23	0.5	

Directors' interest

No directors have a conflicting interest in the company.

Secretary and registered office

W Mwase is the company secretary. The registered office and office of the secretary are:

First Floor, Block C
Riviera Road Office Park
No. 6-9 Riviera Road
Houghton - 2193

Auditor

SizweNtsalubaGobodo Grant Thornton Inc.

Company registration number

1956/003037/06

Number of employees

The number of people employed by the company on 31 March 2023 is 28 (2022: 29).

SNG Grant Thornton

SNG Grant Thornton
20 Morris Street East
Woodmead, 2191
P.O. Box 2939
Saxonwold, 2132
T: 011 231 0600

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF GIC RE SOUTH AFRICA LTD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of GIC Re South Africa Ltd (the company), as set out on pages 10 to 48, which comprise the statement of financial position as at 31 March 2023, the statement comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of GIC Re South Africa Ltd as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act of South Africa.

Basis of 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 are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

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

Other information

The board of directors (directors) are responsible for the other information. The other information comprises the information included in the document titled "GIC Re South Africa Ltd annual financial statements for the year ended 31 March 2023", which includes the Directors' Report, the Audit Committee Report and the Company Secretary's Certificate ('Declaration of the Company Secretary') as required by the Companies Act of South Africa and the Directors' responsibility statement. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of directors for the financial statements

The directors are responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine as 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, directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 separate 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 separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate 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.

Other reports

We draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

We were engaged to perform the following audit-related services:

- Quantitative Reporting Template in compliance with the Insurance Act, 2017 (the Act) for the year ended 31 March 2023.

Auditor tenure

In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, I report that SizweNtsalubaGobodo Grant Thornton Incorporated has been the auditor of GIC Re South Africa Ltd for four years.

SizweNtsalubaGobodo Grant Thornton Inc.
Director: Nhlanhla Sigasa
Chartered Accountant (SA)
Registered Auditor

28 July 2023

20 Morris Street East, Woodmead,2191

GIC RE SOUTH AFRICA LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	As at 31 March 2023 R	As at 31 March 2022 R
ASSETS			
Cash and cash equivalents	24.2	142,466,606	170,857,206
Other accounts receivable		3,339,422	2,899,126
Investments	9	2,618,003,542	2,937,009,268
Technical assets under insurance contracts		2,140,300,615	1,797,790,379
Retroceded outstanding claims	6	1,869,373,312	1,603,424,927
Retroceded unearned premium reserve	7	213,799,090	153,789,132
Gross deferred acquisition costs	8	57,128,213	40,576,320
Amounts due under reinsurance contracts	26.1	683,060,426	725,527,920
Amounts due from Retrocessionnaire contracts	26.2	37,632,633	37,063,338
Property, plant and equipment	5	530,177	2,146,921
Current tax receivable	24.3	-	14,818,050
Deferred taxation	10	23,862,092	
Total assets		5,649,195,513	5,688,112,208
LIABILITIES AND SHAREHOLDER'S EQUITY			
Technical liabilities under insurance contracts		2,354,032,162	2,172,209,236
Gross outstanding claims	6	2,008,080,746	1,918,306,505
Gross unearned premium reserve	7	306,246,544	225,766,794
Retroceded deferred acquisition cost	8	39,704,873	28,135,937
Deposits withheld from Retrocessionnaire	13	828,487,806	1,490,658,029
Amounts payable to Retrocessionnaire contracts	26.3	428,625,730	212,150,974
Amounts payable under reinsurance contracts	26.4	139,771,609	136,576,913
Other accounts payable	11	101,282,537	114,717,678
Current tax payable	24.3	41,396,420	-
Lease liability	20	-	1,377,106
Deferred taxation	10	-	2,415,762
Total liabilities		3,893,596,264	4,130,105,698
SHAREHOLDER'S EQUITY			
Share capital	12	1,142,061,725	1,142,061,725
Retained earnings		613,537,525	415,944,785
Total shareholder's equity		1,755,599,250	1,558,006,510
Total liabilities and shareholder's equity		5,649,195,513	5,688,112,208

GIC RE SOUTH AFRICA LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	Year ended 31 March 2023 R	Year ended 31 March 2022 R
Gross premiums written	23	1,275,996,906	1,429,757,922
Retroceded premiums	23	(946,344,046)	(1,026,814,462)
Net premiums written		329,652,860	402,943,460
Change in provision for unearned premiums		(20,469,792)	54,437,147
Gross	7	(80,479,750)	164,873,512
Retroceded	7	60,009,958	(110,436,365)
Net premium earned		309,183,068	457,380,607
Commission income	16	251,715,194	237,126,909
Net investment income	14	173,085,295	199,323,887
Net income		733,983,557	893,831,403
Claims incurred, net of reinsurance	15	(131,886,501)	(251,262,769)
Commission expense	16	(324,402,813)	(336,005,235)
Interest expenses	24.4	(57,706,892)	(41,298,879)
Investment management expenses		(6,324,918)	(6,051,006)
Management expenses	17	(42,453,687)	(36,084,860)
(Increase)/decrease in provision for doubtful debts		(26,684,601)	(11,765,620)
Foreign exchange gain/(loss)		117,877,601	(7,995,788)
Profit before taxation		262,401,746	203,367,246
Taxation	18	(64,809,007)	(27,602,368)
Profit for the year		197,592,739	175,764,878
Other comprenhesive income		-	-
Total comprenhesive income		197,592,739	175,764,878

GIC RE SOUTH AFRICA LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Share capital R	Retained earnings R	Total R
31 March 2023			
Balance as at 1 April 2022	1,142,061,725	415,944,785	1,558,006,510
Total comprehensive income	-	197,592,739	197,592,739
Balance as at 31 March 2023	1,142,061,725	613,537,524	1,755,599,249
31 March 2022			
Balance as at 1 April 2021	1,142,061,725	240,179,907	1,382,241,632
	-	175,764,878	175,764,878
	1,142,061,725	415,944,785	1,558,006,510
Total comprehensive income	-	175,764,878	175,764,878
Non-life	-	30,955,685	30,955,685
Life	-	(716,100)	(716,100)
Balance as at 31 March 2022	1,142,061,725	415,944,785	1,558,006,510

GIC RE SOUTH AFRICA LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	Year ended 31 March 2023 R	Year ended 31 March 2022 R
Cash flows from operating activities			
Cash (utilised)/ generated by operations	24.1	(426,440,043)	288,799,186
Interest received	14	163,741,044	110,877,742
Interest paid	24.4	(57,706,892)	(41,298,879)
Dividends received- listed	14	18,497,933	12,158,673
Tax paid	24.3	(34,872,391)	(20,004,655)
Net cash (outflow)/inflow from operating activities		(336,780,349)	350,532,067
Cash flows from investing activities			
Net acquisition and disposal of investments		309,852,045	(338,684,417)
Additions to property, plant and equipment	5	(85,188)	(143,054)
Net cash inflow/(outflow) from investing activities		309,766,857	(338,827,471)
Cash flows from financing activities			
Lease payments	20	(1,377,106)	(1,182,257)
Net cash inflow/(outflow) from financing activities		(1,377,106)	(1,182,257)
Net (decrease)/increase in cash and cash equivalents		(28,390,598)	10,522,339
At the beginning of year		170,857,206	160,334,867
At the end of year	24.2	142,466,608	170,857,206

GIC Re South Africa Ltd ("company") is a company domiciled in South Africa. The company is wholly owned by General Insurance Corporation of India (GIC Re) and authorised to write short-term reinsurance business as per Insurance Act 2017.

1 Accounting policies

1.1 Statement of compliance

The financial statements of the company are prepared on the going concern basis and in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa. The accounting policies set out below have been applied consistently to all years presented in the financial statements.

1.2 Basis of preparation

The company is domiciled in South Africa and its reporting currency is Rand. The presentation of the statement of financial position is based on the descending order of liquidity.

Basis of measurement

The financial statements are prepared on the historical cost basis except for investments which are carried at fair value. All figures are rounded off to nearest one Rand.

1.3 *Significant judgements and source of estimation uncertainty*

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The most significant judgements, estimates and assumptions relate to technical provisions and liabilities under insurance contracts detailed in note 4.

Assumptions

As a reinsurer, it is necessary to estimate proportional premiums earned, but not yet reported by cedants (pipeline premiums estimates). The pipeline premium is calculated separately for Facultative, Proportional Treaty and Non-proportional treaty business. For each, triangulation is done on an annual basis, separately for foreign and local business. The chain ladder method is then applied to determine the pipeline premium. Assumptions based on actual claims experience to date have been used in determining the claim provisions.

Profit commissions are payable to cedants based on the performance of the contracts underwritten and are estimated with reference to premiums and claims recorded in the financial statements.

1.4 Insurance contracts

Contracts under which the company accepts significant insurance risk from another party (the policyholder) through reinsurance inwards by agreeing to compensate the policyholder or other beneficiary if a specific uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts.IFRS 4 includes in its scope reinsurance contracts held, since contracts in which the entity is a policyholder are excluded from "insurance contracts" as per IFRS 4. Insurance risk is a risk other than financial risk transferred from the holder of a contract to the issuer. Financial risk is the risk of a possible future change in one or more of a specific 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.

Contracts that do not meet the above definition of insurance risk are classified as investment contracts.

1.4.1 Commission expense

Acquisition costs comprise commission and other variable costs directly connected with the acquisition or renewal of insurance policies. Commission expenses are charged to profit or loss as incurred and include commission, brokerage, taxes, and profit commission which is paid to cedants based on the performance of the contracts underwritten. Commissions that vary with and are related to securing new contracts and renewing existing contracts are deferred over the period in which the related premiums are earned and recognised as an asset. All other costs are recognised as expenses when incurred.

1.4.2 Retrocession

The company retrocedes insurance risk in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risk. Retrocession arrangements do not relieve the company from its direct obligation to cedants. Amounts recoverable under retrocession contracts are recognised in the same year as the related claim. Amounts recoverable under retrocession agreements are assessed for impairment at each reporting 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.

Premiums retroceded, claims reimbursed and commission income are presented in the statement of comprehensive income and statement of financial position separately from the gross amounts. Deferred retrocession income is recognised on a basis consistent with the provision for earned premiums.

1.4.3 Retroceded outstanding claims

Outstanding claims represent the company's estimate of the cost of settlement of claims that have occurred and were reported by the reporting date, but that have not yet been finally settled. The provision for outstanding claims is initially estimated at a gross level and thereafter the retrocession recoveries are separately recognised based on the relevant retrocessionaire contract.

1.4.4 Retroceded unearned premium reserve

Unearned premiums represent the proportion of premiums written in the current year, which relate to risks that have not expired by the end of the financial year. The provision for unearned premiums is first determined on a gross level and thereafter the retroceded portion is separately recognised based on the relevant retrocessionaire contract.

1 Accounting policies (continued)

1.4 Insurance contracts (continued)

1.4.5 Amounts due under reinsurance contracts

Trade and other receivables which includes amounts due from reinsurance contracts at amortised cost using the effective interest method.

1.4.6 Amounts due from retrocessionaire contracts

Amounts recoverable from retrocessionaires are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each retrocessionaire contract.

1.4.7 Amounts payable to retrocessionaire contracts

Amounts that the company is required to pay under retrocessionaire contracts held are recognised as retrocessionaire liabilities and are measured at amortised cost.

1.5 Deposits

Deposits retained on retrocession placed are stated at amortised cost.

1.5.1 Deposits withheld from retrocessionaires

Deposits retained on ceded business are collateral for technical provisions covering business ceded to retrocessionaires. Premium reserve deposits are retained at 40% of premium received and released on an annual basis. Outstanding Losses Reserves are retained at 100% of outstanding losses and released on a quarterly basis. Actual interest earned per annum on premium reserve deposits and actual interest earned per quarter on loss reserve deposit is paid to the retrocessionaire.

However, this provision is withdrawn treaty from 01.04.2021

1.6 Premiums

1.6.1 Gross premiums written

Premium income on insurance contracts is brought to account at the earlier of the date of coverage inception or the date of receipt. At year end, an estimate is raised for premiums where notification has not been timeously received. All premiums are shown before deduction of commission payable to intermediaries.

1.6.2 Retroceded premiums

The retroceded premiums relating to earned premiums are recognised as expense in accordance with the retrocessionaire contract and services received. Retroceded premiums are written during the period in which the risks incept and are expensed over the contract period in proportion to the period of risk covered.

1.6.3 Unearned premium reserve (UPR)

The provision for unearned premium comprises the portion of premiums written which are estimated to be earned in future periods. The unearned premium provision is calculated at the reporting date using the 365th method for Facultative business and using 8th method for Proportional treaty and Non-proportional treaty business.

For Facultative business, both the start date and end date of cover were included, and it was assumed that risk emergence was not materially non-uniform over the coverage period, so the 365ths method was appropriate.

For both Proportional and Non-Proportional Treaty business, the 8ths method was applied on the assumption that a contract which starts within a quarter starts on average half-way through that quarter.

1.6.4 Change in provision for unearned premiums

The portion of gross written premium on short term insurance contracts, which is estimated to be earned in the following or subsequent years, is accounted for as unearned premium provision and recognised in the statement of financial position as technical liabilities under insurance contracts. The change in the provision is recognised through profit or loss as an adjustment to gross written premiums to determine the net premium earned.

1 Accounting policies (continued)

1.7 Property, plant & equipment

The cost of item of property, plant and equipment is recognised as an asset 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.

Equipment, furniture and motor vehicles are stated at cost less accumulated depreciation and any accumulated impairment which is calculated to write off the cost of the assets to its residual value over their useful lives in a pattern that reflects their economic benefits. Cost includes all expenditure that is directly attributable to the acquisition of an asset to bring it to its intended use. Maintenance and repairs which neither adds to the value of the property and equipment is recognised directly in the statement of profit or loss.

The current estimated useful lives are as follows:

Equipment	
Office equipment	6 years
Computer equipment	3 years
Furniture	6 years
Motor vehicles	5 years

Equipment, furniture, and motor vehicles are depreciated on a straight-line basis. The useful lives and methods are reassessed annually. The residual values (if not insignificant) are also reassessed annually.
Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Equipment, furniture, and motor vehicles is subsequently measured using the cost model.

Assets are removed from the statement of financial position on disposal or when it is withdrawn from use and no further economic benefits are expected from its disposal

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are included in profit or loss. Depreciation for the financial year is disclosed in the statement of profit or loss as management expenses

1.8 Outstanding and unintimated claims

Provisions are made for claims incurred up to the reporting date. The provisions exclude Value Added Tax (VAT) but include an estimate for claims handling costs.

1.9 Share capital

GIC Re South Africa Ltd is 100% owned by GIC of India. Shares are classified as equity shares and there is no obligation to transfer cash or other assets.

1.10 Gross deferred acquisition costs

Commissions that vary with and are related to securing new contracts and renewing existing contracts are deferred over the period in which the related premiums are earned, and recognised as an asset. All other costs are recognised as expenses when incurred.

Deferred acquisition cost are calculated using the 365th method for the Facultative business and using the 8ths method for the Proportional and Non-Proportional Treaty business

For Facultative business, both the start date and the end date of cover were included, and it was assumed that the risk emergence was not materially non-uniform over the coverage period, so the 365th method was appropriate.

For both Proportional and Non-Proportional Treaty business, the 8th method was applied on the assumption that a contract which starts within the quarter starts on average half-way through that quarter.

1.11 Gain or loss on realisation of investments

Gains or losses on realisation of investments are recognised in profit and loss

1 Accounting policies (continued)

1.12 Income taxes

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

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years. The current corporate tax rate is 28%. However, any increase or decrease in tax rate will impact profit after tax and on equity.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.13 Impairment of non-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 there is any indication that an asset is impaired, its recoverable amount is estimated. The recoverable amount is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. In assessing the value in use, the expected future cash flows from the asset 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.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation) had an impairment loss not been recognised in prior years.

1.14 Financial instruments

1.14.1 Financial assets

Financial assets are recognised when the company becomes a party to the contractual terms that provisions of the instruments. On initial recognition, these instruments are recognised at fair value or for financial instruments not carried at fair value, the cost thereof, including transaction costs.
Subsequent to initial recognition, these instruments are measured as set out below:

1 Accounting policies (continued)

1.14 Financial instruments (continued)

1.14.1 Financial assets (continued)

1.14.1.1 *Investment through Profit and Loss*

Investments are classified at fair value through profit or loss. The investments are managed and their performance evaluated and reported internally on a fair value basis in terms of a documented investment strategy in line with the changes in insurance liabilities that are recognised in profit and loss.
The fair value of listed investments is measured with reference to their quoted bid prices at the reporting date.

1.14.1.2 Investment through amortised cost

Investments are classified as subsequently measured at amortised cost and are accounted for using the effective interest rate method. The interest is calculated by applying the effective interest rate on the gross carrying amount of the investment. Gains and losses are recognised in the profit and loss.

1.14.1.3 Trade and other receivables

Trade and other receivables (which includes amounts due from reinsurance contract retrocessionaire) are stated at amortised cost using the effective interest rate method. Amounts recoverable under insurance contracts are assessed annually. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after impairment losses at each reporting date. The carrying amounts of the assets are reduced by the impairment losses. Impairment losses are recognised in the profit or loss account for the period.

1.14.1.4 *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Cash and cash equivalents are stated at amortised cost.

1.15 *Financial liabilities*

Financial liabilities are initially measured at cost, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with the interest expense being recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the corresponding interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts future cash payments through the expected life of the financial liability or, where appropriate, a shorter period

Non-derivative financial liabilities are carried at amortised cost, comprising of the original debt, principal payments and amortisation.

1.15.1 *Trade and other payables*

Trade and other payables (which includes amounts due to reinsurance contract retrocessionaire) are stated at amortised cost using effective interest rate method.

1.16 *Derecognition*

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount at the date of derecognition and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

The entity generally derecognises a financial liability when its contractual obligations expire or are discharged or cancelled. The entity also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

1.17 Impairments of assets

Financial assets other than those carried at fair value through profit or loss are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a "loss even") and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated

If there is objective evidence that an impairment loss has been incurred on loans and receivables carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised.

Change in provision for doubtful debts

The provision for doubtful debts is recognised through profit or loss. Premium debtors older than 365 days are classified as doubtful debts and are not assessed as part of premium debtors.

1.18 Offset

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 on a net basis, or to realise the asset and settle the liability simultaneously.

1.19 Foreign currencies

Foreign currency monetary items are translated to South African Rand at rates of exchange ruling at the reporting date.

Foreign currency transactions during the year are recorded at rates of exchange ruling at the transaction date. Realised and unrealised gains or losses on exchange are accounted for in profit and loss during the period that they arise. The foreign gains and losses are mainly come through business transactions and fixed deposits.

1 Accounting policies (continued)

1.20 Employee benefits

Leave pay: Employee entitlements to annual leave are recognised when they accrue to employees. Provision is made for the estimated liability of this leave as a result of services rendered by employees up to the statement of financial position date.
Bonus: Employees are entitled to Christmas bonus as per the company's human resource policy
Medical Aid: Employees are covered under Medical Aid Plan.

Short term employee benefits are those benefits which are expected to settled before twelve months after the end of annual reporting period during which employee services are rendered, but do not include termination benefits

The undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in an accounting period is recognised in that period. The expected cost of short-term compensated absences is recognised as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur, and includes any additional amounts an entity expects to pay as a result of unused entitlements at the end of the period. Short term employee benefits are recognised as an expense in profit or loss when incurred.

1.21 Leases

At inception of a contract, GIC assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The company has not elected to apply the practical expedient to account for each lease component and any 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 based on 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 the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The right of use of the asset is included in the property, plant and equipment.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. 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 estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs.

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 has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term. The threshold of these assets is R75 000.

2 Reinsurance risk management

2.1 Non-life reinsurance contracts

2.1.1 Risk management objectives and policies for mitigating reinsurance risk

The company reactivated its underwriting non-life reinsurance business as of 1 January 2015 after having been in run off since 2002. The cover periods for all historical reinsurance contracts, which were annual in nature, had expired by the end of 2005. The company's exposure is therefore limited to the uncertainty surrounding the timing of payment and severity of claims already incurred under historical reinsurance contracts. This is commonly referred to as claims development risk.

Sound underwriting principles are applied when the reinsurance contracts are underwritten. In order to ensure that each contract was comprehensively evaluated for underwriting and rating purposes, strict underwriting guidelines, agreed to with the parent company, are followed. The underwriting guidelines stipulate the type of risks that could be underwritten, as well as the exposure per risk that was acceptable.

The reinsurance contracts underwritten by the company comprise:

- Property reinsurance: contracts that indemnify against physical loss or damage and the financial consequences from a loss or damage to land and buildings.
- Transport reinsurance: contracts that indemnify against losses from the possession, use or ownership of a vessel, aircraft or other craft for the conveyance of persons or goods.
- Accident reinsurance: contracts that indemnify against losses from a variety of risks. These include:
  - Motor
  - Personal accident and health
  - Guarantee
  - Liability
  - Engineering
  - Miscellaneous

The claims liabilities recognised for each of these classes at year end are disclosed in note 6.

The largest claims development uncertainty is concentrated in those classes that are classified as long tail, such as liability and engineering. Long tail business is defined as reinsurance contracts under which claims are typically not settled within one year of the occurrence of the events giving rise to the claims. In long tail classes, there is still significant scope for future development, positive or negative, both in number of claims, as well as the value of the claims.

2 Reinsurance risk management (continued)

2.1 Non-life reinsurance contracts (continued)

2.1.1 Risk management objectives and policies for mitigating reinsurance risk (continued)

- The company commenced its operations from 01 January 2015 and is underwriting non-life reinsurance business emanating from Sub-Saharan Africa. In the month of October 2017, the company's territorial scope was widened to underwrite business from 5 North African Countries namely Algeria, Tunisia, Morocco, Sudan and South Sudan. As a result, the company has been underwriting business from the entire Africa continent.
- The company has regarded its concentration in South Africa as a primary concern from the point of view of hailstorm and earthquake exposures. To mitigate the underwriting risk, it has in place a 70% Whole Account Quota Share Treaty from Sirius, Sweden. Further based on its internal assessment and a catastrophe model sourced from a third party, has calculated realistic disaster scenario in any one catastrophe and as a matter of abundant precaution procured an excess of loss protection from Sirius International for US$ 49 million excess US$ 1 million for the year 2022-23. The cover is currently in place. These arrangements will protect the capital of the company in any catastrophe event.
- The company had launched two new products in 2018 namely (1) Stand-alone Political Violence and Terrorism (PVT) and (2) Retakaful business.
- For PVT business, the company has obtained a Quota Share Protection for 12 months beginning 01 October, 2021 from the Lloyd's Market.
- The Retakaful business has been protected under the existing Whole Account Quota Share Treaty and Whole Account Excess of Loss Cover.

2.1.2 Concentrations of reinsurance risk

Concentrations of risk may arise with a particular event or series of events for example in one geographical location.

2.1.3 Claims development information

Consistent with practice in the reinsurance industry, quarterly statements received from insurers under proportional reinsurance contracts, do not detail the date of loss of reinsurance claims. Proportional reinsurance contracts make up the largest part of the company's business. The majority of the business underwritten is classified as "short-tail" meaning that claims are settled within a year after the loss date. In terms of IFRS 4, an insurer need only disclose claims run-off information where uncertainty exists about the amount and timing of claim payments not resolved within one year.

Claims development is monitored in aggregate for all loss years. Note 6 provides details of the overall changes in estimates of claims liabilities created in earlier years.

2.3.4 Claims incurred, net of reinsurance

Claims incurred in respect of short-term insurance contracts consist of claims and claims handling expenses paid during the financial year as well as movements in provision for outstanding claims and claims incurred but not reported (IBNR).

3 Financial risk

Transactions in financial instruments result in the company assuming financial risks. These include market risk, liquidity risk and credit risk. Each of these risks is described below, together with ways in which the company manages these risks.

3.1 Market risk

Market risk can be described as the risk of a change in the fair value of a financial instrument brought about by changes in interest rates, equity prices, or foreign exchange rates.

- Equity price risk
  The portfolio of listed equities, which are stated at fair value at reporting date, has exposure to price risk, being the potential loss in market value resulting from adverse changes in prices. The company's objective is to earn competitive relative returns by investing in a diverse portfolio of securities. Portfolio characteristics are analysed on a regular basis. The portfolio is invested in various industries as detailed in note 9, and the largest investment in any one company comprises 4.58% (2022: 1.70%) of the total assets.

  In 31 March 2023, the company's ordinary listed equities were recorded at their fair value of R 292.86 million (2022: R 273.24 million). A hypothetical 25% decline or increase in each share's price would have decreased or increased profit before tax (PBT) respectively by R 73.21 million (2022: R 68.31 million). The impact on equity would be R 54.90 million (2022: R 49.18 million)

- Interest rate risk
  Fluctuations in interest rates impact on the value of government securities and corporate bonds, inhouse fixed deposits

  from the investment portfolio. The maturity profile of these instruments is set out in note 9. Management is trying to find other instruments which gives good return to manage interest rate risk. The method for deriving sensitive information has not been changed.

	ZAR (million)	ZAR (million)	ZAR (million)	ZAR (million)
Increase/decrease in interest rate	Effect on PBT March 2023	Effect on PBT March 2022	Effect on shareholder's equity on March 2023	Effect on shareholder's equity on March 2022
+1%	15	17	11	13
-1%	(15)	(17)	(11)	(13)

- Foreign currency risk
  The company is exposed to foreign currency risk for transactions that are denominated in a currency other than Rand.
  The company is writing business from whole of Africa. The company's focus is to build foreign currency reserves and match ZAR, USD and EUF with ZAR(South African Rand), USD (US Dollar) and EUR (EURO) assets.
  Impact of a change in the rand exchange rate against the euro is not material to the company for the current year
  The method for deriving sensitive information has not been changed.
  Below is the impact of the US Dollar foreign currency exchange sensitivity analysis:

	ZAR (million)	ZAR (million)	ZAR (million)	ZAR (million)
Increase/decrease in Foreign currency exchange rate (USD)	Effect on PBT March 2023	Effect on PBT March 2022	Effect on shareholder's equity on March 2023	Effect on shareholder's equity on March 2022
10%	44	37	31	26
-10%	(44)	(37)	(31)	(26)

3.2 Liquidity risk

The company ensures that the solvency of the company meets the regulatory requirements at all times by maintaining a high level of liquidity.

The company follows the regulatory provisions, in conjunction with prudential norms laid out by the Board of directors, with regard to the investment of its funds. The general investment strategy is to use cash as the default asset class.
Equity exposure is maintained at lower levels. The company maintains liquid assets which can be used for immediate cash flow needs (refer note 24.2).

Expected cash flows of liabilities:

2023

	Carrying amount	**1 year**	**2 years**	**More than 2 years**
Deposits withheld from Retrocessionnaire	**828,572,854**	828,572,854	-	-
Amounts payable to Retrocessionnaire contracts	**428,625,730**	428,625,730	-	-
Amounts payable under reinsurance contracts	**139,771,609**	139,771,609	-	-
Other accounts payable	**101,242,459**	101,242,459	-	-

2022

	Carrying amount	**1 year**	**2 years**	**More than 2 years**
Deposits withheld from retrocessionaires	**1,490,658,029**	1,490,658,029	-	-
Amounts payable to retrocessionaire contracts	**207,933,056**	207,933,056	-	-
Amounts payable under reinsurance contracts	**136,576,913**	136,576,913	-	-
Other accounts payable	**29,154,111**	29,154,111	-	-

Maturity of technical liabilities under insurance contracts and lease liabilities have been included in Note 6 and note 20 respectively.

3 Financial risk (continued)

3 Liquidity risk (continued)

The company performs a currency-wise asset and liability management exercise every quarter and any decision on conversion of currencies is taken in ALCO (Asset Liability Committee).

For Rand funds, the fund managers are instructed to keep funds invested in such a way as to offer maximum flexibility and high liquidity.

Over and above these liquidity measures, a letter of comfort given by the parent company provides support to the company in order to maintain adequate capital, to meet solvency and policy holder liability requirements and financial obligations.

3 Credit risk

The company has several exposures to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:
- amounts due under reinsurance contracts
- amounts due from Retrocessionnaire contracts
- investments excluding equities; and
- retroceded technical liabilities.

Exposure to individual policyholders and groups of policyholders are monitored as part of the credit control process. Reputable financial institutions are used for investing and cash handling purposes.

Under the terms of the retrocession agreements, Retrocessionnaire agree to reimburse the ceded amount in the event that a gross claim is paid. However, the company remains liable to its cedants regardless of whether the Retrocessionnaire meets the obligations it has assumed. Consequently, the company is exposed to credit risk.

The company reinsures with Sirius International Insurance Corporation which has been rated A (Excellent) by A.M. Best and A- (Strong) by S&P Ratings.

Sirius International Insurance Corporation arranged a 70% whole account quota share treaty whereby 70% of the claims are recovered from Sirius International Insurance Corporation.

Except from amounts due from company's reinsurance contracts none of the company's financial assets exposed to credit risk are past 365 days due and not impaired. The company does not hold any collateral as security held for receivables.

Age analysis of amounts due from companies on reinsurance contracts.

2023	**Total**	**Current**	**More than 30 days**	**More than 60 days**	**More than 90 days**	**More than 365 days ***
Amounts due under reinsurance contracts	**773,656,310**	619,290,678	7,627,502	11,274,481	44,854,305	90,609,344
2022						
Amounts due under reinsurance contracts	**785,479,080**	671,436,610	5,225,285	11,853,452	37,012,573	59,951,161

*Amount Receivable is net of provision for doubtful debts of R 90.60 million (2022: R 59.95 million)

* The amount mentioned under more than 365 days are impaired.

3 Financial risk (continued)

3 Credit risk (continued)

Analysis of the credit quality of the company's assets

	AAA R	AA R	A R	BBB and lower R	Not Rated R	Total R
2023						
Technical assets under insurance contracts	-	-	2,083,172,402	-	57,128,213	2,140,300,615
Investments						
Government securities	-	-	-	427,602,824	-	427,602,824
Negotiable Certificate of Depc	-	-	-	279,889,151	-	279,889,151
Fixed Deposits	-	-	-	1,480,963,515	-	1,480,963,515
Treasury bills	-	-	-	-	-	-
Ordinary shares - listed	-	-	292,862,962	-	-	292,862,962
Collective investment scheme	-	-	133,450,446	-	-	133,450,446
Preference shares - listed	-	-	9,463,249	-	-	9,463,249
Accounts receivable (Net)	38,695,903	571,034,504	5,782,325	47,695,016	19,852,678	683,060,426
Other accounts receivable					3,339,422	3,339,422
Cash and cash equivalents	-	-	55,099,501	87,367,103	-	142,466,604
	38,695,903	571,034,504	2,579,830,885	2,323,517,608	80,320,314	5,593,399,214
2022						
Technical assets under insurance contracts	-	-	1,757,214,059	-	40,576,320	1,797,790,379
Investments						
Government securities	-	-	-	329,746,940	-	329,746,940
Negotiable Certificate of Depc	-		-	290,827,219	-	290,827,219
Fixed Deposits	-	-	-	1,746,872,063	-	1,746,872,063
Treasury bills	-	-	211,830,897	-	-	211,830,897
Ordinary shares - listed	-	-	273,244,094	-	-	273,244,094
Collective investment scheme	-	-	74,692,791	-	-	74,692,791
Preference shares - listed	-	-	9,795,264	-	-	9,795,264
Accounts receivable (Net)	32,512,622	556,723,961	6,183,281	20,810,030	109,298,025	725,527,919
Other accounts receivable	-	-	-	-	2,899,126	2,899,126
Cash and cash equivalents		42,277,227	25,042,283	75,320,092	28,217,604	170,857,206
	32,512,622	599,001,188	2,358,002,669	2,463,576,344	180,991,075	5,634,083,899

The company's maximum exposure to credit risk is analysed in the tables above.

The assets as above are based on external credit ratings obtained from various reputable rating agencies like Fitch and Standard and Poor's. The assets under investment are designated at fair value through profit and loss.
The international rating scales are based on long-term investment horizons under the following broad investment grade definitions:

AAA The financial instrument is judged to be of the highest quality, with minimal credit risk and indicates the best quality issuers that are reliable and stable.

AA The financial instrument is judged to be of high quality and is subject to very low credit risk and indicates quality issuers.

A The financial instrument is considered upper-medium grade and is subject to very low credit risk although certain economic situations can more readily affect the issuers' financial soundness adversely than those rated AAA or AA.

BBB The financial instrument is subject to moderate credit risk and indicate medium class issuers, which are currently satisfactory.

3 Financial risk (continued)

Fair value hierarchy

The table below analyses assets carried at fair value. The different levels have been defined as follows:

Level 1

Quoted market price in an active market for an identical instrument.

Level 2
Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data.

Level 3
Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

2023	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss*	427,602,824	-	-	427,602,824
Financial assets mandatory at fair value through profit or loss**	302,326,210	133,450,446		435,776,656
	729,929,034	133,450,446	-	863,379,480

2022	Level 1	Level 2	Level 3	Total
Financial assets designated at fair value through profit or loss*	329,746,940	-	-	329,746,940
Financial assets mandatory at fair value through profit or loss**	283,039,358	74,692,791		357,732,149
	612,786,298	74,692,791	-	687,479,088

* Government bonds - listed
** Ordinary shares (listed), collective investment schemes (listed) and preference shares (listed)
For all listed prices - Quoted from the Johannesburg Stock Exchange as at 31 March 2023

The carrying amount of cash and cash equivalents, amounts due under reinsurance contracts, treasury bills, negotiable certificates of deposits, fixed deposits, amounts due from Retrocessionnaire contracts and other accounts receivable reflect the approximate fair value because of their short-term nature

Collective Investment schemes are valued based on its unit price or the net asset value (NAV), depending on the market value of the underlying investments in which the pool of money is invested. Its yield is calculated by taking the interest and income receivable of all the instruments in the fund divided by the net asset value, expressed as a nominal annual rate.

Capital management

The company recognises equity and reserves as capital and management closely monitors the company's capital position relative to the economic and regulatory requirements. The company submits quarterly and annual returns to the Prudential Authority (PA) in terms of the Insurance Act, 2017. The company is required to at all times to maintain a minimum capital adequacy requirement as defined in the Insurance Act, 2017.

The company with the assistance of its consulting actuary, has addressed the capital needs under the Solvency Assessment and Management (SAM) regime (from July 2018) and have complied with the transitional reporting requirements as communicated by the Regulator.

	2023 R '000	2022 R '000
Total SAM Assets	5,223,607	5,348,391
Total SAM Liabilities	3,559,000	3,894,117
Total SAM Equity / Own Funds	1,665,000	1,454,274
Solvency Capital Requirement	724,000	573,279
SCR Ratio	2.30	2.54

**The SAM assets, liabilities and own funds differ with the IFRS assets, liabilities and own funds as they are determined as per the provisions of the SAM. SCR Ratio is required to be at least 1.00. Therefore, GIC Re SA limited is complianted to the SAM requirements.*

4 Technical provisions and liabilities under insurance contracts

Insurance risks are unpredictable, and the company recognises that it is impossible to forecast with absolute precision claims payable under insurance contracts. Over time, the company has developed a methodology that is aimed at establishing insurance provisions and liabilities that have a reasonable likelihood of being adequate to settle all its insurance obligations.

The earned premium, Unearned Premium Reserve (UPR) and Deferred Acquisition Cost (DAC) are calculated using the 365th method for Facultative business and using the 8th method for Proportional and Non-Proportional Treaty business.

In respect of claims incurred but not yet reported (IBNR), for most classes of business, the loss ratio method was used. It was assumed there was no IBNR beyond the point at which historically almost all development based on the Chain Ladder pattern had occurred.

There was no major impact of COVID 19 on the assumptions and no material effect on the financial statements.

4.1 Non-life reinsurance contracts

4.1.1 Claim provisions

The outstanding claims provisions include notified claims as well as incurred but not yet reported claims,(IBNR) Outstanding claims provisions are not discounted.

Notified claims

Claims notified by cedants are assessed with due regard to the specific circumstances, information available from the cedant and/or loss adjuster and past experience with similar claims. The company employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment.

The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about current circumstances. Estimates are therefore reviewed regularly and followed up with the cedant to ensure that it is still current.

4.1.2 Premium provisions and deferred commission

Unearned premium provisions and deferred commission assets have been recognised. For Facultative, 365th method is used, and for proportional and non proportional treaty business the 8th method is adopted.

4.1.3 Recoverability of insurance receivables

Amounts due from cedants have been assessed for an indication of impairment due to significant financial difficulty, a breach of contract or other observable data indicating a measurable decrease in the future cash recoverable. This may include adverse changes in the payment status of cedants or economic conditions that may lead to default of amounts due.

The carrying amount of insurance receivables has been reduced by a provision for doubtful debts and the amount of the loss has been recognised in the statement of comprehensive income. If in future the amount becomes recoverable the previously recognised provisions for doubtful debts will be reversed through the statement of profit or loss.

5 Property, Plant and Equipment	31 March 2023 R	31 March 2022 R
At cost		
Equipment	2,423,413	2,338,226
Furniture	882,097	882,097
Motor vehicles	3,058,260	3,058,260
Right-of-use asset	3,568,623	3,568,623
	9,932,393	9,847,206
Accumulated depreciation and accumulated impairment		
Equipment	(2,184,395)	(2,041,140)
Furniture	(836,112)	(774,076)
Motor vehicles	(2,813,086)	(2,505,498)
Right-of-use asset	(3,568,623)	(2,379,571)
	(9,402,216)	(7,700,285)
Net book value		
Equipment	239,019	297,086
Furniture	45,984	108,021
Motor vehicles	245,174	552,762
Right-of-use asset	-	1,189,052
	530,177	2,146,921
Equipment		
Net book value at beginning of year	297,086	344,168
Additions	85,188	143,054
Disposals		(35,028)
Depreciation	(143,255)	(155,108)
Net book value at end of year	239,019	297,086
Furniture		
Net book value at beginning of year	108,021	169,266
Additions	-	-
Depreciation	(62,037)	(61,245)
Net book value at end of year	45,984	108,021
Motor vehicles		
Net book value at beginning of year	552,762	1,024,665
Additions	-	-
Depreciation	(307,588)	(471,903)
Net book value at end of year	245,174	552,762
Right-of-use asset		
Net book value at beginning of year	1,189,052	2,379,081
Additions	-	-
Disposals	-	-
Depreciation	(1,189,052)	(1,190,029)
Net book value at end of year	-	1,189,052
Total		
Net book value at beginning of year	2,146,921	3,917,180
Additions	85,188	143,054
Disposals	-	(35,028)
Depreciation	(1,701,932)	(1,878,285)
Net book value at end of year	530,177	2,146,921

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

6 Provision for outstanding claims

	31 March 2023 Non-Life R	31 March 2022 Non-Life R
Balance at beginning of the period	314,881,578	327,535,614
Gross	1,918,306,505	2,100,701,469
Retroceded	(1,603,424,927)	(1,773,165,855)
Amounts transferred (to)/from profit or loss	(176,174,144)	(12,654,036)
Gross	89,774,241	(182,394,964)
Retroceded	(265,948,385)	169,740,928
Net retroceded portfolio transfers		
Balance at end of the period	138,707,434	314,881,578
Gross	2,008,080,746	1,918,306,505
Retroceded	(1,869,373,312)	(1,603,424,927)
Transportation	31,990,152	17,546,580
Property	(13,250,253)	188,182,063
Engineering	15,003,986	12,970,716
Guarantee	11,601,871	11,297,964
Liability	16,004,125	6,659,795
Motor	46,095,184	56,411,298
Miscellaneous	22,226,984	15,077,943
Accident/Health	9,035,384	6,735,219
	138,707,433	314,881,578

Payment Development

Gross		**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Reporting year actual claims cost	**Total**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**
2023	1,031,209,919	67,861,496	570,705,393	135,707,878	169,776,617	67,719,368	12,929,225	4,560,210	1,949,731
2022	906,740,906	-	74,411,889	255,583,148	262,141,061	183,126,431	83,403,327	46,612,662	1,462,389
2021	796,731,690	-	345,707	74,613,397	174,484,409	286,468,457	215,769,629	43,259,690	1,790,401
2020	1,211,208,388	-	-	4,635	53,314,628	514,317,035	485,436,650	140,628,469	17,506,971
2019	1,172,817,193	-	-	-	1,579,173	245,794,827	505,662,878	388,452,192	31,328,123
2018	740,056,477	-	-	-	-	449,607	139,662,359	567,680,748	32,263,763
2017	205,810,787	-	-	-	-	-	(16,091,252)	108,251,394	113,650,645
2016	53,733,177	-	-	-	-	-	-	(14,889,510)	68,622,687
Cumulative payments to date	**6,118,308,537**	**67,861,496**	**645,462,989**	**465,909,058**	**661,295,888**	**1,297,875,725**	**1,426,772,816**	**1,284,555,855**	**268,574,710**

Retro									
Reporting year actual claims cost	**Total**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**
2023	723,149,268	47,503,047	399,493,775	95,183,145	118,853,917	47,403,558	9,078,449	3,878,619	1,754,758
2022	642,824,102	-	52,088,322	179,339,212	183,530,412	128,547,040	58,382,329	39,620,693	1,316,094
2021	564,189,347	-	25,502	52,229,378	122,139,086	200,527,920	151,038,741	36,617,357	1,611,363
2020	873,653,373		-	-	37,320,237	359,809,007	339,806,205	120,895,734	15,822,190
2019	884,301,490	-	-	-	-	172,056,370	353,964,015	330,176,761	28,104,344
2018	609,433,039	-	-	-	-	-	97,458,063	483,000,196	28,974,780
2017	180,257,253		-	-	-	-	(14,042,012)	92,013,685	102,285,580
2016	49,104,335	-	-	-	-	-	-	(12,656,084)	61,760,419
Cumulative payments to date	**4,526,912,207**	**47,503,047**	**451,607,599**	**326,751,735**	**461,843,652**	**908,343,895**	**995,685,790**	**1,093,546,961**	**241,629,528**

Net									
Reporting year actual claims cost	**Total**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**
2023	308,060,650	20,358,449	171,211,618	40,524,733	50,922,699	20,315,810	3,850,776	681,591	194,973
2022	263,916,805	-	22,323,567	76,243,936	78,610,649	54,579,392	25,020,998	6,991,968	146,295
2021	232,542,344	-	320,206	22,384,019	52,345,323	85,940,537	64,730,889	6,642,332	179,038
2020	337,555,016	-	-	4,635	15,994,391	154,508,028	145,630,445	19,732,736	1,684,781
2019	288,515,703		-	-	1,579,173	73,738,457	151,698,864	58,275,431	3,223,779
2018	130,623,438	-	-	-	-	449,607	42,204,296	84,680,552	3,288,983
2017	25,553,534	-	-	-	-	-	(2,049,240)	16,237,709	11,365,065
2016	4,628,842	-	-	-	-	-	-	(2,233,427)	6,862,269
Cumulative payments to date	**1,591,396,332**	**20,358,449**	**193,855,391**	**139,157,323**	**199,452,236**	**389,531,831**	**431,087,028**	**191,008,892**	**26,945,183**

7 Unearned premium reserve

	31 March 2023 R	31 March 2022 R
Balance at beginning of year	71,977,662	126,414,809
Gross	225,766,794	390,640,306
Retroceded	(153,789,132)	(264,225,497)
Amounts transferred through profit and loss	20,469,792	(54,437,147)
Gross	80,479,750	(164,873,512)
Retroceded	(60,009,958)	110,436,365
Balance at end of year	92,447,454	71,977,662
Gross	306,246,544	225,766,794
Retroceded	(213,799,090)	(153,789,132)

8 Deferred acquisition costs

	31 March 2023 R	31 March 2022 R
Balance at beginning of year	12,440,383	21,554,291
Gross	40,576,320	71,369,882
Retroceded	(28,135,937)	(49,815,591)
Amounts transferred through profit and loss	4,982,957	(9,113,907)
Gross	16,551,893	(30,793,561)
Retroceded	(11,568,936)	21,679,654
Balance at end of year	17,423,340	12,440,383
Gross	57,128,213	40,576,320
Retroceded	(39,704,873)	(28,135,937)

9 Investments

	31 March 2023 R Cost	31 March 2023 R Carrying amount	31 March 2022 R Cost	31 March 2022 R Carrying amount
Negotiable certificates of deposits- unlisted*	271,999,683	279,889,151	288,000,000	290,827,219
Treasury bills - unlisted*	-	-	211,830,897	211,830,897
Fixed deposits - unlisted*	1,400,000,000	1,474,734,910	1,713,510,000	1,746,872,063
Ordinary shares - listed**	244,579,688	292,862,962	210,599,172	273,244,094
Collective investment schemes - listed**	135,560,704	133,450,446	74,260,704	74,692,791
Preference shares - listed**	11,090,864	9,463,249	11,530,706	9,795,264
Corporate bonds - listed				
Government bonds - listed**	418,401,061	427,602,824	325,426,985	329,746,940
Unit Trust - listed				
Total investments	2,481,632,000	2,618,003,542	2,835,158,464	2,937,009,268

* Held at amortized cost
** Held at fair value

Listed ordinary shares portfolio analysis	% 2023	% 2022
Basic materials	11	15
Consumer services	43	31
Financials	29	32
Industrials	17	22
	100	100

Maturity profile of fixed interest securities

	Less than one year R	One to five years R	More than five years R	Total R
2023				
Negotiable certificates of deposits- unlisted	279,889,151	-	-	279,889,151
Fixed deposits - unlisted	1,474,734,910	-	-	1,474,734,910
Treasury bills - unlisted	-	-	-	-
Government bonds- listed	-	-	427,563,833	427,563,833
2022				
Negotiable certificates of deposits - unlisted	290,827,219	-	-	290,827,219
Fixed Deposits - unlisted	1,746,869,263	-	-	1,746,869,263
Treasury bills - unlisted	211,830,897	-	-	211,830,897
Government bonds- listed	-	302,820,325	26,926,615	329,746,940

Presented below are the effective interest rates of the company's interest- bearing investments:

	31 March 2023	31 March 2022
Negotiable certificates of deposits - unlisted	2.90%	4.97%
Fixed deposits - unlisted	5.07%	3.95%
Government bonds listed	7.83%	5.14%
Treasury bills (Aylett) - unlisted	0.00%	1.00%

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31ST MARCH 2023

10 Deferred taxation

31 March 2023	2023	2022
Deferred tax asset/(liability)		
Provisions		
ECL allowances - stage 1	18,348,392	-
Impairment allowance	-	9,712,088
Leave pay provision	1,079,514	977,823
Leases	132	50,775
Pro. Profit commission gross	14,511,676	-
Asset held on capital account		
Equities	(10,429,187)	(13,531,303)
Preference shares	351,565	374,855
Tax loss	-	-
Total deferred tax asset/(liability)	**23,862,092**	**(2,415,762)**

The deferred tax asset has been raised and is considered recoverable based on future profitability and the unwinding of the temporary differences created

Deferred tax liability	(10,429,187)	(13,531,303)
Deferred tax asset	34,291,279	11,115,541
Total net deferred tax asset	**23,862,092**	**(2,415,762)**

Reconciliation of deferred tax asset/(liability)

At beginning of year	(2,415,762)	-
Deferred tax previously unrecognised	-	21,769,510
Change in tax rate	-	(777,483)
Movement in impairment allowance	8,636,304	2,549,016
Movement in leave provision	101,691	364,122
Movement in leases	(50,643)	2,099
Movement in Pro. Profit commision gross	14,511,676	
Movement in equity	3,102,116	(5,203,867)
Movement in preference shares	(23,290)	(1,057,328)
Movement in donations	-	(50,381)
Movement in tax loss	-	(20,011,450)
	23,862,092	**(2,415,762)**

11 Other accounts payable	31 March 2023 R	31 March 2022 R
PAYE, UIF & SDL	153,558	375,625
Expenses accrual	174,304	269,131
VAT payable	12,834,469	5,824,191
Unallocated premium received	80,847,863	104,627,165
Withholding tax on interest	4,048,468	-
Provision for leave liability	3,223,875	3,621,566
	101,282,537	114,717,678

12 Share capital

Authorized
1 500 000 000 ordinary shares of no-par value

Issued

At beginning of the year		
571,030,862 ordinary shares of no-par value	1,142,061,725	1,142,061,725
Issued during the year		
ordinary shares of no-par value	-	-
At end of the year		
571,030,862 ordinary shares of no-par value	1,142,061,725	1,142,061,725

The unissued shares are under the control of the directors.

13 Deposits withheld from retrocessionaires

Retro Loss Reserve Deposits	792,850,743	1,020,455,368
Retro IBNR Reserve Deposits	6,801,161	70,031,096
Retro UPR Reserve Deposits	28,835,902	400,171,565
	828,487,806	1,490,658,029

14 Net investment income

	Total R
31 March 2023	
Dividends received - listed	18,497,933
Interest income	163,741,044
Realised profit/(loss) on disposal of investments	(2,406,634)
Net movement in unrealised gains on revaluation of investments	(6,747,048)
	173,085,295
31 March 2022	
Dividends received - listed	12,158,673
Interest received	110,877,742
Realised profit/(loss) on disposal of investments	56,691,687
Net movement in unrealised gains on revaluation of investments	19,595,785
	199,323,887

15 Claims incurred

31 March 2023	
Claims paid	(308,060,645)
Gross	(1,031,209,913)
Retroceded	723,149,268
Change in provision for outstanding claims	176,174,144
Gross	(89,774,241)
Retroceded	265,948,385
Claims incurred	(131,886,501)
31 March 2022	
Claims paid	(263,916,805)
Gross	(906,740,906)
Retroceded	642,824,101
Change in provision for outstanding claims	12,654,036
Gross	182,394,964
Retroceded	(169,740,928)
Claims incurred	(251,262,769)

		31 March 2023 R	31 March 2022 R
16	**Commission**		
	Commission expense		
	Gross commission and brokerage paid	(340,954,706)	(305,211,674)
	Gross deferred acquisition cost	16,551,893	(30,793,561)
		(324,402,813)	(336,005,235)
	Commission income		
	Retrocession commission and brokerage received	263,284,130	215,447,255
	Retroceded deferred commission revenue	(11,568,936)	21,679,654
		251,715,194	237,126,909
	Net Commission	(72,687,619)	(98,878,326)

		31 March 2023 R	31 March 2022 R
17	**Management expenses**		
	Depreciation	1,702,421	1,878,285
	Loss on disposal of equipment	-	35,028
	External auditors’ remuneration	1,407,723	1,340,689
	Internal auditors’ remuneration	841,530	688,700
	Software expenses	1,607,409	1,788,312
	Directors' fees	2,352,596	1,075,053
	Utilities	619,708	665,557
	Tarifs	1,335,681	1,353,244
	Consulting fees	4,082,041	3,205,218
	Employee costs - salaries and bonuses	19,296,411	19,785,014
	Staff amenities	687,333	771,444
	Membership fees	1,368,275	557,564
	Insurance costs	927,145	766,701
	Other expenses	6,225,414	2,174,051
		42,453,687	36,084,860

18 Taxation

	Total R
31 March 2023	
South African normal tax	
Current taxation	
– current year income tax charge	92,793,420
Prior year under or over provision	(1,706,559)
	91,086,861
Deferred taxation	
– current year	(26,277,854)
Under/(over) provisions prior years	
Change in rate	
	(26,277,854)
	64,809,007
Tax rate reconciliation:	%
Standard tax rate	**24.70**
Income tax charge to income statement	
Non-taxable income- dividend received	(2.50)
Non-deductible expenditure	(0.10)
Accounting loss/ (profit) on disposal of investments	-
Other - Expenditure incurred in the production of exempt income	-
Miscellaneous expenses - Not incurred in the production of income	-
Unrealised loss/(profit) on equity and preference shares	-
Effect of temporary differences raised at CGT rate	0.30
Under/overprovision in prior years	-
Deferred tax previously unrecognised	-
Unutilised calculated assessed loss and deductible temporary differences	-
Change in standard tax rate	-
Difference between income tax and Deferred tax rate	-
Effective tax rate	**27.00**
31 March 2022	
South African normal tax	
Current taxation	-
– current year income tax charge	27,181,950
Prior year under or over provision	(1,995,345)
	25,186,605
Deferred taxation	-
– current year	23,407,790
Under/(over) provisions prior years	(21,769,510)
Change in rate	777,483
	2,415,763
	27,602,368
Tax rate reconciliation:	%
Standard tax rate	**28.00**
Non-taxable income- dividend received	(1.68)
Non-deductible expenditure	0
Accounting loss/ (profit) on disposal of investments	(7.23)
Other - Expenditure incurred in the production of exempt income	0.05
Miscellaneous expenses - Not incurred in the production of income	-
Unrealised loss/(profit) on equity and preference shares	6.28
Effect of temporary differences raised at CGT rate	(0.17)
Under/overprovision in prior years	(0.99)
Deferred tax previously unrecognised	(10.76)
Unutilised calculated assessed loss and deductible temporary differences	-
Change in standard tax rate	(0.38)
Difference between income tax and Deferred tax rate	0.52
Effective tax rate	**13.64**

19 Related party transactions

19.1 Identity of related parties

The current holding company is General Insurance Corporation of India (GIC Re India) which is controlled by Government of India (holding 85.78% equity share), it acquired 100% of the company's shares on 24 April 2014.

19.2 Transactions with Directors & Key Management Personnel

The remuneration of the Non-Executive Directors, of the company, is set out below.

2023

Name	Designation	Basic Remuneration	Medical Benefits	Cash Incentive	Other allowances	Total
S Bhikha	Non-Executive Director	820,980	-	-	-	820,980
J Bagg	Non-Executive Director	756,376	-	-	-	756,376
N Sallie*	Non-Executive Director	624,499	-	-	-	624,499
F Roji**	Non-Executive Director	150,741	-	-	-	150,741
		Total				2,352,596

2022

Name	Designation	Basic Remuneration	Medical Benefits	Cash Incentive	Other allowances	Total
S Bhikha	Non-Executive Director	380,609	-	-	-	380,609
CI Moosa	Non-Executive Director	380,609	-	-	-	380,609
J Bagg	Non-Executive Director	313,835	-	-	-	313,835
		Total				1,075,053

The remuneration of executive directors of the company is set out below:

2023

Names	Designation	Basic Remuneration*	Medical Benefits	Cash Incentive	Other allowances	Total
Sandip Karmarkar	MD & CEO	996,410	145,704	-	382,914	**1,525,028**
2022						
N Saravanabhavan	MD & CEO	508,414	51,662	-	55,877	**615,953**
Sandip Karmarkar***	MD & CEO	-	-	-	-	**-**

* Appointed on 22nd June 2022
** Appointed on 1st March 2023
*** Appointed on 10th December 2021. Remuneration was approved and paid in July 2022.

19 Related party transactions (continued)

19.2 Transactions with Directors & Key Management Personnel (continued)

The remuneration of Key Management Personnel of the company, is set out below :

2023

Name	Designation	Basic Remuneration	Medical Benefits	Cash Incentive	Other allowances	Total
W Mwase	Public Officer, Company Secretary, Manager - Admin	468,500	26,754		121,367	616,621
S Shankar	Chief Operating Officer	567,598	216,660		884,031	1,668,289
C Verma	Chief Underwriting Officer	567,407	216,660		964,549	1,748,616
A Tamhane	Chief Risk Officer	550,270	181,926		877,056	1,609,252
V Bhardwa j#	Chief Operating Officer	144,909	36,364		116,204	297,477
R Ugile	Chief Technology Officer	538,985	199,293		748,049	1,486,327
N Kasture	Chief Finance Officer & Manager HR	539,005	199,293		734,346	1,472,644
N Suthar ##	Chief Risk Officer	159,756	36,986		126,421	323,163
A Chinyamunzore	Chief Technical Accounts Officer	402,837	20,854		106,559	530,250

2022

Name		Basic Remuneration	Medical Benefits	Cash Incentive	Other allowances	Total
W Mwase	Public Officer, Company Secretary, Manager - Admin	468,500	26,754	-	115,437	610,691
S Shankar	Chief Operating Officer	573,835	216,660	-	860,263	1,650,758
C Verma	Chief Underwriting Officer	567,407	216,660	-	939,277	1,723,344
A Tamhane	Chief Risk Officer	550,270	181,926	-	854,990	1,587,186
R Ugile	Chief Technology Officer	538,985	199,293	-	725,786	1,464,064
N Kasture	Chief Finance Officer & Manager HR	539,005	199,293	-	712,671	1,450,969
A Chinyamunzore	Chief Technical Accounts Officer	376,500	4,935	-	-	381,435

Joined on 29th December 2022
Joined on 19th December 2022

19 Related party transactions (continued)

19 Other related party transactions

The following transactions were entered with the current holding company:

	2023 R	2022 R
Statement of comprehensive income effects:		
Retroceded premiums	45,037,933	20,063,036
Retroceded claims	6,616,973	40,936,551
Retroceded commission	(1,983,212)	9,357,512
Interest paid on reserve deposits	2,686,083	1,971,187
Statement of financial position effects:		
Retroceded outstanding claims	600,076,783	379,710,636
Retroceded unearned premium provision	894,090	-
Retroceded deferred acquisition cost	102,634	-
Retroceded reserve deposit	156,695,493	140,339,473

20 Lease

Lease payments represent rentals payable by the company for office premises. The lease has been negotiated for a term of three years from March 2020 and escalates at 8% per annum.

	2023	2022
Minimum Lease payments due		
- within one year	52,772	1,429,878
- in one year to two years	-	-
Total undiscounted lease liability	52,772	1,429,878
less: future finance charges	(52,772)	(52,772)
Present value of minimum lease payments	(0)	1,377,106
Reconciliation of lease liability		
Opening balance	1,377,106	2,559,363
Lease liability recognised during the period		
Lease payment excluding interest paid	(1,377,106)	(1,182,257)
Finance charges	52,772	141,703
Lease payments	(1,429,878)	(1,323,960)
Present value of minimum lease payments	0	1,377,106

21 Other company information

Dividends

No dividends were paid during the year (2022: Nil).

Going concern

GIC Re South Africa Ltd is regulated by Prudential Authority (PA) and is complying with all rules and regulations issued by PA. The company is being rated by S&P from its inception and continues to be rated by them. As GIC Re South Africa Ltd is a wholly owned subsidiary of GIC of India, it has been given unconditional parental guarantee. There are no borrowings by the company including from its parent company and has adequate Liquidity policy. It is liquid enough to meet its liabilities. COVID 19 has not adversely affected the company in 2022 & 2023 and is in position to pay claims/debit balances on time. The company has improved the Solvency Capital Requirement ratio (SCR) from March 2022 (2.54) to March 2023 (3.19). Considering the facts, the directors believe that the company will be a going concern in future.

COVID 19 impact

The Concern of Covid 19 are over and almost all losses have been booked. Even during COVID 19, the company's SCR was well above regulatory requirement.

Events after reporting date

Flood event in KwaZulu-Natal

KZN floods is one of the worst Flood in the History of South Africa. The Current Loss Reserve of KZN Flood stands at R 495 million, however the company's solvency hasn't been impacted much by these losses. Western Cape has been affected by Torrential Rain with heavy storm resulting Flooding at Cape Town city on 18th June 2023. We have received preliminary information that the Flooding is not as severe as KZN Flood, but few losses are expected.

Retro agreement

GIC Re SA has renewed its 70% Whole Account Quota Share Treaty for the year 2023-24 effective 1st April 2023. Similarly, the Whole Account Excess of Loss Protection has also been renewed. The Risk Cum Catastrophe Excess of Loss cover viz. USD 44 Mln. Xs. USD 1 Mln. Xs USD 1 Mln. (Annual Aggregate Deductible) has been purchased in five layers.

Appointment of New Chief Financial Officer

The Prudential Authority approved the appointment of a new Chief Financial Officer on the 13th of July 2023. The appointment of Mr Kakkadath Palat Shyjulal as Senior manager (Chief Financial Officer), for GIC Reinsurance South Africa Limited (GIC Re), effective 01 July 2023. The previous Chief Financial Officer, Nilesh Kasture, has completed his four (4) year term and has therefore resigned. His last day in office was the 13th of July 2023.

Standards and Interpretations Issued Not Yet Effective

GIC Re did not early adopt any of the IFRS standards. Of the standards that are not yet effective, management expects IFRS 17 to have a significant impact on the company.

Implementation project progress

Management is currently in the process of finalising the implementation of the new standard. The implementation project team comprises of senior management from finance, risk and operations who are closely monitoring all technical developments and updates from the IASB, regulatory bodies and the industry to ensure alignment and compliance with the standard.

The IFRS 17 implementation project team will focus on the following key areas during the 2024 reporting period :

- Refine the accounting policy papers and actuarial methodologies that will be applied to the company.
- Finalise the FY 2022 transition balances.
- Enhance the internal financial controls to ensure accuracy of reporting.
- Complete the IFRS 17 compliant annual financial statements layout and disclosures.
- Finalise the management reporting format and key performance measures.
- Engage external auditors for the sign-off of the comparative results for 2023.
- Finalise and implement future financial and data governance processes and accountabilities.

Transition approach

The company will apply IFRS 17 as of 1 April 2023 for all of its insurance contracts. All portfolios are measured using the Premium Allocation Approach (PAA) with the exception of the engineering portfolio, which is measured under the General Measurement Method (GMM). Where practical, the fully retrospective approach will be applied and where deemed impractical, the fair value approach will be applied. Comparative figures for 2023 will be restated as required by the transitional provisions of IFRS 17 and any changes to the carrying amounts of insurance and reinsurance assets and liabilities at the date of transition (being 1 April 2022), will be adjusted in the opening balance of retained earnings.

Estimated impact of adopting IFRS 17

The impact that the initial application of IFRS 17 will have on the financial statements as at 1 April 2022 (the transitional impact) is in the process of being finalised.

Since the transition assessment has not yet been completed, the expected transitional impact is currently in the tentative stage with the estimated transitional impact expected to decrease retained earnings by less than R50 million after tax. The new accounting policies, assumptions, judgements, and estimation techniques used are subject to change until the finalisation of the 31 March 2024 annual financial statements. The new systems and associated internal controls have not been fully operational for a full reporting cycle and may still need more fine-tuning. These factors could cause the actual impact of adopting IFRS 17 to change.

IFRS 17 Insurance contracts: accounting policy overview relating to insurance and reinsurance liabilities and assets

This section includes the draft key accounting policies to be applied to contracts within the scope of IFRS 17. These draft accounting policies are subject to change until the publication of the annual financial results for the year ended 31 March 2024.

Classification and measurement

The company applies IFRS 17 Insurance contracts to insurance contracts issued and reinsurance contracts held

All references to insurance contracts in financial statements apply to reinsurance contracts issued, unless specifically stated otherwise

Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the terms of the contract are modified.

A contract is classified as an insurance contract where the company provides reinsurance coverage by accepting significant insurance risk from another party (the policyholder) through inward reinsurance by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. A contract is classified as a reinsurance contract where the company cedes insurance risk to another party through outward reinsurance. Insurance risk is a risk other than financial risk transferred from the holder of a contract to the issuer.

The accounting model applied to these insurance contracts issued and reinsurance contracts held, for liability measurement purposes is the Premium Allocation Approach (PAA) unless the General Measurement Model (GMM) is specified.

The PAA is a modification of the GMM that allows the use of a simplified approach for measuring the insurance contract liabilities for certain eligible types of contracts.

Based on the analysis of insurance policies issued, the company applies PAA to all lines of business and reinsurance types with the exception of the engineering portfolio

Based on assessments performed to date, the company does not expect to have contracts which meet the definition of insurance or investment contracts with discretionary participation features. Therefore, the company does not anticipate that the variable fee approach (VFA) measurement model will be applied to insurance contracts in the company. Insurance revenue and insurance service expenses are recognised in the statement of comprehensive income based on the concept of services provided during the period. The standard also recognises losses earlier on contracts that are expected to be onerous.

Critical accounting estimates and judgements

The main changes in the critical estimates and judgements to be made to the company's accounting policies in terms of IFRS 17 – Insurance contracts are summarised below.

Contract boundaries

The company used the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance and reinsurance contracts. The assessment is reviewed at each reporting date

Insurance contracts

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the company can compel the policyholder to pay premiums; or the company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

a.the company has the practical ability to reprice the risks of the policyholder or change the level of benefits so that the price fully reflects those risks; or

b.both of the following criteria are satisfied:
i.the company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
ii.the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

In assessing the practical ability to reprice, risks transferred from the policyholder to the company, such as insurance risk and financial risk, are considered. Other risks, such as lapse, surrender and expense risk, are not included. The company considers the legal rights and the commercial substance of the contracts in this assessment. Cash flows outside of the boundary of the insurance contract relate to future insurance contracts and are recognised when those contracts meet the recognition criteria

For the majority of the insurance contracts issued, the company has the practical ability to reassess the risks of a policyholder and set an appropriate premium to reflect those risks on short notice. Consequently, for these insurance contracts, the contract boundary will be shorter than a year. The practical ability to reprice is not removed when management makes a commercial decision to price, or not price, at a certain level.

Reinsurance contracts:

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

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

Most reinsurance contract boundaries will align with the contract boundary of the underlying direct insurance contracts. Certain risk-attaching treaty reinsurance contracts, however, cover underlying direct business that begins during a one-year coverage period of the reinsurance contract (risk-attaching reinsurance contracts). Because of this feature, the contract boundary of these reinsurance contracts can be more than one year. Such contracts will be subjected to the PAA eligibility test, described below. The contract boundary of stop-loss treaty reinsurance contracts, is equal to the coverage period of the reinsurance contact . That is, losses must occur within the treaty's cover period.

Premium allocation approach (PAA) eligibility assessment

The company will apply the PAA to measure a group of insurance contracts issued or reinsurance contracts held if, at the inception of the group: the coverage period of each contract in the group of (re)insurance contracts is one year or less, or the company reasonably expects that the PAA would produce a measurement of the liability or asset for remaining coverage for a group of insurance contracts that would not differ materially from the measurement that would be achieved by applying the requirements of the GMM.

With the exception of the engineering portfolio, the average length of all the contracts of the company is not longer than a year and the size of the risk is uniform over the coverage period, resulting in the PAA approach being selected

Where the cover period is greater than one year, the company will assess the appropriateness of the PAA measurement model by comparing the results produced for calculating the projected LRC under GMM with PAA to determine if the difference approaches yield large differences.

Unit of account

The company manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are:

i)contracts that are onerous at initial recognition;
ii)contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or
iii)a group of remaining contracts

These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered

For each portfolio of contracts, the company determines the appropriate level at which reasonable and supportable information is available to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The company uses significant judgement to determine at what level of granularity the company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment

Liability for incurred claims

The best estimate provision for LIC relates to claim events that have occurred before or at the reporting date – whether the claims arising from these events have been reported or not (incurred but not reported – IBNR).

All future claim payouts and claim administration costs related to these occurrences are included in the cash flow estimates. Allocated loss adjustment expenditures, which have previously been incurred for historical claims, are implicitly projected into the future with the claims payments. The best estimate liability also includes directly attributable claims management expenditures to account for the cost of managing the final run-off of the claims provisions. The total of the discounted claims and expenditure provisions is the best-estimate liability.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the group requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment reflects an amount that an insurer would require to remove the uncertainty that future cash flows will exceed the expected value amount. The risk adjustment was determined by applying the stochastic Cape Cod method to the company's reserving triangles at least 75% percentile. A 75% confidence level is in line with the industry. When applying a risk adjustment of 25%, equity is expected to decrease by 40 to 50 million.

Expense allocation methodology

Directly attributable acquisition cashflows for issuing and underwriting costs have been determined and all attributable and non-attributable expenses have been identified and allocated to insurance portfolios. The most appropriate allocation method identified for expense attribution is based on the amount of premium written.

Discount rates

The discount rate used for cash flows will be based on the most current risk-free rates published by the Prudential Authority. A liquidity adjustment will be made to account for the liquidity risk.

22 New standards, amendments and interpretations issued

(a) New applied standards, amendments and interpretations issued and effective for the current financial year.

(i) *Interest Rate Benchmark Reform: The amendments to IFRS 9, IAS 39 and IFRS 7.*

Amend requirements for hedge accounting to support the provision of useful financial information during the period of

uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.
- The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform.
- In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The amendments are not applicable as the company does not apply hedge accounting.

(ii) *IAS 1, Presentation of Financial Statements. Amendment to the Definition of Material.*
The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.
The impact is immaterial. The company's financial statements are prepared taking into consideration materiality of the information to presented to the primary users of the entity's annual financial statements.

(iii) *IAS 8, Accounting policies, Changes in Accounting Estimates and Errors. Amendment to the Definition of Material.*
The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.
The impact is immaterial. The company financial statements are prepared taking into consideration materiality of the information to be presented to the primary users of the entity's annual financial statements.

(b) New standards, amendments and interpretations issued but not effective for the financial year and not early adopted.

(i) *IAS 1, Presentation of Financial Statements. The following amendments were made.*

• *Classification of Liabilities as current or non-current.*
Narrow scope amendments to the accounting standard to clarify how debts and other liabilities are classified based on the contractual arrangements in place at the reporting date.
The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date has been delayed to 1 January 2023.

GIC RE SOUTH AFRICA LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2023

22 New standards, amendments and interpretations issued (Continued)

(b) New standards, amendments and interpretations issued but not effective for the financial year and not early adopted (Continued)

(ii) IAS 1, Presentation of Financial Statements. The following amendments were made (continued)

• *Disclosure of Accounting Policies*
The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.
The amendments are effective for annual periods beginning on or after 1 January 2023.
The company will apply the amendments from the effective date and the amendments are not expected to significantly impact the company.

(iii) *IAS 8, Accounting policies, Changes in Accounting Estimates and Errors. Amendment to the Definition of Accounting Estimates*

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.
The amendments are effective for annual periods beginning on or after 1 January 2023, the company will apply the amendments from the effective date and the amendments are not expected to significantly impact the company.

(iv) *IAS 16, Property, plant, and equipment- Proceeds before Intended use*

The amendments prohibit an entity from deducting from cost of an item of property, plant and equipment any proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in the profit or loss
The amendments are effective for annual reporting periods beginning on or after 1 January 2022, the company will apply the amendments from the effective date and the amendments are not expected to significantly impact the company.

(v) IAS 37, Provisions, Contingent Liabilities and Contingent Assets: *'Onerous Contracts- Cost of Fulfilling a Contract*

The amendments specify which costs should be included in an entity's assessment and whether a contract will be loss Making. The amendments are effective for annual reporting periods beginning on or after 1 January 2022, GIC will apply the amendments from the effective date and the amendments are not expected to significantly impact the company.

(vi) IFRS 9, Financial Instruments. Annual Improvements to IFRS Standards 2018–2020

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. The amendments are effective for annual reporting periods beginning on or after 1 January 2023
The company will apply the amendments from the effective date and the amendments are not expected to significantly impact the company.

22 New standards, amendments and interpretations issued (continued)

c) New standards, amendments and interpretations issues and effective for the current financial year but not implemented by the company.

(i) IFRS 9, Financial instruments

It is expected that IFRS 9 will change the classification of financial assets to either amortised cost, fair value through profit or loss or fair value through other comprehensive income. In addition, IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

The company has elected to defer the implementation of IFRS 9 to 01 April 2023 when IFRS 17 is expected to be effective.
A detailed assessment of the impact has not been made by the company, therefore the impact is not yet known.

IFRS 9 provides a temporary exemption that permits the company to apply IAS 39 rather than IFRS 9 when accounting for financial instruments for annual periods beginning before 01 April 2023.

The entity is eligible to apply the temporary exemption from IFRS 9 due to the following criteria:
- it has not previously applied any version of IFRS 9; and
- its activities are predominantly connected with insurance

As at 31st March 2023 and (31st March 2022), the carrying amount of the liabilities arising from contracts within the scope of this IFRS 4 were greater than 90% of the total carrying amount of all liabilities. There has been no change in the entity's activities.

The entity's financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are all measured at fair value as they are managed and performance is evaluated on a fair value basis.

23 Revenue account

	31 March 2023 R	31 March 2022 R
Gross premiums written	1,275,996,906	1,429,757,922
Retroceded premiums	(946,344,046)	(1,026,814,462)
	329,652,860	402,943,460

		2023	
Business class	**Gross**	**Retro**	**Net**
Transportation	49,968,988	34,976,848	14,992,140
Property	883,913,732	673,608,980	210,304,752
Engineering	109,933,597	77,080,896	32,852,701
Guarantee	32,665,946	22,908,217	9,757,729
Liability*	(16,701,192)	(11,690,834)	(5,010,358)
Motor	62,362,733	43,656,282	18,706,451
Miscellaneous	(1,342,746)	(2,833,679)	1,490,933
Agriculture	142,138,536	99,497,218	42,641,318
Accident/health	13,057,311	9,140,118	3,917,193
Total written premium revenue portfolio	**1,275,996,905**	**946,344,046**	**329,652,859**

		2022	
Business class	**Gross**	**Retro**	**Net**
Transportation	80,086,994	56,160,468	23,926,526
Property	766,277,450	558,404,436	207,873,014
Engineering	75,808,221	53,246,739	22,561,482
Guarantee	28,878,175	20,215,202	8,662,973
Liability	152,805,347	106,963,741	45,841,606
Motor	212,753,951	153,064,384	59,689,567
Miscellaneous	65,042,881	45,085,730	19,957,151
Agriculture	39,912,334	27,938,634	11,973,700
Accident/health	8,192,569	5,735,128	2,457,441
Total written premium revenue portfolio	**1,429,757,922**	**1,026,814,462**	**402,943,460**

*Due to net negative pipeline movements

24 Notes to the statement of cash flows

	31 March 2023 R	31 March 2022 R
24.1 Cash utilised by operations		
Profit before taxation	262,401,746	203,367,246
Adjustments for:		
– depreciation of property, plant and equipment	1,701,932	1,878,285
– profit on disposal of equipment		
– realised profit/(loss) on disposal of investments	2,406,634	(56,691,687)
– interest income	(163,741,044)	(110,877,742)
– dividends received	(18,497,933)	(12,158,673)
– interest expense	57,706,892	41,298,879
– Increase/(decrease) in net provision for unearned premium	20,469,792	(54,437,147)
– (Increase)/decrease in net deferred acquisition costs	(4,982,957)	9,113,907
– (decrease)/Increase in net provision for outstanding claims	(176,174,144)	(12,654,036)
– unrealised loss on revaluation of investment in subsidiaries		
– unrealised gain on revaluation of investments	6,747,048	(19,595,785)
– loss on disposal of equipment	-	35,028
Cash utilised by operations before working capital changes	(11,962,035)	(10,721,725)
decrease/(Increase) in amounts due under reinsurance contract	42,467,494	(124,048,102)
(Increase)/decrease in other accounts receivable	(440,296)	(2,441,702)
Increase/(decrease) in amounts payable to retrocessionaire	216,474,756	68,476,703
(Increase)/decrease in amounts due from retrocessionaire contracts	(569,295)	(30,016,232)
Increase/(decrease) in amounts payable under reinsurance contracts	3,194,696	126,509,619
(Decrease)/increase in other accounts payable	(13,435,140)	82,259,303
(Decrease)/increase in deposits withheld from retrocessionaires	(662,170,224)	178,781,322
	(426,440,043)	288,799,186

24.2 Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	31 March 2023 R	31 March 2022 R
Cash on call and on deposit	55,099,501	95,534,602
Cash at bank	87,367,069	75,320,138
Cash on hand	36	2,466
	142,466,606	170,857,206

24.3 Taxation Paid

	31 March 2023 R	31 March 2022 R
Opening current tax receivable	14,818,050	20,000,000
Tax charge	(91,086,861)	(25,186,605)
Balance at the end of the year	41,396,420	(14,818,050)
Tax (paid)/received	(34,872,391)	(20,004,655)

24.4 Interest Paid

	31 March 2023 R	31 March 2022 R
Interest on retro deposits	57,654,120	41,157,176
Interest paid on lease liability	52,772	141,703
	57,706,892	41,298,879

25. Categorisation of assets and liabilities

2023	Note	Total R	Financial assets and liabilities: Financial assets at fair value through profit and loss R	Financial assets and liabilities: Financial Assets at amortised cost R	Financial assets and liabilities: Financial liabilities at amortised cost R	Other non - financial assets and liabilities R	Current / non - current distinction: Current assets and liabilities R	Current / non - current distinction: Non - current assets and liabilities R
ASSETS								
Cash and cash equivalents	24.2	142,466,606	-	142,466,606	-	-	142,466,606	-
Other accounts receivable		3,339,422	-	3,339,422	-	-	3,339,422	-
Investments		2,618,003,542	863,379,481	1,754,624,061	-	-	2,190,400,717	427,602,824
Government securities[*1]	9	427,602,824	427,602,824	-	-	-	-	427,602,824
Fixed deposits	9	1,474,734,910	-	1,474,734,910	-	-	1,474,734,910	-
Negotiable certificates of deposits	9	279,889,151	-	279,889,151	-	-	279,889,151	-
Listed ordinary shares[*2]	9	292,862,962	292,862,962	-	-	-	292,862,962	-
Listed preference shares[*2]	9	9,463,249	9,463,249	-	-	-	9,463,249	-
Treasury bills	9	-	-	-	-	-	-	-
Listed collective investment schemes[*2]	9	133,450,446	133,450,446	-	-	-	133,450,446	-
Technical assets under insurance contracts		2,140,300,615	-	-	-	2,140,300,616	2,140,300,616	-
Retroceded outstanding claims	6	1,869,373,312	-	-	-	1,869,373,312	1,869,373,312	-
Retroceded unearned premium reserve	7	213,799,090	-	-	-	213,799,090	213,799,090	-
Gross deferred acquisition costs	8	57,128,213	-	-	-	57,128,213	57,128,213	-
Amounts due under reinsurance contracts	26.1	683,060,426	-	683,060,426	-	-	683,060,426	-
Amounts due from retrocession contracts	26.2	37,632,633	-	37,632,633	-	-	37,632,633	-
Property, plant and equipment	5	530,177	-	-	-	530,177	-	530,177
Current tax receivable	24.3		-	-	-	-	-	-
Deferred tax	10	23,862,092	-	-	-	23,862,092	-	23,862,092
Total assets		5,649,195,513	863,379,481	2,621,123,148	-	2,140,830,793	5,197,200,420	428,133,001
LIABILITIES								
Technical liabilities under insurance contracts		2,354,032,162	-	-	-	2,354,032,162	2,354,032,162	-
Gross outstanding claims	6	2,008,080,746	-	-	-	2,008,080,746	2,008,080,746	-
Gross unearned premium reserve	7	306,246,544	-	-	-	306,246,544	306,246,544	-
Retroceded deferred acquisition cost	8	39,704,873	-	-	-	39,704,873	39,704,873	-
Deposits withheld from retrocessionaires	13	828,487,806	-	-	828,487,806	-	1,490,658,029	-
Amounts payable to retrocessionaire contracts	26.3	428,625,730	-	-	212,150,974	-	212,150,974	-
Amounts payable under reinsurance contracts	26.4	139,771,609	-	-	136,576,913	-	136,576,913	-
Other accounts payable	11	101,282,537	-	-	153,558	106,316,821	101,282,537	-
Lease liability	20	-	-	-	-	-	-	-
Deferred tax	10		-	-	-	-	-	-
Current tax receivable	24.3	41,396,420	-	-	-	41,396,420	-	41,396,420
Total liabilities		3,893,596,265	-	-	1,177,369,251	2,501,745,403	4,294,700,616	41,396,420

[*1] Designated at Fair Value
[*2] Mandatory Fair Value -
Fair value of financial assets and financial liabilities amortised cost are approximated at their carrying amount as these financial instruments will be receivable or payable within 12 months.

25. Categorisation of assets and liabilities

			Financial assets and liabilities			Other non - financial assets and liabilities	Current / non - current distinction	
2022	**Note**	**Total** **R**	Financial assets at fair value through profit and loss **R**	Financial Assets at amortised cost **R**	Financial liabilities at amortised cost **R**	**R**	Current assets and liabilities **R**	Non - current assets and liabilities **R**
ASSETS								
Cash and cash equivalents	**24.2**	170,857,206	-	170,857,206	-	-	170,857,206	-
Other accounts receivable		2,899,126	-	2,899,126	-	-	2,899,126	-
Investments		2,937,009,268	687,479,089	2,249,530,179	-	-	2,607,262,328	329,746,940
Government securities[*1]	**9**	329,746,940	329,746,940	-	-	-	-	329,746,940
Fixed deposits	**9**	1,746,872,063	-	1,746,872,063	-	-	1,746,872,063	-
Negotiable certificates of deposits	**9**	290,827,219	-	290,827,219	-	-	290,827,219	-
Listed ordinary shares[*2]	**9**	273,244,094	273,244,094	-	-	-	273,244,094	-
Listed preference shares[*2]	**9**	9,795,264	9,795,264	-	-	-	9,795,264	-
Treasury bills	**9**	211,830,897	-	211,830,897	-	-	211,830,897	-
Listed collective investment schemes[*2]	**9**	74,692,791	74,692,791	-	-	-	74,692,791	-
Technical assets under insurance contracts		1,797,790,379	-	-	-	1,797,790,379	1,319,035,598	-
Retroceded outstanding claims	**6**	1,603,424,927	-	-	-	1,603,424,927	1,603,424,927	-
Retroceded unearned premium reserve	**7**	153,789,132	-	-	-	153,789,132	153,789,132	-
Gross deferred acquisition costs	**8**	40,576,320	-	-	-	40,576,320	40,576,320	-
Amounts due under reinsurance contracts	**26.1**	725,527,920	-	725,527,920	-	-	725,527,920	-
Amounts due from retrocession contracts	**26.2**	37,063,338	-	37,063,338	-	-	37,063,338	-
Property, plant and equipment	**5**	2,146,921	-	-	-	2,146,921	-	2,146,921
Current tax receivable	**24.3**	14,818,050	-	-	-	14,818,050	14,818,050	-
Total assets		5,688,112,208	687,479,089	3,185,877,769	-	1,814,755,350	5,356,218,347	331,893,861
LIABILITIES								
Technical liabilities under insurance contracts		2,172,209,236	-	-	-	2,172,209,236	1,654,266,480	517,942,756
Gross outstanding claims	**6**	1,918,306,505	-	-	-	1,918,306,505	1,400,363,749	517,942,756
Gross unearned premium reserve	**7**	225,766,794	-	-	-	225,766,794	225,766,794	-
Retroceded deferred acquisition cost	**8**	28,135,937	-	-	-	28,135,937	28,135,937	-
Deposits withheld from retrocessionaires	**13**	1,490,658,029	-	-	1,490,658,029	-	1,490,658,029	-
Amounts payable to retrocessionaire contracts	**26.3**	212,150,974	-	-	212,150,974	-	212,150,974	-
Amounts payable under reinsurance contracts	**26.4**	136,576,913	-	-	136,576,913	-	136,576,913	-
Other accounts payable	**11**	114,717,678	-	-	375,625	114,342,053	114,717,678	-
Lease liability	**20**	1,377,106	-	-	1,377,106	-	1,377,106	-
Deferred tax	**10**	2,415,762	-	-	-	2,415,762	-	2,415,762
Total liabilities		4,130,105,698	-	-	1,841,138,647	2,288,967,051	3,609,747,179.38	520,358,518

[*1] Designated at Fair Value

[*2] Mandatory Fair Value

Fair value of financial assets and financial liabilities amortised cost are approximated at their carrying amount as these financial instruments will be receivable or payable within 12 months.

26.1 Amounts due under reinsurance contracts

	31 March 2023 R	31 March 2022 R
Amounts due under reinsurance contracts	773,669,770	785,479,641
Provision for Doubtful Debts	90,609,344	59,951,721
	683,060,426	**725,527,920**

26.2 Amounts due from Retrocessionnaire Contracts

Provisional profit commission receivable	37,632,633	37,063,338
	37,632,633	**37,063,338**

26.3 Amounts payable to Retrocessionnaire

Amounts payable to retrocessionaires	428,625,730	212,150,974
	428,625,730	**212,150,974**

26.4 Amounts payable under reinsurance contracts

Amounts payable under reinsurance contracts	86,024,663	83,930,325
Provisional profit commission payable	53,746,946	52,646,588
	139,771,609	**136,576,913**