



# **Klapton Reinsurance Limited**

**Group and Company annual financial statements**

**Year ended 31 December 2024**

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Year ended 31 December 2024**

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<b>Table of Contents</b>	<b>Pages</b>
Directors' report	2-3
Statement of Directors' responsibilities	4
Independent auditor's report	5-11
Annual financial statements;	
Group and Company statements of financial position	12-13
Group and Company statements of profit or loss and other comprehensive income	14-15
Group and Company statements of changes in equity	16-17
Group and Company statements of cash flows	18-19
Notes to the Group and Company financial statements	20-71

**KLAPTON REINSURANCE LIMITED**  
**Directors' report**  
**Year ended 31 December 2024**

The Directors submit their report together with the Group and Company annual financial statements for the year ended 31 December 2024, which disclose the state of affairs of Klaption Reinsurance Limited ("the Company") and its subsidiary Klaption Business Park Limited (together "the Group").

**1 Principal activities**

Klaption Reinsurance Limited is a private limited company incorporated and domiciled in Zambia. The principal activity of the Company is to provide reinsurance business to complement insurers and reinsurers and focuses on Africa, the Middle East, Asia and America. The Company is licensed under the Insurance Act No. 38 of 2021 to provide these services.

Klaption Business Park Limited (KBP), a subsidiary of Klaption Reinsurance Limited is a private limited company incorporated and domiciled in Zambia. The principal activity of the Company is to invest and develop real estate.

**2 Share capital**

There were no changes to the Group's authorised, issued and fully paid up capital of ZMW 78.75 million and share premium of ZMW 15.7 million. Details of the Group's authorised and issued share capital are disclosed in note 27 to the annual financial statements.

**3 Shareholding information**

Klaption Reinsurance Limited shareholding comprises the following:

- Klaption Management Limited (35%)
- SLA Consolidated Limited (35%)
- Shay Rechtes (30%)

Klaption Reinsurance Limited has 75% shareholding in Klaption Business Park Limited and has control over the Company.

**4 Financial results**

The Group and Company financial results are set out in the annual financial statements and are summarised as follows:

	Group		Company	
	2024	2023	2024	2023
	ZMW	ZMW	ZMW	ZMW
Insurance revenue	2,968,288,479	1,054,242,228	2,968,288,479	1,054,242,228
Insurance service result	369,575,036	38,297,468	369,575,036	38,297,468
Profit for the year	236,288,656	119,671,057	175,085,356	27,262,203
Total comprehensive income	333,625,903	198,356,971	279,774,985	126,172,149

There were no dividends paid or declared during the year (2023: Nil)

**5 Directors**

The Directors who held office during the year and to the date of this report were:

Name	Position	Appointed/resigned
Michael Lawson	Chairperson	
Chiluba Mumba	Non- Executive Director	Resigned on 13 August 2024
Webster Twaambo Jr	Managing Director	Resigned 28 March 2024
Jennifer Finaly-Estrougo	Non- Executive Director	Resigned on 3 July 2024
Musonda Chisanga	Executive Director	
Kudzai Bingepinge	Managing Director	Appointed 2 May 2024
Evans Chabala	Non- Executive Director	Appointed on 29 August 2024
Elmo Jayetileke	Non- Executive Director	Appointed on 22 July 2024

**6 Staff remuneration**

The total remuneration of employees during the year for the Group and the Company amounted to ZMW 42.8 million (2023: ZMW 17.4 million) and ZMW 41.1 million (2023: ZMW 17.3 million) respectively, as disclosed in note 15 to the annual financial statements. The Group and the Company had 49 employees (2023: 23) and 46 employees (2023: 21), respectively as at 31 December 2024.

**7 Investments**

The Group and Company had financial investments amounting to ZMW 411.7 million as at 31 December 2024 (2023: ZMW 309.2 million). The investment portfolio comprised of fixed term deposits, government bonds, treasury bills and corporate bonds. During the year, the Company recorded investment income of ZMW 61.5 million (2023: ZMW 28.8 million).

**8 Property and equipment**

The Group and Company acquired assets amounting to ZMW 6.6 million (2023: ZMW 2.5 million) and ZMW 6.2 million (2023: ZMW 2.0 million) respectively. The Group and Company disposed of assets amounting to ZMW 2.3 million (2023: ZMW 1.7 million) and ZMW 1.9 million (2023: ZMW 1.7 million) respectively as disclosed in note 22 to the annual financial statements. The Company entered into two new lease agreements for additional office space and residential accommodation on 2 year leases. These were capitalised as per requirements of IFRS 16 as disclosed in notes 25 and 29 to the annual financial statements.

In the opinion of the Directors, there was no significant difference between the carrying value of property and equipment and its market value.

**9 Investment property**

Investment property owned by the Company's subsidiary Klaption Business Park Limited was revalued to a market value of ZMW 227.8 million (2023: ZMW 157.0 million). This was determined by an external independent valuer and details of the fair value gains are disclosed in note 23 to the annual financial statements.

**10 Intangible assets and research and development**

The Group did not invest in additional user licenses for its core business system, SICS NT during the year (2023: Nil) and did not conduct research and development activities during the year.

**11 Significant events during the year**

During the year, the Company expanded its portfolio by underwriting collateralised facilities which accounts for ZMW 1.6 billion of insurance revenue. This strategic move reflects continued growth and diversification in the reinsurance market.

**12 Directors emoluments and interests**

The Group and the Company Directors' emoluments amounted to ZMW 1.6 million (2023: ZMW 1.3 million) and ZMW 1.4 million (2023: ZMW 1.3 million) respectively and are disclosed as part of the related party transactions in note 35 to the annual financial statements. There were no loans issued to or outstanding from Directors as at 31 December 2024.

**13 Corporate social responsibility and donations**

During the year, the Group and the Company made donations amounting to ZMW 0.01 million (2023: ZMW Nil) and contributed ZMW 0.21 million (2023: ZMW 0.16 million) to corporate social responsibility causes.

**14 Risk management and control**

The Group, through its normal operations, is exposed to a number of risks, the most significant of which are underwriting risk, credit risk, liquidity risk and market risk. The Group's risk management objectives and strategies are disclosed in note 34 to the annual financial statements.

**15 Auditors and remuneration**

The Auditor, PricewaterhouseCoopers Zambia, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the annual general meeting. The Auditor's remuneration for the year was ZMW 1.8 million (2023: ZMW 1.0 million) which was in respect of audit services rendered to the Company. No other services were rendered.

**By order of the Board**

**Company Secretary**

..... 2025

**Statement of Directors' responsibilities in respect of the preparation of the Group and Company annual financial statements**

The Companies Act, 2017 of Zambia requires the Directors to prepare annual financial statements for each financial year that give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Group and the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Group and the Company. They are also responsible for safeguarding the assets of the Group and the Company. The Directors are further required to ensure the Group and the Company adhere to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

The Directors accept responsibility for the Group and Company annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia and Insurance Act, 2021 of Zambia.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the Group and Company annual financial statements, and for such internal controls as the Directors determine necessary to enable the preparation of the consolidated and separate annual financial statements that are free from material misstatement whether due to fraud or error.

The Directors are of the opinion that the Group and Company annual financial statements set out on pages 12 to 71 give a true and fair view of the state of the financial affairs of the Group and the Company and of its financial performance in accordance with IFRS issued by the IASB and the requirements of the Companies Act, 2017 of Zambia and the Insurance Act, 2021 of Zambia. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

The Directors are confident that, the Group and the Company will continue to generate sufficient resources from operations to discharge its liabilities in the normal course of business for at least 12 months from date of these annual financial statements. On this basis, the preparation of the annual financial statements under the going concern basis is appropriate.



.....  
Michael Lawson  
Board Chairman



.....  
Kudzai Bingepinge  
Director



## Independent auditor's report

To the Shareholders of Klaption Reinsurance Limited

### Report on the audit of the Group and Company annual financial statements

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#### Our opinion

In our opinion, the Group and Company annual financial statements give a true and fair view of the Group and Company financial position of Klaption Reinsurance Limited (the "Company") and its subsidiary (together the "Group") as at 31 December 2024, and of the Group and Company financial performance and their cash flows for the year then ended in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IASB), and the requirements of the Companies Act, 2017 of Zambia and the Insurance Act, 2021 of Zambia.

#### What we have audited

Klaption Reinsurance Limited's Group and Company annual financial statements are set out on pages 12 to 71 and comprise:

- the Group and Company statement of financial position as at 31 December 2024;
- the Group and Company statement of profit or loss and other comprehensive income for the year then ended;
- the Group and Company statement of changes in equity for the year then ended;
- the Group and Company statement of cash flows for the year then ended; and
- the notes to the Group and Company annual financial statements, comprising material accounting policies and other explanatory information.

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#### Basis for opinion

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

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

#### Independence

We are independent of the Group and Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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## Report on the audit of the Group and Company annual financial statement (continued)

### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of insurance contract liabilities</b></p> <p>Insurance contract liabilities comprises liability for remaining coverage and liability for incurred claims.</p> <p>We considered insurance contract liabilities as a significant area of focus because:</p> <ul style="list-style-type: none"> <li>• The estimation of the liability for incurred claims involves significant judgment given the inherent uncertainty in estimating expected future outflows in relation to claims incurred. In addition, the liabilities are adjusted for the time value of money based on historical settlement patterns. Judgment is applied in estimating this future settlement pattern and in determination of the discount rate.</li> <li>• Determination of liability for incurred claims requires calculation of risk adjustment for non-financial risk which represents the compensation for bearing the uncertainty about the timing and amount of the risk insured. This calculation involves significant judgment in determining the confidence level and assumption that future development of claims will follow past patterns.</li> <li>• For onerous contracts, calculation of loss component involves judgment in estimating fulfillment cash flows relating to the remaining coverage period of insurance contracts.</li> <li>• The valuation of these liabilities relies on the accuracy of claims data and the assumption that future claims development will follow a similar pattern to past claims development experience and involve engagement of internal and external actuarial experts</li> </ul>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• Assessed the appropriateness of the judgements and supporting estimates used to determine use of the PAA measurement model;</li> <li>• Tested on a sample basis the reliability of the data used as the basis for making estimates;</li> <li>• Performed validation of certain new models by evaluating the testing performed by management to assess its appropriateness and performed independent validation testing using sample scenarios and comparing the output between our calculations and those produced by management's models;</li> <li>• Evaluated the appropriateness of methodologies and assumptions used in determining loss components recognised, and tested the accuracy of the loss component calculation through reperformance;</li> <li>• Tested the appropriateness of the split of expenses between attributable and non-attributable;</li> <li>• Tested the mathematical accuracy and completeness of the supporting calculations and adjustments used to determine the insurance contract liabilities balances ; and</li> <li>• Performed testing over key data flows within the IFRS 17 business processes</li> </ul>



Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of insurance contract liabilities continued.</b></p>	<ul style="list-style-type: none"> <li>• Evaluated and tested controls around claims handling, settling, and reserving;</li> <li>• Tested a sample of claim payments and reserves to confirm the amounts recorded in the claims systems agree to the source data;</li> <li>• Tested the appropriateness of the methodology and assumptions used by the external actuary and management in estimation of reserves as at 31 December 2024 and performed rejections for a sample of reserves to validate estimates;</li> <li>• Tested the methodology and assumptions used by management in estimating the risk adjustment;</li> <li>• Reconciled the claims data used by management to calculate reserves to the audited claims data; and</li> <li>• Assessed the adequacy of disclosures in the financial statements.</li> </ul>
<p><b>Fair value of investment property</b></p> <p>As disclosed in Note 23, the Group has an investment property valued at K228 million.</p> <p>The fair value estimation of this Investment property involves the use of a valuation expert. The methodology used to value the commercial property was the comparison method of valuation. This valuation method requires determination of market values with reference to prices paid for similar properties in a free and open market in the sub market. Recent transactions of similar properties are analysed with adjustments for likeness and differences in terms of condition, age, location, size, design, time of sale to that of valuation.</p> <p>We therefore focused on the reasonableness of the and appropriateness of the valuation technique applied in estimating the value of the property.</p>	<p>With the assistance of our independent valuation expert, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>• assessed reasonableness of the assumptions utilised and consistency in the application of judgements;</li> <li>• reviewed the methodologies applied by management for consistency with the requirements of IFRS 13: Fair value;</li> <li>• tested mathematical accuracy of the; and</li> <li>• computation and reconciled the results of the valuation performed by the expert to the financial statements.</li> </ul> <p>In addition, we assessed the independence, objectivity and competence of the management's valuation expert.</p>





## Report on the audit of the Group and Company annual financial statement (continued)

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### Other information

The Directors are responsible for the other information. The other information comprises the Company's Annual Report but does not include the Group and Company annual financial statements and our auditor's report thereon.

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

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

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

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### Responsibilities of the Directors for the Group and Company annual financial statements

The Directors are responsible for the preparation of the Group and Company annual financial statements that give a true and fair view in accordance with IFRS Accounting Standards, as issued by the IASB, and the requirements of the Companies Act, 2017 of Zambia and the Insurance Act, 2021 of Zambia, and for such internal control as the Directors determine is necessary to enable the preparation of the Group and Company annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group and Company annual financial statements, the Directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

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### Auditor's responsibilities for the Group and Company annual financial statements

Our objectives are to obtain reasonable assurance about whether the Group and Company annual 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 Group and Company annual financial statements.



## Report on the audit of the Group and Company annual financial statement (continued)

### Auditor's responsibilities for the Group and Company annual financial statements (continued)

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

- Identify and assess the risks of material misstatement of the Group and Company annual 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 Group and 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 Group and 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 Group and Company annual 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 Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group and Company annual financial statements, including the disclosures, and whether the Group and Company annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group annual financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

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



## Report on other legal and regulatory requirements

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### The Companies Act, 2017 of Zambia

The Companies Act, 2017 of Zambia requires that in carrying out our audit of Klapton Reinsurance Limited, we report on whether:

- i. as required by Section 259 (3)(a), there is a relationship, interest or debt which, ourselves, as the Group and Company Auditor, have in the Company;
- ii. as required by Section 259 (3)(b), there are serious breaches by the Group and Company's Directors, of corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia; and
- iii. in accordance with Section 250 (2), as regards loans made to a Group or Company Officer (a director, group or company secretary or executive officer of the group or company), the Group or Company does not state the:
  - particulars of any relevant loan made during the financial year to which the accounts apply, including any loan which was repaid during that year; or
  - amount of any relevant loan, whenever made, which remained outstanding at the end of the financial year.

In respect of the foregoing requirements, we have no matters to report.



## Report on other legal and regulatory requirements (continued)

### The Insurance Act, 2021 of Zambia

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The Insurance Act, 2021 of Zambia requires that in carrying out our audit of Klaption Reinsurance Limited, we report on whether as required by Section 98 (1):

- (a) express whether, in the external auditor's opinion, the licensed insurer made available all information necessary for the external auditor to comply with the requirements of this Act or other relevant written law;
- (b) state whether, in the external auditor's opinion, any of the statements in the Group and Company annual financial statements:
  - (i) exhibits a true and fair statement of the licensed insurer's financial condition; and
  - (ii) requires an explanation or information from the board, senior officer or agent of the licensed insurer or receives a satisfactory response;
- (c) state whether in the external auditor's opinion the licensed insurer has complied with this Act and any other relevant written law; and
- (d) state the transactions or conditions that have come to the attention of the auditor affecting the well-being of the licensed insurer that, in the opinion of the external auditor, are not satisfactory and require rectification including:
  - i) a transaction of the licensed insurer that has come to the attention of the external auditor and which in the opinion of the external auditor, has not been within the powers of the licensed insurer or which was contrary to the Act or any other relevant written law; and
  - ii) a non-performing loan that is outstanding, is restructured or the terms of repayment are extended, if the principal amount of the loan is five percent or more of the regulatory capital of the licensed insurer.

In respect of the foregoing requirements, we have no matters to report.

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**PricewaterhouseCoopers**  
**Chartered Accountants**  
Lusaka

26 March 2025

  
Martin Bamukunde  
**Practicing Certificate Number: AUD/F009933**  
**Partner signing on behalf of the firm**

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Statement of financial position as at 31 December 2024**

Group	Notes	2024	2023
		ZMW	ZMW
<b>Assets</b>			
Cash and cash equivalents	17	249,982,932	160,585,837
Financial investments at amortised cost	18	411,665,190	309,231,867
Other assets	19	1,495,307,364	24,030,268
Reinsurance contract assets	30	808,984,254	368,469,408
Investment in associate	21	9,000	9,000
Property and equipment	22	7,300,973	4,821,554
Investment property	23	227,793,199	156,963,046
Intangible assets	24	4,362,011	6,790,476
Right-of-use assets	25	3,631,282	3,097,876
Deferred tax	26	62,134,877	48,231,998
<b>Total assets</b>		<b><u>3,271,171,082</u></b>	<b><u>1,082,231,330</u></b>
<b>Equity</b>			
Share capital	27	78,750,000	78,750,000
Share premium	27	15,704,926	15,704,926
Retained earnings		345,400,150	124,412,320
Non-distributable reserves	27	180,638,708	81,463,365
<b>Equity attributable to owners of the Company</b>		<b><u>620,493,784</u></b>	<b><u>300,330,611</u></b>
<b>Non-controlling interests</b>	20	<b><u>31,512,685</u></b>	<b><u>18,049,955</u></b>
<b>Total equity</b>		<b><u>652,006,469</u></b>	<b><u>318,380,566</u></b>
<b>Liabilities</b>			
Other payables	28	157,536,675	96,924,829
Insurance contract liabilities	30	2,393,095,975	663,053,351
Reinsurance contract liabilities	30	63,440,930	82,952
Lease liability	29	5,091,033	3,789,632
<b>Total liabilities</b>		<b><u>2,619,164,613</u></b>	<b><u>763,850,764</u></b>
<b>Total equity and liabilities</b>		<b><u>3,271,171,082</u></b>	<b><u>1,082,231,330</u></b>

The notes on pages 20 to 71 are an integral part of these annual financial statements.

These annual financial statements were approved for issue by the Board of Directors on 26 March 2025 and signed by:



.....  
Michael Lawson  
Chairman



.....  
Kudzai Bingepinge  
Director

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Statement of financial position as at 31 December 2024**

<b>Company</b>	<b>Notes</b>	<b>2024</b>	<b>2023</b>
		<b>ZMW</b>	<b>ZMW</b>
<b>Assets</b>			
Cash and cash equivalents	17	<b>249,544,540</b>	160,585,837
Financial investments at amortised cost	18	<b>411,665,190</b>	309,231,867
Other assets	19	<b>1,569,158,064</b>	52,565,682
Reinsurance contract assets	30	<b>808,984,254</b>	368,469,408
Investment in subsidiary	20	<b>11,250</b>	11,250
Investment in associate	21	<b>9,000</b>	9,000
Property and equipment	22	<b>6,925,471</b>	4,366,012
Intangible assets	24	<b>4,362,011</b>	6,790,476
Right-of-use assets	25	<b>3,631,282</b>	3,097,876
Deferred tax	26	<b>62,134,877</b>	48,231,998
<b>Total assets</b>		<b><u>3,116,425,939</u></b>	<b><u>953,359,406</u></b>
<b>Equity</b>			
Share capital	27	<b>78,750,000</b>	78,750,000
Share premium	27	<b>15,704,926</b>	15,704,926
Retained earnings		<b>230,191,035</b>	55,105,679
Non-distributable reserves	27	<b>201,321,018</b>	96,631,389
<b>Total equity</b>		<b><u>525,966,979</u></b>	<b><u>246,191,994</u></b>
<b>Liabilities</b>			
Other payables	28	<b>128,831,022</b>	40,241,477
Insurance contract liabilities	30	<b>2,393,095,975</b>	663,053,351
Reinsurance contract liabilities	30	<b>63,440,930</b>	82,952
Lease liability	29	<b>5,091,033</b>	3,789,632
<b>Total liabilities</b>		<b><u>2,590,458,960</u></b>	<b><u>707,167,412</u></b>
<b>Total equity and liabilities</b>		<b><u>3,116,425,939</u></b>	<b><u>953,359,406</u></b>

The notes on pages 20 to 71 are an integral part of these annual financial statements.

These annual financial statements were approved for issue by the Board of Directors on 26 March 2025 and signed by:



.....  
Michael Lawson  
Chairman



.....  
Kudzai Bingepinge  
Director

**KLAPTON REINSURANCE LIMITED**

**Group and Company annual financial statements**

**Statement of profit or loss and other comprehensive for the year ended 31 December 2024**

Group	Notes	2024	2023
		ZMW	ZMW
Insurance revenue	8	2,968,288,479	1,054,242,228
Insurance service expense	8	(3,060,142,474)	(1,196,780,741)
Net income from reinsurance contracts	8	461,429,031	180,835,981
<b>Insurance service result</b>		<b>369,575,036</b>	<b>38,297,468</b>
Interest at amortised cost using the effective interest rate method	9	61,540,960	28,764,083
Net gains from fair value adjustments to investment properties	23	64,740,531	93,200,250
Net credit impairment losses on financial assets	18	(1,986,201)	(575,631)
<b>Net investment income</b>		<b>124,295,290</b>	<b>121,388,702</b>
Finance income from insurance contracts held	10	58,567,651	72,670,852
<b>Net insurance finance income</b>		<b>58,567,651</b>	<b>72,670,852</b>
<b>Net insurance and investment result</b>		<b>552,437,977</b>	<b>232,357,022</b>
Finance income	11	-	14,126,980
Finance expense	12	(23,382,581)	(349,487)
Other income	13	9,066,403	29,899
Administrative expenses	14	(221,938,491)	(114,205,000)
<b>Profit before taxation</b>		<b>316,183,308</b>	<b>131,959,414</b>
Income tax expense	16	(79,894,652)	(12,288,357)
<b>Profit for the year</b>		<b>236,288,656</b>	<b>119,671,057</b>
<b>Other comprehensive income (net of tax)</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign currency translation gain		97,337,247	78,685,914
<b>Total comprehensive income</b>		<b>333,625,903</b>	<b>198,356,971</b>

The notes on pages 20 to 71 are an integral part of these annual financial statements.

**KLAPTON REINSURANCE LIMITED**

**Group and Company annual financial statements**

**Statement of profit or loss and other comprehensive income for the year ended 31 December 2024**

Company	Notes	2024	2023
		ZMW	ZMW
Insurance revenue	8	2,968,288,479	1,054,242,228
Insurance service expense	8	(3,060,142,474)	(1,196,780,741)
Net income from reinsurance contracts	8	<u>461,429,031</u>	<u>180,835,981</u>
<b>Insurance service result</b>		<u>369,575,036</u>	<u>38,297,468</u>
Interest at amortised cost using the effective interest rate method	9	61,540,960	28,764,083
Net credit impairment losses on financial assets	18	<u>(1,986,201)</u>	<u>(575,631)</u>
<b>Net investment income</b>		<u>59,554,759</u>	<u>28,188,452</u>
Finance income from insurance contracts held	10	<u>58,567,651</u>	<u>72,670,852</u>
<b>Net insurance finance income</b>		<u>58,567,651</u>	<u>72,670,852</u>
<b>Net insurance and investment result</b>		<b>487,697,446</b>	<b>139,156,772</b>
Finance income	11	-	14,126,980
Finance expense	12	(23,382,581)	(349,487)
Other income	13	8,847,389	29,899
Administrative expenses	14	<u>(218,182,246)</u>	<u>(113,413,604)</u>
<b>Profit before taxation</b>		<b>254,980,008</b>	<b>39,550,560</b>
Income tax expense	16	<u>(79,894,652)</u>	<u>(12,288,357)</u>
<b>Profit for the year</b>		<u><b>175,085,356</b></u>	<u><b>27,262,203</b></u>
<b>Other comprehensive income (net of tax)</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign currency translation gain		<b>104,689,629</b>	98,909,946
<b>Total comprehensive income</b>		<u><b>279,774,985</b></u>	<u><b>126,172,149</b></u>

The notes on pages 20 to 71 are an integral part of these annual financial statements.



KLAPTON REINSURANCE LIMITED  
Group and Company annual financial statements  
Statement of changes in equity as at 31 December 2024

Group	Share capital	Share premium	Accumulated profit	Non-distributable reserves	Non-controlling interests	Total
2024	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
<b>Opening balance</b>	<b>78,750,000</b>	<b>15,704,926</b>	<b>124,412,320</b>	<b>81,463,365</b>	<b>18,049,955</b>	<b>318,380,566</b>
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	220,987,830	-	15,300,826	236,288,656
Other comprehensive income	-	-	-	99,175,343	(1,838,096)	97,337,247
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>220,987,830</b>	<b>99,175,343</b>	<b>13,462,730</b>	<b>333,625,903</b>
<b>Transactions with owners of the Company</b>						
<i>Contributions and distributions</i>						
Issue of ordinary shares	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 December 2024</b>	<b>78,750,000</b>	<b>15,704,926</b>	<b>345,400,150</b>	<b>180,638,708</b>	<b>31,512,685</b>	<b>652,006,469</b>
2023	Share capital	Share premium	Accumulated profit	Non-distributable reserves	Non-controlling interests	Total
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
<b>Restated balance as at 1 January 2023</b>	<b>78,750,000</b>	<b>15,704,926</b>	<b>28,229,481</b>	<b>(2,278,557)</b>	<b>-</b>	<b>120,405,850</b>
Adjustment on initial application of IFRS 9	-	-	(386,005)	-	-	(386,005)
<b>Balance as at 1 January 2023</b>	<b>78,750,000</b>	<b>15,704,926</b>	<b>27,843,476</b>	<b>(2,278,557)</b>	<b>-</b>	<b>120,019,845</b>
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	96,568,844	-	23,102,213	119,671,057
Other comprehensive income	-	-	-	83,741,922	(5,056,008)	78,685,914
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>96,568,844</b>	<b>83,741,922</b>	<b>18,046,205</b>	<b>198,356,971</b>
<b>Transactions with owners of the Company</b>						
<i>Contributions and distributions</i>						
Issue of ordinary shares	-	-	-	-	3,750	3,750
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,750</b>	<b>3,750</b>
<b>Balance as at 31 December 2023</b>	<b>78,750,000</b>	<b>15,704,926</b>	<b>124,412,320</b>	<b>81,463,365</b>	<b>18,049,955</b>	<b>318,380,566</b>

**Share capital**

This represents the nominal share capital of the Company from the issue of shares.

**Share premium**

This arose from the issue of shares and represents amounts paid by shareholders in excess of the nominal value of the shares.

**Accumulated profit**

Accumulated profit represents the brought forward income net of expenses less dividends paid and transfers to other reserves.

**Non-distributable reserves**

Included in non-distributable reserves are operational items which are not included in the calculation of distributable income. These include functional to presentation currency translation differences excluding the portion attributable to non-controlling interests.

**Non-controlling interests**

This represents the proportionate share of minority shareholders interests in a subsidiary in which the Company has control.

The notes on pages 20 to 71 are an integral part of these annual financial statements.

KLAPTON REINSURANCE LIMITED  
Group and Company annual financial statements  
Statement of changes in equity as at 31 December 2024

Company	Share capital	Share premium	Accumulated profit	Non-distributable reserves	Total
	ZMW	ZMW	ZMW	ZMW	ZMW
<b>2024</b>					
<b>Opening balance</b>	<b>78,750,000</b>	<b>15,704,926</b>	<b>55,105,679</b>	<b>96,631,389</b>	<b>246,191,994</b>
<i>Total comprehensive income for the year</i>					
Profit for the year	-	-	175,085,356	-	175,085,356
Other comprehensive income	-	-	-	104,689,629	104,689,629
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>175,085,356</b>	<b>104,689,629</b>	<b>279,774,985</b>
<b>Transactions with owners of the Company</b>					
<i>Contributions and distributions</i>					
Issue of ordinary shares	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 December 2024</b>	<b>78,750,000</b>	<b>15,704,926</b>	<b>230,191,035</b>	<b>201,321,018</b>	<b>525,966,979</b>
<b>2023</b>					
	<b>Share capital</b>	<b>Share premium</b>	<b>Accumulated profit</b>	<b>Non-distributable reserves</b>	<b>Total</b>
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>Restated balance as at 1 January 2023</b>	<b>78,750,000</b>	<b>15,704,926</b>	<b>28,229,481</b>	<b>(2,278,557)</b>	<b>120,405,850</b>
Adjustment on initial application of IFRS 9	-	-	(386,005)	-	(386,005)
<b>Balance as at 1 January 2023</b>	<b>78,750,000</b>	<b>15,704,926</b>	<b>27,843,476</b>	<b>(2,278,557)</b>	<b>120,019,845</b>
<i>Total comprehensive income for the year</i>					
Profit for the year	-	-	27,262,203	-	27,262,203
Other comprehensive income	-	-	-	98,909,946	98,909,946
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>27,262,203</b>	<b>98,909,946</b>	<b>126,172,149</b>
<b>Transactions with owners of the Company</b>					
<i>Contributions and distributions</i>					
Issue of ordinary shares	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 December 2023</b>	<b>78,750,000</b>	<b>15,704,926</b>	<b>55,105,679</b>	<b>96,631,389</b>	<b>246,191,994</b>

**Share capital**

This represents the nominal share capital of the Company from the issue of shares.

**Share premium**

This arose from the issue of shares and represents amounts paid by shareholders in excess of the nominal value of the shares.

**Accumulated profit**

Accumulated profits represents the brought forward income net of expenses less dividends paid and transfers to other reserves.

**Non-distributable reserves**

Included in non-distributable reserves are operational items which are not included in the calculation of distributable income. These include functional to presentation currency translation differences.

The notes on pages 20 to 71 are an integral part of these annual financial statements.

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Statement of cashflow as at 31 December 2024**

<b>Group</b>	<b>Notes</b>	<b>2024</b>	<b>2023</b>
		<b>ZMW</b>	<b>ZMW</b>
<b>Cashflow from operating activities</b>			
Profit for the year		236,288,656	119,671,057
<i>Adjustments for:</i>			
- Depreciation	22/25	4,869,940	3,700,099
- Amortisation	24	2,428,465	2,500,312
- Interest expense on lease liabilities	29	394,596	349,487
- Effect of movements in exchange rates		(16,278,932)	(57,362,568)
- Net credit impairment losses on financial assets		1,986,201	575,631
- Income tax expense		79,894,652	12,288,357
- Investments handling fee		194,160	98,273
- Profit on disposal		(269,422)	-
- Accrued interest on investments	9	(61,540,960)	(28,764,083)
- Net gains from fair value adjustments to investment properties	23	(64,740,531)	(93,200,250)
<i>Changes in:</i>			
- Reinsurance contract assets		(440,514,846)	(358,619,004)
- Other assets		(1,471,277,096)	(20,225,583)
- Insurance contract liabilities		1,730,042,624	595,596,505
- Reinsurance contract liabilities		63,357,978	82,952
- Other payables less current tax payable		6,169,193	39,634,918
Movement in foreign currency translations		97,337,247	78,685,914
<b>Cash used in operating activities</b>			
Income taxes paid		(45,346,422)	(21,499,151)
<b>Net cash from operating activities</b>		<u>122,995,503</u>	<u>273,512,866</u>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment		(6,561,637)	(2,457,169)
Proceeds from disposal of property, plant and equipment		1,537,635	694,327
Net acquisition of investment property		(6,089,623)	(63,762,796)
Investment in associate	21	-	(9,000)
Acquisition of investments at amortised cost		(288,812,581)	(292,711,485)
Maturities of investments at amortised cost		203,462,512	128,341,580
Interest received on investments		52,689,557	16,424,261
<b>Net cash used in investing activities</b>		<u>(43,774,137)</u>	<u>(213,480,282)</u>
<b>Cash flows from financing activities</b>			
Repayments of principal on lease liabilities		(2,085,115)	(1,021,488)
Repayments of interest on lease liabilities		(394,596)	(349,487)
<b>Net cash used in financing activities</b>	29	<u>(2,479,711)</u>	<u>(1,370,975)</u>
<b>Net increase in cash and cash equivalents</b>		<b>76,741,655</b>	<b>58,661,609</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>160,585,837</b>	<b>58,013,550</b>
Effect of movements in exchange rates on cash and cash equivalents held		12,655,440	43,910,678
<b>Total cash and cash equivalents at the end of the year</b>	17	<u>249,982,932</u>	<u>160,585,837</u>

The notes on pages 20 to 71 are an integral part of these annual financial statements.

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Statement of cashflow as at 31 December 2024**

Company	Notes	2024	2023
		ZMW	ZMW
<b>Cashflow from operating activities</b>			
Profit for the year		175,085,356	27,262,203
<i>Adjustments for:</i>			
- Depreciation	22/25	4,683,773	3,682,248
- Amortisation	24	2,428,465	2,500,312
- Interest expense on lease liabilities	29	394,596	349,487
- Foreign exchange differences		(16,216,895)	(57,362,568)
- Net credit impairment losses on financial assets		1,986,201	575,631
- Income tax expense		79,894,652	12,288,357
- Investments handling fee		194,160	98,273
- Profit on disposal		(208,970)	-
- Accrued interest on investments	9	(61,540,960)	(28,764,083)
<i>Changes in:</i>			
- Reinsurance contract assets		(440,514,846)	(358,619,004)
- Other assets		(1,516,592,382)	(48,764,747)
- Insurance contract liabilities		1,730,042,624	595,596,505
- Reinsurance contract liabilities		63,357,978	82,952
- Other payables less current tax payable		34,146,892	(17,048,434)
Movement in foreign currency translations		104,689,629	98,909,946
<b>Cash used in operating activities</b>			
Income taxes paid		(45,346,422)	(21,499,151)
<b>Net cash from operating activities</b>		<u>116,483,851</u>	<u>209,287,927</u>
<b>Cash flows from investing activities</b>			
Acquisition of property and equipment		(6,157,863)	(1,983,776)
Proceeds from disposal of property, plant and equipment		1,179,535	694,327
Investment in subsidiary	20	-	(11,250)
Investment in associate	21	-	(9,000)
Acquisition of investments at amortised cost		(288,812,581)	(292,711,485)
Maturities of investments at amortised cost		203,462,512	128,341,580
Interest received and WHT on investments		52,689,557	16,424,261
<b>Net cash used in investing activities</b>		<u>(37,638,840)</u>	<u>(149,255,343)</u>
<b>Cash flows from financing activities</b>			
Repayments of principal on lease liabilities		(2,085,115)	(1,021,488)
Repayments of interest on lease liabilities		(394,596)	(349,487)
<b>Net cash used in financing activities</b>	29	<u>(2,479,711)</u>	<u>(1,370,975)</u>
<b>Net increase in cash and cash equivalents</b>		76,365,300	58,661,609
<b>Cash and cash equivalents at beginning of year</b>		160,585,837	58,013,550
Effect of movements in exchange rates on cash and cash equivalents held		12,593,403	43,910,678
<b>Total cash and cash equivalents at the end of the year</b>	17	<u>249,544,540</u>	<u>160,585,837</u>

The notes on pages 20 to 71 are an integral part of these annual financial statements.

**1 Reporting entity**

Klapton Reinsurance Limited ("the Company") and its subsidiary Klapton Business Park Limited (together "the Group") are private limited companies incorporated and domiciled in Zambia. Principal activity of the Company is to provide reinsurance business to complement insurers and reinsurers and focusses on Africa, the Middle East, Asia and America. The Company is licensed under the Insurance Act No. 38 of 2021 to provide these services and its registered office is:

Suite 12B, Green City Office Park  
Stand 2374, Kelvin Siwale Road  
Lusaka, Zambia

Klapton Business Park Limited's principal activity is to invest and develop real estate.

**2 Basis of preparation**

The Group and Company annual financial statements have been prepared in accordance with IFRS accounting standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS accounting standards as issued by the International Accounting Standards Board (IASB).

The Group and Company annual financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

**3 Foreign currencies**

**(i) Functional and presentation currency**

Items included in the Group and Company annual financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The functional currency and presentation currency were assessed to be United States Dollar (USD) and the Zambian Kwacha (ZMW), respectively.

**(ii) Transactions and balances**

In preparing the annual financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. All exchange differences that arise from the translation of balances from the functional currency to the presentation currency are recognised in other comprehensive income and accounted for separately in a non-distributable translation reserve within the statement of changes in equity.

**4 Critical estimates and judgements**

In preparing these Group annual financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

**(i) Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- (a) Measurement of insurance and reinsurance contracts (note 7 (b) (iv)).
- (b) Level of aggregation of insurance and reinsurance contracts (note 7 (b) (ii)).
- (c) Impairment of financial assets (note 7 (h)).
- (d) Classification of financial assets (note 7 (g) (ii)).

Information about assumptions and estimation uncertainties at 31 December 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes.

- (a) Impairment of financial assets (note 7 (h)).
- (b) Measurement of the fair value of investment properties with significant unobservable inputs (note 23).
- (c) Estimation of current and deferred income tax (note 7 (q)).

**5 Changes in material accounting policies and disclosures**

The Group has consistently applied the accounting policies as set in note 7 to all periods presented in the annual financial statements.

## 6 New standards, amendments and interpretations

### (a) New standards, amendments, interpretations adopted by the Group

A number of new or amended standards became applicable for the current reporting period and these are the following standards;

- (i) Amendments to IAS 1 *Presentation of Financial Statements* - Non-current liabilities with covenants
- (ii) Amendment to IFRS 16 *Leases* - Sale and leaseback
- (iii) Amendments to Supplier Finance Arrangements (IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosure*)

The above did not have an impact on the Group.

### (b) New Standards, amendments, interpretations issued but not yet effective and not early adopted

The following are the new standards and amendments to existing standards that have been issued by the IASB, which will be mandatory after 2025.

- (i) Amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates* - Lack of Exchangeability (Amendments to IAS 21)
- (ii) Amendment to IFRS 9 *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures* - Classification and Measurement of Financial Instruments
- (iii) IFRS 18 *Presentation and Disclosure in Financial Statements*
- (iv) IFRS 19 *Subsidiaries without Public Accountability*

With the exception of IFRS 18, which applies for annual periods beginning on or after 1 January 2027, which replaces IAS 1 *Presentation of Financial Statements*, the remaining new and amended accounting standards listed above are not expected to have a significant impact on the Group and Company annual financial statements.

## 7 Summary of material accounting policies

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### (ii) Non-controlling interests (NCI)

NCI are initially measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

#### (iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### (iv) Interests in equity-accounted investees

The Group's interests in equity-accounted investees can comprise interests in a joint venture and associates that are not underlying items of participating contracts. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

#### (iv) Interests in equity-accounted investees

Interests in joint ventures and associates that are not underlying items of participating contracts are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which joint control or significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part of that investment, is reduced to zero. Additional losses are provided for only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

#### (v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee.

**7 Summary of material accounting policies (continued)**

**(b) Insurance and reinsurance contracts**

For the purpose of these financials, insurance contracts held refer to reinsurance contracts while reinsurance contracts refer to retrocession contracts issued.

(i) Classification

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Insurance and reinsurance contracts also expose the Group to financial risk.

All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued and initiated by the Group, unless otherwise stated. All insurance contracts and all reinsurance contracts are classified as contracts without direct participation features.

(ii) Aggregation and recognition of insurance and reinsurance contracts

*Insurance contracts*

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

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

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

- The beginning of its coverage period (i.e. the period during which the Group provides services in respect of any premiums within the boundary of the contract);
- When the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- When facts and circumstances indicate that the contract is onerous.

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

The Group first aggregates its insurance contracts issued by main class of business where each product line includes contracts that are subject to similar risks. All insurance contracts within a class represent a portfolio of contracts. Refer to Note 8 for the reportable groups determined by the Group.

As prescribed by the Regulator, the Groups classes of insurance business are aligned to those defined in the insurance general regulations that the Group underwrites.

*Reinsurance contracts*

Groups of reinsurance contracts are established such that each group comprises a single contract. Some reinsurance contracts provide cover for underlying contracts that are included in different groups. However, the Group concludes that the reinsurance contract's legal form of a single contract reflects the substance of the Group's contractual rights and obligations, considering that the different covers lapse together and are not sold separately. As a result, the reinsurance contract is not separated into multiple insurance components that relate to different underlying groups. Refer to Note 8 for reportable groups determined by the Group.

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

- *Reinsurance contracts initiated by the Group that provide proportionate coverage:* Later of the beginning of the coverage period of the group and the date on which any underlying insurance contract is initially recognised. This applies to the Group's quota share reinsurance contracts.

- *Other reinsurance contracts initiated by the Group:* The beginning of the coverage period of the group of reinsurance contracts. However, if the Group recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date (see 'Reinsurance of onerous underlying insurance contracts' under (v)). This applies to the Group's excess of loss and stop loss reinsurance contracts.

(iii) Insurance acquisition cash flows

The Groups insurance acquisition cashflows comprise of commissions as well as directly attributable administrative expenses. To determine directly attributable administrative expenses, Management analyse the nature of each particular expense line to assess whether the cost is related to the initial selling, underwriting or starting of an insurance contract. Where an expense line has both direct and indirect components, Management allocates this using activity based costing methods which are systematic and rational. The Group uses supportable information that is available without undue cost or effort.

**7 Summary of material accounting policies (continued)**

**(b) Insurance and reinsurance contracts (continued)**

**(iii) Insurance acquisition cash flows (continued)**

The Group allocates commission costs to individual contracts whilst administrative expenses are allocated to groups of contracts based on the gross written premiums. The Group does not allocate acquisition cashflows to future contracts expected to be issued because of the recurrent nature of most of the expenses and uncertainty of the renewals.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts (see (v)).

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

**Recoverability assessment**

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

- Recognises an impairment loss in profit or loss so that the carrying amount of the asset does not exceed the expected net cash inflow for the related group; and

- If the asset relates to future renewals, recognises an impairment loss in profit or loss to the extent that it expects those insurance acquisition cash flows to exceed the net cash inflow for the expected renewals and this excess has not already been recognised as an impairment loss prior.

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

**(iv) Measurement**

The Group uses the Premium Allocation Approach (PAA) to simplify the measurement of groups of contracts when the following criteria are met at inception.

- The Group expects the entity reasonably expects that such simplification would produce a measurement of the liability for remaining coverage for the group that would not differ materially from the one that would be produced applying the General Measurement Method (GMM).

- The coverage period of each contract in the group is one year or less.

The Group uses the PAA for measuring contracts with a coverage period of one year or less. This approach is used for all insurance classes other than fire, bonds and engineering as each of the contracts in other classes have a coverage period of one year or less.

Post transition, the Group carried out a qualitative analysis of the PAA eligibility criteria for fire, bonds and engineering which have coverage periods of more than one year and concluded that there is no significant difference between the carrying amount of insurance contract liability determined under the GMM and PAA method. A quantitative test was not carried out as there have been no changes in the characteristics of the insurance reporting groups from prior period. As a result, these classes also qualify to be measured under the PAA and no classes of the Group are measured using the GMM.

The excess of loss and stop loss reinsurance contracts held provide coverage for insurance contracts originated for claims incurred during an accident year and are accounted for under the PAA.

**Initial measurement**

For insurance contracts, the carrying amount of the liability for remaining coverage (LRC) is measured at the premiums, less any insurance acquisition cash flows paid and adjusted for any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

For reinsurance contracts held, on initial recognition, the Group measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows.

**Subsequent measurement**

*For insurance contracts, the carrying amount for the LRC is:*

- Increased by any premiums received.

- Increased for the amortisation of insurance acquisition cash flows recognised as expenses.

- Decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period.

- Decreased for insurance acquisition cash flows paid in the period.



**7 Summary of material accounting policies (continued)**

**(b) Insurance and reinsurance contracts (continued)**

(iv) Measurement (continued)

For Reinsurance contracts held, the remaining coverage is:

- Increased for ceded premiums paid in the period.
- Increased for broker fees paid in the period.
- Decreased for the expected amounts of ceded premiums and broker fees recognised as reinsurance expenses for the services received in the period.

*Discounting*

The Group applies discounting to the liability for incurred claims (LIC) for lines of business where claims settlement typically exceeds twelve months after they have been incurred. Discounting reflects the time value of money, reducing the carrying amount of future claims payments to their present value.

As claims are predominantly settled in USD, discounting is applied using the USD risk-free discount rates. Using the bottom-up approach, the discount rates were derived from US government bond yields at different maturity time points. The Nelson-Siegel methodology was used to construct a yield curve, ensuring a smooth and consistent representation of discount rates across various maturities.

The yield curve was interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. The Group used the following USD yield curves to discount cashflows.

Year	1 month	5 months	10 months	15 months	20 months
2024	4.4108%	4.2283%	4.2021%	4.1999%	4.1997%

*Loss components*

For each portfolio of contracts, the Group 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 Group uses the main class level as the level of granularity to assess whether a portfolio of contracts have become onerous. As all the Groups insurance contracts are measured using the PAA, the Group assumes that no such contracts are onerous at initial recognition.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage.

The Group uses judgement in the profitability grouping of contracts into onerous contracts, non-onerous contracts (with no significant possibility of becoming onerous) and other contracts. Using judgement, the Group selected the combined loss ratio (based on financial information of the recent four fiscal years) being claims ratio, commission ratio, expenses ratio and the additional risk adjustment ratio as the measure of profitability. A best estimate combined ratio greater than 100% indicates onerous group and less than 100% represents profitable and in between contracts.

*Risk adjustment*

Risk adjustment is the compensation that the Group requires for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk. The Groups risks covered by the risk adjustment for non financial risk are insurance risk and other non financial risks such as expense risks. The Group estimates an adjustment for non-financial risk separately from all other estimates.

In order to determine the Risk Adjustment (RA) and to calibrate it to a specific confidence level, a distribution of the loss ratio experience had been derived by leveraging the approach adopted by other solvency regimes such as SAM and Solvency II which calibrate the Solvency Capital Requirement (SCR) and Risk Margin (RM) distributions to a normal distribution. A 75% target confidence interval was applied to the standard deviation of the Groups loss ratio experience in line with guidance issued by the Pensions and Insurance Authority (PIA).

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer. The Group adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's non performance if this is deemed material.

*Claim reserves*

The Group estimates insurance liability reserves in relation to claims incurred for all products. Estimates are performed on an accident quarter basis. Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. In certain instances, different techniques or a combination of techniques have been selected for individual accident years or groups of accident years within the same type of contract.

The most common methods used to estimate general insurance claims incurred are the chain-ladder and the Bornhuetter-Ferguson methods, which are the industry standards for this type of business.

**7 Summary of material accounting policies (continued)**

**(b) Insurance and reinsurance contracts (continued)**

(iv) Measurement (continued)

*Claim reserves (continued)*

The chain-ladder (CL) technique involves an analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident quarter that is not yet fully developed, to produce an estimated ultimate claims cost for each accident quarter.

The Bornhuetter-Ferguson (BF) method uses a combination of a benchmark or market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure, such as gross loss ratio; the latter is based on the paid or incurred claims to date. The two estimates are combined, using a formula that gives more weight to the experience-based estimate as time passes.

In developing the claim reserves, the Group uses internal and external data obtained from management accounts and market data.

Where the contracts measured under PAA become onerous and GMM must be applied to estimate the loss component, the Group estimates the future expected claims. This is done using the average loss ratio of the recent three fiscal years, obtained from the management accounts.

This is the second year that the Group has adopted actuarial techniques such as the chain ladder and BF methods to estimate the claim reserves. As noted above, depending on the maturity of a given accident years, the Group either applied the CL or BF method. The Group's choice of the method was dependent on the maturity of the particular accident year, in terms of the percentage developed. The Group's claims development is disclosed in note 32.

*Contract boundary*

The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

In determining which cashflows fall within a contract boundary, the Group considers its substantive rights and obligations arising from the terms of the contract, and from applicable laws, regulations and customary business practices. The Group determines that cashflows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policy holder to pay the premiums or the Group has a substantive obligation to provide the policy holder with insurance contract services.

A substantive obligation to provide insurance contract services ends when the Group has the practical ability to reassess the risks of a particular policyholder and, as a result, to change the price charged or the level of benefits provided for the price to fully reflect the new level of risk. If the boundary assessment is performed at a portfolio rather than individual contract level, the Group must have the practical ability to reprice the portfolio to fully reflect risk from all policyholders. The Group's pricing must not take into account any risks beyond the next reassessment date.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For Group's of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the reinsurer.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

(v) Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- The LRC; and
- The LIC, comprising the fulfilment cash flows (FCF) related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- The remaining coverage; and
- The incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

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

**7 Summary of material accounting policies (continued)**

**(b) Insurance and reinsurance contracts (continued)**

(v) Presentation (continued)

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

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

Insurance revenue and insurance service expenses are recognised as follows.

*Insurance revenue*

Based on the PAA model, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

*Insurance service expenses*

Insurance service expenses include the following:

- Incurred claims and benefits, excluding investment components reduced by loss component allocations.
- Other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition.
- Insurance acquisition cash flows amortisation.
- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

The Group amortises insurance acquisition cash flows on a straight-line basis over the coverage period of the group of contracts.

*Net income/expenses from reinsurance contracts held*

The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

- Reinsurance expenses.
- Broker fees are included within reinsurance expenses.
- Incurred claims recovery, excluding investment components reduced by loss-recovery component allocations.
- Other incurred directly attributable expenses.
- Losses on onerous contracts and reversals of such losses.
- Changes to past service relating to incurred claims recovery.
- Effect of changes in the risk of reinsurers' non-performance.
- Amounts relating to accounting for onerous groups of underlying insurance contracts issued.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services. Additionally, as the reinsurance contracts held are measured under the PAA, broker fees are included in reinsurance expenses.

For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

*Insurance finance income and expense*

As the contracts are measured under the PAA, the main amounts within insurance finance income or expenses are:

- Interest accreted on the LIC; and
- The effect of changes in interest rates and other financial assumptions.

The Group disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses. The Group includes all insurance finance income or expenses for the year in profit or loss (that is, the profit or loss option) is applied.

**(c) Revenue**

Revenues comprise:

- Insurance revenue (see (b) (v))
- Interest calculated using the effective interest method (see (d));
- Other investment income, which includes fair value gains from investment property and lease income.

**7 Summary of material accounting policies (continued)**

**(d) Interest on financial instruments**

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is calculated on initial recognition of a financial instrument and is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

**(e) Intangible assets - computer software**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of the expected useful life of the software.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- (i) It is technically feasible to complete the software so that it will be available for use;
- (ii) Management intends to complete the software and use or sell it;
- (iii) There is an ability to use or sell the software;
- (iv) Adequate technical, financial and other resources to complete the development and to use or sell;
- (v) The software are available; and
- (vi) The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

The Group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

- |                                  |           |
|----------------------------------|-----------|
| (i) Licenses                     | 3-5 years |
| (ii) IT development and software | 3-5 years |

Costs associated with maintaining software programmes are recognised as an expense as incurred.

**(f) Property and equipment**

Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate the cost, net of their residual values, over their estimated useful lives as follows:

- |                            |           |
|----------------------------|-----------|
| (i) Furniture and fittings | 5 years   |
| (ii) Computer equipment    | 3 years   |
| (iii) Office equipment     | 2-4 years |
| (iv) Other assets          | 2-4 years |
| (v) Motor vehicles         | 4 years   |

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

**(g) Financial assets and financial liabilities**

**(i) Recognition and initial measurement**

The Group recognises deposits with financial institutions and loans and borrowings on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for a financial asset or financial liability not measured at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**7 Summary of material accounting policies (continued)**

**(ii) Financial assets classification and subsequent measurement**

*Classification*

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cashflow that one SPPI.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by collecting contractual cashflows and from selling financial assets; and
- Its contractual terms give rise on specified dates to cashflow that one SPPI.

*Business model assessment*

The Group assesses the objective of the business model in which a financial asset is held for each portfolio of financial assets because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice, including whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, if any, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

For all debt investments, the objective of the Group's business model is to hold till maturity. The Group considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

*Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)*

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. However, the principal may change over time – e.g. if there are repayments of principal.

Interest is defined as consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Leverage features;
- Prepayment and extension features;
- Terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration for the time value of money (e.g. periodic reset of interest rates).

*Subsequent measurement and gains and losses*

- Financial assets at FVTPL: Measured at fair value. Net gains and losses, including any interest or dividend income and foreign exchange gains and losses, are recognised in profit or loss, unless they arise from derivatives designated as hedging instruments in net investment hedges.

- Debt investments at FVOCI: Measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI and accumulated in the fair value reserve. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

**7 Summary of material accounting policies (continued)**

**(ii) Financial assets classification and subsequent measurement (continued)**

- Equity investments at FVOCI: Measured at fair value. Dividends are recognised as income in profit or loss when the Group's right to receive payment is established, unless they clearly represent a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

- Financial assets at amortised cost: Measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**(iii) Financial Liabilities**

*Classification*

Financial liabilities are classified as financial liabilities at amortised cost. The Group has no financial liabilities in any other category. Management determines the classification of financial liabilities at initial recognition. These include trade payables, marketing creditors, amount due to related parties and accrued expenses. Trade payables are classified as current liabilities due to their short term nature.

*Recognition and measurement*

Financial liabilities are recognised initially at fair value, net of any transaction costs. Subsequently, they are measured at amortised cost using the effective interest method.

*Derecognition*

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished. 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.

**(h) Impairment of financial assets**

The Group recognises loss allowances for expected credit loss (ECL) on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECL, except in the following cases, for which the amount recognised is 12-month ECL.

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments (other than lease receivables) for which credit risk has not increased significantly since initial recognition.

Financial instruments for which 12-month ECL are recognised are referred to as 'Stage 1 financial instruments'. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Financial instruments for which lifetime ECL are recognised because of a significant increase in credit risk since initial recognition but that are not credit-impaired are referred to as 'Stage 2 financial instruments'. Lifetime ECL are the ECL that result from all possible default events over the expected life of the financial instrument.

Financial instruments for which lifetime ECL are recognised and that are credit-impaired are referred to as 'Stage 3 financial instruments'.

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

*Measurement of ECL*

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

*Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets measured at amortised cost, debt investments at FVOCI and lease receivables are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as a default or past-due event;
- The restructuring of an amount due to the Group on terms that the Group would not otherwise consider;
- The debtor entering bankruptcy or other financial reorganisation becoming probable; or
- The disappearance of an active market for a security because of financial difficulties.

**7 Summary of material accounting policies(continued)**

**(h) Impairment of financial assets (continued)**

A financial asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In assessing whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- The market's assessment of creditworthiness as reflected in bond yields;
- The rating agencies' assessments of creditworthiness;
- The country's ability to access the capital markets for new debt issuance;
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness; and
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms, including an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

*Presentation of loss allowances in the statement of financial position*

Loss allowances for ECL relating to financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

*Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Although the Group expects no significant recovery from amounts written off, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

**(i) Fair values**

For financial instruments where there is not an active market, fair value can be determined by using valuation techniques. Such techniques include using recent arm's length transactions, current market value of a another financial instrument which is substantially the same or discounted cash flow analysis. For the discounted cash flow technique, estimated cash flows are based upon management's best estimates and the discount rate used is a market related rate for a similar instrument.

If fair value cannot be measured reliably, the financial instrument should be measured at cost, being the fair value of the consideration paid for the acquisition of the instrument or the amount received on issuing the financial liability. All direct transaction costs directly attributable to the acquisition are also included in the cost of the investment.

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

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

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

**(j) Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expense are not offset in the statement of income unless required or permitted by any accounting standard or interpretation.

**7 Summary of material accounting policies(continued)**

**(k) Impairment of non financial assets**

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(l) Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents, comprise short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Included in cash and cash equivalents are cash in trust accounts which relate to funds withheld on collateralised business. These funds are withheld until the tenure of the insurance contracts.

**(m) Foreign currency translation and transactions**

Items included in the annual financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The annual financial statements are presented in Zambian Kwacha (ZMW), which is the Group's presentation currency.

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Groups of insurance and reinsurance contracts that generate cash flows in a foreign currency are treated as monetary items.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss.

**(n) Trade and other payables and other expenses**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

**(o) Provisions**

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

**(p) Investment property**

Investment property is measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Lease income from investment property is recognised as other income on a straight-line basis over the lease term.



7 Summary of material accounting policies(continued)

**(q) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is accounting for using the liability method i.e. on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in annual financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(r) Leases**

**(i) As a lessee**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration – i.e. the customer has the rights to:

- Obtain substantially all of the economic benefits from using the asset; and
- Direct the use of the asset.

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

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

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

**7 Summary of material accounting policies(continued)**

**(r) Leases (continued)**

**(i) As a lessee (continued)**

Lease payments included in the measurement of the lease liability comprise the following:

- (i) Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (ii) Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- (iii) Amounts expected to be payable by the Group under residual value guarantees;
- (iv) The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (v) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is:

- (i) A change in future lease payments arising from a change in an index or rate;
- (ii) A change in the amounts expected to be payable under a residual value guarantee;
- (iii) A change in the Group's assessment of whether it will exercise a purchase, extension or termination option or
- (iv) A revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

**(ii) As a lessor**

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. The Group classifies all leases for which it is a lessor as operating leases, because each of these leases does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term and are included in other income.

**(s) Contributed equity**

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity. Incremental costs directly attributable to the issue of new shares are expensed to the statement of profit or loss.

**(t) Employee benefits**

Short-term obligations such as liabilities for wages and salaries, including non-monetary benefits, and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

For defined contribution plans, the Group pays contributions to publicly and privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

**8 Insurance service result**

See accounting policy in note 7 (b)

An analysis of the insurance service result by its components (insurance revenue, insurance service expense, and net income/expenses from reinsurance contracts held) by portfolio is included in the tables below.

**Group and Company**  
**2024**

	Liability	Fire	Motor	Other	Total
<b>Total insurance revenue</b>	<b>876,385,086</b>	<b>749,992,539</b>	<b>719,461,806</b>	<b>622,449,048</b>	<b>2,968,288,479</b>
<b>Insurance service expenses</b>					
Incurring claims	(522,529,099)	(592,781,385)	(529,894,672)	(294,368,521)	(1,939,573,677)
Insurance directly attributable expenses	(19,838,720)	(15,519,324)	(16,954,384)	(13,085,906)	(65,398,334)
Insurance changes in the FCF relating to LIC	(51,562,339)	(25,453,836)	(43,705,392)	(8,032,928)	(128,754,495)
Insurance losses on onerous contracts and reversals	1,531,548	(41,020,713)	62,209	(47,010,234)	(86,437,190)
Insurance acquisition cashflow amortisation	(267,806,773)	(189,087,885)	(192,829,285)	(190,254,835)	(839,978,778)
<b>Total insurance service expenses</b>	<b>(860,205,383)</b>	<b>(863,863,143)</b>	<b>(783,321,524)</b>	<b>(552,752,424)</b>	<b>(3,060,142,474)</b>
<b>Reinsurance expenses - contracts measured under the PAA</b>					
Allocation of reinsurance premium	(410,931,835)	(3,585,001)	(324,226,932)	(95,742,209)	(834,485,977)
Reinsurance expenses	(60,036,904)	(46,965,335)	(51,308,186)	(39,601,208)	(197,911,633)
<b>Amounts recovered from reinsurance contracts</b>					
Reinsurance commission earned amortisation	132,373,511	436,283	95,775,704	35,684,013	264,269,511
Amounts recoverable for incurred claims	265,090,225	539,982,597	268,042,748	35,781,681	1,108,897,251
Reinsurance adjustments in FCF relating to LIC	26,526,421	24,463,011	4,939,617	24,001,237	79,930,286
Reinsurance losses on onerous contracts and reversals	-	41,453,437	-	(723,844)	40,729,593
<b>Total net income from reinsurance contracts</b>	<b>(46,978,582)</b>	<b>555,784,992</b>	<b>(6,777,049)</b>	<b>(40,600,330)</b>	<b>461,429,031</b>
<b>Insurance service result</b>	<b>(30,798,879)</b>	<b>441,914,388</b>	<b>(70,636,767)</b>	<b>29,096,294</b>	<b>369,575,036</b>

**Group and Company**  
**2023**

	Liability	Fire	Motor	Other	Total
<b>Total insurance revenue</b>	<b>54,176,438</b>	<b>536,543,352</b>	<b>57,560,820</b>	<b>405,961,618</b>	<b>1,054,242,228</b>
<b>Insurance service expenses</b>					
Incurring claims	(8,393,552)	(394,188,669)	(22,304,863)	(261,907,441)	(686,794,525)
Insurance directly attributable expenses	(2,030,013)	(19,978,331)	(1,881,195)	(15,284,646)	(39,174,185)
Insurance changes in the FCF relating to LIC	(1,409,968)	(62,711,732)	(1,310,657)	(27,851,044)	(93,283,401)
Insurance losses on onerous contracts and reversals	(1,531,548)	(34,196,905)	(62,209)	(26,351,070)	(62,141,732)
Insurance acquisition cashflow amortisation	(19,865,586)	(149,862,056)	(11,913,448)	(133,745,808)	(315,386,898)
<b>Total insurance service expenses</b>	<b>(33,230,667)</b>	<b>(660,937,693)</b>	<b>(37,472,372)</b>	<b>(465,140,009)</b>	<b>(1,196,780,741)</b>
<b>Reinsurance expenses - contracts measured under the PAA</b>					
Allocation of reinsurance premium	(215,210)	(1,931,376)	-	(8,208,033)	(10,354,619)
Reinsurance expenses	(20,981,803)	(71,497,904)	(3,757,156)	(83,869,785)	(180,106,648)
<b>Amounts recovered from reinsurance contracts</b>					
Reinsurance commission earned amortisation	96,307	715,430	-	3,527,761	4,339,498
Amounts recoverable for incurred claims	-	267,359,707	21,366	31,386,621	298,767,694
Reinsurance adjustments in FCF relating to LIC	-	41,075,460	-	4,853,041	45,928,501
Reinsurance losses on onerous contracts and reversals	-	13,592,170	-	8,669,385	22,261,555
<b>Total net income from reinsurance contracts</b>	<b>(21,100,706)</b>	<b>249,313,487</b>	<b>(3,735,790)</b>	<b>(43,641,010)</b>	<b>180,835,981</b>
<b>Insurance service result</b>	<b>(154,935)</b>	<b>124,919,146</b>	<b>16,352,658</b>	<b>(102,819,401)</b>	<b>38,297,468</b>

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

			<b>Group and Company 2024</b>	<b>Group and Company 2023</b>
			<b>ZMW</b>	<b>ZMW</b>
<b>9</b>	<b>Interest at amortised cost using the effective interest rate method</b>			
	See accounting policy in note 7 (d)			
	Interest from government securities		32,998,506	17,632,231
	Interest from deposits with financial institutions		28,542,454	11,131,852
			<u>61,540,960</u>	<u>28,764,083</u>
<b>10</b>	<b>Finance income from insurance contracts held</b>			
	See accounting policy in note 7 (b) and (m)			
	Foreign exchange gains		58,567,651	72,670,852
			<u>58,567,651</u>	<u>72,670,852</u>
<b>11</b>	<b>Finance income</b>			
	See accounting policy in note 7 (m)			
	Foreign exchange gains		-	14,126,980
			<u>-</u>	<u>14,126,980</u>
<b>12</b>	<b>Finance expense</b>			
	See accounting policy in note 7 (m) and (r)			
	Interest expense on lease liabilities		(394,596)	(349,487)
	Foreign exchange loss		(22,987,985)	-
			<u>(23,382,581)</u>	<u>(349,487)</u>
		<b>Group</b>		<b>Company</b>
		<b>2024</b>	<b>2023</b>	<b>2024</b>
		<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>13</b>	<b>Other income</b>			
	See accounting policy in note 7 (d)			
	Staff loan interest and insurance refund	3,946	-	3,946
	Interest on bank and call accounts	8,634,473	29,899	8,634,473
	Rental income (office spaces)	158,562	-	-
	Gain on disposal	269,422	-	208,970
		<u>9,066,403</u>	<u>29,899</u>	<u>8,847,389</u>
<b>14</b>	<b>Administrative expenses</b>			
	Personnel expenses (note 15)	42,816,118	17,434,412	41,086,279
	Software maintenance costs	6,013,029	4,555,456	5,828,043
	Legal and professional fees	21,854,606	7,510,821	21,685,482
	Ratings and license fees	2,748,730	2,019,568	2,748,730
	Marketing and advertising costs	1,505,981	1,859,021	1,474,937
	Travel	10,748,748	7,916,990	10,746,579
	Directors fees (note 35)	1,640,608	1,293,764	1,401,601
	Impairment	148,996,495	80,789,448	148,996,495
	Amortisation of intangible assets (note 24)	2,428,465	2,500,312	2,428,465
	Depreciation (note 22 & 25)	4,869,940	3,700,099	4,683,773
	Other expenses	8,157,128	5,230,608	6,943,219
		<u>251,779,848</u>	<u>134,810,499</u>	<u>248,023,603</u>
	<b>Non-directly attributable admin expenses</b>	221,938,491	114,205,000	218,182,246
	<b>Directly attributable admin expenses*</b>	29,841,357	20,605,499	29,841,357
	<b>Total administrative expenses</b>	<u>251,779,848</u>	<u>134,810,499</u>	<u>248,023,603</u>

\*Directly attributable admin expenses largely consist of fixed and variable costs such as personnel expenses, travel, professional fees incurred by the underwriting department. In addition, amortisation of the core insurance system is deemed to be directly attributable. These are included as part of overall directly attributable expenses in note 30.

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

	Group		Company	
	2024	2023	2024	2023
	ZMW	ZMW	ZMW	ZMW
<b>15 Personnel expenses</b>				
See accounting policy in note 7 (t)				
The following items are included in employee benefits expense:				
Salaries	21,485,703	10,829,644	20,169,977	10,769,796
Recruitment expenses	6,704,313	213,834	6,704,313	213,834
Employee gratuity accrual	4,402,445	1,279,272	4,163,190	1,279,272
Other staff costs	10,223,657	5,111,662	10,048,799	5,052,185
	<u>42,816,118</u>	<u>17,434,412</u>	<u>41,086,279</u>	<u>17,315,087</u>
<b>16 Income tax expense</b>				
See accounting policy in note 7 (q)				
<b>(i) Income tax expense</b>				
Income tax charge comprises of:				
Current tax charge	93,797,531	55,817,121	93,797,531	55,817,121
Recognised deferred taxation (note 26)	(13,902,879)	(43,528,764)	(13,902,879)	(43,528,764)
	<u>79,894,652</u>	<u>12,288,357</u>	<u>79,894,652</u>	<u>12,288,357</u>
<b>(ii) Reconciliation of tax charge</b>				
The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate and is reconciled as follows:				
Taxable profit before tax	<u>254,980,008</u>	<u>39,550,560</u>	<u>254,980,008</u>	<u>39,550,560</u>
Taxation applicable rate - 30% (2023: 30%)	76,494,002	11,865,168	76,494,002	11,865,168
Tax effect of:				
Permanent differences	817,506	48,086	817,506	48,086
Over provision	2,583,144	375,103	2,583,144	375,103
Income tax expense	<u>79,894,652</u>	<u>12,288,357</u>	<u>79,894,652</u>	<u>12,288,357</u>
<b>(iii) Current tax payable</b>				
Current income tax movement in the statement of financial position				
At 1 January	34,211,216	18,269,434	34,211,216	18,269,434
Current year tax charge	93,797,531	55,817,121	93,797,531	55,817,121
Withholding tax on interest (at source)	(3,343,206)	(2,423,277)	(3,343,206)	(2,423,277)
Current and provisional tax paid	(73,672,349)	(37,452,062)	(73,672,349)	(37,452,062)
Current tax payable	<u>50,993,192</u>	<u>34,211,216</u>	<u>50,993,192</u>	<u>34,211,216</u>

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

	Group		Company	
	2024	2023	2024	2023
	ZMW	ZMW	ZMW	ZMW
<b>17 Cash and cash equivalents</b>				
See accounting policy in note 7 (f)				
Cash on hand and at bank	198,756,218	160,585,837	198,317,826	160,585,837
Cash in trust accounts	51,226,714	-	51,226,714	-
	<u>249,982,932</u>	<u>160,585,837</u>	<u>249,544,540</u>	<u>160,585,837</u>
Cash in trust accounts relates to funds withheld on collateralised business. These funds are withheld until the tenure of the insurance contracts.				
<b>18 Financial investments at amortised cost</b>				
See accounting policy in note 7 (g)				
Financial investments at amortised cost	414,613,027	310,193,503	414,613,027	310,193,503
Less: Impairment	(2,947,837)	(961,636)	(2,947,837)	(961,636)
	<u>411,665,190</u>	<u>309,231,867</u>	<u>411,665,190</u>	<u>309,231,867</u>
<i>Financial investments</i>				
Government bonds	127,977,270	116,237,326	127,977,270	116,237,326
Government treasury bills	92,855,686	35,466,451	92,855,686	35,466,451
Fixed term deposits	155,323,109	119,072,525	155,323,109	119,072,525
Corporate bonds	14,675,776	7,090,204	14,675,776	7,090,204
Commercial papers	23,781,186	32,326,997	23,781,186	32,326,997
	<u>414,613,027</u>	<u>310,193,503</u>	<u>414,613,027</u>	<u>310,193,503</u>
<i>ECL impairment analysis</i>				
Balance at 1 January	961,636	-	961,636	-
ECL allowance at transition	-	386,005	-	386,005
Impairment charge post transition	1,986,201	575,631	1,986,201	575,631
Balance at 31 December	<u>2,947,837</u>	<u>961,636</u>	<u>2,947,837</u>	<u>961,636</u>
<i>Reconciliation</i>				
Opening balance	309,231,867	119,307,095	309,231,867	119,307,095
Additions during the year	288,812,581	292,711,485	288,812,581	292,711,485
Interest accrued during the year	61,540,960	28,764,083	61,540,960	28,764,083
Maturities during the year	(246,891,722)	(144,970,868)	(246,891,722)	(144,970,868)
Effects of exchange rate movements	4,420,671	14,381,708	4,420,671	14,381,708
ECL impairment	(1,986,201)	(961,636)	(1,986,201)	(961,636)
WHT on accrued interest	(3,462,966)	-	(3,462,966)	-
At 31 December	<u>411,665,190</u>	<u>309,231,867</u>	<u>411,665,190</u>	<u>309,231,867</u>
<b>19 Other assets</b>				
See accounting policy in note 7 (g)				
Staff loan	160,080	-	160,080	-
Prepayments	7,115,910	1,579,087	7,115,910	1,579,087
Other receivables	264,296,477	22,451,181	338,147,177	50,986,595
Collateralised funds withheld	1,223,734,897	-	1,223,734,897	-
	<u>1,495,307,364</u>	<u>24,030,268</u>	<u>1,569,158,064</u>	<u>52,565,682</u>

Other receivables in the Company accounts includes related party receivables from Klaption Business Park Limited (ZMW 73.9 million), Kuala Tech Limited (ZMW 1.1 million), and Klaption Insurance Company (ZMW 49.9 million). The carrying amounts of other assets are considered to be the same as their fair values due to their short-term nature. No impairment was made against these balances as all amounts are considered recoverable due to their nature.

The related party receivable from Klaption Business Park Limited has been eliminated in the Group accounts.

Collateralised funds withheld relate to collateral and reinsurance premium withheld by cedants. These funds are withheld until the insurance contract expires.

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**20 Investment in subsidiary**  
See accounting policy note 7 (a)

*Subsidiary*

Klapton Business Park Limited (KBP), a subsidiary of the Company was incorporated in Zambia in May 2023 with a nominal share capital of ZMW 15,000. The principal activity of the Company is to invest and develop real estate. The Company has a 75% shareholding in KBP with its initial investment being carried at cost in the Company accounts.

	<b>2024</b>	2023
	<b>ZMW</b>	ZMW
<i>Subsidiary and percentage holding</i>		
KBP- 75% shareholding	<u><b>11,250</b></u>	<u>11,250</u>

During the year, the Company provided funding to KBP amounting to ZMW 28.6 million and the accumulated balance is disclosed in other assets.

*Non-controlling interests (NCI) in subsidiaries*

The following table summarises the information about the Group's subsidiaries NCI carrying amount, after intra-group eliminations.

	<b>2024</b>	2023
	<b>ZMW</b>	ZMW
<b>NCI percentage</b>	<u><b>25%</b></u>	<u>25%</u>
Share capital	3,750	3,750
Accumulated profit allocated to NCI	38,403,039	23,102,213
Accumulated OCI allocated to NCI	<u>(6,894,104)</u>	<u>(5,056,008)</u>
<b>Carrying amount of NCI</b>	<u><b>31,512,685</b></u>	<u>18,049,955</u>

**21 Investment in associate**  
See accounting policy note 7 (a)

Kuala Tech Limited is a registered technology firm based in Zambia, with a focus on delivering tailored software development, ICT managed services, and digital transformation solutions for the insurance industry. The Company has a nominal share capital of ZMW 36,000 with the Company having a shareholding of 25%.

	<b>Group and Company</b>	
	<b>2024</b>	2023
	<b>ZMW</b>	ZMW
<i>Investee and percentage holding</i>		
Kuala Tech Limited- 25% shareholding	<u><b>9,000</b></u>	<u>9,000</u>

During the year, Kuala Tech Limited provided ICT services to Klapton Reinsurance Limited amounting to ZMW 1.4 million and is included in legal and professional fees.

**KLAPTON REINSURANCE LIMITED**

**Group and Company annual financial statements  
Notes to the Group and Company annual financial statements  
Year ended 31 December 2024**

	ZMW	ZMW	ZMW	ZMW
<b>22 Property and equipment</b>				
See accounting policy in note 7 (f)				
<b>Group</b>				
<b>2024</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Computer and office equipment</b>	<b>Total</b>
<b>Cost</b>				
Opening balance	1,922,994	3,794,814	2,979,163	8,696,971
Additions	807,330	3,610,309	2,143,998	6,561,637
Disposals	-	(2,222,418)	(99,103)	(2,321,521)
<b>Total costs</b>	<b>2,730,324</b>	<b>5,182,705</b>	<b>5,024,058</b>	<b>12,937,087</b>
<b>Accumulated depreciation</b>				
Opening balance	(939,236)	(1,258,696)	(1,677,485)	(3,875,417)
Charge for the year	(465,384)	(1,264,287)	(1,084,338)	(2,814,009)
Disposals	-	1,012,603	40,709	1,053,312
<b>Total accumulated depreciation</b>	<b>(1,404,620)</b>	<b>(1,510,380)</b>	<b>(2,721,114)</b>	<b>(5,636,114)</b>
<b>Carrying amount 31 December 2024</b>	<b>1,325,704</b>	<b>3,672,325</b>	<b>2,302,944</b>	<b>7,300,973</b>
<b>2023</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Computer and office equipment</b>	<b>Total</b>
<b>Cost</b>				
Opening balance	1,884,510	3,825,614	2,213,298	7,923,422
Additions	38,484	1,596,609	822,076	2,457,169
Disposals	-	(1,627,409)	(56,211)	(1,683,620)
<b>Total costs</b>	<b>1,922,994</b>	<b>3,794,814</b>	<b>2,979,163</b>	<b>8,696,971</b>
<b>Accumulated depreciation</b>				
Opening balance	(561,693)	(1,034,816)	(930,256)	(2,526,765)
Charge for the year	(377,543)	(1,173,202)	(787,198)	(2,337,943)
Disposals	-	949,322	39,969	989,291
<b>Total accumulated depreciation</b>	<b>(939,236)</b>	<b>(1,258,696)</b>	<b>(1,677,485)</b>	<b>(3,875,417)</b>
<b>Carrying amount 31 December 2023</b>	<b>983,758</b>	<b>2,536,118</b>	<b>1,301,678</b>	<b>4,821,554</b>
<b>Company</b>				
<b>2024</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Computer and office equipment</b>	<b>Total</b>
<b>Cost</b>				
Opening balance	1,910,494	3,400,383	2,912,701	8,223,578
Additions	709,697	3,610,309	1,837,857	6,157,863
Disposals	-	(1,827,987)	(96,913)	(1,924,900)
<b>Total costs</b>	<b>2,620,191</b>	<b>5,182,705</b>	<b>4,653,645</b>	<b>12,456,541</b>
<b>Accumulated depreciation</b>				
Opening balance	(939,028)	(1,242,261)	(1,676,277)	(3,857,566)
Charge for the year	(445,078)	(1,182,114)	(1,000,650)	(2,627,842)
Disposals	-	913,994	40,344	954,338
<b>Total accumulated depreciation</b>	<b>(1,384,106)</b>	<b>(1,510,381)</b>	<b>(2,636,583)</b>	<b>(5,531,070)</b>
<b>Carrying amount 31 December 2024</b>	<b>1,236,085</b>	<b>3,672,324</b>	<b>2,017,062</b>	<b>6,925,471</b>



**KLAPTON REINSURANCE LIMITED**

**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

	ZMW	ZMW	ZMW	ZMW
<b>22 Property and equipment (continued)</b>				
See accounting policy in note 7 (f)				
<b>Company</b>				
<b>2023</b>	<b>Furniture and fittings</b>	<b>Motor vehicles</b>	<b>Computer and office equipment</b>	<b>Total</b>
<b>Cost</b>				
Opening balance	1,884,510	3,825,614	2,213,298	7,923,422
Additions	25,984	1,202,178	755,614	1,983,776
Disposals	-	(1,627,409)	(56,211)	(1,683,620)
<b>Total costs</b>	<b>1,910,494</b>	<b>3,400,383</b>	<b>2,912,701</b>	<b>8,223,578</b>
<b>Accumulated depreciation</b>				
Opening balance	(561,693)	(1,034,816)	(930,256)	(2,526,765)
Charge for the year	(377,335)	(1,156,767)	(785,990)	(2,320,092)
Disposals	-	949,322	39,969	989,291
<b>Total accumulated depreciation</b>	<b>(939,028)</b>	<b>(1,242,261)</b>	<b>(1,676,277)</b>	<b>(3,857,566)</b>
<b>Carrying amount 31 December 2023</b>	<b>971,466</b>	<b>2,158,122</b>	<b>1,236,424</b>	<b>4,366,012</b>

**23 Investment property**  
See accounting policy in note 7 (p)

Investment property comprises commercial property that is owned by the Group and intended to be leased to third parties under operating leases.

<b>Group</b>	<b>2024</b>	<b>2023</b>
	<b>ZMW</b>	<b>ZMW</b>
<b>a. Reconciliation of carrying amount</b>		
Balance at 1 January	156,963,046	-
Acquisitions	-	63,762,796
Work in progress	6,089,622	-
Net change in fair value	64,740,531	93,200,250
Balance at 31 December	<b>227,793,199</b>	<b>156,963,046</b>

Changes in fair values are recognised as gains in profit or loss and is attributable to investment property held at the reporting date. During the year, rental income of ZMW 0.16 million was earned as the Group leased out an office space.

**b. Measurement of fair values**

*i. Fair value hierarchy*

The fair value of investment property was determined on 31 December 2024 by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement for the investment property valuation comprised of both level 2 and 3 inputs based on the inputs to the valuation technique used (see Note 7(i)).

The valuation technique and significant inputs are disclosed in Note 23 b (ii).

**KLAPTON REINSURANCE LIMITED**

**Group and Company annual financial statements  
Notes to the Group and Company annual financial statements  
Year ended 31 December 2024**

**23 Investment property (continued)**

See accounting policy in note 7 (p)

*ii. Valuation technique and significant unobservable inputs*

The valuation had been prepared on the basis of current market value in accordance with the definition of the Royal Institution of Chartered Surveyors (RICS) Global Valuation Standards as recognised by the Surveyor's Institute of Zambia.

In employing an appropriate methodology to arrive at the fair value as defined in IFRS 13, the valuer took cognisance of the objective of IFRS 13 to increase consistency and comparability in the fair value measurements and related disclosures through a fair value hierarchy. The fair value assessment was derived through a combination of both level 2 and level 3 inputs.

The following table shows the valuation technique used in measuring the fair value of investment property and the significant inputs used.

Valuation technique	Significant inputs	Fair value measurement sensitivity to observable inputs
<p><b>Sales comparable approach:</b> Recent sales and listings of comparable assets are gathered. Adjustments, if required, are then applied to these observations for differences in location, time of sale, and physical characteristics to estimate a fair market value in continued use for the subject assets.</p> <p>The comparative analysis performed in this approach focus on similarities and differences among assets and transactions that affects the value, including differences in the assets appraised, the motivations of buyers and sellers and financing terms, market conditions at the time of the sale, size, location, physical features and economic characteristics.</p>	<p><b>Comparable values:</b> Comparable market values and land sales values for properties situated near the investment property were used to arrived at a rate per square meter (USD 255/sqm).</p> <p><b>Inflation rate:</b> An inflation adjustment rate of 2.6% per annum.</p>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>- rates per square meter were higher (lower); and</li> <li>- The inflation rate was higher (lower).</li> </ul>

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

	ZMW	ZMW	
<b>24 Intangible assets</b>			
See accounting policy in note 7 (e)			
<b>Group and Company</b>			
<b>2024</b>	<b>Software and licenses</b>	<b>Total</b>	
<b>Cost</b>			
Opening balance	11,976,469	11,976,469	
Additions/transfers	-	-	
<b>Total costs</b>	<b>11,976,469</b>	<b>11,976,469</b>	
<b>Accumulated amortisation</b>			
Opening balance	5,185,993	5,185,993	
Charge for the year	2,428,465	2,428,465	
<b>Total accumulated amortisation</b>	<b>7,614,458</b>	<b>7,614,458</b>	
<b>Carrying amount 31 December 2024</b>	<b>4,362,011</b>	<b>4,362,011</b>	
<b>2023</b>	<b>Software and licenses</b>	<b>Total</b>	
<b>Cost</b>			
Opening balance	11,976,469	11,976,469	
Additions/transfers	-	-	
<b>Total costs</b>	<b>11,976,469</b>	<b>11,976,469</b>	
<b>Accumulated amortisation</b>			
Opening balance	2,685,681	2,685,681	
Charge for the year	2,500,312	2,500,312	
<b>Total accumulated amortisation</b>	<b>5,185,993</b>	<b>5,185,993</b>	
<b>Carrying amount 31 December 2023</b>	<b>6,790,476</b>	<b>6,790,476</b>	
<b>25 Right-of-use assets</b>			
See accounting policy in note 7 (r)			
<b>Group and Company</b>			
<b>2024</b>	<b>Office and residential lease</b>	<b>Office equipment</b>	<b>Total</b>
<b>Cost</b>			
Opening balance	6,176,995	317,453	6,494,448
Additions	2,589,336	-	2,589,336
Disposals	-	(317,453)	(317,453)
<b>Total costs</b>	<b>8,766,331</b>	<b>-</b>	<b>8,766,331</b>
<b>Accumulated depreciation</b>			
Opening balance	3,140,845	255,727	3,396,572
Charge for the year	1,994,204	61,727	2,055,931
Disposal	-	(317,454)	(317,454)
<b>Total accumulated depreciation</b>	<b>5,135,049</b>	<b>-</b>	<b>5,135,049</b>
<b>Carrying amount 31 December 2024</b>	<b>3,631,282</b>	<b>-</b>	<b>3,631,282</b>
<b>2023</b>	<b>Office and residential lease</b>	<b>Office equipment</b>	<b>Total</b>
<b>Cost</b>			
Opening balance	6,176,995	317,453	6,494,448
Additions	-	-	-
<b>Total costs</b>	<b>6,176,995</b>	<b>317,453</b>	<b>6,494,448</b>
<b>Accumulated depreciation</b>			
Opening balance	1,884,507	149,909	2,034,416
Charge for the year	1,256,338	105,818	1,362,156
<b>Total accumulated depreciation</b>	<b>3,140,845</b>	<b>255,727</b>	<b>3,396,572</b>
<b>Carrying amount 31 December 2023</b>	<b>3,036,150</b>	<b>61,726</b>	<b>3,097,876</b>

**KLAPTON REINSURANCE LIMITED**

**Group and Company annual financial statements**

**Notes to the Group and Company annual financial statements**

**Year ended 31 December 2024**

**26 Deferred tax**

See accounting policy in note 7 (q)

**Group and Company**

**Movement in deferred tax balance**

	ZMW	ZMW	ZMW	ZMW
2024	Net opening balance	Current year movement	Net recognised balance as at 31 December	Recognised deferred tax assets/ (liability)
Excess of capital allowances over depreciation	(646,552)	(116,097)	(762,649)	(762,649)
Unrealised exchange gain	(22,164,419)	(5,668,648)	(27,833,067)	(27,833,067)
Unrealised exchange loss	-	875,246	875,246	875,246
Gratuity provision	325,974	(52,546)	273,428	273,428
Leave provision	173,412	46,511	219,923	219,923
Right-of-use assets	(929,364)	(160,021)	(1,089,385)	(1,089,385)
Lease liability	857,943	(2,385,253)	(1,527,310)	(1,527,310)
IBNR provision	15,346,312	7,336,922	22,683,234	22,683,234
Discounting impact on LIC	-	(2,522,992)	(2,522,992)	(2,522,992)
Loss on onerous contracts	13,197,600	13,712,279	26,909,879	26,909,879
Risk adjustment estimate	15,335,505	14,647,263	29,982,768	29,982,768
Provision for doubtful debts	26,447,096	(12,405,645)	14,041,451	14,041,451
Impairment- Financial investments	288,491	595,860	884,351	884,351
	<u>48,231,998</u>	<u>13,902,879</u>	<u>62,134,877</u>	<u>62,134,877</u>

**Recognition of deferred tax credit**

	2024	2023
	ZMW	ZMW
Current year movement	13,902,879	43,528,764
Total recognised deferred tax credit	<u>13,902,879</u>	<u>43,528,764</u>

2023	Net opening balance	Current year movement	Net recognised balance as at 31 December	Recognised deferred tax assets/ (liability)
Excess of capital allowances over depreciation	(739,667)	93,115	(646,552)	(646,552)
Unrealised exchange gain	(4,186,125)	(17,978,294)	(22,164,419)	(22,164,419)
Gratuity provision	488,429	(162,455)	325,974	325,974
Leave provision	56,488	116,924	173,412	173,412
Right-of-use assets	(1,338,010)	408,646	(929,364)	(929,364)
Lease liability	1,164,389	(306,446)	857,943	857,943
IBNR provision	4,211,876	11,134,436	15,346,312	15,346,312
IBNER provision	357,209	(357,209)	-	-
Loss on onerous contracts	1,233,547	11,964,053	13,197,600	13,197,600
Risk adjustment estimate	1,129,035	14,206,470	15,335,505	15,335,505
Provision for doubtful debts	2,210,261	24,236,835	26,447,096	26,447,096
Impairment- Financial investments	115,802	172,689	288,491	288,491
	<u>4,703,234</u>	<u>43,528,764</u>	<u>48,231,998</u>	<u>48,231,998</u>

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

	Group		Company	
	2024 ZMW	2023 ZMW	2024 ZMW	2023 ZMW
<b>27 Share capital and reserves</b>				
See accounting policy in note 7 (s)				
<b>Authorised:</b>				
78,750,000 ordinary shares of ZMW 1.00 each	<u>78,750,000</u>	<u>78,750,000</u>	<u>78,750,000</u>	<u>78,750,000</u>
<b>Issued and fully paid</b>				
78,750,000 ordinary shares of ZMW 1.00 each	<u>78,750,000</u>	<u>78,750,000</u>	<u>78,750,000</u>	<u>78,750,000</u>
<b>Share premium</b>				
This represents the excess of capital contributions after full payment of issued shares	<u>15,704,926</u>	<u>15,704,926</u>	<u>15,704,926</u>	<u>15,704,926</u>
<b>Reconciliation</b>				
Opening balance	15,704,926	15,704,926	15,704,926	15,704,926
Cash contribution	-	-	-	-
Ordinary shares issued during the year	-	-	-	-
	<u>15,704,926</u>	<u>15,704,926</u>	<u>15,704,926</u>	<u>15,704,926</u>
<b>Non-distributable reserves</b>				
Translation reserve	<u>180,638,708</u>	<u>81,463,365</u>	<u>201,321,018</u>	<u>96,631,389</u>
<b>Reconciliation</b>				
Opening balance	81,463,365	(2,278,557)	96,631,389	(2,278,557)
Foreign currency translation gain for the year excluding NCI portion	99,175,343	83,741,922	104,689,629	98,909,946
	<u>180,638,708</u>	<u>81,463,365</u>	<u>201,321,018</u>	<u>96,631,389</u>
<b>28 Other payables</b>				
See accounting policy in note 7 (n)				
<b>a Accruals and creditors</b>				
Trade payables	28,156,350	56,472,714	-	6,151
Accruals	4,117,200	3,745,835	3,864,866	3,562,149
Related parties	69,790,894	20,109	69,790,894	20,109
	<u>102,064,444</u>	<u>60,238,658</u>	<u>73,655,760</u>	<u>3,588,409</u>
<b>b Employee related liabilities</b>				
Contract gratuity provision	1,123,321	1,101,216	911,427	1,086,580
Leave accrual	772,451	585,013	733,077	578,040
	<u>1,895,772</u>	<u>1,686,229</u>	<u>1,644,504</u>	<u>1,664,620</u>
<b>c Statutory obligations</b>				
Withholding taxes	931,143	396,158	931,143	396,158
Payroll statutory taxes	1,652,124	392,568	1,606,423	381,074
Current tax payable	50,993,192	34,211,216	50,993,192	34,211,216
	<u>53,576,459</u>	<u>34,999,942</u>	<u>53,530,758</u>	<u>34,988,448</u>
	<u>157,536,675</u>	<u>96,924,829</u>	<u>128,831,022</u>	<u>40,241,477</u>

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**29 Leases**

See accounting policy in note 7 (r)

**a Leases as lessee**

The Group has lease agreements as a lessee for office space, residential and office equipment on lease terms ranging from 2 to 5 years. The information for which the Group is a lessee is presented below.

		<b>Group and Company</b>	
		<b>2024</b>	2023
		<b>ZMW</b>	ZMW
(i)	Amounts recognised in the statement of financial position relating to leases		
	Right-of-use assets		
	Office and residential lease (note 25)	3,631,282	1,779,812
	Office equipment (note 25)	-	(44,092)
		<u><b>3,631,282</b></u>	<u>1,735,720</u>
	Lease liabilities		
	Office and residential lease (note 29 (iv))	5,091,033	3,745,389
	Office equipment (note 29 (iv))	-	44,243
		<u><b>5,091,033</b></u>	<u>3,789,632</u>
(ii)	Amounts recognised in the statement of profit or loss		
	Depreciation charge of right-of-use assets (note 25)	2,055,931	1,362,156
	Interest expense (note 12)	394,596	349,487
	Exchange differences	797,180	929,822
(iii)	Amounts recognised in the statement of cashflow		
	Repayment of principal and interest on lease liabilities	2,479,711	1,370,975
	Rental deposit	234,987	120,134
		<u><b>2,714,698</b></u>	<u>1,491,109</u>
(iv)	Lease liability reconciliation		
	Office and residential lease		
	Opening balance	3,745,389	3,741,645
	Additions	2,589,336	-
	Interest expense for the year	393,014	338,577
	Rental payments made during the year	(2,399,221)	(1,242,221)
	Exchange loss	762,515	907,388
		<u><b>5,091,033</b></u>	<u>3,745,389</u>
	Current	3,498,574	817,746
	Non-current	1,592,459	2,931,387
		<u><b>5,091,033</b></u>	<u>3,749,133</u>
	Office equipment		
	Opening balance	44,243	139,653
	Interest expense for the year	1,582	10,910
	Rental payments made during the year	(80,490)	(128,754)
	Exchange loss	34,665	22,434
		<u>-</u>	<u>44,243</u>
	Current	-	44,243
	Non-current	-	-
		<u>-</u>	<u>44,243</u>
	Total lease liability	<u><b>5,091,033</b></u>	<u>3,789,632</u>
(v)	Extension options		
	The leases do not have extension options exercisable by the Company.		
<b>b</b>	<b>Leases as lessor</b>		
	The Group leases out part of its investment property under short term operating leases. Lease income from investment property is included in other income as disclosed in note 13.		

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**30 Insurance contract liabilities**  
See accounting policy in note 7 (b)

**Group and Company**  
**(i) Composition of the statement of financial position- Insurance contracts**

Analysis of the amounts presented on the statement of financial position for insurance contracts is shown in the table below, along with the presentation of current and non-current portions of balances:

Reportable group	2024		
	Insurance contract liabilities	Reinsurance contract assets	Reinsurance contract liabilities
	ZMW	ZMW	ZMW
Liability	564,101,286	-	26,260,781
Fire	892,923,678	(789,350,492)	-
Motor	513,550,815	-	37,180,149
Other	422,520,196	(19,633,762)	-
<b>Total</b>	<b>2,393,095,975</b>	<b>(808,984,254)</b>	<b>63,440,930</b>
Current portion	2,393,095,975	(808,984,254)	63,440,930
Non-current portion	-	-	-
<b>Total</b>	<b>2,393,095,975</b>	<b>(808,984,254)</b>	<b>63,440,930</b>

Reportable group	2023		
	Insurance contract liabilities	Reinsurance contract assets	Reinsurance contract liabilities
	ZMW	ZMW	ZMW
Liability	5,072,946	(567,987)	-
Fire	474,431,506	(317,276,262)	-
Motor	9,479,868	-	82,952
Other	174,069,031	(50,625,159)	-
<b>Total</b>	<b>663,053,351</b>	<b>(368,469,408)</b>	<b>82,952</b>
Current portion	663,053,351	(368,469,408)	82,952
Non-current portion	-	-	-
<b>Total</b>	<b>663,053,351</b>	<b>(368,469,408)</b>	<b>82,952</b>

Detailed reconciliations of changes in insurance contract balances during the reporting periods are included in the subsequent notes.

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**30 Insurance contract liabilities**  
See accounting policy in note 7 (b)

**Group and Company**

**(ii) Reconciliation of the liability for remaining coverage and the liability for incurred claims**

The table below provides a consolidated reconciliation from the opening to the closing balances of the Liability for remaining coverage (LRC) and Liability for incurred claims (LIC). The reconciliation excludes insurance acquisition cashflow assets and other pre-recognition cashflows and are disclosed in note 30 (iii).

**2024**

<i>All classes</i>	<b>Liability for remaining coverage</b>		<b>Liability for incurred claims</b>		<b>Total</b>
	Excluding loss component	Loss component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	ZMW
<b>Opening (asset)/liabilities as at 1 Jan</b>	<b>(142,176,477)</b>	<b>66,842,762</b>	<b>640,150,896</b>	<b>98,236,170</b>	<b>663,053,351</b>
<b>Insurance revenue</b>	<b>(2,968,288,479)</b>	-	-	-	<b>(2,968,288,479)</b>
<b>Insurance service expenses</b>					
Claims incurred	-	-	1,939,573,677	-	<b>1,939,573,677</b>
Directly attributable expenses	12,186,805	-	53,211,529	-	<b>65,398,334</b>
Insurance acquisition cashflow amortisation	839,978,778	-	-	-	<b>839,978,778</b>
Reclassification from LRC to LIC	(9,617,520)	-	9,617,520	-	-
Changes in the FCF relating to LIC	-	-	-	128,754,495	<b>128,754,495</b>
Losses on onerous contracts and reversals	-	86,437,190	-	-	<b>86,437,190</b>
<b>Total</b>	<b>842,548,063</b>	<b>86,437,190</b>	<b>2,002,402,726</b>	<b>128,754,495</b>	<b>3,060,142,474</b>
Effects of movements in exchange rates (P/L)	(58,567,651)	-	-	-	<b>(58,567,651)</b>
Impairment	148,996,495	-	-	-	<b>148,996,495</b>
<b>Total changes in the statement of profit or loss</b>	<b>(2,035,311,572)</b>	<b>86,437,190</b>	<b>2,002,402,726</b>	<b>128,754,495</b>	<b>182,282,839</b>
<b>Effects of movements in exchange rates (OCI)</b>	<b>(34,718,042)</b>	-	-	-	<b>(34,718,042)</b>
<b>Cash flows</b>					
Net premiums received	2,033,268,940	-	-	-	<b>2,033,268,940</b>
Claims incurred paid	-	-	(407,442,237)	-	<b>(407,442,237)</b>
Other directly attributable expenses paid	(11,499,858)	-	(31,849,018)	-	<b>(43,348,876)</b>
<b>Total cash flows</b>	<b>2,021,769,082</b>	-	<b>(439,291,255)</b>	-	<b>1,582,477,827</b>
<b>Insurance contract liabilities as at 31 Dec</b>	<b>(190,437,009)</b>	<b>153,279,952</b>	<b>2,203,262,367</b>	<b>226,990,665</b>	<b>2,393,095,975</b>

**2023**

<i>All classes</i>	<b>Liability for remaining coverage</b>		<b>Liability for incurred claims</b>		<b>Total</b>
	Excluding loss component	Loss component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	ZMW
<b>Opening (asset)/liabilities as at 1 Jan</b>	<b>(21,919,638)</b>	<b>4,701,030</b>	<b>79,639,733</b>	<b>4,952,769</b>	<b>67,373,894</b>
<b>Insurance revenue</b>	<b>(1,054,242,228)</b>	-	-	-	<b>(1,054,242,228)</b>
<b>Insurance service expenses</b>					
Claims incurred	-	-	686,794,525	-	<b>686,794,525</b>
PIA levy and other commissions	18,568,686	-	-	-	<b>18,568,686</b>
Insurance acquisition cashflow amortisation	315,386,898	-	-	-	<b>315,386,898</b>
Directly attributable admin expenses	20,605,499	-	-	-	<b>20,605,499</b>
Changes in the FCF relating to LIC	-	-	-	93,283,401	<b>93,283,401</b>
Losses on onerous contracts and reversals	-	62,141,732	-	-	<b>62,141,732</b>
<b>Total</b>	<b>354,561,083</b>	<b>62,141,732</b>	<b>686,794,525</b>	<b>93,283,401</b>	<b>1,196,780,741</b>



**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**30 Insurance contract liabilities**

**Group and Company**

**(ii) Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)**

	Assets for remaining coverage		Asset for incurred claims		Total
	Excluding loss component	Loss Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	ZMW
Effects of movements in exchange rates (P/I)	(72,670,852)	-	-	-	(72,670,852)
Impairment	80,789,448	-	-	-	80,789,448
<b>Total changes in the statement of profit or loss</b>	<b>(691,562,549)</b>	<b>62,141,732</b>	<b>686,794,525</b>	<b>93,283,401</b>	<b>150,657,109</b>
<b>Effects of movements in exchange rates (OCI)</b>	<b>(50,618,807)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50,618,807)</b>
<b>Cash flows</b>					
Net premiums received	658,454,743	-	-	-	658,454,743
Claims incurred paid	-	-	(126,283,362)	-	(126,283,362)
Other directly attributable expenses paid	(36,530,226)	-	-	-	(36,530,226)
<b>Total cash flows</b>	<b>621,924,517</b>	<b>-</b>	<b>(126,283,362)</b>	<b>-</b>	<b>495,641,155</b>
<b>Insurance contract liabilities as at 31 Dec</b>	<b>(142,176,477)</b>	<b>66,842,762</b>	<b>640,150,896</b>	<b>98,236,170</b>	<b>663,053,351</b>
<b>2024</b>					
<b>Liability</b>					
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	ZMW
<b>Opening (asset)/liabilities as at 1 Jan</b>	<b>(8,068,191)</b>	<b>1,531,548</b>	<b>10,095,964</b>	<b>1,513,625</b>	<b>5,072,946</b>
<b>Insurance revenue</b>	<b>(876,385,086)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(876,385,086)</b>
<b>Insurance service expenses</b>					
Claims incurred	-	-	522,529,099	-	522,529,099
Directly attributable expenses	3,696,893	-	16,141,827	-	19,838,720
Insurance acquisition cashflow amortisation	267,806,773	-	-	-	267,806,773
Reclassification from LRC to LIC	(468,531)	-	468,531	-	-
Changes in the FCF relating to LIC	-	-	-	51,562,339	51,562,339
Losses on onerous contracts and reversals	-	(1,531,548)	-	-	(1,531,548)
<b>Total</b>	<b>271,035,135</b>	<b>(1,531,548)</b>	<b>539,139,457</b>	<b>51,562,339</b>	<b>860,205,383</b>
Effects of movements in exchange rates (P/L)	(4,351,918)	-	-	-	(4,351,918)
Impairment	13,807,466	-	-	-	13,807,466
<b>Total changes in the statement of profit or loss</b>	<b>(595,894,403)</b>	<b>(1,531,548)</b>	<b>539,139,457</b>	<b>51,562,339</b>	<b>(6,724,155)</b>
<b>Effects of movements in exchange rates (OCI)</b>	<b>(2,579,753)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,579,753)</b>
<b>Cash flows</b>					
Net premiums received	612,101,340	-	-	-	612,101,340
Claims incurred paid	-	-	(30,619,121)	-	(30,619,121)
Other directly attributable expenses paid	(3,488,506)	-	(9,661,465)	-	(13,149,971)
<b>Total cash flows</b>	<b>608,612,834</b>	<b>-</b>	<b>(40,280,586)</b>	<b>-</b>	<b>568,332,248</b>
<b>Insurance contract liabilities as at 31 Dec</b>	<b>2,070,487</b>	<b>-</b>	<b>508,954,835</b>	<b>53,075,964</b>	<b>564,101,286</b>



30 Insurance contract liabilities

Group and Company

(ii) Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

2023	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss Component	Present value of future cashflows	Risk adjustment for non-fin risk	
Fire	ZMW	ZMW	ZMW	ZMW	ZMW
Opening (asset)/liabilities as at 1 Jan	(11,493,064)	656,643	55,517,805	3,431,001	48,112,385
Insurance revenue	(536,543,352)	-	-	-	(536,543,352)
Insurance service expenses					
Claims incurred	-	-	394,188,669	-	394,188,669
Directly attributable expenses	19,978,331	-	-	-	19,978,331
Insurance acquisition cashflow amortisation	149,862,056	-	-	-	149,862,056
Reclassification from LRC to LIC	-	-	-	-	-
Changes in the FCF relating to LIC	-	-	-	62,711,732	62,711,732
Losses on onerous contracts and reversals	-	34,196,905	-	-	34,196,905
	169,840,387	34,196,905	394,188,669	62,711,732	660,937,693
Effects of movements in exchange rates (P/L)	(42,048,154)	-	-	-	(42,048,154)
Impairment	58,118,991	-	-	-	58,118,991
Total changes in the statement of profit or loss	(350,632,128)	34,196,905	394,188,669	62,711,732	140,465,178
Effects of movements in exchange rates (OCI)	(29,288,598)	-	-	-	(29,288,598)
Cash flows					
Net premiums received	354,795,991	-	-	-	354,795,991
Claims incurred paid	-	-	(21,026,423)	-	(21,026,423)
Other directly attributable expenses paid	(18,627,027)	-	-	-	(18,627,027)
Total cash flows	336,168,964	-	(21,026,423)	-	315,142,541
Insurance contract liabilities as at 31 Dec	(55,244,826)	34,853,548	428,680,051	66,142,733	474,431,506
2024					
Motor					
	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	ZMW
Opening (asset)/liabilities as at 1 Jan	(281,484)	62,209	8,358,636	1,340,507	9,479,868
Insurance revenue	(719,461,806)	-	-	-	(719,461,806)
Insurance service expenses					
Claims incurred	-	-	529,894,672	-	529,894,672
Directly attributable expenses	3,159,404	-	13,794,980	-	16,954,384
Insurance acquisition cashflow amortisation	192,829,285	-	-	-	192,829,285
Reclassification from LRC to LIC	(314,594)	-	314,594	-	-
Changes in the FCF relating to LIC	-	-	-	43,705,392	43,705,392
Losses on onerous contracts and reversals	-	(62,209)	-	-	(62,209)
Total	195,674,095	(62,209)	544,004,246	43,705,392	783,321,524
Effects of movements in exchange rates (P/L)	4,700,774	-	-	-	4,700,774
Impairment	(14,020,337)	-	-	-	(14,020,337)
Total changes in the statement of profit or loss	(533,107,274)	(62,209)	544,004,246	43,705,392	54,540,155
Effects of movements in exchange rates (OCI)	2,786,549	-	-	-	2,786,549
Cash flows					
Net premiums received	570,786,245	-	-	-	570,786,245
Claims incurred paid	-	-	(112,803,894)	-	(112,803,894)
Other directly attributable expenses paid	(2,981,314)	-	(8,256,794)	-	(11,238,108)
Total cash flows	567,804,931	-	(121,060,688)	-	446,744,243
Insurance contract liabilities as at 31 Dec	37,202,722	-	431,302,194	45,045,899	513,550,815



30 Insurance contract liabilities

Group and Company

(ii) Reconciliation of the liability for remaining coverage and the liability for incurred claims (continued)

2023 Other	Liability for remaining coverage		Liability for incurred claims		Total
	Excluding loss component	Loss Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	ZMW
Opening (asset)/liabilities as at 1 Jan	(7,251,540)	4,044,387	21,961,629	1,388,261	20,142,737
Insurance revenue	(405,961,618)	-	-	-	(405,961,618)
<b>Insurance service expenses</b>					
Claims incurred	-	-	261,907,441	-	261,907,441
Directly attributable expenses	15,284,646	-	-	-	15,284,646
Insurance acquisition cashflow amortisation	133,745,808	-	-	-	133,745,808
Reclassification from LRC to LIC	-	-	-	-	-
Changes in the FCF relating to LIC	-	-	-	27,851,044	27,851,044
Losses on onerous contracts and reversals	-	26,351,070	-	-	26,351,070
	<b>149,030,454</b>	<b>26,351,070</b>	<b>261,907,441</b>	<b>27,851,044</b>	<b>465,140,009</b>
Effects of movements in exchange rates (P/I)	(26,022,557)	-	-	-	(26,022,557)
Impairment	15,405,218	-	-	-	15,405,218
<b>Total changes in the statement of profit or loss</b>	<b>(267,548,503)</b>	<b>26,351,070</b>	<b>261,907,441</b>	<b>27,851,044</b>	<b>48,561,052</b>
<b>Effects of movements in exchange rates (OCI)</b>	<b>(18,125,986)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,125,986)</b>
<b>Cash flows</b>					
Net premiums received	228,600,266	-	-	-	228,600,266
Claims incurred paid	-	-	(90,852,825)	-	(90,852,825)
Other directly attributable expenses paid	(14,256,213)	-	-	-	(14,256,213)
<b>Total cash flows</b>	<b>214,344,053</b>	<b>-</b>	<b>(90,852,825)</b>	<b>-</b>	<b>123,491,228</b>
<b>Insurance contract liabilities as at 31 Dec</b>	<b>(78,581,976)</b>	<b>30,395,457</b>	<b>193,016,245</b>	<b>29,239,305</b>	<b>174,069,031</b>

(iii) Reconciliation of insurance acquisition cash flow assets

The Company did not pay for directly attributable acquisition costs such as non refundable expenses to originate insurance contracts before they were recognised. As such, no insurance acquisition cash flow asset was recognised during the year.

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**31 Reinsurance contract assets**  
See accounting policy in note 7 (b)

**Group and Company**

**(i) Reconciliation of the reinsurance asset for remaining coverage and asset for incurred claims**

The table below provides a reconciliation from the opening to the closing balances of the reinsurance asset for remaining coverage (LRC) and asset for incurred claims.

**2024**

*All classes*

	Assets for remaining coverage		Asset for incurred claims		Total
	Excluding loss component	Loss recovery Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	ZMW
<b>Opening (asset)/liability as at 1 Jan</b>	<b>3,214,601</b>	<b>(22,850,761)</b>	<b>(301,632,477)</b>	<b>(47,117,819)</b>	<b>(368,386,456)</b>
<b>Allocation of reinsurance premium</b>	<b>834,485,977</b>	-	-	-	<b>834,485,977</b>
<b>Insurance service income</b>					
Reinsurance commission earned amortisation	(264,269,511)	-	-	-	(264,269,511)
Adjustments in FCF relating to LIC	-	-	-	(79,930,286)	(79,930,286)
Losses on onerous contracts and reversals	-	(40,729,593)	-	-	(40,729,593)
	<b>(264,269,511)</b>	<b>(40,729,593)</b>	-	<b>(79,930,286)</b>	<b>(384,929,390)</b>
<b>Net income/(expenses) from reinsurance contracts</b>					
Insurance recoveries on claims incurred	-	-	(1,108,897,251)	-	(1,108,897,251)
Retrocession expenses	-	-	197,911,633	-	197,911,633
<b>Total</b>	-	-	<b>(910,985,618)</b>	-	<b>(910,985,618)</b>
<b>Total changes in the statement of profit or loss</b>	<b>570,216,466</b>	<b>(40,729,593)</b>	<b>(910,985,618)</b>	<b>(79,930,286)</b>	<b>(461,429,031)</b>
<b>Cash flows</b>					
Retro premiums paid	(5,897,843)	-	-	-	(5,897,843)
Retrocession expenses paid	-	-	(159,781,843)	-	(159,781,843)
Effects of movements in exchange rates	33,836,214	-	-	-	33,836,214
Insurance recoveries on paid claims	-	-	216,115,635	-	216,115,635
<b>Total cash flows</b>	<b>27,938,371</b>	-	<b>56,333,792</b>	-	<b>84,272,163</b>
<b>Reinsurance contract (asset)/liability as at 31 Dec</b>	<b>601,369,438</b>	<b>(63,580,354)</b>	<b>(1,156,284,303)</b>	<b>(127,048,105)</b>	<b>(745,543,324)</b>
<b>2023</b>					
<i>All classes</i>					
	Asset for remaining coverage		Asset for incurred claims		Total
	Excluding loss component	Loss recovery Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	ZMW
<b>Opening liability as at 1 Jan</b>	<b>(2,230,560)</b>	<b>(589,206)</b>	<b>(5,758,368)</b>	<b>(1,189,318)</b>	<b>(9,767,452)</b>
<b>Allocation of reinsurance premium</b>	<b>10,354,619</b>	-	-	-	<b>10,354,619</b>
<b>Insurance service income</b>					
Reinsurance commission earned amortisation	(4,339,498)	-	-	-	(4,339,498)
Adjustments in FCF relating to LIC	-	-	-	(45,928,501)	(45,928,501)
Losses on onerous contracts and reversals	-	(22,261,555)	-	-	(22,261,555)
	<b>(4,339,498)</b>	<b>(22,261,555)</b>	-	<b>(45,928,501)</b>	<b>(72,529,554)</b>
<b>Insurance service result</b>					
Insurance recoveries on claims incurred	-	-	(298,767,694)	-	(298,767,694)
Retrocession expenses	-	-	180,106,648	-	180,106,648
	-	-	<b>(118,661,046)</b>	-	<b>(118,661,046)</b>
<b>Total changes in the statement of profit or loss</b>	<b>6,015,121</b>	<b>(22,261,555)</b>	<b>(118,661,046)</b>	<b>(45,928,501)</b>	<b>(180,835,981)</b>
<b>Cash flows</b>					
Net retro premiums paid	(569,960)	-	-	-	(569,960)
Retrocession expenses paid	-	-	(187,774,576)	-	(187,774,576)
Insurance recoveries on paid claims received	-	-	10,561,513	-	10,561,513
<b>Total cash flows</b>	<b>(569,960)</b>	-	<b>(177,213,063)</b>	-	<b>(177,783,023)</b>
<b>Reinsurance contract (asset)/liability as at 31 Dec</b>	<b>3,214,601</b>	<b>(22,850,761)</b>	<b>(301,632,477)</b>	<b>(47,117,819)</b>	<b>(368,386,456)</b>

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**31 Reinsurance contract assets**  
See accounting policy in note 7 (b)

**Group and Company**

**(i) Reconciliation of the reinsurance asset for remaining coverage and asset for incurred claims (continued)**

**2024**

<i>Liability</i>	<b>Assets for remaining coverage</b>		<b>Asset for incurred claims</b>		<b>Total</b>
	Excluding loss component	Loss recovery Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	
<b>Opening (asset)/liability as at 1 Jan</b>	(71,980)	-	(496,007)	-	(567,987)
<b>Allocation of reinsurance premium</b>	410,931,835	-	-	-	410,931,835
<b>Insurance service income</b>					
Reinsurance commission earned amortisation	(132,373,511)	-	-	-	(132,373,511)
Adjustments in FCF relating to LIC	-	-	-	(26,526,421)	(26,526,421)
Losses on onerous contracts and reversals	-	-	-	-	-
	(132,373,511)	-	-	(26,526,421)	(158,899,932)
<b>Net income/(expenses) from reinsurance contracts</b>					
Insurance recoveries on claims incurred	-	-	(265,090,225)	-	(265,090,225)
Retrocession expenses	-	-	60,036,904	-	60,036,904
<b>Total</b>	-	-	(205,053,321)	-	(205,053,321)
<b>Total changes in the statement of profit or loss</b>	278,558,324	-	(205,053,321)	(26,526,421)	46,978,582
<b>Cash flows</b>					
Retro premiums paid	(2,904,316)	-	-	-	(2,904,316)
Retrocession expenses paid	-	-	(48,472,374)	-	(48,472,374)
Effects of movements in exchange rates	16,662,207	-	-	-	16,662,207
Insurance recoveries on paid claims	-	-	14,564,669	-	14,564,669
<b>Total cash flows</b>	13,757,891	-	(33,907,705)	-	(20,149,814)
<b>Reinsurance contract (asset)/liability as at 31 Dec</b>	292,244,235	-	(239,457,033)	(26,526,421)	26,260,781

**2023**

<i>Liability</i>	<b>Assets for remaining coverage</b>		<b>Asset for incurred claims</b>		<b>Total</b>
	Excluding loss component	Loss recovery Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	
<b>Opening (asset)/liability as at 1 Jan</b>	(179,037)	-	583,297	-	404,260
<b>Allocation of reinsurance premium</b>	215,210	-	-	-	215,210
<b>Insurance service income</b>					
Reinsurance commission earned amortisation	(96,307)	-	-	-	(96,307)
Adjustments in FCF relating to LIC	-	-	-	-	-
Losses on onerous contracts and reversals	-	-	-	-	-
	(96,307)	-	-	-	(96,307)
<b>Net income/(expenses) from reinsurance contracts</b>					
Insurance recoveries on claims incurred	-	-	-	-	-
Retrocession expenses	-	-	20,981,803	-	20,981,803
	-	-	20,981,803	-	20,981,803
<b>Total changes in the statement of profit or loss</b>	118,903	-	20,981,803	-	21,100,706
<b>Cash flows</b>					
Retro premiums paid	(11,846)	-	-	-	(11,846)
Retrocession expenses paid	-	-	(22,061,107)	-	(22,061,107)
Insurance recoveries on paid claims	-	-	-	-	-
<b>Total cash flows</b>	(11,846)	-	(22,061,107)	-	(22,072,953)
<b>Reinsurance contract (asset)/liability as at 31 Dec</b>	(71,980)	-	(496,007)	-	(567,987)

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**31 Reinsurance contract assets**  
See accounting policy in note 7 (b)

**Group and Company**

**(i) Reconciliation of the reinsurance asset for remaining coverage and asset for incurred claims (continued)**

**2024**

**Fire**

	<u>Assets for remaining coverage</u>		<u>Asset for incurred claims</u>		<u>Total</u>
	Excluding loss component	Loss recovery Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	ZMW
<b>Opening (asset)/liability as at 1 Jan</b>	<b>1,102,841</b>	<b>(13,592,170)</b>	<b>(263,074,139)</b>	<b>(41,712,824)</b>	<b>(317,276,292)</b>
<b>Allocation of reinsurance premium</b>	<b>3,585,001</b>	-	-	-	<b>3,585,001</b>
<b>Insurance service income</b>					
Reinsurance commission earned amortisation	(436,283)	-	-	-	(436,283)
Adjustments in FCF relating to LIC	-	-	-	(24,463,011)	(24,463,011)
Losses on onerous contracts and reversals	-	(41,453,437)	-	-	(41,453,437)
	<b>(436,283)</b>	<b>(41,453,437)</b>	<b>-</b>	<b>(24,463,011)</b>	<b>(66,352,731)</b>
<b>Net income/(expenses) from reinsurance contracts</b>					
Insurance recoveries on claims incurred	-	-	(539,982,597)	-	(539,982,597)
Retrocession expenses	-	-	46,965,335	-	46,965,335
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(493,017,262)</b>	<b>-</b>	<b>(493,017,262)</b>
<b>Total changes in the statement of profit or loss</b>	<b>3,148,718</b>	<b>(41,453,437)</b>	<b>(493,017,262)</b>	<b>(24,463,011)</b>	<b>(555,784,992)</b>
<b>Cash flows</b>					
Retro premiums paid	(25,338)	-	-	-	(25,338)
Retrocession expenses paid	-	-	(37,916,205)	-	(37,916,205)
Effects of movements in exchange rates	145,363	-	-	-	145,363
Insurance recoveries on paid claims	-	-	121,506,972	-	121,506,972
<b>Total cash flows</b>	<b>120,025</b>	<b>-</b>	<b>83,590,767</b>	<b>-</b>	<b>83,710,792</b>
<b>Reinsurance contract (asset)/liability as at 31 Dec</b>	<b>4,371,584</b>	<b>(55,045,607)</b>	<b>(672,500,634)</b>	<b>(66,175,835)</b>	<b>(789,350,492)</b>

**2023**

**Fire**

	<u>Assets for remaining coverage</u>		<u>Asset for incurred claims</u>		<u>Total</u>
	Excluding loss component	Loss recovery Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	ZMW
<b>Opening (asset)/liability as at 1 Jan</b>	<b>(6,795)</b>	-	<b>(2,296,579)</b>	<b>(637,364)</b>	<b>(2,940,738)</b>
<b>Allocation of reinsurance premium</b>	<b>1,931,376</b>	-	-	-	<b>1,931,376</b>
<b>Insurance service income</b>					
Reinsurance commission earned amortisation	(715,430)	-	-	-	(715,430)
Adjustments in FCF relating to LIC	-	-	-	(41,075,460)	(41,075,460)
Losses on onerous contracts and reversals	-	(13,592,170)	-	-	(13,592,170)
	<b>(715,430)</b>	<b>(13,592,170)</b>	<b>-</b>	<b>(41,075,460)</b>	<b>(55,383,060)</b>
<b>Net income/(expenses) from reinsurance contracts</b>					
Insurance recoveries on claims incurred	-	-	(267,359,707)	-	(267,359,707)
Retrocession expenses	-	-	71,497,904	-	71,497,904
	<b>-</b>	<b>-</b>	<b>(195,861,803)</b>	<b>-</b>	<b>(195,861,803)</b>
<b>Total changes in the statement of profit or loss</b>	<b>1,215,946</b>	<b>(13,592,170)</b>	<b>(195,861,803)</b>	<b>(41,075,460)</b>	<b>(249,313,487)</b>
<b>Cash flows</b>					
Retro premiums paid	(106,311)	-	-	-	(106,311)
Retrocession expenses paid	-	-	(74,522,629)	-	(74,522,629)
Insurance recoveries on paid claims	-	-	9,606,903	-	9,606,903
<b>Total cash flows</b>	<b>(106,311)</b>	<b>-</b>	<b>(64,915,726)</b>	<b>-</b>	<b>(65,022,037)</b>
<b>Reinsurance contract (asset)/liability as at 31 Dec</b>	<b>1,102,840</b>	<b>(13,592,170)</b>	<b>(263,074,108)</b>	<b>(41,712,824)</b>	<b>(317,276,262)</b>



**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**31 Reinsurance contract assets**  
See accounting policy in note 7 (b)

**Group and Company**

**(i) Reconciliation of the reinsurance asset for remaining coverage and asset for incurred claims (continued)**

**2024**

**Motor**

	Assets for remaining coverage		Asset for incurred claims		Total
	Excluding loss component	Loss recovery Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	
<b>Opening (asset)/liability as at 1 Jan</b>	-	-	82,954	-	82,954
<b>Allocation of reinsurance premium</b>	324,226,932	-	-	-	324,226,932
<b>Insurance service income</b>					
Reinsurance commission earned amortisation	(95,775,704)	-	-	-	(95,775,704)
Adjustments in FCF relating to LIC	-	-	-	(4,939,617)	(4,939,617)
Losses on onerous contracts and reversals	-	-	-	-	-
	(95,775,704)	-	-	(4,939,617)	(100,715,321)
<b>Net income/(expenses) from reinsurance contracts</b>					
Insurance recoveries on claims incurred	-	-	(268,042,748)	-	(268,042,748)
Retrocession expenses	-	-	51,308,186	-	51,308,186
<b>Total</b>	-	-	(216,734,562)	-	(216,734,562)
<b>Total changes in the statement of profit or loss</b>	228,451,228	-	(216,734,562)	(4,939,617)	6,777,049
<b>Cash flows</b>					
Retro premiums paid	(2,291,518)	-	-	-	(2,291,518)
Retrocession expenses paid	-	-	(41,422,290)	-	(41,422,290)
Effects of movements in exchange rates	13,146,549	-	-	-	13,146,549
Insurance recoveries on paid claims	-	-	60,887,405	-	60,887,405
<b>Total cash flows</b>	10,855,031	-	19,465,115	-	30,320,146
<b>Reinsurance contract (asset)/liability as at 31 Dec</b>	239,306,259	-	(197,186,493)	(4,939,617)	37,180,149
<b>2023</b>					
<b>Motor</b>					
	Assets for remaining coverage		Asset for incurred claims		Total
	Excluding loss component	Loss recovery Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	
<b>Opening (asset)/liability as at 1 Jan</b>	-	-	173,417	-	173,417
<b>Allocation of reinsurance premium</b>	-	-	-	-	-
<b>Insurance service income</b>					
Reinsurance commission earned amortisation	-	-	-	-	-
Adjustments in FCF relating to LIC	-	-	-	-	-
Losses on onerous contracts and reversals	-	-	-	-	-
	-	-	-	-	-
<b>Net income/(expenses) from reinsurance contracts</b>					
Insurance recoveries on claims incurred	-	-	(21,366)	-	(21,366)
Retrocession expenses	-	-	3,757,156	-	3,757,156
	-	-	3,735,790	-	3,735,790
<b>Total changes in the statement of profit or loss</b>	-	-	3,735,790	-	3,735,790
<b>Cash flows</b>					
Retro premiums paid	-	-	-	-	-
Retrocession expenses paid	-	-	(3,847,621)	-	(3,847,621)
Insurance recoveries on paid claims	-	-	21,366	-	21,366
<b>Total cash flows</b>	-	-	(3,826,255)	-	(3,826,255)
<b>Reinsurance contract (asset)/liability as at 31 Dec</b>	-	-	82,952	-	82,952

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**31 Reinsurance contract assets**  
See accounting policy in note 7 (b)

**Group and Company**

**(i) Reconciliation of the reinsurance asset for remaining coverage and asset for incurred claims (continued)**

2024

Other

	Assets for remaining coverage		Asset for incurred claims		Total
	Excluding loss component	Loss recovery Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	
<b>Opening (asset)/liability as at 1 Jan</b>	<b>2,183,740</b>	<b>(9,258,591)</b>	<b>(38,145,285)</b>	<b>(5,404,995)</b>	<b>(50,625,131)</b>
<b>Allocation of reinsurance premium</b>	<b>95,742,209</b>	-	-	-	<b>95,742,209</b>
<b>Insurance service income</b>					
Reinsurance commission earned amortisation	(35,684,013)	-	-	-	(35,684,013)
Adjustments in FCF relating to LIC	-	-	-	(24,001,237)	(24,001,237)
Losses on onerous contracts and reversals	-	723,844	-	-	723,844
	<b>(35,684,013)</b>	<b>723,844</b>	<b>-</b>	<b>(24,001,237)</b>	<b>(58,961,406)</b>
<b>Net income/(expenses) from reinsurance contracts</b>					
Insurance recoveries on claims incurred	-	-	(35,781,681)	-	(35,781,681)
Retrocession expenses	-	-	39,601,208	-	39,601,208
Effects of movements in exchange rates	-	-	-	-	-
<b>Total net income/(expenses) from reinsurance contracts</b>	<b>-</b>	<b>-</b>	<b>3,819,527</b>	<b>-</b>	<b>3,819,527</b>
<b>Total reinsurance and finance income</b>	<b>-</b>	<b>-</b>	<b>5,522,612</b>	<b>-</b>	<b>5,522,612</b>
<b>Total changes in the statement of profit or loss</b>	<b>60,058,196</b>	<b>723,844</b>	<b>3,819,527</b>	<b>(24,001,237)</b>	<b>40,600,330</b>
<b>Cash flows</b>					
Retro premiums paid	(676,671)	-	-	-	(676,671)
Retrocession expenses paid	-	-	(31,970,974)	-	(31,970,974)
Effects of movements in exchange rates	3,882,095	-	-	-	3,882,095
Insurance recoveries on paid claims	-	-	19,156,589	-	19,156,589
<b>Total cash flows</b>	<b>3,205,424</b>	<b>-</b>	<b>(12,814,385)</b>	<b>-</b>	<b>(9,608,961)</b>
<b>Reinsurance contract (asset)/liability as at 31 Dec</b>	<b>65,447,360</b>	<b>(8,534,747)</b>	<b>(47,140,143)</b>	<b>(29,406,232)</b>	<b>(19,633,762)</b>
2023					
Other					
	Assets for remaining coverage		Asset for incurred claims		Total
	Excluding loss component	Loss recovery Component	Present value of future cashflows	Risk adjustment for non-fin risk	
	ZMW	ZMW	ZMW	ZMW	
<b>Opening (asset)/liability as at 1 Jan</b>	<b>(2,044,728)</b>	<b>(589,206)</b>	<b>(4,218,503)</b>	<b>(551,954)</b>	<b>(7,404,391)</b>
<b>Allocation of reinsurance premium</b>	<b>8,208,033</b>	-	-	-	<b>8,208,033</b>
<b>Insurance service income</b>					
Reinsurance commission earned amortisation	(3,527,761)	-	-	-	(3,527,761)
Adjustments in FCF relating to LIC	-	-	-	(4,853,041)	(4,853,041)
Losses on onerous contracts and reversals	-	(8,669,385)	-	-	(8,669,385)
	<b>(3,527,761)</b>	<b>(8,669,385)</b>	<b>-</b>	<b>(4,853,041)</b>	<b>(17,050,187)</b>
<b>Net income/(expenses) from reinsurance contracts</b>					
Insurance recoveries on claims incurred	-	-	(31,386,621)	-	(31,386,621)
Retrocession expenses	-	-	83,869,785	-	83,869,785
Effects of movements in exchange rates	-	-	52,483,164	-	52,483,164
<b>Total changes in the statement of profit or loss</b>	<b>4,680,272</b>	<b>(8,669,385)</b>	<b>52,483,164</b>	<b>(4,853,041)</b>	<b>43,641,010</b>
<b>Cash flows</b>					
Retro premiums paid	(451,803)	-	-	-	(451,803)
Retrocession expenses paid	-	-	(87,343,219)	-	(87,343,219)
Insurance recoveries on paid claims	-	-	933,244	-	933,244
<b>Total cash flows</b>	<b>(451,803)</b>	<b>-</b>	<b>(86,409,975)</b>	<b>-</b>	<b>(86,861,778)</b>
<b>Reinsurance contract (asset)/liability as at 31 Dec</b>	<b>2,183,741</b>	<b>(9,258,591)</b>	<b>(38,145,314)</b>	<b>(5,404,995)</b>	<b>(50,625,159)</b>

**32 Claims development**

The table below illustrates how estimates of the cumulative claims for the Group have developed over time on a gross and net of reinsurance basis. Each table shows how the Group's estimates of the total claims for each accident year have developed over time.

**Group and Company**

<b>Gross</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
At end of accident year	7,492,727	105,876,178	336,734,796	<b>450,103,701</b>
One year later	25,163,320	92,102,114	-	<b>117,265,434</b>
Two years later	5,079,213	-	-	<b>5,079,213</b>
Three years later	-	-	-	-
Cumulative gross claims paid	37,735,260	197,978,292	336,734,796	<b>572,448,348</b>
Gross outstanding claims - Accident Years from 2021 - 2024	64,729,905	425,738,071	608,218,041	<b>1,098,686,017</b>
<b>Gross liabilities for incurred claims</b>	<b>102,465,165</b>	<b>623,716,363</b>	<b>944,952,837</b>	<b>1,671,134,365</b>

**Net of reinsurance**

At end of accident year	4,025,057	104,522,444	158,816,875	<b>267,364,376</b>
One year later	15,955,541	52,913,484	-	<b>68,869,025</b>
Two years later	6,070,129	-	-	<b>6,070,129</b>
Three years later	-	-	-	-
Cumulative Gross Claims Paid	26,050,727	157,435,928	158,816,875	<b>342,303,530</b>
Net outstanding claims - Accident Years from 2021 - 2024	45,957,469	231,624,756	119,880,387	<b>397,462,612</b>
<b>Net Liabilities for Incurred Claims</b>	<b>72,008,196</b>	<b>389,060,684</b>	<b>278,697,262</b>	<b>739,766,142</b>

**33 Fair value of financial instruments**

See accounting policy in note 7 (i)

**Fair value classification and hierarchy**

The Group's financial instruments as at 31 December 2024 were all measured at amortised cost. Management considers the carrying amount of financial assets and financial liabilities recognised in the annual financial statements to be a reasonable approximation of their fair value.

**34 Risk Management**

**Introduction and overview**

Insurance and reinsurance contracts expose the Group to underwriting risk, which comprises insurance risk, policyholder behaviour risk and expense risk.

In addition, the Group is exposed to financial and operational risks from insurance and reinsurance contracts and financial instruments. Financial risks include credit risk, liquidity risk and market risk. Market risk comprises currency risk, interest rate risk and other price risk.

This note presents information about the Group's risk exposures, and the Group's objectives, policies and processes for measuring and managing risks and for managing capital.

**(a) Risk management framework**

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Risk management Framework. The Board of Directors have established the Audit, Finance and Investments Committee, Risk and Compliance Committee, Human Resource and Remuneration and Reinsurance, Claims and Information and Communications Technology Committee, which are responsible for approving and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Committees oversee how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the organisation. The Committees are assisted in their oversight by the Risk and Compliance function which performs internal audit checks for both regular and ad hoc reviews of risk management controls and procedures. The results of which are reported to the Group's Committee.

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**34 Risk management (continued)**

**(b) Underwriting risk**

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

- Insurance risk: the risk transferred from the policyholder to the Group, other than financial risk. Insurance risk arises from the inherent uncertainty about the occurrence, amount or timing of claims.

- Policyholder behavior risk: the risk that a policyholder will cancel a contract (i.e. lapse or persistency risk) or increase or reduce premiums.

- Expense risk: the risk of unexpected increases in the administrative costs associated with the servicing of a contract (rather than in the costs associated with insured events).

**(i) Management of underwriting risk**

The Board of Directors sets the Group's strategy for accepting and managing underwriting risk. Specific underwriting objectives – e.g. aggregation limits, reinsurance protection thresholds and line of business diversification parameters – are prepared by the Group's Chief Operating Officer and approved by the Board as part of the Group's financial plan for the year. The Board continuously reviews its underwriting strategy in the light of evolving market pricing and loss conditions and as opportunities present themselves.

The Group has developed a detailed underwriting manual covering risk acceptance criteria, pricing, authority levels, and reinsurance protection amongst others. It guides the underwriters in their acceptances, on the principals of prudence and professionalism within the overall objective of diversifying the types of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Group uses reinsurance to mitigate the risk of incurring significant losses linked to single events, including excess of loss and stop loss reinsurance. This allows the Group to control exposure to potential losses from large risks, provides for greater diversification of business and provides additional capacity for growth. Prior to renewing any annual reinsurance business, the Group carries out a detailed review of the financial stability of the reinsurer. Therefore the Group ensures that reinsurance is placed only with a select group of financially secure and experienced companies in the industry and their rating. Where an individual exposure exceeds the Group's risk appetite, additional facultative reinsurance is also purchased.

The Group's insurance contracts are renewable annually. The ability to reprice contracts on renewal in response to changes in policyholder risk profiles, claims experience and market considerations is a significant mitigant to pricing risk. Contracts may also contain other features that constrain underwriting risk – e.g. the use of deductibles and capping on the maximum permitted loss or number of claims.

There were no significant changes in the Group's objectives, policies and processes for managing risk and the methods used to measure risk compared to the previous year.

**(ii) Concentration of underwriting risk**

The Group has a number of cedants with a wide geographical dispersal which reduces concentration risk preventing over-exposure in any one geographic region. In addition, concentration risk is reduced through underwriting of business in various classes and types of business.

The Group underwrites business in the following geographical regions:

- Central, East and Southern Africa
- Asia and Latin America
- United States of America
- West and North Africa
- Middle East and Europe

**(iii) Sensitivity analysis**

The sensitivity of profit or loss and equity to the changes in underwriting risk variables arises mainly from the changes in fulfilment cash flows relating to loss components. As contracts are measured under the Premium Allocation Approach only the liability for incurred claims (LIC) component of insurance liabilities is sensitive to possible changes in underwriting risk variables. The table below analyses how profit or loss and equity would have increased if changes in underwriting risk relating to the material variable of the Group being, claims incurred, that were reasonably possible at the reporting date had occurred.

<b>Group and Company</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>2024</b>	<b>LIC as at</b>	<b>Impact on</b>	<b>Impact on</b>	<b>Impact on</b>
	<b>31 December</b>	<b>LIC</b>	<b>PBIT</b>	<b>Equity</b>
Insurance contract liabilities	2,203,262,367			
Net reinsurance contract assets	<u>(1,156,284,303)</u>			
<b>Net Insurance contract liabilities</b>	<b><u>1,046,978,064</u></b>			
<i>Unpaid claims- 5% increase</i>				
Insurance contract liabilities		110,163,118	(110,163,118)	(77,114,183)
Reinsurance contract assets		<u>(57,814,215)</u>	57,814,215	<u>40,469,951</u>
<b>Net Insurance contract liabilities</b>		<b><u>52,348,903</u></b>	<b><u>(52,348,903)</u></b>	<b><u>(36,644,232)</u></b>

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**34 Risk Management (continued)**

**(b) Underwriting risk (continued)**  
(iii) *Sensitivity analysis (continued)*

	ZMW LIC as at 31 December	ZMW Impact on LIC	ZMW Impact on PBIT	ZMW Impact on Equity
Insurance contract liabilities	640,150,896			
Net reinsurance contract assets	<u>(301,632,477)</u>			
<b>Net Insurance contract liabilities</b>	<b><u>338,518,419</u></b>			
<i>Unpaid claims- 5% increase</i>				
Insurance contract liabilities		32,007,545	(32,007,545)	(22,405,281)
Reinsurance contract assets		<u>(15,801,624)</u>	15,801,624	<u>10,557,137</u>
<b>Net Insurance contract liabilities</b>		<b><u>16,205,921</u></b>	<b><u>(16,205,921)</u></b>	<b><u>(11,848,144)</u></b>

It should be noted that a significant portion of the Group's directly attributable expenses such as personnel costs and amortisation charges on the core insurance system are fixed costs in nature and as such no material sensitivity is expected from expenses.

**(c) Financial risk management**

In the normal course of business, the Group uses primary financial instruments such as cash and cash equivalents, fixed income investments and reinsurance contract assets. The Group does not enter into derivative contracts.

As a result of the financial instruments held by the Group, it has exposures to the following risks:

- Credit risk;
- Liquidity risk; and
- Market risk

**Credit risk**

Credit risk is the risk of financial loss to the Group if a counterparty to a reinsurance contract or financial instrument fails to meet its contractual obligations, and arises principally from the Group's reinsurance contract assets and investments in debt securities.

**(i) Credit risk management**

Credit risk is mitigated by the following:

- Establishing the authorisation structure for the approval and renewal of contracts in line with credit policies, authorisation limits are allocated to the business with large exposures being approved according to set financial authority guidelines. The Group has a large number of cedants with a wide geographical dispersal which reduces concentration risk. In addition, concentration risk is reduced through underwriting of business in various industries.
- Reinsurance is used to manage insurance risk. However, this does not discharge the Group's liability as the primary insurer. If for any reason the reinsurer fails to pay a claim, the Group remains liable for the claims payment to the cedent. The creditworthiness of reinsurers is reviewed annually as a way of establishing and reviewing their financial strength prior to our renewal of the excess of loss and stop loss retrocession agreements.
- The Group also ensures that it has retrocession agreements signed up covering the various geographical regions and industry segments it underwrites through separate retro programs per region. The Group ensures that the retro share allocation is based on the strength of the risk carriers credit rating to limit concentration risk.
- The Group enters into premium payment warranties and credit terms to monitor payment obligations. The Group also has the ability to terminate insurance contract services when policyholders fail to meet their premium payment obligations. This assists in mitigating the credit risk associated with future premium inflows.
- The Group as part of onboarding financial institutions it plans to place financial investments with, evaluates credit worthiness of financial institutions. Subsequently, the financial institutions are monitored by periodically reviewing/ examining the financial statements of investees, and employing financial ratios to determine the likelihood of debt repayment and or interest/coupon payments.
- The Group's investment policy has approved maximum authorisation, allocation and diversification limits relating to the different types of financial investments.

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**34 Risk Management (continued)**

**(c) Financial risk management (continued)**

**Credit risk (continued)**

(ii) *Credit quality analysis*

The amounts that best represent the maximum exposure to credit risk in reinsurance contract assets, in relation to claim recovery amounts, at the reporting dates are analysed below. The credit quality analysis is based on international rating categories by agencies such as Moody's, AM Best, Fitch Corporation, GCR and Standard & Poor's.

**Group and Company**

Reinsurance contract assets-Claims recoveries

*Based on International rating agencies*

	<b>2024</b>	<b>2023</b>
A- rated	-	-
B- rated	130,472,055	70,445,139
Below B rated	570,751,350	142,440,612
<b>Total claim recoveries</b>	<b><u>701,223,405</u></b>	<b><u>212,885,751</u></b>

(iii) *Amounts arising from Expected Credit Loss (ECL) on financial assets*

Inputs, assumptions and techniques used for estimating impairment

See accounting policies in Note 7 (h) for recognition and measurement of impairment of financial assets

*Significant increase in credit risk (SICR)*

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's experience, expert credit assessment and forward-looking information.

Quantitatively, the Group primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime probability of default (PD) as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

Qualitatively, for debt instruments securities, if the instrument meets one or more of the following criteria:

- Significant increase in credit spread;
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates;
- Actual or expected forbearance or restructuring;
- Actual or expected significant adverse change in operating results of the borrower; and
- Significant change in collateral value (secured facilities only) that is expected to increase risk of default.

The assessment of a SICR incorporates forward-looking information and is performed at the borrower level and on a periodic basis. The criteria used to identify a SICR are monitored and reviewed periodically for appropriateness by the Finance team.

As a backstop, a debt financial instrument considered to have experienced a SICR if the borrower is more than 30 days past due on its contractual payments.

*Low credit risk debt instruments*

The Group has used the low credit risk exemption for financial instruments when they meet the following conditions:

- the financial instrument has a low risk of default;
- the borrower is considered to have a strong capacity to meet its obligations in the near term; and
- the Group expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the borrower to fulfil its obligations

For low credit risk financial assets, the SICR is not assessed, and the impairment allowance is calculated and the financial asset is measured using the 12M ECL, provided that the financial asset meets the criteria above.

**34 Risk Management (continued)**

**(c) Financial risk management (continued)**

**Credit risk (continued)**

*Definition of default*

The Group considers a financial instrument to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The borrower is more than 90 days past due.

An instrument is considered to no longer be in default (that is, to have cured) when it no longer meets any of the default criteria for a consecutive period of six months. This period of six months has been determined based on an analysis that considers the likelihood of a financial instrument returning to default status after cure, using different possible cure definitions. Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

*Incorporation of forward-looking information*

The assessment of a SICR and the calculation of the ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and the ECL for its investment portfolio.

Where applicable, the Group formulates three economic scenarios: a baseline scenario, a best-case scenario, and a worst-case scenario. The baseline scenario assumes the macroeconomic variables stay constant or fluctuate in a non-significant manner; The best-case scenario assumes a situation where the macroeconomic variables decrease by one standard deviation of their historical distribution; and The worst-case scenario thus assumes a situation where the macroeconomic variables increase by one standard deviation of their historical distribution.

The Group's financial investments comprise of low credit risk assets which include Government Bonds, Treasury Bills, Fixed Term Deposits, Corporate Bonds and Commercial Papers. For such assets, the forward-looking information is derived from reputable rating agencies as the external ratings agencies account for all available information including economic factors that could influence future default events in determining the ratings of sovereign and corporate entities. The ECL parameters (PD and LGD) as determined by these ratings agencies are therefore forward-looking in nature.

*Sensitivity of ECL to future economic conditions*

ECL are sensitive to judgements and assumptions made regarding the formulation of forward looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets that do not have a low credit risk.

As at period end, the Group's financial investments comprise of low credit risk assets which included Government Bonds, Treasury Bills, Fixed Term Deposits, Corporate Bonds and Commercial Papers and as such the sensitivity analysis performed does not have a material adjustment to the carrying amounts of assets and liabilities that would be expected within the next financial year.

*Measuring ECL – Explanation of inputs, assumptions and estimation techniques*

The ECL is measured on either a 12-month (12M) or lifetime basis, depending on whether a SICR has occurred since initial recognition or whether an asset is considered to be credit-impaired. The key inputs into the measurement of ECL are the term structures of the following variables:

- Probability of default (PD): This represents the likelihood of a borrower defaulting on its financial obligation (according to the definition of default and credit-impaired assets above), either over the next 12 months (12M PD) or over the remaining lifetime (Lifetime PD) of the obligation.

- Loss given default (LGD): Represents the Group's expectation of the extent of loss on a defaulted exposure. The LGD varies by type of borrower, type and seniority of claim, and availability of collateral or other credit support. The LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). The LGD is calculated on a 12M or lifetime basis, where the 12M LGD is the percentage of loss expected to be made if the default occurs in the next 12 months, and the lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

- Exposure at default (EAD): Is based on the amounts that the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.

**34 Risk Management (continued)**

**(c) Financial risk management (continued)**

**Credit risk (continued)**

*Measuring ECL – Explanation of inputs, assumptions and estimation techniques (continued)*

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (that is, the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original EIR or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a financial instrument portfolio from the point of initial recognition throughout the lifetime of the financial instrument. The maturity profile is based on historical observed data, and it is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

Forward-looking economic information is also included in determining the 12M and Lifetime PD, EAD and LGD. To determine lifetime and 12-month PDs, the Group uses the PD tables supplied by international rating agencies based on the default history of obligors in the same industry and geographic region with the same credit rating. For financial instruments such as Government Bonds and Treasury Bills, the rating grade applied to the financial instrument is the rating of the Sovereign issuer as per international rating agencies. The PDs are recalibrated based on current bond yields and CDS prices, and adjusted to reflect forward-looking information as described above. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

The assumptions underlying the ECL calculation are monitored and reviewed periodically.

*Loss allowance*

The following table explain the changes in the loss allowance for debt securities measured at amortised cost between the beginning and the end of the annual period:

<b>Group and Company</b>	<b>ZMW 2024</b>	<b>ZMW 2023</b>
<b>Balance as at 1 January</b>	961,636	-
ECL allowance at transition	-	386,005
Impairment charge post transition	<u>1,986,201</u>	<u>575,631</u>
<b>Total ECL allowance as at 31 December</b>	<u><b>2,947,837</b></u>	<u><b>961,636</b></u>

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its insurance and reinsurance contracts and financial liabilities that are settled by delivering cash or another financial asset as and when they fall due. Liquidity risk arises from funds composed of illiquid assets and results from mismatches in the liquidity profile of assets and liabilities.

The Group's investment guidelines prescribe minimum levels of financial assets to be held in cash and cash instruments. Liquidity is monitored on a daily basis by the Finance department lead by the Chief Financial Officer and controlled as far as possible by ensuring that mismatches between liabilities following due and investments of funds are kept at a minimum.

The Group's objective in managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The key elements of the Group's liquidity strategy are as follows:

- Maintaining a diversified funding base and appropriate contingency facilities.
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity, that can be readily converted into cash to protect against unforeseen short-term interruptions to cash flows.
- Matching, to the maximum extent possible, the cash flows of the Group's financial assets with the cash flows of insurance and investment contracts and other financial liabilities.
- Monitoring liquidity ratios.
- The Group maintains a pool of short-term liquid assets that is intended to provide sufficient liquidity in the Group as a whole to cover short-term fluctuations in the liquidity requirements of any business units. Longer-term funding is used to manage structural liquidity requirements.



**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**34 Risk Management (continued)**

**(ii) Financial risk management (continued)**

**Maturity of financial liabilities and assets**

The table below summarizes the maturity profile of the Group's financial liabilities and financial assets at 31 December based on contractual undiscounted cash flows. Liabilities for remaining coverage measured under the PAA have been excluded from this analysis.

<b>Group</b>	<b>Up to 1 year</b>	<b>Between 1-2 years</b>	<b>Over 2 years</b>	<b>Total</b>
<b>2024</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>Assets</b>				
Cash and cash equivalents	249,982,932	-	-	<b>249,982,932</b>
Other assets (excluding prepayments)	1,488,191,454	-	-	<b>1,488,191,454</b>
Liability for remaining coverage (Insurance receivables)	526,059,308	191,817,330	-	<b>717,876,638</b>
Financial investments at amortised cost	324,100,985	93,975,006	-	<b>418,075,991</b>
<b>Total financial assets</b>	<b>2,588,334,679</b>	<b>285,792,336</b>	-	<b>2,874,127,015</b>
<b>Liabilities</b>				
Liability for remaining coverage (Reinsurance payable)	632,532,378	-	-	<b>632,532,378</b>
Lease liabilities	3,498,574	1,592,459	-	<b>5,091,033</b>
Other liabilities	157,536,675	-	-	<b>157,536,675</b>
Liability for incurred claims (Net outstanding claims incurred)	428,372,178	-	-	<b>428,372,178</b>
<b>Total financial liabilities</b>	<b>1,221,939,805</b>	<b>1,592,459</b>	-	<b>1,223,532,264</b>
<b>Liquidity gap</b>	<b>1,366,394,874</b>	<b>284,199,877</b>	-	<b>1,650,594,751</b>
<b>Group</b>				
<b>2023</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>Assets</b>				
Cash and cash equivalents	160,585,837	-	-	160,585,837
Other assets (excluding prepayments)	22,451,181	-	-	22,451,181
Liability for remaining coverage (Insurance receivables)	563,513,363	63,386,529	-	626,899,892
Financial investments at amortised cost	216,344,508	74,734,000	54,517,369	345,595,877
<b>Total financial assets</b>	<b>962,894,889</b>	<b>138,120,529</b>	<b>54,517,369</b>	<b>1,155,532,787</b>
<b>Liabilities</b>				
Liability for remaining coverage (Reinsurance payable)	-	-	-	-
Lease liabilities	1,752,624	1,672,227	696,761	4,121,612
Other liabilities	66,127,966	25,662,615	-	91,790,581
Liability for incurred claims (Net outstanding claims incurred)	494,903,657	-	-	494,903,657
<b>Total financial liabilities</b>	<b>562,784,247</b>	<b>27,334,842</b>	<b>696,761</b>	<b>590,815,850</b>
<b>Liquidity gap</b>	<b>400,110,642</b>	<b>110,785,687</b>	<b>53,820,608</b>	<b>564,716,937</b>

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**34 Risk Management (continued)**

**(ii) Financial risk management (continued)**

**Maturity of financial liabilities and assets**

The table below summarizes the maturity profile of the Company's financial liabilities and financial assets at 31 December based on contractual undiscounted cash flows. Liabilities for remaining coverage measured under the PAA have been excluded from this analysis.

<b>Company</b>	<b>Up to 1 year</b>	<b>Between 1-2 years</b>	<b>Over 2 years</b>	<b>Total</b>
<b>2024</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>Assets</b>				
Cash and cash equivalents	249,544,540	-	-	249,544,540
Other assets (excluding prepayments)	1,562,042,154	-	-	1,562,042,154
Liability for remaining coverage (Insurance receivables)	526,059,308	191,817,330	-	717,876,638
Financial investments at amortised cost	324,100,985	93,975,006	-	418,075,991
<b>Total financial assets</b>	<b>2,661,746,987</b>	<b>285,792,336</b>	<b>-</b>	<b>2,947,539,323</b>
<b>Liabilities</b>				
Liability for remaining coverage (Reinsurance payable)	632,532,378	-	-	632,532,378
Lease liabilities	3,498,574	1,592,459	-	5,091,033
Other liabilities	128,831,022	-	-	128,831,022
Liability for incurred claims (Net outstanding claims incurred)	428,372,178	-	-	428,372,178
<b>Total financial liabilities</b>	<b>1,193,234,152</b>	<b>1,592,459</b>	<b>-</b>	<b>1,194,826,611</b>
<b>Liquidity gap</b>	<b>1,468,512,835</b>	<b>284,199,877</b>	<b>-</b>	<b>1,752,712,712</b>
<b>Company</b>				
<b>2023</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>
<b>Assets</b>				
Cash and cash equivalents	160,585,837	-	-	160,585,837
Other assets (excluding prepayments)	50,986,595	-	-	50,986,595
Liability for remaining coverage (Insurance receivables)	563,513,363	63,386,529	-	626,899,892
Financial investments at amortised cost	216,344,508	74,734,000	54,517,369	345,595,877
<b>Total financial assets</b>	<b>991,430,303</b>	<b>138,120,529</b>	<b>54,517,369</b>	<b>1,184,068,201</b>
<b>Liabilities</b>				
Liability for remaining coverage (Reinsurance payable)	-	-	-	-
Lease liabilities	1,752,624	1,672,227	696,761	4,121,612
Other liabilities	40,241,477	-	-	40,241,477
Liability for incurred claims (Net outstanding claims incurred)	494,903,657	-	-	494,903,657
<b>Total financial liabilities</b>	<b>536,897,758</b>	<b>1,672,227</b>	<b>696,761</b>	<b>539,266,746</b>
<b>Liquidity gap</b>	<b>454,532,545</b>	<b>136,448,302</b>	<b>53,820,608</b>	<b>644,801,455</b>

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**34 Risk Management (continued)**

**Market risk**

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the fulfilment cash flows of insurance and reinsurance contracts as well as the fair value or future cash flows of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimising the return on risk.

Market risk principally arises from the Group's financial assets and financial liabilities denominated in foreign currencies.

*Currency risk*

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to foreign currency transaction risk to the extent that the currencies in which insurance and reinsurance contracts and financial instruments are denominated differ from the functional currency. The Group holds both assets and liabilities in different currencies and therefore is exposed to the risk of exchange rate movements associated with assets and liabilities matching. Although the Group does not apply hedging techniques to mitigate its currency risk, it does ensure that the net exposure to this risk is mitigated by constantly monitoring the net exposure to this risk is within acceptable levels.

As shown in the section below, the Group is primarily exposed to the United States Dollar and as such, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

*Foreign currency exposures*

The Group's financial assets and liabilities exposure to foreign currency risk at the end of the reporting period, expressed in Zambian Kwacha, was as follows:

**Group**

<b>2024</b>	<b>USD ZMW</b>	<b>XOF/XAF ZMW</b>	<b>Others ZMW</b>	<b>Total ZMW</b>
<b>Financial assets</b>				
Cash and cash equivalents	90,648,373	128,431,280	-	<b>219,079,653</b>
Liability for remaining coverage (Insurance receivables)	339,613,477	56,422,109	316,980,263	<b>713,015,849</b>
Financial investments at amortised cost	51,401,857	-	-	<b>51,401,857</b>
Other assets (Collateralised funds withheld)	1,223,734,897	-	-	<b>1,223,734,897</b>
<b>Total assets</b>	<b>1,705,398,604</b>	<b>184,853,389</b>	<b>316,980,263</b>	<b>2,207,232,256</b>
<b>Financial liabilities</b>				
Liability for remaining coverage (Reinsurance payable)	632,532,378	-	-	<b>632,532,378</b>
Lease liabilities	5,091,033	-	-	<b>5,091,033</b>
Other liabilities	31,567,435	-	-	<b>31,567,435</b>
Liability for incurred claims (Net outstanding claims incurred)	32,247,136	12,902,223	372,267,404	<b>417,416,763</b>
<b>Total liabilities</b>	<b>701,437,982</b>	<b>12,902,223</b>	<b>372,267,404</b>	<b>1,086,607,609</b>
<b>Net position</b>	<b>1,003,960,622</b>	<b>171,951,166</b>	<b>(55,287,141)</b>	<b>1,120,624,647</b>

**Key to currency abbreviations:**

United States Dollars; West African Franc; Other includes various currencies such as the Euro, Philippine Peso, Vietnamese Dong, United Arab Emirates Dirham, South African Rand and British Pound.

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**34 Risk Management (continued)**

**Market risk**

*Foreign currency exposures (continued)*

**Group**

<b>2023</b>	<b>USD ZMW</b>	<b>ZAR ZMW</b>	<b>Other ZMW</b>	<b>Total ZMW</b>
<b>Financial assets</b>				
Cash and cash equivalents	103,785,388	51,100,625	-	154,886,013
Liability for remaining coverage (Insurance receivables)	284,646,169	48,597,882	293,159,268	626,403,319
Financial investments at amortised cost	31,265,051	-	-	31,265,051
<b>Total assets</b>	<b>419,696,608</b>	<b>99,698,507</b>	<b>293,159,268</b>	<b>812,554,383</b>
<b>Financial liabilities</b>				
Lease liabilities	3,789,632	-	-	3,789,632
Other liabilities	64,956,922	-	-	64,956,922
Liability for incurred claims (Net outstanding claims incurred)	132,195,934	8,229,581	138,882,481	279,307,996
<b>Total liabilities</b>	<b>200,942,488</b>	<b>8,229,581</b>	<b>138,882,481</b>	<b>348,054,550</b>
<b>Net position</b>	<b>218,754,120</b>	<b>91,468,926</b>	<b>154,276,787</b>	<b>464,499,833</b>

**Company**

<b>2024</b>	<b>USD ZMW</b>	<b>XOF/XAF ZMW</b>	<b>Others ZMW</b>	<b>Total ZMW</b>
<b>Financial assets</b>				
Cash and cash equivalents	90,648,373	128,431,280	-	219,079,653
Liability for remaining coverage (Insurance receivables)	339,613,477	56,422,109	316,980,263	713,015,849
Financial investments at amortised cost	51,401,857	-	-	51,401,857
Other assets (Collateralised funds withheld)	1,223,734,897	-	-	1,223,734,897
<b>Total assets</b>	<b>1,705,398,604</b>	<b>184,853,389</b>	<b>316,980,263</b>	<b>2,207,232,256</b>
<b>Financial liabilities</b>				
Liability for remaining coverage (Reinsurance payable)	632,532,378	-	-	632,532,378
Lease liabilities	5,091,033	-	-	5,091,033
Other liabilities	3,429,671	-	-	3,429,671
Liability for incurred claims (Net outstanding claims incurred)	32,247,136	12,902,223	372,267,404	417,416,763
<b>Total liabilities</b>	<b>673,300,218</b>	<b>12,902,223</b>	<b>372,267,404</b>	<b>1,058,469,845</b>
<b>Net position</b>	<b>1,032,098,386</b>	<b>171,951,166</b>	<b>(55,287,141)</b>	<b>1,148,762,411</b>

**Key to currency abbreviations:**

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**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**34 Risk Management (continued)**

**Company**

2023	USD ZMW	XOF/XAF ZMW	Other ZMW	Total ZMW
<b>Financial assets</b>				
Cash and cash equivalents	103,785,388	51,100,625	-	154,886,013
Liability for remaining coverage (Insurance receivables)	284,646,169	48,597,882	293,159,268	626,403,319
Financial investments at amortised cost	31,265,051	-	-	31,265,051
<b>Total assets</b>	<b>419,696,608</b>	<b>99,698,507</b>	<b>293,159,268</b>	<b>812,554,383</b>
<b>Financial liabilities</b>				
Lease liabilities	3,789,632	-	-	3,789,632
Other liabilities	8,490,359	-	-	8,490,359
Liability for incurred claims (Net outstanding claims incurred)	132,195,934	8,229,581	138,882,481	279,307,996
<b>Total liabilities</b>	<b>144,475,925</b>	<b>8,229,581</b>	<b>138,882,481</b>	<b>291,587,987</b>
<b>Net position</b>	<b>275,220,683</b>	<b>91,468,926</b>	<b>154,276,787</b>	<b>520,966,396</b>

**Key to currency abbreviations:**

United States Dollars; West African Franc; Other includes various currencies such as the Euro, Philippine Peso, Vietnamese Dong, United Arab Emirates Dirham, South African Rand and British Pound.

*Sensitivity analysis*

As shown in the foreign exchange exposure table, the Group is primarily exposed to changes in the USD/ZMW exchange rates. The sensitivity of profit or loss to the changes in the exchange rates arises mainly from US dollar-denominated financial instruments and the impact of the strengthening/weakening on the profit or loss based on the foreign currency net position at reporting date, assuming that all variables remain constant, is presented below.

Group	2024		2023	
	Profit or loss		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
USD/ZMW exchange rate- 8.5% movement (Prior year: 42.5%)	<b>(85,336,653)</b>	<b>85,336,653</b>	(93,009,459)	93,009,459
XOF/ZMW exchange rate- 8.5% movement (Prior year: 42.5%)	<b>(14,615,849)</b>	<b>14,615,849</b>	(38,874,293)	38,874,293
Other/ZMW exchange rate- 8.5% movement (Prior year: 42.5%)	<b>4,699,407</b>	<b>(4,699,407)</b>	(65,567,635)	65,567,635
<b>Company</b>				
	2024		2023	
	Profit or loss		Profit or loss	
	Strengthening	Weakening	Strengthening	Weakening
USD/ZMW exchange rate- 8.5% movement (Prior year: 42.5%)	<b>(87,728,363)</b>	<b>87,728,363</b>	(117,007,748)	117,007,748
XOF/ZMW exchange rate- 8.5% movement (Prior year: 42.5%)	<b>(14,615,849)</b>	<b>14,615,849</b>	(38,874,293)	38,874,293
Other/ZMW exchange rate- 8.5% movement (Prior year: 42.5%)	<b>4,699,407</b>	<b>(4,699,407)</b>	(65,567,635)	65,567,635

*Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect the future profitability or fair values of financial instruments.

The Group has no borrowings and as such is primarily exposed to this risk on its fixed income portfolio. The Group limits this risk by monitoring changes in interest rates in the currencies in which the fixed income portfolio are denominated. As at 31 December, the Group did not hold floating rate financial assets and liabilities and as such, the effect/sensitivity of the assumed changes in interest rates on the Group's profit for the year would not have an effect.

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

<b>35</b>	<b>Related party transactions</b>	<b>2024</b>	<b>2023</b>
(i)	Shareholding	<b>ZMW</b>	<b>ZMW</b>
	The Company's shareholding comprises of the following:		
	- Klapton Management Limited (35%)		
	- SLA Consolidated Limited (35%)		
	- Shay Rechtes (30%)		
(ii)	Transactions with related parties		
	The following transactions occurred with the respective related parties:		
	a) Klapton Insurance Company Limited		
	- Ceded premium	<b>832,609,144</b>	-
	- Business transfer commissions	<b>8,102,624</b>	7,009,997
	- Claim recoveries	<b>47,514,696</b>	-
	- Reinsurance commission	<b>245,337,024</b>	-
	- Retrocession fees	<b>77,851,026</b>	46,648,552
	- Consultancy fees	<b>144,000</b>	120,000
	- Premium retroceded	<b>11,920,966</b>	641,494
	b) Klapton Reinsurance Brokers Limited		
	- Premiums written by Klapton Reinsurers Brokers on behalf of the Company	<b>45,127,847</b>	168,867,329
	- Commission expense on premiums written by Klapton Reinsurers Brokers Limited	<b>17,856,875</b>	67,088,522
	c) SARL Klapton Management Africa Limited		
	- Premiums written by Klapton Management Africa on behalf of the Company	<b>138,012,957</b>	113,030,757
	- Commission expense on premiums written by SARL Klapton Management Africa	<b>56,197,111</b>	46,600,754
	d) Klapton Insurance Zambia Limited		
	- Premium retroceded to the Company by Klapton Insurance Zambia	<b>6,479,382</b>	3,743,365
	e) Kuala Tech Limited		
	- ICT services by Kuala Tech Limited to the Company	<b>1,369,464</b>	3,855,742
	f) Klapton Business Park Limited		
	- Funds advanced to Klapton Business Park Limited by the Company	<b>45,328,736</b>	28,550,414
	g) Key Management		
	In accordance with IAS 24, Key management personnel are individuals with authority for planning, directing and controlling the activities of the entity, including all directors (executive and non- executive). The transactions with Klapton Re key management personnel are as below:		
	- Disposal of assets to key management personnel by the company	<b>1,127,569</b>	681,840
	- Directors fees Group	<b>1,640,608</b>	1,293,764
	- Directors fees Company	<b>1,401,601</b>	1,293,764
	- Key management personnel compensation (note 35 (iii)) Group and Company	<b>19,565,311</b>	7,577,260
(iii)	Key management and personnel compensation group and company		
	Short term employee benefits	<b>15,532,451</b>	6,297,988
	Post -employment benefits	<b>4,032,860</b>	1,279,272
		<b>19,565,311</b>	<b>7,577,260</b>

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

35	<b>Related party transactions (continued)</b>	<b>2024</b>	<b>2023</b>
		<b>ZMW</b>	<b>ZMW</b>
(iv)	Amounts directly due to related parties Below are the amounts due to the respective related parties:		
	a) Klaption Insurance Company Limited		
	- Ceded premium	879,242,483	-
	- Business transfer commission payable	1,705,825	-
	- Retrocession fees payable	14,732,107	545,122
	- Collateral advance payable	69,790,894	-
	b) Klaption Reinsurance Brokers Limited		
	- Hub commission payable	30,617,851	18,687,710
	c) SARL Klaption Management Africa Limited		
	- Hub commission payable	27,883,836	9,173,609
(v)	Amounts due from related parties Below are the amounts due from the respective related parties:		
	a) Klaption Insurance Company Limited		
	- Claim recoveries	49,941,023	-
	- Reinsurance commission	258,827,150	-
	b) Klaption Insurance Zambia Limited		
	- Insurance premium due	6,342,472	3,083,631
	c) Kuala Tech Limited		
	- Advance ICT fees paid	1,107,809	2,486,275
	d) Klaption Business Park Limited		
	- Funds advanced by the Company	73,879,150	28,539,164

**36 Capital commitments**

There was no significant capital expenditure contracted for at the end of the reporting period not recognised as liabilities.

**37 Contingent liabilities**

The Group and Company did not have any contingent liabilities at 31 December 2024.

**38 Events occurring after the reporting period**

There were no events after reporting date which could have a material impact on the annual financial statements for the Group which have not been adequately adjusted for.

**39 Capital management**

The Group's management uses regulatory capital ratios to monitor the Group's capital base. The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business.

The Group's regulator, the Pensions and Insurance Authority (PIA), monitors capital requirements for the Group as a whole. The Regulator prescribed revised solvency margin and capital adequacy requirements through the coming into effect of the Insurance Act No. 38 of 2021 on 30 December 2022. There is a three-year transitional period, running from December 2022 to December 2025, for compliance with the new capital adequacy requirements.

During the transition period, the solvency margin is the available capital over total liabilities as per the prescribed insurance account template applicable as at 31 December 2024. A licensed insurer or reinsurer shall have a solvency margin of at least 10% and as at 31 December 2024, the Group and Company had a solvency margin of 31% and 22% respectively.

**KLAPTON REINSURANCE LIMITED**  
**Group and Company annual financial statements**  
**Notes to the Group and Company annual financial statements**  
**Year ended 31 December 2024**

**39 Capital management (continued)**

**Insurance account solvency statement**

	<b>Group</b>		<b>Company</b>		
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	
	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	<b>ZMW</b>	
<b>Part A: Calculation of Available Capital Requirement</b>					
<b>1</b>	<b>Total value of assets</b>	<b>2,923,081,198</b>	<b>1,288,306,394</b>	<b>2,768,336,056</b>	<b>1,159,434,469</b>
<b>2</b>	<b>Less: Total disallowed assets</b>	<b>127,978,729</b>	<b>164,314,402</b>	<b>201,857,879</b>	<b>192,853,566</b>
2.1	Goodwill & other intangible assets	4,362,012	6,790,476	4,362,012	6,790,476
2.2	Deferred tax asset	15,958,161	29,938,351	15,958,161	29,938,351
2.3	Current tax assets	-	-	-	-
2.4	Branding	-	-	-	-
2.5	Assets pledged to support related parties	-	-	-	-
2.6	Asset titles held by another person	-	-	-	-
2.7	Any asset that is mortgaged to benefit others	-	-	-	-
2.8	Guarantee given to insurer other than by a reinsurer	-	-	-	-
2.9	Loans to shareholders, directors, employees, Agents	-	-	-	-
2.10	Surplus/deficit of right of use assets over liability	(1,459,750)	(691,755)	(1,459,750)	(691,755)
2.11	Prepayments	7,115,910	1,579,087	7,115,910	1,579,087
2.12	Receivables from related parties	7,450,281	5,569,906	81,329,431	34,109,070
2.13	Merchandise inventory & corporate stationery	-	-	-	-
2.14	Any implicit accounting assets	-	-	-	-
2.15	Deferred acquisition costs	94,552,115	121,128,337	94,552,115	121,128,337
2.16	Any other assets as the Authority may determine	-	-	-	-
<b>3</b>	<b>Net allowable assets: (1) - (2)</b>	<b>2,795,102,469</b>	<b>1,123,991,992</b>	<b>2,566,478,177</b>	<b>966,580,903</b>
<b>4</b>	<b>Total value of liabilities</b>	<b>2,133,788,008</b>	<b>876,090,710</b>	<b>2,105,082,355</b>	<b>819,407,358</b>
<b>5</b>	<b>Policy holder liabilities</b>				
	Unearned premium reserve	346,401,269	413,803,985	346,401,269	413,803,985
	Outstanding claims reserves	905,321,299	282,017,906	905,321,299	282,017,906
	Incurred but not reported claims	75,610,777	51,154,375	75,610,777	51,154,375
<b>6</b>	<b>Current liabilities</b>	<b>806,454,663</b>	<b>129,114,444</b>	<b>777,749,010</b>	<b>72,431,092</b>
<b>7</b>	<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>8</b>	<b>Available capital requirement: (3) - (4)</b>	<b>661,314,461</b>	<b>247,901,282</b>	<b>461,395,822</b>	<b>147,173,545</b>
	<b>Solvency margin = Part A (8) ÷ Part A (4)</b>	<b>31%</b>	<b>28%</b>	<b>22%</b>	<b>18%</b>