

**45 ANS**  
**AU SERVICE DES MAURICIENS**

Annual  
Report  
**2015**



**loga**  
INDIAN OCEAN GENERAL ASSURANCE LTD



# PASSIONATE FOR GROWTH



**ioga**  
INDIAN OCEAN GENERAL ASSURANCE LTD.

# TABLE OF CONTENTS

Corporate Data	1
Chairman's Review	2
Chief Executive Officer's review	3 - 4
Corporate Governance Report	5 - 13
Certificate from the Secretary	14
Independent auditors' report	15 - 16
Statement of financial position	18
Statement of comprehensive income	19
Statement of comprehensive income - General Insurance Business	20
Statement of comprehensive income - Life Assurance Business	21
Statement of changes in equity	22
Statement of cash flows	23
Note to the financial statements	25 - 57



# CORPORATE DATA

## **Registered Address (Current)**

12, Volcy Pougnet Street  
Port Louis, MAURITIUS  
Tel: 208 9000  
Fax: 212 2603  
Email: info@iogaltd.com  
Web: www.iogaltd.com

## **Head Office Address (Current)**

12, Volcy Pougnet Street  
Port Louis, MAURITIUS

## **Registered Address (Formerly)**

10th Floor, Max City Building  
Remy Ollier Street  
Port Louis, MAURITIUS  
Tel: 216 9191/217 6363/ 217 0979/ 217 2665  
Fax : 217 3738/217 2829  
Email : info@iogaltd.com  
Web : www.iogaltd.com

## **Head Office Address (Formerly)**

10th Floor, Max City Building  
Remy Ollier Street  
Port Louis, MAURITIUS

## **Auditors**

Moore Stephens (Mauritius)  
6th Floor, Newton Tower  
Sir William Newton Street  
Port Louis , MAURITIUS

## **Independent Actuaries**

Mrs Teja Ranade Gadhoke  
Fellow of Society of Actuaries  
1-A, Krishna Keval Nagar  
Kondhwa Khurd  
Pune - 411048  
INDIA

## **Messrs K.A Pandit, Consultants and Actuaries**

C/201, Remi Bizcourt  
Off, Veers Desai Road  
Andheri West  
Mumbai-58  
INDIA

## **Corporate Secretary**

Me V.K. Dwarka  
Descoins Street  
Long Mountain  
MAURITIUS

## **Bankers**

Afrasia Bank Ltd  
Bank One Ltd  
Banque des Mascareignes  
Barclays Bank Mauritius Ltd  
SBI (Mauritius) Ltd  
SBM Bank (Mauritius) Ltd  
Standard Bank (Mauritius) Ltd  
The Mauritius Commercial Bank Ltd



# CHAIRMAN'S REVIEW

Dear Shareholders,

On behalf of the Board, I am pleased to present the Annual Report and audited Financial Statements of Indian Ocean General Assurance Ltd for the year ended 30 June 2015.

This year is a landmark for our insurance company as we have opened a new building at Volcy Pougnet Street in Port-Louis which will accommodate our Head Office. At the same time we are celebrating our 45th year of service to the Mauritian Public.

Since the foundation of the company, the late Mr Sam Cunden and successive directors have been committed to offer Insurance cover at affordable prices to a wide section of the Mauritian public, including to those of a low social background. Indeed, we can be proud of our achievement over the years. Now our aim is to give a new dimension to our company as far as level of service and insurance products is concerned.

The fragility of the world economic model has been revealed by the 2008 Financial Crisis resulting from credit crash. Things are as they are and the hope of a full recovery remains uncertain. The slowdown in emerging market economies, volatility of capital markets and the contraction of the economy of some big countries, in spite of very low interest rates, are not favourable signs of recovery. The rationale now is to look for a new economic model and innovate.

Here in Mauritius, a new economic planning is awaited and may take years to materialise. The Mauritian rupee has undergone depreciation and interest rates remains low, which is conducive to foreign capital investments. Over the last few years, foreign investors have entered the local insurance market. Their objective has always been to conquer a sizable chunk of the market with the support of huge foreign capital. They have sold insurance policies at a very low premium to destabilise the local market and takeover business. To some extent they have succeeded. We have seen big local insurance companies merging to maintain competitiveness. Some other companies are resorting to release reserves to maintain profitability. The fact remains that we are in a free market economy where there is not enough regulation to protect small businesses from unfair and irregular competition. It is worth noting that some of these new comers are already defaulting in the payment of their claims.

As a result, over the last 3 years, IOGA has endured a loss in business and a decrease in its profits. However, we have maintained our usual service to customers and paid our claims promptly. This has been made possible by the decision taken by the board not to pay dividends and therefore not to impact on the cash flow of the company. Our credibility is sacrosanct to us. Therefore we are convinced that we will recover lost

businesses in the near future. Our hope is that ultimately the shareholders would be rewarded.

Similarly, during this difficult period, we have invested in the rebranding of IOGA to promote ourselves as a reliable and solid base insurance company in Mauritius. We are pleased to inform you that for the year under review, we had a small increase in General Insurance premium to Rs 45.7 million.

As our predecessors, we have always remained confident in doing business, even in times of economic uncertainty. We have taken a calculated risk to develop business.

The opening of the head office and the Rose Hill branch has confirmed our aim to expand and to improve our service to our customers. We are taking our company into a new era.

Our future will be that of professionalism, modernisation and growth. We will have to give ourselves the means to achieve our goals. The board has decided that proper monitoring of all aspects of business would be implemented and that appropriate decisions would be taken to make business profitable and to control all expenses, including capital expenses.

I would like to thank all our employees, accredited agents and salespersons for their ongoing support and I would rely on their cooperation and understanding to achieve our goals. I am also of the opinion that only hard work, diligence and dedication can bring success.

I would also like to take this opportunity to thank the Board directors for their support. Their commitment to sharing their expertise for the benefit of the company has been unwavering.

Last but not least, I thank all our valuable customers for their continuing trust in us and their unwavering support for 45 years.

**Dr Soopramanien M. Cunden**  
Chairman

Date: 29/09/15



# CEO REVIEW

Dear Shareholders,

I am pleased to present a review of the company's performance for the financial year ended 30 June 2015. In my last review, I highlighted the competitive nature of the market with pricing often deemed as the only differentiator by several players present in the market. Our stance which thrives on improving customer service and innovating is a resolutely different one and has started paying off.

With the slow pace of recovery of the global and local economy and the tough competition between players, the downward premium rate trend persisted in the financial year ending 2015. Despite the market conditions, IOGA has halted three successive years of decline in sales to post a turnover of Rs 45.7M (up from Rs 44.6M ) in the present year.

Corrective measures had been embarked upon in 2014 to review our product offerings and enhance our communication and human capital as well as improve the service levels and ultimately the sales of the company. We have maintained our prudential approach on underwriting and are keen to ensure that our claims cost are kept at sound levels.

## **A landmark 45th year**

The Indian Ocean General Assurance Ltd, founded by late Mr Sam Cunden, has been serving Mauritians since 1970. The year 2015 marks the 45th year of IOGA's presence in the Mauritian market. Another event in this milestone year is the coming into operation of our new head office in the Capital City. This along with our new branches in Rose-Hill and Port Louis will help bolster our presence in prominent urban regions. These new endeavours take the number of our outlets to 5. Our new head office offers an ideal environment to members of our staff will undoubtedly raise our brand equity.

## **Marketing**

"Our goal prior to the rebranding of the organisation was to achieve sustainable growth. Having revamped our visual identity in 2014, we have reinforced our brand image as a trustworthy partner for our clients. We have been present on different media platforms that have included the printed press, radio and TV thus allowing us to reach a wide audience. This will allow us to be present in the 'window of opportunity' as prospective buyers will consider us as one of the options when seeking to be insured. We are also pleased with the encouraging levels of sales achieved through direct channels."

***"Our goal prior to the rebranding of the organisation was to achieve sustainable growth. Having revamped our visual identity in 2014, we have reinforced our brand image as a trustworthy partner for our clients."***

**Growth that can be sustained**

A hybrid mix of organic and inorganic strategies and tactics has put us firmly on the path of sustained growth. We have weathered the storm and have steered our organisation in the right direction. This is only the beginning of a new era. We will continue to innovate; be it our products, our services and our communication methods.

With heightened supervision on behalf regulatory authorities following the many financial scandals that have scarred the island, market players are likely to demonstrate greater responsibility and prudence. It is expected that price wars will be replaced by other means of achieving competitive advantage.

**Acknowledgement**

With the team spirit and procedures that we have put in place, we are confident that we will keep building on what we have achieved in the present year. We once again depend on the loyalty, hard work and dedication of our management team and staff for our success. We would like to thank our stakeholders for their continuous trust and support.



**Natarajen M. Cunden**  
**Chief Executive Officer**

Date: 29/09/15



# CORPORATE GOVERNANCE REPORT

## 1. Compliance Statement

Indian Ocean General Assurance Ltd hereafter referred to as "the Company" strongly believes in maintaining a simple and transparent corporate structure which defines the division of power and establishes a mechanism for achieving accountability between Board of Directors and shareholders driven solely by business needs.

In line with the above, the Board, management and staff of the Company fully support and are committed to the principle of business integrity, transparency and professionalism as recommended by the Code of Corporate Governance. Furthermore, the Company strives to ensure that all the activities are conducted in such a way as to satisfy the characteristics of good governance namely: discipline, transparency, accountability, responsibility, fairness and social responsibility.

The Company as an Insurance Company, wishes to comply with the Code of Corporate Governance (the Code), as far as is reasonably possible and practical. The Board of Directors has set up a Corporate Governance Committee and an Audit & Technical Committee. The Directors are thus continually focusing on maintaining the sustainability of the Company's business and discharging their responsibilities of stewardship of the Company's assets with integrity through the existence of a proper control environment and a well functioning system of internal control.

## 2. Board of Directors

The Board is composed of twelve Directors, two of whom are executives, three are non-executives and seven independent Directors. The Board met on seven occasions during the year under review. The Directors possess expertise and experience in different fields such as Administration, Accountancy, Banking, Corporate Management, Law and Insurance. The Board collectively and the Directors individually are involved in the Company's affairs and adhere to ethical standards.

The Board bears the responsibility of organising and directing the affairs of the Company in a manner that is in the best interest of shareholders and other stakeholders. The Board retains full and effective control over the Company, delegating the day-to-day running and operational issues to the Chief Executive Officer and his management team. The Board of Directors is appointed by the shareholders on the basis of integrity, skill, acumen and experience to make sound judgements relevant to the business of the Company.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. They are also responsible for safeguarding the assets of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# CORPORATE GOVERNANCE REPORT

## 2. Board of Directors (Continued)

### 2.1 Composition of Board

The Board comprises the following Directors:

Dr. Soopramanien M. Cunden	Chairman & Non-executive
Mr. Natarajen M. Cunden	Executive
Mrs. Neermalah Mootosamy	Executive
Ms. Analaxmi Cunden	Non-executive
Ms. Shrivana Cunden	Non-executive
Mr. Raouf Dusmohamud	Independent
Mr. Logonaden Pillay Thandrayen	Independent
Mr. Karunanidi Teeroovengadum Sornum	Independent
Mr. Vijay Kumar Dwarka	Independent
Mr. Yuvhen Modelly Cunden	Independent
Mr. P.A. Pather	Independent
Mr. J.M. Percy Rose	Independent

### 2.2 Directors' interest

The Directors' interests in the ordinary share capital of the company as at 30 June 2015 are as follows:

	ORDINARY SHARE OF RS. 10 EACH	
	2015	%
Ms. Analaxmi Cunden	116,662	4.66
Mr. Natarajen Modeliar Cunden	126,662	5.06
Ms. Shrivana Cunden	116,412	4.66
Dr. Soopramanien Modeliar Cunden	116,477	4.66
Mr. Raouf Dusmohamud	728	0.02
Mr. P. A. Pather	728	0.02
Mr. Logonaden Pillay Thandrayen	100	0.003
Mr. Karunanidi Teeroovengadum Sornum	400	0.011

### 2.3 Directors' service contracts

The directors do not have any formal service contracts.

### 2.4 Contracts of significance

There was no contract of significance made during the year to which the Company was a party and in which a Director was materially interested, either directly or indirectly.

# CORPORATE GOVERNANCE REPORT

## 3. Committees of the Board of Directors

In compliance with the principles of Good Governance, the Board of Directors has set up three Board Sub Committees, namely: Corporate Governance Committee and Audit Committee & Technical Committee.

### 3.1 Corporate Governance Committee

The Corporate Governance Committee is composed of three non-executive/ independent Directors namely Mr. Logonaden Pillay Thandrayen (Chairman), Mr. Raouf Dasmohamud and Mr. Yuvhen M. Cunden.

Terms of reference of the Corporate Governance Committee include the following:

- ensuring that Professional Personnel and Human Resources Management policies are practised and implemented in the areas of recruitment and other staff related matters.
- ensuring that the Company follows a well defined and properly structured remuneration policy.
- ensuring that all the management decisions are appropriately recorded with due transparency for the benefit of stakeholders.

The Corporate Governance Committee is responsible for implementing the Code of Corporate Governance throughout the Company and ensuring that the reporting requirements on Corporate Governance are made in accordance with the principles enunciated in the Code.

### 3.2 The Audit & The Technical Committee

The Audit Committee comprises Mr P. A. Pather, FCCA (Chairman), Mr. Karunanidi T. Sornum and Mr. Jean Marie Percy Rose (A.C.I.I). The Audit aspect is chaired by Mr. P.A. Pather. The Technical Committee comprises Mr. Jean Marie Percy Rose ACII (Chairman), Mr P.A. Pather FCCA and Dr Soopramanien M. Cunden. The technical aspect is chaired by Mr. Jean Marie Percy Rose. External Auditors attend meeting when invited. The Audit & The Technical Committee has adopted formal terms of reference and it confirms that it has discharged its responsibilities for the year, in compliance with its terms of reference. The Audit & The Technical Committee oversees the management's financial stewardship of the Company and also the performance of the external audit functions.

The Audit & The Technical Committee focus on:

- ensuring that adequate controls and checks are installed in the Accounts Department.
- ensuring that there are well defined procedures and mechanisms for purchase of movable and immovable properties.
- ensuring that all the accounting returns for Financial Service Commission and other government agencies are correctly prepared and submitted on time.
- ensuring that there is a proper and adequate system in the areas of investment without any compromise on the security of the funds pertaining to General Insurance and Life Insurance Businesses.
- taking cognizance of the auditors' report and actuaries' report before these are taken to the Board.

### 3.3 Meetings of the Board and Committees

The Board and the Committees meet regularly as required by the rules and regulations approved by the Board.

#### Directors' attendance at Board Meetings and Committees as at 30 June 2015:

	Board of Directors	Corporate Governance	Audit Committee	Technical Committee
No. of meetings held	7	1	3	3
Dr. Soopramanien M. Cunden	7	NIL	NIL	2/3
Ms. Analaxmi Cunden	NIL	NIL	NIL	NIL
Mr. Natarajen M. Cunden	6/7	1	NIL	NIL
Mrs. Neermalah Mootoosamy	6/7	NIL	NIL	NIL
Ms. Shrivana Cunden	NIL	NIL	NIL	NIL
Mr. Raouf Dasmohamud	6/7	1	NIL	NIL
Mr. P. A. Pather	7	NIL	3	3
Mr. Karunanidi T Sornum	7	NIL	2/3	NIL
Mr. J.M Percy Rose	7	NIL	3	3
Mr. Vijay Kumar Dwarka	6/7	NIL	NIL	NIL
Mr. Yuvhen Modelly Cunden	7	1	NIL	NIL
Mr. L Pillay Thandrayen	6/7	1	NIL	NIL

# CORPORATE GOVERNANCE REPORT

## Directors' Profiles

The profiles of the Directors are given below:

### Mr Raouf Dasmohamud

*Non-Executive Director*

Mr Raouf Dasmohamud was appointed as a Director on the Board of IOGA Ltd in 2004. He is presently the Managing Director of Raouf Dasmohamud Co. Ltd, which is the official representative and dealer of the following makes of cars viz: Proton, Perodua. In addition, he is the owner of Garage Raouf and Brabant Pieces Auto.

### Mr Logonaden Pillay Thandrayen

also known as Raj Pillay

*Non-Executive Director*

Non Executive Director and Chairman of Corporate Governance Committee

Mr Raj Pillay joined the Board in 2004. He is presently the Managing Director of Thandrayen Pillay Refrigeration Centre Ltd and Jensen Trading Co. Ltd. He is also a Director of Ningbo Komans Refrigerant (Ningbo China). He has won the Peak of Success, Bizz 2014 Award (Hawaii, USA), Inspirational Company Award by World Confederation of Business (Houston, USA), Paris Star Quality Award Platinum Category in 2012, London Golden Crown Award QC100 in 2005 and Sablier D'Or Dan Foss Denmark in 1999.

### Mr Karunanidi Teeroovengadam Sornum

*Non-Executive Director*

Mr Sornum was appointed as a Director in 2002 and as a member of the Audit Committee in 2007. He is working as accountant in the logistic sector and is an affiliate member of the Chartered Institute of Logistics and Transport.

### Miss Analaxmi Cunden

*Non-Executive Director*

Ms Analaxmi Cunden was appointed as a Director in 2002. She is working as Corporate Secretary for Aviva Group Luxembourg. She has also exposure in General Banking, Accounting, Company Secretarial Practice and Human Resources Management.

### Mr Natarajen M. Cunden

*Chief Executive Officer, Executive Director*

Mr Natarajen M. Cunden was appointed as Director in 2002 and enjoys a rich experience of 12 years in the Banking Sector. Prior to joining IOGA Ltd, he was Deputy CEO of the former Indian Ocean International Bank Ltd. He is a Fellow of the Chartered Management Institute of UK and has completed his Master Degree in Management from the University of Mauritius.

### Miss Shrivana Cunden

*Non-Executive Director*

Miss Shrivana Cunden was appointed as Director in 2002

and she acted as the Managing Director of the Company for the period 1998 to February 2006. She is a holder of MBA from Birmingham University (UK) and currently working in a leasing company, Toronto, Canada.

### Dr Soopramanien M. Cunden

*Non-Executive Director*

Dr Soopramanien M. Cunden joined the Board in 2008 and was appointed as Chairman in 2011. He has studied in France & the UK. He has been director of companies for many years and is practising in the private sector.

### Mrs Neermalah Mootoosamy

*Executive Director*

Mrs Mootoosamy (A.C.I.I./A.I.I.I) is the Senior Manager of the Underwriting Department, and is also in charge of Reinsurance and Technical aspects of the business. She is a Chartered Insurer and Chartered Insurance Broker, council member and past president of the Insurance Institute of Mauritius. She is also a registered Trainer in Insurance. Mrs Mootoosamy has a rich and extensive experience in the government service (18 years) among which 7 years as inspector of Insurance (now FSC). She has also served as Reinsurance and Technical Manager at Rainbow Insurance Co. Ltd and Managing Director of INXS Ltd, Insurance, Reinsurance Brokers and Consultants. She joined the board on 22 March 2014.

### Mr Vijay Kumar Dwarka

*Non-Executive Director*

Mr Vijay Kumar Dwarka is a Senior Attorney at Law (S.A.) with 41 years of experience in the legal field. He is the President of the Law Society of Mauritius for the period 2012-2014. His chamber has legal correspondents in Reunion, France (Paris, Montpellier) and UK (London). He is also one of the Directors of more than 50 offshore companies and has a current portfolio of over 150 companies both local and international. He is an active social worker involved with various associations. He is a past President and Director of Lions Club International, Port Louis Branch (1994/1995) and is still an active member of the club. He joined the Board on 11 June 2010.

### Mr Yuvhen Modelly Cunden

*Independent Director*

Mr Yuvhen was appointed as independent Director on 11th June 2010. He is currently employed with SBI (Mauritius) Ltd as IT Supervisor. He holds a Diploma in Information Technology through AEA (Ncc).

### Mr Poobalasoondaram Arnasala Pather

*Independent Director*

Mr P.A Pather has been appointed as independent director on 29th December 2011. He is a Fellow of the Chartered Association of Certified Accountants (FCCA). He has long experience in accounting and financial services. He is currently the managing partner of Palsam Associates, Chartered Certified Accountants.

# CORPORATE GOVERNANCE REPORT

## 4. Directors' Profiles (Continued)

### Mr Jean Marie Percy Rose

*Independent Director*

Mr J. M. Percy Rose joined the Company as independent Director in June 2011. Career-wise, he has a long outstanding managerial and technical experience in the insurance sector since 1967. Mr J. M Percy Rose is an Associate of the Chartered Insurance Institute (UK) since 1979 and a Chartered Insurer in 1997.

## 5. Statement of Remuneration Philosophy

The remuneration of Directors and Senior Executives of the company is reviewed annually as per the term of reference of the Nomination and Remuneration sub-committee presided by Mr Logonaden Pillay Thandrayen. The remuneration philosophy is based on performance and is transparent.

### 5.1 The remunerations paid to each Director are as follows:

Directors	Rs
Dr. Soopramanien M. Cunden	50,500
Ms. Analaxmi Cunden	NIL
Mr. Natarajen M. Cunden	36,000
Mrs. Neermalah Mootosamy	36,000
Ms. Shrivana Cunden	NIL
Mr. Raouf Dusmohamud	36,000
Mr. Logonaden Pillay Thandrayen	42,000
Mr. P. A. Pather	46,500
Mr. Karunanidi T Sornum	42,000
Mr. J.M Percy Rose	46,500
Mr. Vijay Kumar Dwarka	36,000
Mr. Yuvhen Modelly Cunden	42,000

## 6. Shareholdings

### 6.1 Analysis of shareholders as at 30 June 2015

Size of Shareholding	No of shares owned	% of total issued shares
1-500	29,289	1%
501-1,000	30,041	1%
1,001-5,000	148,078	6%
More than 5,000	2,292,592	92%
<b>Total</b>	<b>2,500,000</b>	<b>100%</b>

# CORPORATE GOVERNANCE REPORT

## 6.2 Shareholder category as at 30 June 2015

Shareholder Category	No of shareholders	No of Shares	%
Individuals	201	1,331,294	53%
Corporate bodies	19	1,141,918	46%
Others	26	26,788	1%
<b>Total</b>	<b>246</b>	<b>2,500,000</b>	<b>100%</b>

## 6.3 Shareholders holding more than 5% of the share capital as at 30 June 2015 were:

Shareholders	No of Shares	%
Promunit Limited	848,219	33.9%
Sam Cunden (Mauritius) Ltd	146,072	5.8%
Succession Sam Cunden	294,412	11.8%
Natarajen M. Cunden	126,662	5.06%

## 6.4 Shareholder's agreement

The Company is not aware of any shareholder's agreement.

## 7 Profile of Senior Management Team

### Mr Natarajen M. Cunden

Mr Natarajen M. Cunden, Chief Executive Officer has extensive experience in the management sector. He is a Fellow of the Chartered Institute of Management, UK and holds a Master Degree in Management from the University of Mauritius.

### Mrs Neermalah Mootoosamy

Mrs Neermalah Mootoosamy, A.C.I.I./A.I.I.I, Senior Manager in Underwriting Department, is in charge of Reinsurance and Technical aspects of the business. She is a Chartered Insurer and Chartered Insurance Broker, council member and past president of the Insurance Institute of Mauritius. She is also a registered Trainer in Insurance. Mrs Mootoosamy has a rich and extensive experience in the government service (18 years) among which 7 years as Inspector of Insurance (now FSC). She has also served as Reinsurance and Technical Manager at Rainbow Insurance Co. Ltd and Managing Director of INXS Ltd, Insurance, Risk Advisors and Insurance Brokers.

### Mr Noor Ahmad Dilmohamed

Mr Noor Ahmad Dilmohamed, Financial Manager, is a full-fledged professional with more than 28 years experience in accountancy and finance. He has gathered a wealth of professional experience in many sectors which include Audit and Accountancy, Retail and Wholesale, Petroleum, Construction, Aviation, Tourism, Telecom and Financial Services. During his career he spent 8 years with Esso Mauritius Ltd (ExxonMobil Group) and just recently 5 years with Aricent Technologies Group (in the Global Business). He is a Fellow of the Association of Chartered Certified Accountants and joined the Company in April 2015.

# CORPORATE GOVERNANCE REPORT

## 8. Corporate Social Responsibility

### 8.1 Sustainability reporting

The Company recognizes that it operates within a social and economic community and as such is committed when taking decisions and carrying out its activities, to take into account not only its economic viability but also the environmental consequences and social implications. The Company recognizes its key role on job and wealth creation in the Mauritian society. Reporting sustainability is generally understood to be the way for a Company to strike a right balance between economic, environmental and social integration, often through commitment and activities that extend beyond the foundation of compliance with legislation.

### 8.2 Within the Company

The Company adopts harmonious industrial relations in order to achieve its objectives and mission in the interest of both the Company and its employees. There is a two-way communication within the Company.

### 8.3 Within the society

The Company is fully conscious of its role as a social partner in the community. During the year under review, the Company has actively participated in various social activities and has sponsored several events.

### 8.4 Environment, health and safety

Environmental implications are considered before operational and strategic decisions are taken. The Company is committed to bring about a health and safety culture within the Company and also maintains a conducive working environment for the general well being of the employees and its customers.

## 9 Internal Audit

The Board of Directors has given consideration to the role of an internal auditor in the Company. However at this point of time it considers that the appointment of an internal auditor in the Company is not justified, as the Company has a satisfactory system of Internal Control.

Responsibilities and duties of officers are clearly defined, thus providing proper checks and balance of transactions carried out in the Company.

The objectives and policies of the Company are properly communicated up and down the line in the Company.

The Audit & The Technical Committee and the key management personnel regularly receive reports from various departments and review same.

## 10. Risk Management and Internal Control System

The Board of Directors is responsible for risk management and for the Company's systems of internal control. The Company's policy on risk management encompasses all significant business risks including physical, operational, business continuity, financial compliance and reputational which could influence the achievement of the Company's objectives.

The risk management mechanism in place includes:

- A system for the ongoing identification and assessment of risk;
- Development of strategies in respect of risks and definition of acceptable and non-acceptable levels of risk;
- Reviewing the effectiveness of the system of internal control and
- Processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined by the Board.

The objective of risk management is not to eliminate risk altogether, but to reduce it to an acceptable level having regard to the objectives of the Company.

While the Board is responsible for the overall risk management and internal control systems, overview of the Company's risk management process, with the exception of the legal risk, is delegated to the Audit & the Technical Committee.

The following risk areas have been identified for the Company:

### 10.1 Insurance Risks

The main activity of the Company is the acceptance of risk under an insurance contract where in return for a consideration (the premium), a policyholder is compensated for pecuniary loss suffered as a result of a specified uncertain future event, or of a uncertain future event where the timing of the occurrence is uncertain. The main risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. Risks are mainly associated with the Company's underwriting, reinsurance and claims handling activities.

# CORPORATE GOVERNANCE REPORT

## 10. Risk Management and Internal Control System (Continued)

### 10.2 Motor and Liability Insurance

The Company's underwriting strategy attempts to ensure that the underwritten risks are acceptable, well priced and diversified in type. Statistics captured and analysed by computer software are extensively used to assess and review risks and the Company reserves the right not to renew policies and/or to impose deductibles.

The Company determines the extent of risks retainable and transfers risks in excess of its capacity to top rated reinsurers. Thus, through effective proportional, excess of loss and facultative reinsurance covers, the maximum loss for a given risk that the Company may suffer in any one year is predetermined.

Claims handling are closely monitored so as to ensure that the loss reported is covered and properly assessed. The Company ensures that claims provisions are determined using the best information available of claims settlement patterns, inflation forecast and settlement of claims.

### 10.3 Financial Risks

The Company is exposed to financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that proceeds from financial assets are not sufficient to fund the obligations arising from insurance contracts. Financial risk is considered to be very low.

### 10.4 Credit risk

The Company's credit is primarily attributable to debtors including agents for insurance premium payable to the Company. The amounts presented in the Statement of Financial Position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment. The Company structures the levels of its credit risk it accepts by placing limits on its exposure to a single counter party. Such risks are subject to frequent review.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet short-term debts. Liquidity risk is considered to be very low.

### 10.5 Market risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Audit & Technical Committee set up by management ensures that investments are sufficiently diversified in order to match assets and liabilities and liquidity requirements.

### 10.6 Reinsurer's default

The Company is exposed to the possibility of default by its reinsurers for their share of insurance liabilities and refunds in respect of claims already settled by it. Management monitors the financial strength of its reinsurers and the Company's set procedures ensure that risks are only ceded to top-rated and credit-worthy reinsurers.

### 10.7 Operational Risks

Operational risks are risks of loss or opportunity gain foregone resulting from inadequate or failed internal processes, people and systems or from external events. These losses may be caused by one or more of the following:

#### - Human Resources Risk

The personnel responsible for managing and controlling different sectors of the Company or a business process do not possess the requisite knowledge, skills and experience needed to ensure that critical business objectives are achieved and significant business risks are reduced to an acceptable level.

#### - Compliance Risk

Compliance risk, also referred to as non-conformance risk, results in lower quality, higher costs, lost revenues and unnecessary delays. Non-conformance also gives rise to service failure risk because if not detected and corrected before a service is delivered to the customer, a product or performance failure could result. A Compliance Officer has been appointed to monitor these issues.

#### - Health and Safety Risk

Health and safety risks are significant if not controlled because they can expose the Company to substantial liability in respect of workers' compensation. Non-compliance with Health & Safety Legislation may result in heavy fines. The Health & Safety Committee ensures that these risks are minimised through control, follow-up and communication procedures. The Human Resources Department ensures compliance with labour laws.

# CORPORATE GOVERNANCE REPORT

## 11 Miscellaneous

### 11.1 Auditors

The audit fees payable to the auditors, Moore Stephens, amount to Rs 325,000. (2014: Rs 275,000).

### 11.2 Code of Ethics and Conduct

The Company is committed to ethical practices in its day-to-day operations and is governed by the Industry Code of Ethics.

### 11.3 Dividend policy

The Company did not declare any dividend during the year under review. (2014: NIL).

### 11.4 Donations and Sponsorship

The Company sponsored Rs 33,500 during the year. (2014: Rs 17,000)

### 11.5 Related party transactions

The details in respect of related party transactions have been disclosed in Note 33 of the financial statements.

## 12. Statement of Directors' responsibilities in respect of the financial statements

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs and of the profit or loss of the Company. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that adequate accounting records and an effective system of internal control and risk management are maintained. This helps to disclose with reasonable certainty and accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible to institute proper systems and procedures to comply with the Financial Intelligence and Anti-Money Laundering Act 2002 (FIAML Act) and the Code on the Prevention of Money Laundering and Terrorist Financing intended for Insurance Entities (the PMLTF code). Management has taken actions to implement proper systems, procedures and controls to comply with the FIAML Act and the PMLTF code.

The Directors confirm that they complied with these requirements in preparing the financial statements. The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

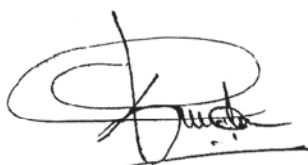
## 13. Acknowledgement

The Board of Directors wishes to thank all stakeholders for their continued cooperation and support. The Board also expresses its appreciation for the valued support, continued trust, and loyalty of its management, staff and customers without whom the objectives of the Board would not have been attained.

Approved by the Board of Directors and signed on its behalf by:



Chairperson



Chief Executive Officer



Director

Date: 29/09/15



# CERTIFICATE OF THE SECRETARY

I certify, to the best of my knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of INDIAN OCEAN GENERAL ASSURANCE LTD under Section 166(d) of the Companies Act 2001, during the year ended 30 June 2015.



---

**SECRETARY**  
**Vijay Kumar Dwarka**

**Date: 29/09/15**

Address:  
Descoins Street  
Long Mountain  
Mauritius

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INDIAN OCEAN GENERAL ASSURANCE LTD

This report is made solely to the members of **INDIAN OCEAN GENERAL ASSURANCE LTD** (the "Company"), as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to the Company's members in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for the report, or for the opinions we have formed.

## Report on the Financial Statements

We have audited the financial statements of **INDIAN OCEAN GENERAL ASSURANCE LTD** ( the "Company") set out on pages 21 to 64 which comprise the statements of financial position as at 30 June 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended , and a summary of significant accounting policies and other explanatory notes.

## Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Auditors' responsibility

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

An Audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements on page 21 to 64 give a true and fair view of the financial position of the company as at 30 June 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Standards and comply with the Mauritius Companies Act 2001 and the Insurance Act 2005 as amended by the Insurance (Amendment) Act 2007.

## Report on other legal and regulatory requirements

### Companies Act 2001

We have no relationship with, or interests in, the company or its subsidiary other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the company as far as it appears from our examination of those records.

### Insurance Act

The financial statements have been prepared in the manner and meet the requirements specified by the Financial Services Commission.

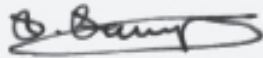
### Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report and making disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). Our responsibility is to report on these disclosures.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.



**MOORE STEPHENS**  
Chartered Accountants



**RAVINDRA RAMPHUL, ACA**  
Licensed by FRC

PORT LOUIS  
REPUBLIC OF MAURITIUS

DATE: 29/09/15

**BE THE NUMBER  
ONE INSURANCE  
COMPANY**



**ioga**  
INDIAN OCEAN GENERAL ASSURANCE LTD

# STATEMENT OF FINANCIAL POSITION

## AT 30 JUNE 2015

	NOTES	LIFE Rs	GENERAL Rs	2015 Rs	LIFE Rs	GENERAL Rs	2014 Rs
<b>Non-current assets</b>							
Property, plant and equipment	6	7,316	31,542,782	31,550,098	14,630	19,169,455	19,184,085
Intangible asset	7	1	1	2	1	1	2
Available-for-sale financial assets	8	31,988,448	48,947,889	80,936,337	26,522,320	40,486,578	67,008,898
Held-to-maturity investments	9	-	834,495	834,495	-	812,951	812,951
Statutory deposits	10, 12	8,000,000	10,000,000	18,000,000	8,000,000	10,000,000	18,000,000
Other assets	11	1,100,000	-	1,100,000	1,100,000	-	1,100,000
Deposits	12	21,110,558	83,045,802	104,156,360	17,816,149	85,691,182	103,507,331
Loans and receivables	13	-	410,633	410,633	1,163,619	456,328	1,619,947
Deferred tax asset	29	6,892	76,748	83,640	6,892	-	6,892
		<b>62,213,215</b>	<b>174,858,350</b>	<b>237,071,565</b>	<b>54,623,611</b>	<b>156,616,495</b>	<b>211,240,106</b>
<b>Current assets</b>							
Loans and receivables	13	975,559	21,790	997,349	766,564	21,790	788,354
Receivables and prepayments	14	3,290,101	22,669,646	25,959,747	2,611,238	19,219,075	21,830,313
Amount due by re-insurers	15	-	5,342,802	5,342,802	-	9,616,116	9,616,116
Reinsurance contracts	25	-	13,281,737	13,281,737	-	9,839,083	9,839,083
Deposits	12	1,000,000	27,000,000	28,000,000	5,192,155	39,536,665	44,728,820
Cash and cash equivalents	22	7,181,301	39,814,938	46,996,239	10,417,760	31,512,974	41,930,734
		<b>12,446,961</b>	<b>108,130,912</b>	<b>120,577,873</b>	<b>18,987,717</b>	<b>109,745,703</b>	<b>128,733,420</b>
<b>TOTAL ASSETS</b>		<b>74,660,176</b>	<b>282,989,262</b>	<b>357,649,438</b>	<b>73,611,328</b>	<b>266,362,198</b>	<b>339,973,526</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Capital and reserves</b>							
Stated capital	16	-	25,000,000	25,000,000	-	25,000,000	25,000,000
Revaluation reserve	17	24,992,048	43,839,358	68,831,406	19,525,920	41,542,460	61,068,380
Retained earnings		-	119,247,412	119,247,412	-	106,072,655	106,072,655
<b>Equity holders interest</b>		<b>24,992,048</b>	<b>188,086,770</b>	<b>213,078,818</b>	<b>19,525,920</b>	<b>172,615,115</b>	<b>192,141,035</b>
<b>Technical Provisions</b>							
Unearned Premium Reserve	18	-	16,835,628	16,835,628	-	16,084,729	16,084,729
Life assurance fund	19	48,571,519	-	48,571,519	52,969,093	-	52,969,093
		<b>48,571,519</b>	<b>16,835,628</b>	<b>65,407,147</b>	<b>52,969,093</b>	<b>16,084,729</b>	<b>69,053,822</b>
<b>Non-current liabilities</b>							
Deferred tax liability	29	-	-	-	-	16,932	16,932
Retirement benefit obligation	20	-	2,784,144	2,784,144	-	2,267,821	2,267,821
		-	<b>2,784,144</b>	<b>2,784,144</b>	-	<b>2,284,753</b>	<b>2,284,753</b>
<b>Current liabilities</b>							
Current Tax liabilities	27	226,784	-	226,784	356,981	307,509	664,490
Amount due to re-insurers	26	61,172	2,413,543	2,474,715	55,502	1,710,816	1,766,318
Payables	21	808,653	8,635,233	9,443,886	703,832	8,132,576	8,836,408
Outstanding claims	25	-	64,233,944	64,233,944	-	65,226,700	65,226,700
		<b>1,096,609</b>	<b>75,282,720</b>	<b>76,379,329</b>	<b>1,116,315</b>	<b>75,377,601</b>	<b>76,493,916</b>
<b>Total Equity and Liabilities</b>		<b>74,660,176</b>	<b>282,989,262</b>	<b>357,649,438</b>	<b>73,611,328</b>	<b>266,362,198</b>	<b>339,973,526</b>

Approved by the Board of Directors on .....29/09/15.....and signed on its behalf by:



Chairman



Director

The notes on pages 25 to 57 form an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	NOTES	2015 TOTAL Rs	2014 TOTAL Rs
Gross premium		48,864,213	48,572,049
Premium ceded to reinsurers		(3,705,363)	(4,573,668)
Net premium		45,158,850	43,998,381
Release to general business fund	18	(750,898)	851,008
<b>Net Earned Premium</b>		<b>44,407,952</b>	<b>44,849,389</b>
Investment income		10,689,325	9,168,521
Other income		4,428,133	3,417,645
		<b>59,525,410</b>	<b>57,435,555</b>
Net incurred claims		(33,704,517)	(32,560,307)
Commission		(4,311,646)	(4,483,415)
Management expenses		(18,138,100)	(17,751,532)
Depreciation and amortisation		(523,718)	(535,810)
		<b>(56,677,981)</b>	<b>(55,331,064)</b>
<b>Profit before taxation</b>	23	<b>2,847,429</b>	<b>2,104,491</b>
Income tax expense		(120,655)	(1,444,528)
<b>Profit after taxation</b>		<b>2,726,774</b>	<b>659,963</b>
Transfer from life assurance fund	19	4,397,575	7,163,995
		<b>7,124,349</b>	<b>7,823,958</b>
Less: Commission on founder's share		(769,599)	(801,826)
<b>Profit for the year</b>		<b>6,354,750</b>	<b>7,022,132</b>
<b>Other comprehensive income</b>			
Gain/(Loss) on foreign exchange		6,820,007	(1,023,302)
Gain on revaluation		2,296,899	2,363,487
<b>Total comprehensive income for the year</b>		<b>15,471,656</b>	<b>8,362,317</b>
<b>Earnings per share</b>	30	<b>6.19</b>	<b>3.34</b>

The notes on pages 25 to 57 form an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

## GENERAL INSURANCE BUSINESS

### FOR THE YEAR ENDED 30 JUNE 2015

	NOTES	2015 TOTAL Rs	2014 TOTAL Rs
Gross premium		45,657,960	44,637,332
Premium ceded to reinsurers		(3,568,890)	(4,425,508)
Net premium		42,089,070	40,211,824
Release to general business fund	18	(750,898)	851,008
<b>Net Earned Premium</b>		<b>41,338,172</b>	<b>41,062,832</b>
Gross claim paid		(28,694,509)	(29,131,553)
Claims recovered from reinsurers		(175,754)	6,264,269
Recoverable from reinsurers		3,731,581	2,484,724
Movement in outstanding claims and IBNR		949,195	884,925
<b>Net Incurred Claims</b>		<b>(24,189,487)</b>	<b>(19,497,635)</b>
Commission receivable		443,893	558,687
Commission payable to agents and brokers		(4,737,763)	(5,044,892)
<b>Net Commission</b>		<b>(4,293,870)</b>	<b>(4,486,205)</b>
<b>Net underwriting result</b>		<b>12,854,815</b>	<b>17,078,992</b>
Investment income		8,582,255	6,660,293
Other income		3,636,770	2,680,568
		<b>25,073,840</b>	<b>26,419,853</b>
Management expenses		(17,484,091)	(16,869,085)
Depreciation and amortisation		(516,404)	(528,496)
<b>Profit before taxation</b>		<b>7,073,345</b>	<b>9,022,272</b>
Income tax expense		51,004	(1,198,314)
<b>Profit after taxation</b>		<b>7,124,349</b>	<b>7,823,958</b>
Less: Appropriations			
Commission on founder's share		(769,599)	(801,826)
<b>Profit for the year</b>		<b>6,354,750</b>	<b>7,022,132</b>
<b>Other comprehensive income</b>			
Gain/(Loss) on foreign exchange		6,820,007	(1,023,302)
Gain on revaluation		2,296,899	2,363,487
<b>Total comprehensive income for the year</b>		<b>15,471,656</b>	<b>8,362,317</b>

The notes on pages 25 to 57 form an integral part of these financial statements.

# STATEMENT OF COMPREHENSIVE INCOME

## LIFE ASSURANCE BUSINESS

### FOR THE YEAR ENDED 30 JUNE 2015

	NOTES	2015 TOTAL Rs	2014 TOTAL Rs
Gross premium		3,206,253	3,934,717
Premium ceded to reinsurers		(136,473)	(148,160)
<b>Net Earned Premium</b>		<b>3,069,780</b>	<b>3,786,557</b>
Investment income		2,107,070	2,508,228
Other income		791,363	737,077
		<b>5,968,213</b>	<b>7,031,862</b>
Commission payable		(31,196)	(11,722)
Commission recoverable from reinsurers		13,420	14,512
<b>Net Commission</b>		<b>(17,776)</b>	<b>2,790</b>
Death claims		(43,238)	(273,500)
Maturity claims and survival		(6,777,883)	(9,106,485)
Surrenders		(2,693,909)	(3,682,687)
<b>Total claims</b>		<b>(9,515,030)</b>	<b>(13,062,672)</b>
Management expenses		(654,009)	(882,447)
Depreciation and amortisation		(7,314)	(7,314)
		<b>(661,323)</b>	<b>(889,761)</b>
<b>Loss for the year</b>		<b>(4,225,916)</b>	<b>(6,917,781)</b>
Income tax expense		(171,659)	(246,214)
		<b>(4,397,575)</b>	<b>(7,163,995)</b>
Transfer from Life assurance fund	19	<b>4,397,575</b>	7,163,995

The notes on pages 25 to 57 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	SHARE CAPITAL	FREEHOLD LAND REVALUATION	INVESTMENT REVALUATION RESERVES	RETAINED EARNINGS RESERVES	TOTAL
	Rs	Rs	Rs	Rs	Rs
<b>At 1 July 2013</b>	25,000,000	5,200,000	53,504,893	100,073,825	183,778,718
Profit for the year	-	-	-	7,022,132	7,022,132
Other comprehensive income for the year			2,363,487	(1,023,302)	1,340,185
<b>At 30 June 2014</b>	25,000,000	5,200,000	55,868,380	106,072,655	192,141,035
Profit for the year	-	-	-	6,354,750	6,354,750
Fair value adjustment	-	-	5,466,127	-	5,466,127
<b>Other Comprehensive Income for the year</b>	-	-	2,296,899	6,820,007	9,116,906
<b>At 30 June 2015</b>	<b>25,000,000</b>	<b>5,200,000</b>	<b>63,631,406</b>	<b>119,247,412</b>	<b>213,078,818</b>

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2015

	NOTES	2015 TOTAL Rs	2014 TOTAL Rs
<b>Cash flows from operating activities</b>			
<b>Profit before taxation</b>		<b>2,847,429</b>	2,104,491
<b>Adjustments for:-</b>			
Depreciation / Amortisation		523,718	535,810
Investment income		(10,689,325)	(9,168,521)
General fund		750,898	(851,008)
Fair value loss / (gain) on financial assets, available-for-sale		(8,482,855)	-
Founder's share commission		(769,599)	-
Provision Retirement benefit obligations		516,323	45,193
<b>Operating loss before working capital changes</b>		<b>(15,303,411)</b>	<b>(7,334,035)</b>
(Increase)/Decrease in trade and other receivables		(4,129,433)	9,196,137
(Decrease)/Increase in amount due by reinsurers		4,273,314	(5,992,006)
Increase in amount due to reinsurers		708,398	1,169,217
Decrease/(Increase) in reinsurance contract		(3,442,654)	193,815
Increase/(Decrease) in trade and other payables		607,478	(2,310,301)
Decrease in outstanding claims		(992,756)	(1,078,741)
<b>Cash used in operations</b>		<b>(18,279,065)</b>	<b>(6,155,914)</b>
Income received		10,689,325	9,179,300
Taxation and CSR paid		(652,041)	(2,909,617)
<b>Net cash flows (used in)/from operating activities</b>		<b>(8,241,780)</b>	<b>113,769</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(12,889,730)	(7,729,906)
Advance on property		-	(694,236)
Refunds of loan granted		1,000,319	2,085,298
Decrease / (increase) in deposits		16,079,791	27,580,870
<b>Net cash flows from/(used in) investing activities</b>		<b>4,190,380</b>	<b>21,242,026</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,051,401)</b>	<b>21,355,795</b>
<b>Movements in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the year		41,930,734	21,598,242
Effect of foreign exchange rate changes		9,116,906	(1,023,302)
Cash and cash equivalents at the end of the year	22	<b>46,996,239</b>	<b>41,930,734</b>

The notes on pages 25 to 57 form an integral part of these financial statements.

# CLIMBING THE PATH TO SUCCESS



**ioga**  
INDIAN OCEAN GENERAL ASSURANCE LTD

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 1. Corporate information

The Indian Ocean General Assurance Ltd is a Public Company incorporated and domiciled in Mauritius. The Company was incorporated on 10th April 1970 and it carries on business at 12, Volcy Pougnet Street, Port Louis, Mauritius. The Company carries out short and long term insurance businesses. Short term insurance comprises general insurance and covers the following:

- Accident
- Engineering
- Fire and allied perils
- Motor
- Transportation
- Guarantee
- Travel

## 2. Application of new and revised International Financial Reporting Standards (IFRSs)

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2013.

### 2.1 Amendments to IFRSs and the new Interpretation that are mandatorily effective for the current year

#### *Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities*

The Company has applied the amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements. The Company has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Company's financial statements.

#### *Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets*

The Company has applied the amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets for the first time in the current year. The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

The application of these amendments has had no material impact on the disclosures in the Company's financial statements.

#### *Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting*

The Company has applied the amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the

first time in the current year. The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness.

"The amendments have been applied retrospectively. As the Company does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Company's financial statements."

#### *IFRIC 21 Levies*

The Company has applied IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

IFRIC 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Company's financial statements.

### 2.2 New and revised IFRSs in issue but not yet effective

*The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:*

*Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.*

- Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions
- Amendments to IFRSs - Annual Improvements to IFRSs 2011-2013 Cycle

*Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.*

- Amendments to IFRSs - Annual Improvements to IFRSs 2010-2012 Cycle

*Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.*

- Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations

- Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

- Amendments to IAS 16 and IAS 41- Agriculture: Bearer Plants

*Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.*

- IFRS 15 - Revenue from Contracts with Customers

*Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.*

- IFRS 9 - Financial Instruments

Commentary:

*Note that IFRS 14 Regulatory Deferral Accounts is not applicable to the Company as it is not a first-time adopter of IFRSs.*

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 3. Significant accounting policies

### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the Companies Act 2001.

### (b) Basis of preparation

The financial statements have been prepared under the historical cost convention except for the revaluation of certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies and in accordance with International Financial Reporting Standards (IFRSs).

### (c) Functional and presentation currency

The financial statements are presented in Mauritian Rupees (Rs) which is the Company's functional and presentation currency and represents the currency of the primary economic environment in which the entity operates.

### (d) Revenue recognition

Revenue represents earned premiums receivable net of reinsurance. Other revenues earned by the company are recognised on the following bases:

- (i) Interest income - on a time proportion basis taking into account the effective yield on the investments.
- (ii) Dividend income - when the shareholder's right to receive payment is established.
- (iii) Reinsurance commission receivable - as it accrues in accordance with the substance of the relevant agreements.

### (e) Property, plant and equipment

All property, plant and equipment are initially recorded at cost or revalued amounts less accumulated depreciation. Cost includes any costs directly attributable to bringing the asset to working condition for its intended use.

Revaluation surpluses or deficits are dealt with in the revaluation reserve except for movements below the depreciated cost which are dealt with in the statement of profit or loss and other comprehensive income. Each year the difference between depreciation based on revalued amount of the asset (the depreciation charged to statement of profit or loss and other comprehensive income) and depreciation based on asset's original cost is transferred from revaluation reserve to statement of comprehensive income.

### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred.

Depreciation is calculated to write off the cost or revalued amount of the assets on a straight line basis over the expected useful lives as follows:-

Freehold Building	5% p/a
Office equipment	20% - 33 1/3% p/a
Motor vehicles	20% p/a
Furniture and fittings	20% p/a

Freehold land is not depreciated.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit before tax.

### (f) Other assets

Other assets represent land acquired which was secured for mortgage loans. The loans have been written off and the value of the assets is recognised at cost.

### (g) Intangible asset

Intangible asset which comprises computer software is initially recorded at cost and amortised using the straight-line method over its expected useful life that is 3 years. The carrying amount is reviewed annually and adjusted for any permanent diminution where it is considered necessary.

### (h) Impairment of non - financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 3. Significant accounting policies (Continued)

### (i) Financial instruments

Financial instruments carried on the statement of financial position include available-for-sale investments, statutory deposits, deposits, loans and receivables, trade receivables, cash at bank and in hand, payables, bank overdraft and premiums and other deposits in advance. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### - *Categories of Financial Assets*

The Company classifies its financial assets in the following categories: loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of the investments at initial recognition.

#### - *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money or services directly to a debtor with no intention of trading the receivable. They are included in the current assets when maturity is within twelve months of the reporting period or non-current assets for maturities greater than twelve months. They are stated at cost less provision for estimated irrecoverable or doubtful debts.

#### - *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are initially recognised at the fair value of the consideration paid for their acquisition. After initial measurement, held-to-maturity financial assets are measured at amortised cost using the effective interest method. Interests on held-to-maturity investments are included in profit or loss as investment income. In the case of an impairment, it has been reported as deduction for the carrying value of an investment and recognised in profit or loss.

#### - *Available-for-sale financial assets*

Available-for-sale (AFS) financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within

twelve months of the end of the financial reporting period.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in other comprehensive income and accumulated in equity in the investment revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investment revaluation reserve is transferred to profit and loss for the year.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at mid rate at the end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Available-for-sale investments which do not have a quoted market price and whose fair value cannot be reliably measured, are carried at Net Asset Value.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

#### - *Long term receivables*

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the asset is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using the effective interest rate. The amount of the loss is recognised in the statement of comprehensive income or the Life Assurance Fund. Long term receivables without fixed maturity terms are measured at cost. If there is objective evidence that an impairment loss has incurred, the amount of the impairment is measured as the difference between the carrying amount of the asset and the present value of estimated cash flows discounted at the current market rate of return for similar financial assets.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 3. Significant accounting policies (Continued)

### (i) Financial instruments (Continued)

#### - Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in profit or loss.

#### - Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

#### - Cash and cash equivalents

These comprise cash at banks and in hand and short-term deposits with a maturity of three months or less as well as bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

#### - Trade and other payables

Trade and other payables are stated at amortised cost.

### (j) Insurance contracts

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired. Insurance risk is transferred when the Company agrees to compensate a policyholder if a specified uncertain event adversely affects the policyholder. Some insurance contracts contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to a guaranteed benefit, additional benefits or bonuses.

Insurance contracts issued by the Company are classified within the following main categories:

Contracts under which the Company accepts significant insurance risk from another party (the policy-holder) by agreeing to compensate the policyholder or other

beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided that in the case of a non-financial variable, the variable is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Contracts under which the transfer of insurance risk to the Company from the policyholder is not significant are classified as investment contracts.

Insurance contracts issued by the Company are categorised as follows:

#### - Short-term insurance contracts

Short-term insurance contracts are mainly in respect of motor business but the Company also sells fire and allied perils, marine, engineering and other miscellaneous insurance contracts. These contracts protect the Company's customers from damage suffered to property or goods, value of property and equipment lost, losses and expenses incurred, sickness and loss of earnings resulting from the occurrence of the insured events.

General insurance contracts permit the Company to sell property acquired in settling a claim (i.e. salvage). The Company has the right to sue third parties for the payment of some or all the costs incurred (i.e. subrogation). Estimate of salvage recoveries is included as allowance in the measurement of the insurance liability for claims and salvage property is recognised in other assets when the liability is settled.

#### - Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life, i.e. death, disability or survival over long term. A liability for contractual benefits that are expected to be incurred in future is recorded once the first premium under such a contract has been paid. The liability is based on best estimates assumptions regarding future mortality, persistency and maintenance expenses and investment income that are determined at each valuation date based on an analysis of recent experience modified by expectation of future trends. The best estimates assumptions are adjusted to include a margin for prudence.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 3. Significant accounting policies (Continued)

### (j) Insurance contracts (Continued)

#### - Long-term insurance contracts with fixed terms and DPF

These types of contracts contain a DPF which entitles the contract holder, in supplement to a guaranteed amount, to a contractual right to receive additional profit or bonuses. The magnitude of the profit or bonuses as well as the timing of the payments are however at the discretion of the Company. The Company has an obligation to eventually pay to contract holders up to 20 % of the DPF eligible surplus. The remaining 80 % is payable to the policy holders at maturity.

#### - Long-term insurance contracts without fixed terms and with DPF

These types of insurance contracts contain a DPF which entitles the contract holder in supplement to a guaranteed amount, a contractual right to receive additional profit or bonuses.

The amount or timing is contractually at the Company's discretion and is based on:

- (a) realised and/or unrealised investment returns on a specified pool of assets held by the Company; or
- (b) the profit or loss of the Company that issues the contracts.

#### - Reinsurance contracts

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company are classified as reinsurance contracts held. Insurance contracts entered into by the Company under which the contract holder is another insurer (inward reinsurance) are included with reinsurance contracts.

Reinsurance contracts used by the Company are proportional and non-proportional treaties and facultative arrangements. Proportional reinsurance can be either 'quota share' where the proportion of each risk reinsured is stated or "surplus" which is a more flexible form of reinsurance and where the Company can fix its retention limit. Non-proportional reinsurance is mainly 'excess-of-loss' type of reinsurance where, in consideration for a premium, the reinsurer agrees to pay all claims in excess of a specified amount, i.e. the retention, and up to a maximum amount. Facultative insurance contracts generally relate to specific insured risks which are underwritten separately. Under treaty arrangement, risks underwritten by the Company falling under the terms and limits of the treaties are reinsured automatically. Reinsurance assets primarily include balances due from reinsurance companies for ceded

insurance liabilities.

Short-term balances due from reinsurers are classified within trade and other receivables. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as expenses when due.

#### - Impairment of reinsurance assets

If a reinsurance asset is impaired, the Company reduces the carrying amount accordingly and recognises that impairment in the Statement of Comprehensive Income. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

#### - Revenue recognition

##### (a) Premium earned

###### (i) Short term insurance

Premium on short-term insurance contracts represents gross premium net of premium ceded to reinsurers and is recognised as revenue (net earned premium) on an inception basis (daily method).

###### (ii) Long term assurance

Premium on long-term assurance contracts is recognised in the Life Assurance Fund when receivable, i.e. when payments are due.

##### (b) Unearned Premium – Short Term Insurance

Short term insurance unearned premium represents the portion of premium written relating to periods of insurance risks subsequent to the statement of financial position calculated on the basis of 40% of the premium written less premium ceded to reinsurers.

##### (c) Other revenues

Other revenues earned by the Company are recognised on the following bases:

Commission income from reinsurers is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Profit commission from reinsurers is recognised on an accrual basis.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 3. Significant accounting policies (Continued)

### (j) Insurance contracts (Continued)

#### *Claims expenses and outstanding claims provisions*

Outstanding claim provisions are based on the ultimate costs of all claims incurred but not secured at the end of the reporting period, whether reported or not (IBNR). Notified claims are only recognised when the Company considers that they have a contractual liability to settle the claims.

There are often delays between the occurrence of the insured event and the time it is actually reported to the Company, particularly in respect of the liability business, the ultimate cost cannot be known with certainty as to magnitude and timing of the settlement of the claim. Outstanding claim provisions are not discounted and exclude any allowances for expected future recoveries.

Recoveries represent claims recoverable from third party insurers. Recoveries are accounted for as and when received. However, non-insurance assets that have been acquired by exercising rights to sell or subrogate under the terms of the insurance contracts are included when providing for outstanding claims.

#### *- Review of insurance liabilities*

##### *(a) Short-term insurance*

At the end of each reporting period the company performs a liability adequacy test on its insurance liabilities to ensure that the carrying value is adequate, using current estimates of future cash flows taking into account the relevant investment return. If the assessment shows that the carrying amount of the liabilities is inadequate, any deficiency is charged as an expense to the statement of comprehensive income in recognising a provision for unexpired risks. The unexpired risks provision is assessed in aggregate for future business classes which are managed together.

##### *(b) Long-term insurance*

Estimates of future benefit payments under long term insurance contracts are provided for, based on estimates made by the company's Actuary. Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. Estimates are based on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the country's and Company's own experience.

#### *- Life Assurance Fund*

The decrease in the Life Assurance Fund represents the increase in the value of policy liabilities. The adequacy of the liabilities is determined annually by actuarial valuation. At the end of every year, a valuation of assets

and liabilities is done and every 3 years evaluation of assets and liabilities is done to find the DPF eligible surplus. In the light of the latter a rate of bonus is set for policy holders. The distributable share of the surplus is transferred annually to the life fund. The amount of the DPF eligible surplus distributable to shareholders is limited to 1/9th of the cost of the final bonuses allocated to the policyholders. The holders' share of the DPF eligible surplus is recognized annually and transferred from the Life Assurance Fund to the statement of comprehensive income. The non-distributable share of the surplus is transferred annually from the retained earnings to a non-distributable reserve in the Statement of Changes in Equity.

Whenever bonuses are paid / credited to policyholders, an amount representing 1/9th of these bonuses is transferred from the non-distributable surplus to retained earnings in the Statement of Changes in Equity.

#### *(k) Impairment*

At the end of each reporting period, the Company reviews the carrying amounts of the tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the loss (if any). An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

#### *(l) Deferred income tax*

Deferred income taxation is provided using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Provisions are required to be made by the Company for deferred income taxes on the revaluation of certain non-current assets and in relation to acquisitions of assets acquired and their tax base.

Temporary differences arise mainly from depreciation on property, plant and equipment, revaluation of certain non-current assets, tax losses carried forward, provision for doubtful debts and on retirement benefit obligations. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 3. Significant accounting policies (Continued)

### *(m) Retirement benefit obligations*

The Company operates a retirement benefit plan according to the Employment Rights Act 2008 and IAS 19.

### *(n) Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. All exchange differences on translation are dealt with in the statement of comprehensive income.

## 4. Management of insurance and financial risk

The Company's activities expose it to a variety of insurance and financial risks. A description of the significant risk factors is given below together with the risk management policies applicable.

### *(a) Insurance risk*

The risk under any insurance contract is the possibility that an insured event occurs and the uncertainty of the amount of resulting claim.

The main risk that the Company faces under its insurance contracts is that the actual claims and benefits are greater than estimated. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy so as to diversify the type 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.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, accumulation of risk and type of industry covered.

#### *Motor and Liability insurance*

The frequency and severity of claims can be affected by several factors. The most significant claims result from accident, liability claims awarded by the Court, fire and allied perils and their consequences. Inflation is also a significant factor due to the long period typically

required to settle some claims.

The Company's underwriting strategy attempts to ensure that the underwritten risks are well diversified in type, amount of risk and industry. The Company has underwriting limits by type of risks and by industry. Performances of individual insurance policies are reviewed by management and the Company reserves the right not to renew individual policies.

The Company can impose deductibles and has the right to reject the payment of a fraudulent claim. Where relevant, the Company may pursue third parties for payment of some or all liabilities (subrogation). Claims development and provisioning levels are closely monitored.

The reinsurance arrangements of the Company include proportional, excess-of-loss and catastrophe coverage and as such, the maximum loss that the Company may suffer in any one year is predetermined.

#### *Property insurance*

For property insurance contracts, climatic changes give rise to more frequent and severe external weather events (for example cyclone claims). Property insurance is subdivided into different risk groups, fire, business interruption, cyclone damage and other perils.

The insurance risk arising from these contracts is balanced between commercial and personal properties in the overall portfolio of insured buildings. Although the reinsurers are liable to the extent of the reinsurance ceded, the Company remains primarily liable to the policy holder as the direct insurers of all risks reinsured.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 4. Management of insurance and financial risk (continued)

### Concentration of insurance risks - short term

The following table discloses the concentration of outstanding claims by class of business, gross and net of reinsurance.

### Analysis of claims development gross of reinsurance

	2015 TOTAL			2014 TOTAL		
	No. of claims	Gross Rs.	Net Rs.	No. of claims	Gross Rs.	Net Rs.
Motor	1,059	55,282,219	50,732,816	2,014	52,861,902	45,994,940
Fire	6	2,541,052	113,854	12	2,116,792	85,322
Engineering	1	146,580	252,621	5	237,378	237,377
Guarantee	4	863,639	404,821	4	433,502	40,960
Miscellaneous	2	176,953	81,006	5	167,902	21,100
Liability	4	286,345	280,778	31	996,345	620,603
Transportation	2	58,760	43,237	1	56,000	30,436
IBNR		4,878,396	4,878,396		8,356,879	8,356,879
<b>Gross outstanding liabilities</b>		<b>64,233,944</b>	<b>56,787,530</b>		<b>65,226,700</b>	<b>55,387,617</b>

The company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 4. Management of insurance and financial risk (continued)

### Concentration of insurance risks - Long term

The following table presents the concentration of insured benefits across bands of insured benefits per individual life assured.

Annuity payable per annum per life assured at 30 June 2015

	2015 TOTAL		2014 TOTAL	
	Gross Rs	%	Gross Rs	%
0-50	40,911	3	40,382	3
50-100	93,070	6	92,718	6
100-150	138,182	9	139,038	9
150-200	198,958	12	198,214	12
200-250	243,333	16	244,286	16
250-300	300,000	19	300,000	19
More than 300	573,636	35	550,714	35
	<b>1,588,090</b>	<b>100</b>	<b>1,565,352</b>	<b>100</b>

### Sources of uncertainty

#### Motor and liability insurance

Claims on motor and liability insurance contracts are payable on a loss-occurrence basis for motor and liability business and on a risk attaching basis for non-motor. Under the loss-occurrence basis, the Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract. As a result, liability claims may be settled over a long period of time and an element of the claims provision relates to incurred but not reported claims (IBNR). For the risk attaching basis, the Company is liable only if the claims are reported within the specific underwriting year, based on the terms of the contract.

The estimated costs of claims include direct expenses to be incurred in settling claims, net of subrogation and salvage recoveries. The Company ensures that claims provisions are determined using the best information available of claims settlement patterns, forecast inflation and settlement of claims. Estimation techniques also involve obtaining corroborative evidence from a wide range of sources as possible and combining these to form the best overall estimates. However, given the uncertainty in claims provisions, it is very probable that estimated costs and subsequent settlement amounts would differ.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 4. Management of insurance and financial risk (continued)

### Claims development table

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The table below illustrates how the estimates of total claims outstanding for each year have changed at successive year ends and reconciles the cumulative claims to the amount appearing in the statement of financial position.

#### Analysis of claims development – gross of reinsurance

	2011 Rs	2012 Rs	2013 Rs	2014 Rs	2015 Rs	TOTAL Rs
<b>Estimate of cumulative claims</b>						
At end of accident year	35,437,609	37,125,668	39,353,208	39,717,292	23,761,700	175,395,477
one year later	20,657,062	36,894,137	35,999,626	16,884,792	-	110,435,617
two years later	26,109,544	30,384,792	26,705,850	-	-	83,200,186
three years later	26,705,850	36,739,883	-	-	-	63,445,733
four years later	18,034,583	-	-	-	-	18,034,583
Estimate of motor cumulative claims	26,705,850	30,384,792	35,999,626	39,717,292	23,761,700	156,569,260
Cumulative payments to date in respect of motor claims	(29,325,046)	(23,398,453)	(22,910,796)	(21,379,052)	(15,261,446)	(112,274,793)
Gross outstanding claims liabilities	(2,619,196)	6,986,339	13,088,830	18,338,240	8,500,254	44,294,467
Liabilities in respect of prior years						13,410,634
Liabilities in respect of Non-motor claims						1,650,447
IBNR						4,878,396
Total gross claims outstanding						<b>64,233,944</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 4. Management of insurance and financial risk (continued)

### *Property insurance*

Property claims are analysed separately for cyclone and non-cyclone claims. The development of large losses / catastrophes is analysed separately. Non-cyclone claims can be estimated with greater reliability, and the Company estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims and relatively little IBNR (Incurred But Not Reported) is held at the end of the reporting period.

### *Long term insurance*

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long term changes in overall levels of mortality and the variability in contract holder behaviour.

The Company uses appropriate base tables of standard mortality according to the type of contract being written and the territory in which the insured person resides. An investigation into the actual experience of the Company over the last three years is carried out and statistical methods are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future.

### **(b) Financial risks**

The Company is exposed to financial risks through its financial assets and liabilities. In particular, the key financial risk is that proceeds are not sufficient to fund the obligations arising from insurance contracts.

### **Interest rate risks**

Interest rate risk arises from the Company's investments in long term debt securities and fixed income securities (Held-to-Maturity Investments), bank balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by the Audit & Technical Committee through a close matching of assets and liabilities. The impact of exposure to sustain low interest rates is also regularly monitored.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 4. Management of insurance and financial risk (continued)

### (b) Financial risks (Continued) Interest rate risk (Continued)

The table below summarises the Company's interest rate risk exposure:

NOTES	Up to 1 Year Rs	1-5 Years Rs	Above 5 Years Rs	Non-Interest Bearing Rs	TOTAL Rs
<b>As at 30 June 2015</b>					
<b>ASSETS</b>					
Property, plant and equipment	-	-	-	31,550,098	31,550,098
Intangible asset	-	-	-	2	2
Investment property	-	-	-	1,100,000	1,100,000
Statutory deposits	-	18,000,000	-	-	18,000,000
Available-for-sale financial assets	-	-	-	80,936,337	80,936,337
Held-to-maturity investments	834,495	-	-	-	834,495
Deposits	28,000,000	104,156,361	-	-	132,156,361
Loans and receivables	997,349	410,633	-	-	1,407,982
Deferred tax asset	-	-	-	83,640	83,640
Receivables and prepayments	-	-	-	25,959,746	25,959,746
Amount due by re-insurers	-	-	-	5,342,802	5,342,802
Reinsurance contracts	-	-	-	13,281,737	13,281,737
Income tax receivable	-	-	-	-	-
Cash in hand and at bank	46,996,239	-	-	-	46,996,239
<b>TOTAL ASSETS</b>	<b>76,828,083</b>	<b>122,566,994</b>	<b>0</b>	<b>158,254,361</b>	<b>357,649,438</b>
<b>LIABILITIES</b>					
Unearned premium reserve	-	-	-	16,835,628	16,835,628
Life assurance fund	-	-	-	48,571,519	48,571,519
Deferred tax liability	-	-	-	-	-
Retirement benefit obligation	-	-	-	2,784,144	2,784,144
Current tax liabilities	-	-	-	226,784	226,784
Amount due to re-insurers	-	-	-	2,474,715	2,474,715
Payables	-	-	-	9,443,887	9,443,887
Outstanding claims	-	-	-	64,233,944	64,233,944
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>144,570,621</b>	<b>144,570,621</b>
On Statement of Financial Position interest sensitivity gap	76,828,083	122,566,994	0	13,683,740	213,078,815

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 4. Management of insurance and financial risk (continued)

### (b) Financial risks (Continued) Interest rate risk (Continued)

#### Sensitivity

The impact on the Company's results had interest rates varied by plus or minus 1% would have been as follows:

Impact on Results	+1% Rs	-1% Rs
<b>At 30 June 2015</b>		
Held to maturity investments	8,345	(8,345)
Loans and receivables	14,080	(14,080)
Cash and cash equivalent	469,962	(469,962)
Deposits	9,656,019	2,223,447
<b>At 30 June 2014</b>		
Held to maturity investments	8,130	(8,130)
Loans and receivables	24,083	(24,083)
Cash and cash equivalent	419,307	(419,307)
Deposits	4,991,512	(607,920)

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet all or part of his obligations. The Company's credit is primarily attributable to:

reinsurer's share of insurance liabilities,  
amounts due from reinsurers in respect of claims already paid,  
amounts due from insurance contract holders, and  
amounts due from insurance intermediaries.

Except for amounts receivable from reinsurers, the Company has no significant concentration of credit risk with exposure spread over a large number of clients and agents.

The amounts presented in the statement of financial position are net of allowances for estimated irrecoverable receivables, based on management's prior experience and the current economic environment.

The following table provides information regarding the carrying value of the financial assets that have been impaired and the ageing of the financial assets that are past due but not impaired.

	Neither past due nor impaired	Past due but not impaired				Impaired	Carrying Amount at year end
		1 mth - 3 mths	4 mths - 6 mths	7 mths - 1 Year	>1 Yr		
2015							
TOTAL	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Financial assets	150,156,360	-	-	-	-	-	150,156,360
Loan and receivables	-	797,820	109,250	167,733	333,179	-	1,407,982
Trade and other receivables	-	4,321,439	1,846,158	1,526,950	18,265,200	-	25,959,747
2014							
TOTAL							
Financial assets	166,236,151	-	-	-	-	-	166,236,151
Loan and receivables	-	578,198	76,620	133,536	1,619,947	-	2,408,301
Trade and other receivables	-	5,652,081	786,149	4,327,176	11,161,077	(96,170)	21,830,313

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 4. Management of insurance and financial risk (continued)

### (b) Financial risks (Continued)

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

The Company is exposed to daily payments of benefits to clients and to repayment of financial liabilities.

The Company's liquidity position is monitored on a regular basis. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching profiles of financial assets.

The table below summarises the Company's trading liabilities, categorised by the earlier of contractual re-pricing or maturity dates at 30 June 2015.

	1 mth -3 mths Rs	4 mths - 1 year Rs	Repayable on demand Rs	Total Rs
<b>2015</b>				
<b>Financial liabilities</b>				
Insurance liabilities	-	-	64,233,944	64,233,944
Other financial liabilities	638,987	4,425,048	6,854,566	11,918,601
	<b>638,987</b>	<b>4,425,048</b>	<b>71,088,509</b>	<b>76,152,545</b>
<b>2014</b>				
<b>Financial liabilities</b>				
Insurance liabilities	-	-	65,226,700	65,226,700
Other financial liabilities	2,526,954	2,064,937	6,010,835	10,602,726
	<b>2,526,954</b>	<b>2,064,937</b>	<b>71,237,535</b>	<b>75,829,426</b>

#### Premium risk

Premium risk is defined as the danger of insurance premium not being sufficient to cover expenses. This risk is closely evaluated and action has to be taken to arrange for reinsurance and building up of adequate reserves within the Company.

#### Market risk

Market risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 4. Management of insurance and financial risk (continued) (b) Financial risks (Continued)

### Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures. The Company has deposits and bank balances in foreign currency and is exposed to fluctuations with respect to the US Dollar. Exposure to foreign currency is not hedged but closely monitored by management.

The Company's exposure to foreign exchange risk is summarised below:

FOR THE YEAR ENDED 30 JUNE 2015 ASSETS	USD Rs	MUR Rs	Total Rs
Property, plant and equipment	-	31,550,098	31,550,098
Intangible asset	-	2	2
Statutory deposits	-	18,000,000	18,000,000
Investment property	-	1,100,000	1,100,000
Available-for-sale financial assets	71,679,667	9,256,670	80,936,337
Held-to-maturity investments	834,495	-	834,495
Deposits	7,149,030	125,007,330	132,156,360
Loans and receivables	-	1,407,983	1,407,983
Receivables and prepayments	-	31,302,548	31,302,548
Deferred tax asset	-	83,640	83,640
Reinsurance contracts	-	13,281,737	13,281,737
Cash in hand and at bank	5,355,221	41,641,017	46,996,239
	<b>85,018,413</b>	<b>272,631,025</b>	<b>357,649,438</b>
FOR THE YEAR ENDED 30 JUNE 2014 ASSETS	USD Rs	MUR Rs	Total Rs
Property, plant and equipment	-	19,184,085	19,184,085
Intangible asset	-	2	2
Statutory deposits	-	18,000,000	18,000,000
Investment property	-	1,100,000	1,100,000
Available-for-sale financial assets	66,213,539	795,359	67,008,898
Held-to-maturity investments	812,951	-	812,951
Deposits	6,228,820	142,007,331	148,236,151
Loans and receivables	-	2,408,301	2,408,301
Receivables and prepayments	-	31,446,429	31,446,429
Deferred tax asset	-	6,892	6,892
Reinsurance contracts	-	9,839,083	9,839,083
Cash in hand and at bank	4,017,457	37,913,277	41,930,734
	<b>77,272,767</b>	<b>262,700,759</b>	<b>339,973,526</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 4. Management of insurance and financial risk (continued)

### (b) Financial risks (Continued)

#### Foreign exchange risk (Continued)

The Company had mainly equity securities and bank deposits in foreign currencies and any fluctuation of the Mauritian Rupee against those foreign currencies will affect the value of the deposits. At 30th June 2015, if the rupee had weakened/strengthened by 5% against foreign currencies with all other variables held constant, the Company's profit for the year would have been Rs 20,104,004 (2014: Rs 12,185,308) and Rs 10,839,308 (2014: Rs 4,539,326) respectively higher/lower mainly resulting from translation of deposits.

#### Reinsurers' default

The Company is exposed to the possibility of default by reinsurers for their share of insurance liabilities and refunds in respect of claims already paid. Management monitors the financial strength of reinsurers and the Company has policies in place to ensure that risks are ceded to top-rated and credit-worthy reinsurers only.

#### Capital risk management

The Company's objectives when managing capital are:

To comply with the minimum capital requirements of the Insurance Act 2005 and the Insurance Rules and Regulations 2007,

To safeguard the Company's ability to continue as a going concern so that it can provide returns to the shareholders and benefits for its policyholders,

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

The Minimum Capital Requirement at 30 June 2015 for General Insurance Business is as follows:

	General Business	
	2015 Rs' 000	2014 Rs' 000
Total capital available	141,716	112,381
Minimum Capital Required	44,518	45,864
Excess Capital Available over Capital Required	97,197	66,517
Capital Requirement ratio	318%	245%

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 4. Management of insurance and financial risk (continued) (b) *Financial risks (Continued)*

### *Fair values*

#### **Fair value measurements recognised in the statement of financial position**

The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation techniques:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques that use inputs that have a significant effect on the recorded fair value are not based on observable market data.

The following table analyses within the fair value hierarchy of the Company financial assets (by class) measured at fair value at 30th June.

Available for sale financial assets	2015 TOTAL Rs	2014 TOTAL Rs
Level 1 - Quoted	889,755	795,359
Level 2 - Unquoted	80,046,582	66,213,539
	<b>80,936,337</b>	67,008,898

Available-for-sale financial assets comprise listed quoted and unquoted financial assets.

None of the financial assets are either past due or impaired.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 4. Management of insurance and financial risk (continued)

### (b) Financial risks (Continued)

#### Equity price risk

The valuations of the Company's available-for-sale equity portfolio are subject to equity price risk. Exposure to price risk on the equity portfolio is not hedged.

The Company is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavorable market movements. In addition, local insurance regulations set out the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risks, catastrophes risks and reinsurance ceded.

The Audit and Technical Committee actively monitors equity assets owned directly by the Company as well as concentration of specific Equity holdings. Equity price risk is also mitigated as the Company holds diversified portfolios of local and foreign investments in various sectors of the economy.

#### Sensitivity

The impact on the Company's shareholders' equity had the equity market values increased/decreased by 10% with other assumptions left unchanged would have been as follows:

	Impact on Shareholders' equity +10% Rs	Impact on Shareholders' equity -10% Rs
<b>At 30 June 2015</b>		
Available for sale financial assets	8,093,634	(8,093,634)
At 30 June 2014		
Available for sale financial assets	6,700,890	(6,700,890)

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 5. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that has a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### (a) Insurance contracts

The uncertainty inherent in the financial statements of the Company arises mainly in respect of insurance liabilities, which include liabilities for unearned premiums and outstanding claims provision (including IBNR). In addition to the inherent uncertainty when estimating liabilities, there is also uncertainty as regards the eventual outcome of claims. As a result, the Company applies estimation techniques to determine the appropriate provisions.

### (i) Estimates of future claims payments

Outstanding claims provision is determined based upon knowledge of events, terms and conditions of relevant policies, on interpretation of circumstances as well as previous claims experience. Similar cases and historical claims payment trends are also relevant.

The Company employs a variety of techniques and a number of different bases to determine appropriate provisions. These include:

- . terms and conditions of the insurance contracts;
- . knowledge of event;
- . court judgement;
- . economic conditions;
- . previously settled claims;
- . triangulation claim development analysis;
- . estimates based upon a projection of claims numbers and average cost; and
- . expected loss ratios.

Large claims impacting each relevant business class are generally assessed separately, being measured either at the face value of the loss adjuster's recommendations or based on management's experience.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provision and having due regard to collectability.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 5. Critical accounting judgements and key sources of estimation uncertainty (Continued)

### (a) Insurance contracts (Continued) (ii) Uncertainties and judgement

The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as:

- uncertainty as to whether an event has occurred which would give rise to a policy holder suffering an insured loss;
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occurring;
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks. For certain classes of policy, the maximum value of the settlement of a claim may be specified under the policy terms while for other classes, the cost of a claim will be determined by an actual loss suffered by the policyholder.

There may be some reporting lags between the occurrence of the insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. There are many factors that will determine the level of uncertainty such as judicial trends and reported information etc.

### (b) Held for maturity investments

The Company applies International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity.

If the Company fails to keep these investments to maturity other than in the specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would then be measured at fair value and not amortised cost.

### (c) Impairment of available-for-sale financial assets

The Company follows the guidance of IAS 39 on determining when an investment is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operation and financing cash flow.

### (d) Impairment of other assets

At the end of each reporting period, management reviews and assesses the carrying amounts of other assets and, where relevant, writes them down to their recoverable amounts based on best estimates.

### (e) Sensitivity analysis

The reasonableness of the estimation process is tested by an analysis of sensitivity around several different scenarios and the best estimate is used.

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and the other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Company's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's view of possible near-term market changes that cannot be predicted with any certainty.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

6. Property, plant and equipment	Freehold Land	Building Under Construction	Furniture & Fittings	Office Equipment	Motor Vehicles	Total
<b>COST/ VALUATION</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
At 1 July 2014	7,000,000	11,195,108	905,506	1,713,092	2,227,250	23,040,956
Additions		12,099,673	342,065	447,993	-	12,889,731
<b>At 30 June 2015</b>	<b>7,000,000</b>	<b>23,294,781</b>	<b>1,247,571</b>	<b>2,161,085</b>	<b>2,227,250</b>	<b>35,930,687</b>
<b>ACCUMULATED DEPRECIATION</b>						
At 1 July 2014	-	-	592,914	1,302,707	1,961,250	3,856,871
Charge for the year	-	-	108,380	149,339	265,999	523,718
<b>At 30 June 2015</b>	<b>-</b>	<b>-</b>	<b>701,294</b>	<b>1,452,046</b>	<b>2,227,249</b>	<b>4,380,589</b>
<b>NET BOOK VALUE</b>						
<b>At 30 June 2015</b>	<b>7,000,000</b>	<b>23,294,781</b>	<b>546,277</b>	<b>709,039</b>	<b>1</b>	<b>31,550,098</b>
<b>At 30 June 2014</b>	<b>7,000,000</b>	<b>11,195,108</b>	<b>312,592</b>	<b>410,385</b>	<b>266,000</b>	<b>19,184,085</b>

During the year, the Company incurred an additional cost of Rs 12,099,673 for the construction of a building at Volcy Pougnet Street, which will be used as its Head Office. The Company uses its own sources to finance the project.

The freehold land was revalued in June 2013 at Rs 7,000,000 by independent valuers Primepillars Valuation Services Ltd on an open market basis, resulting in a revaluation surplus of Rs 5,200,000.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 7. Intangible asset - Computer software

	2015
<b>COST</b>	<b>Rs.</b>
At 1 July 2014	620,685
Addition	-
<b>At 30 June 2015</b>	<b>620,685</b>
<b>AMORTISATION</b>	
At 1 July 2014	620,683
Charge for the year	-
<b>At 30 June 2015</b>	<b>620,683</b>
<b>NET BOOK VALUE</b>	
<b>At 30 June 2015</b>	<b>2</b>
At 30 June 2014	2

## 8. Available-for-Sale financial assets:

	2015		2014	
	Fair value Total	Cost Total	Fair value Total	Cost Total
	Rs.	Rs.	Rs.	Rs.
<b>(i) Available for sale:</b>				
-Listed - Local	889,755	187,270	795,359	187,270
-Unquoted-Local	74,688,774	9,902,409	61,926,092	9,902,409
-Unquoted-Overseas	5,357,808	1,733,573	4,287,447	1,733,573
<b>At 30 June</b>	<b>80,936,337</b>	<b>11,823,252</b>	<b>67,008,898</b>	<b>11,823,252</b>

Available-for-sale investments comprise unquoted and listed equity securities. The fair value of the listed investments is based on the Stock Exchange of Mauritius official market quoted prices at the close of business at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 9. Held-to-maturity investments

Bric Notes  
Non-current assets

2015 TOTAL	2014 TOTAL
Rs	Rs
834,495	812,951
<b>834,495</b>	<b>812,951</b>

Bric notes constitute a 5 year, MUR denominated deposit, which provides investors with a protected exposure to bric equity in US Dollar. Bric Notes are offered and managed by Axy's Capital Management. At maturity, the Company receives 100% out of the initial investment plus 67% of the index performance with a minimum guaranteed return of 20% in USD.

## 10. Statutory deposits

Fixed Deposits

2015 TOTAL	2014 TOTAL
Rs	Rs
<b>18,000,000</b>	<b>18,000,000</b>

Fixed deposit of Rs 18 M is pledged at The Mauritius Post and Cooperative Bank Ltd, Banque des Mascareignes and Bank of Baroda in favour of the Financial Services Commission.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 11. Other Assets

Other assets represent land acquired which was secured for a mortgage loan. The loans have been written off and the value of the assets has been recognised at cost.

	2015 TOTAL Rs	2014 TOTAL Rs
<b>12. Deposits</b>		
<i>Maturing:</i>		
up to 3 months	26,149,030	11,228,820
3 to 6 months	12,000,000	8,500,000
6 to 12 months	6,500,000	25,000,000
> 12 months	105,507,330	121,507,331
	<b>150,156,360</b>	<b>166,236,151</b>
<i>Analysis as follows:</i>		
Non-current - Statutory deposit	18,000,000	18,000,000
Non-current - Investment	104,156,360	103,507,331
Current	28,000,000	44,728,820
Total	<b>150,156,360</b>	<b>166,236,151</b>
<b>13. Loans and receivables</b>		
Mortgage loans	726,744	1,384,390
Surrender values	352,342	649,320
Other loans	432,423	478,119
Provision for impairment of mortgage loans	(103,527)	(103,528)
Provision for bad debts	-	-
	<b>1,407,982</b>	<b>2,408,301</b>
<i>Analysis as follows:</i>		
Non-current	410,633	1,619,947
Current	997,349	788,354
	<b>1,407,982</b>	<b>2,408,301</b>
<b>(a) Movement in provision for impairment of loans and bad debts</b>		
At 1 July	103,528	884,216
Movement during the year	-	(780,688)
	<b>103,528</b>	<b>103,528</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 13. Loans and receivables (Continued)

- (b) There is no concentration of risk with respect to mortgages and other loans since balances are widely spread.  
(c) Mortgages and other loans are secured by life insurance policies and fixed charges.  
(d) All mortgages and other loans are denominated in Mauritian rupees.  
(e) The carrying amounts of mortgages and other loans approximate their fair values.

	2015 Rs	2014 Rs
<b>14. Receivables and prepayments</b>		
Premium receivables	4,469,061	3,690,478
Provision for doubtful debts	-	(96,170)
	<b>4,469,061</b>	<b>3,594,308</b>
Interest and dividends receivables	19,641,725	17,275,107
Other receivables and prepayments	1,848,960	960,898
	<b>25,959,747</b>	<b>21,830,313</b>
a) The ageing analysis of these premium receivables is as follows:		
	2015 Rs	2014 Rs
up to 3 months	1,917,208	2,506,435
3 to 6 months	408,281	416,014
6 to 12 months	270,150	-
> 12 months	1,873,422	768,029
	<b>4,469,061</b>	<b>3,690,478</b>
b) Movement in provision for doubtful debts		
	2015 Rs	2014 Rs
At 1 July	(96,170)	(96,170)
Movement during the year	96,170	-
	<b>-</b>	<b>(96,170)</b>

- (c) The other classes within receivables and prepayments do not include impaired assets.  
(d) The Company does not hold any collateral as security in respect of receivables and prepayments.  
(e) All receivables and prepayments are denominated in Mauritian rupees.  
(f) The carrying amounts of receivables and prepayments approximate their fair values.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 TOTAL Rs	2014 TOTAL Rs
<b>15. Amount due by re-insurers</b>		
At 1 July	9,616,116	3,624,110
Movement during the year	(4,273,314)	5,992,006
<b>At 30 June</b>	<b>5,342,802</b>	<b>9,616,116</b>
<b>16. Stated capital</b>		
<b>Authorised, Issued and Fully Paid</b>		
1 Founder share of Rs 10 each	10	10
2,499,999 ordinary shares of Rs 10 each	24,999,990	24,999,990
Note: All above shares are at par value.	<b>25,000,000</b>	<b>25,000,000</b>
<b>17. Revaluation reserves</b>		
At 1 July - Freehold Land	5,200,000	5,200,000
- Other Assets	61,334,507	53,504,893
Increase in value - Freehold Land	-	-
- Other Assets	2,296,899	2,363,487
<b>At 30 June</b>	<b>68,831,406</b>	<b>61,068,380</b>
The reserves		
- relate to the surplus on revaluation of land;		
- comprise cumulative net change in the fair value of available-for-sale financial assets that has been recognised in other comprehensive income until the investments are derecognised or impaired.		
<b>18. Unearned Premium Reserve</b>		
At 1 July	16,084,729	16,935,737
Movement during the year	750,899	(851,008)
<b>At 30 June</b>	<b>16,835,628</b>	<b>16,084,729</b>
Short term insurance unearned premium represents the portion of premium written relating to periods of insurance risks subsequent to the statement of financial position calculated on the basis of 40% of the premium written less premium ceded to reinsurers.		
<b>19. Life Assurance Fund</b>		
At 1 July	52,969,093	60,133,088
Movement during the year	(4,397,574)	(7,163,995)
<b>At 30 June</b>	<b>48,571,519</b>	<b>52,969,093</b>
The decrease in the Life Assurance Fund represents the increase in the value of policy liabilities. The adequacy of the liabilities is determined annually by the actuarial valuation.		
<b>20. Retirement benefit obligation</b>		
At 1 July	2,267,821	2,222,628
Charge for the year	516,323	45,193
<b>At 30 June</b>	<b>2,784,144</b>	<b>2,267,821</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 TOTAL Rs	2014 TOTAL Rs
<b>20. Retirement benefit obligation (continued)</b>		
(a) State Pension Plan	619,256	617,773
National Pension Scheme contribution expenses		
Note: The provision for retirement benefit obligations has been calculated in accordance with the requirements of the Employment Rights Act 2008.		
<b>21. Payables</b>	<b>2015 TOTAL Rs</b>	<b>2014 TOTAL Rs</b>
Other payables	9,443,886	8,836,408
<b>22. Cash and cash equivalents</b>		
Cash and cash equivalents are analysed as follows:		
Cash in hand	165,519	1,043,848
Cash at bank	46,830,719	40,886,886
	<b>46,996,239</b>	<b>41,930,734</b>
<b>23. Profit for the year before tax</b>	<b>2015 TOTAL Rs</b>	<b>2014 TOTAL Rs</b>
The net profit transferred from General Insurance Business Revenue account for the year ended is stated after charging:		
Investment income	8,582,255	9,068,139
<b>Dividend income from:</b>		
Quoted companies	16,800	16,800
Unquoted companies	(335,710)	1,473,399
Staff costs	8,796,148	8,495,271
Auditors' remuneration	325,000	275,000
Depreciation and amortisation	516,405	535,811
<b>Directors Remuneration and Benefits</b>		
Executive Director's emoluments	1,782,170	1,277,865
Non Executive Director's emoluments	305,500	434,500

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 TOTAL Rs	2014 TOTAL Rs
<b>24. Dividends</b>		
Revenue reserves	119,247,412	106,072,655
Dividends paid	-	-
No. of shares in issue	2,500,000	2,500,000
Dividends per share	-	-
<b>25. Insurance liabilities and reinsurance assets</b>		
<i>Short term insurance contracts:</i>		
Claims reported and loss adjustment expenses	59,355,548	56,869,822
Provision for claims incurred but not reported "IBNR"	4,878,396	8,356,878
Total gross insurance liabilities	64,233,944	65,226,700
<i>Recoverable from reinsurers</i>		
Claims reported and loss adjustment expenses	(13,281,737)	(9,839,083)
<b>Net</b>		
Claims reported and loss adjustment expenses	46,073,811	47,030,739
Provision for claims incurred but not reported "IBNR"	4,878,396	8,356,878
Total net insurance liabilities	50,952,207	55,387,617
<b>26. Amounts due to re-insurers</b>		
At 1 July	1,766,318	597,101
Movement during the year	708,397	1,169,217
<b>At 30 June</b>	<b>2,474,715</b>	<b>1,766,318</b>
<b>27. Current Tax Liabilities</b>		
General business	-	307,509
Life business	226,784	356,981
	<b>226,784</b>	<b>664,490</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 28. Taxation

The Company is liable to income tax at the rate of 15% on its profit as adjusted for income tax purposes.

	2015 TOTAL Rs	2014 TOTAL Rs
<b>(i) LIFE</b>		
Income tax charge for the year at 15% (See Note(ii) below)	<b>230,736</b>	271,083
Corporate Social Responsibility (CSR)	<b>35,048</b>	54,212
Over provision	-	(78,144)
Deferred tax movement	-	(937)
Tax charge for the year	<b>265,784</b>	<b>246,214</b>
<b>(ii) Reconciliation of the effective tax rate:</b>		
Interest, dividends and commissions receivable	<b>2,795,478</b>	3,252,650
Other income	<b>5,569,083</b>	-
Exempt Income	<b>(688,408)</b>	(599,710)
Management Expenses	<b>(671,784)</b>	(820,433)
Commissions	-	(11,722)
Allowable expenses	-	(13,562)
	<b>7,004,369</b>	<b>1,807,223</b>
Tax thereon at 15%	<b>1,050,655</b>	271,083
Corporate Social Responsibility	<b>35,048</b>	85,898
Overpayment for preceding year	-	-
CSR paid during the year	<b>(39,000)</b>	-
Tax payable after APS	<b>1,046,703</b>	<b>356,981</b>
<b>(iii) General</b>		
Income tax for the year at 15%	-	943,154
Corporate Social Responsibility	<b>156,364</b>	286,642
Adjustment	<b>(113,688)</b>	-
Deferred tax movement	<b>(93,680)</b>	(31,482)
Tax charge for the year	<b>(51,004)</b>	<b>1,198,314</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 Rs	2014 Rs
<b>28. Taxation (Continued)</b>		
<b>(iii) General (Continued)</b>		
Profit before taxation	7,073,346	9,022,272
Tax thereon at 15%	1,061,002	1,353,341
Exempt income	(138,519)	(1,040,993)
Annual Allowance	(69,800)	-
Other allowable deductions	(1,043,333)	-
Non-allowable expenses	159,934	1,479,289
Tax incentive not recognised in the statement of profit or loss and other comprehensive income	-	(145,566)
Over provision in previous year	-	(341,026)
	<b>(30,717)</b>	1,305,045
APS paid during the year	<b>(1,076,688)</b>	(1,284,178)
Corporate Social Responsibility	26,081	286,642
	<b>(1,081,324)</b>	<b>307,509</b>
Tax (receivable) / payable after APS at 30 June 2015		
<b>29. Deferred Tax Assets/(Liabilities)</b>		
Deferred taxation is calculated on all temporary differences under the liability method at the rate of 15% (2014: 15%). The movement on deferred tax account is as follows:	<b>2015 Rs</b>	<b>2014 Rs</b>
At 1 July : - General	<b>(16,932)</b>	(42,459)
Life	<b>6,892</b>	
Transfer to retained earnings		
Charge for the year: Life	-	937
Charge for the year: General	<b>93,680</b>	31,482
	<b>83,640</b>	(10,040)
At 30 June		
The deferred tax balances comprise the following:		
Accelerated capital allowances	<b>83,640</b>	10,040

## 30. Earnings per share

The calculation of earnings per share is based on total comprehensive income for the year attributable to ordinary shareholders and on the number of shares issued (2,500,000 ordinary shares).

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 31. Corporate Social Responsibility

The Finance (Miscellaneous Provisions) Act 2009 requires the Company to set up a Corporate Social Responsibility ("CSR") Fund equivalent to two per cent of its tax chargeable income derived during the preceding year applicable as from 1st July 2009. Since the Company did not have a CSR Fund which is being separately monitored, the Management decided to pay the CSR contribution to MRA. Henceforth as from 2014/2015 the Company has decided to remit the CSR contribution to approved NGOs.

	2015 Rs	2014 Rs
CSR Contribution	61,129	393,577

32. Financial Summary	2015 Rs	2014 Rs	2013 Rs	2012 Rs	2011 Rs	2010 Rs
Share Capital	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Revenue reserves	119,247,412	112,071,485	106,072,655	91,090,720	76,688,620	56,682,550
Revaluation reserves	5,200,000	5,200,000	5,200,000	544,900	544,900	544,900
Fair value reserve	63,631,406	58,231,867	53,504,893	51,024,369	40,507,552	46,657,195
Profit before taxation	2,847,429	2,104,491	13,575,534	16,028,453	25,475,819	8,546,823
Profit after taxation	2,726,774	659,963	10,635,972	12,538,590	22,101,763	5,294,395
Total comprehensive income for the year	15,471,656	8,362,317	19,869,129	24,918,917	13,856,427	6,936,678
Dividend	-	-	(3,750,000)	-	-	-
Earnings per share	6.19	3.34	7.95	9.97	5.40	1.81

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 33. Related party transactions

	2015 TOTAL Rs	2014 TOTAL Rs
<b>Loans granted to</b> Directors and key management personnel	-	-
<b>Receivable from other related parties</b>	1,200	5,538
<b>Payable to :</b> Other related parties	-	-
<b>Purchase of goods and services from:</b> Other related parties	-	-
<b>Sale of services to:</b> Directors and key management personnel	26,007	68,950
<b>Remuneration of key management personnel</b> Salaries and short term benefits Post employment	2,136,461 -	2,467,656 -

Key management personnel consists of Chief Executive Officer and Senior Managers.

### Terms and conditions of transactions with related parties

The transactions with related parties are made at market prices. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables and payables. At each financial year, the assessment of provision for impairment is undertaken through examining the financial position of the related party and the market in which the related party operates.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## 34. Segment information

	General										Grand Total Rs.
	Life	Rs.	Accident & health policy Rs.	Engineering Rs.	Guarantee Rs.	Liability Rs.	Miscellaneous Rs.	Motor Rs.	Property Rs.	Transportation Rs.	
Gross Premium	3,206,253	359,502	495,246	32,335	335,090	721,280	42,598,585	814,021	301,901	45,657,960	48,864,213
Less Reinsurance	(136,473)	(90,543)	(394,660)	(8,144)	(175,145)	(241,228)	(1,957,652)	(507,436)	(194,083)	(3,568,890)	(3,705,363)
Net Premium	3,069,780	268,959	100,586	24,191	159,945	480,052	40,640,933	306,585	107,818	42,089,070	45,158,849
Release to/(from) General Business Fund	-	(155,114)	25,413	3,586	31,203	(118,951)	(464,290)	(70,742)	(2,002)	(750,898)	(750,898)
Net earned premium	3,069,780	113,845	125,999	27,777	191,148	361,101	40,176,643	235,843	105,816	41,338,172	44,407,951
Net claims incurred	(9,515,030)	(203,196)	10,317	-	3,841	(437,901)	(23,828,418)	(2,471)	268,341	(24,189,487)	(33,704,517)
Net commission	(17,776)	10,432	113,458	2,342	7,002	52,675	(4,599,070)	99,053	20,238	(4,293,870)	(4,311,646)
Management expense	(654,009)	(66,437)	(316,462)	(12,239)	(129,382)	(194,076)	(16,401,823)	(257,016)	(106,653)	(17,484,091)	(18,138,100)
Net underwriting results	(7,117,035)	(145,356)	(66,688)	17,880	72,609	(218,201)	(4,652,668)	75,409	287,742	(4,629,276)	(11,746,312)
Investment and other income	2,898,433									12,219,025	15,117,458
(Loss) /Profit for the year before tax	(4,218,602)									7,589,749	3,371,147
Taxation	(171,659)									51,004	(120,655)
(Loss) /Profit for the year after tax	(4,390,261)									7,640,753	3,250,492
Other Comprehensive income										9,116,906	9,116,906
Total Comprehensive income for the year (excluding depreciation)										16,757,659	12,367,398

# TOGETHER WE ACHIEVED OUR GROWTH



**ioga**  
INDIAN OCEAN GENERAL ASSURANCE LTD

## **INDIAN OCEAN GENERAL ASSURANCE LTD**

✉ 12, Volcy Pougnet Street  
Port Louis, Mauritius

📞 208 9000

@ info@iogaltd.com

📘 facebook.com/iogaltd

🌐 iogaltd.mu