The Beacon Insurance Company Limited
and its Subsidiary

Audited Consolidated Financial Statements
Year Ended June 30, 2022

The Beacon Insurance Company Limited and its Subsidiary

Audited Consolidated Financial Statements

Year Ended June 30, 2022

The Beacon Insurance Company Limited and its Subsidiary

Statement of Management's Responsibilities
Year ended June 30, 2022

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of The Beacon Insurance Company Limited and its Subsidiary (the "Group") which comprise the consolidated statement of financial position as at June 30, 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures the security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Chief Financial Officer	Chief Executive Officer
September 20, 2022	September 20, 2022

Independent Auditor's Report

To the Shareholders of
The Beacon Insurance Company Limited and its Subsidiary

Opinion

We have audited the consolidated financial statements of The Beacon Insurance Company Limited and its Subsidiary (the "Group"), which comprise the consolidated statement of financial position as at June 30, 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

To the Shareholders of
The Beacon Insurance Company Limited and its Subsidiary (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO

September 20, 2022
Port of Spain,
Trinidad and Tobago

Beacon

The Beacon Insurance Company Limited and its Subsidiary

Audited Consolidated Financial Statements

Year Ended June 30, 2022

Consolidated Statement of Financial Position

As at June 30, 2022

(Expressed in Trinidad and Tobago dollars)

ASSETS	Notes	2022	2021 (restated)
Property, plant and equipment	5	22,619,648	21,843,227
Right of use asset	6	6,390,212	4,171,882
Retirement benefit asset	7	1,260,219	1,287,092
Financial assets - available for sale	8	143,435,850	99,596,514
- loans and receivables	9	96,964,461	88,953,502
Reinsurance assets	10	138,562,668	135,212,842
Deferred tax assets	11	2,807,241	2,911,314
Other assets		15,400,187	21,034,134
Taxation recoverable		4,680,700	3,822,458
Short term deposits	12	65,449,255	65,256,164
Cash and cash equivalents		234,774,073	260,665,651
Total assets		**$732,344,514**	**$704,754,780**
Shareholders' equity			
Stated capital	13	65,309,195	65,309,195
Catastrophe reserve	14	6,557,604	3,115,469
Fair value reserve		2,153,803	3,321,198
Foreign currency reserve		4,968,519	4,968,519
Retained earnings		78,248,927	108,670,956
Total shareholder's equity		157,238,048	185,385,337
Liabilities			
Insurance liabilities	16	342,287,218	316,802,618
Lease liability	6	6,592,592	4,277,127
Reinsurance payable		166,712,853	140,239,415
Trade and other payables	17	55,003,374	53,332,725
Deferred tax liabilities	11	2,171,780	2,628,654
Taxation payable		2,338,649	2,088,904
Total liabilities		575,106,466	519,369,443
Total shareholder's equity and liabilities		**$732,344,514**	**$704,754,780**

See accompanying notes to the consolidated financial statements.

On September 20, 2022, the Board of Directors of The Beacon Insurance Company Limited authorised these consolidated financial statements for issue.

Director Director

Consolidated Statement of Comprehensive Income

Year ended June 30, 2022

(Expressed in Trinidad and Tobago dollars)

	Notes	2022	2021
Insurance premium revenue		501,276,012	447,204,996
Insurance premium ceded to reinsurers		(224,080,802)	(207,191,617)
Net premium written		277,195,210	240,013,379
Change in gross unearned premium reserves		(10,251,777)	(1,707,000)
Change in unearned premium reserves due to reinsurers		(254,536)	(4,477,242)
Net insurance premium revenue		266,688,897	233,829,137
Investment income		10,383,303	10,780,511
Commissions received on reinsurance contracts		73,254,420	72,857,296
Net realised loss on financial assets	8	(301,131)	(157,196)
Foreign exchange gain		881,901	176,538
Net income		350,907,390	317,486,286
Insurance (expenses)/benefits on long term contracts		(530,151)	216,247
Insurance (expenses)/benefits on long term contracts recovered from reinsurers		(8,180)	2,095
Insurance claims and loss adjustment expenses	19	(241,415,251)	(192,253,491)
Insurance claims and loss adjustment expenses recovered from reinsurers	19	49,047,254	53,517,639
Net insurance benefits and claims		(192,906,328)	(138,517,510)
Expenses for the acquisition of insurance contracts		(63,579,531)	(57,221,877)
Other operating and administrative expense	20	(97,882,424)	(95,107,703)
Expenses		(354,368,283)	(290,847,090)
(Loss)/profit before taxation		(3,460,893)	26,639,196
Taxation	22	(6,460,629)	(8,017,104)
(Loss)/profit for the year attributable to shareholders		**(9,921,522)**	**18,622,092**
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss			
Net change in fair value on available for sale financial assets, net of tax		(1,167,395)	2,993,539
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plan, net of tax		(287,251)	172,862
Effect of asset ceiling		228,879	(296,816)
Total other comprehensive (loss)/income for the year, net of taxation		(1,225,767)	2,869,585
Total comprehensive (loss)/income for the year attributable to shareholders		**$(11,147,289)**	**$21,491,677**

Consolidated Statement of Changes in Equity

Year ended June 30, 2022

(Expressed in Trinidad and Tobago dollars)

	Notes	Stated capital	Catastrophe reserve	Statutory Reserve	Fair value reserve	Foreign currency reserve	Retained earnings	Total
Year ended June 30, 2022								
Balance as at July 1, 2021		65,309,195	3,115,469	-	3,321,198	4,968,519	108,670,956	185,385,337
Comprehensive income for the year								
Loss for the year attributable to shareholders		-	-	-	-	-	(9,921,522)	(9,921,522)
Net change in fair value on available for sale financial assets		-	-	-	(1,167,395)	-	-	(1,167,395)
Remeasurements of defined benefit pension plan		-	-	-	-	-	(58,372)	(58,372)
Total comprehensive income		**-**	**-**	**-**	**(1,167,395)**	**-**	**(9,979,894)**	**(11,147,289)**
Dividends paid		-	-	-	-	-	(17,000,000)	(17,000,000)
Transfer to catastrophe reserve	14	-	3,442,135	-	-	-	(3,442,135)	-
Balance as at June 30, 2022		**$65,309,195**	**$6,557,604**	**$-**	**$2,153,803**	**$4,968,519**	**$78,248,927**	**$157,238,048**
Year ended June 30, 2021								
Balance as at July 1, 2020		65,309,195	-	25,384,182	327,659	4,968,519	67,904,105	163,893,660
Comprehensive income for the year								
Profit for the year attributable to shareholders		-	-	-	-	-	18,622,092	18,622,092
Net change in fair value on available for sale financial assets		-	-	-	2,993,539	-	-	2,993,539
Remeasurements of defined benefit pension plan		-	-	-	-	-	(123,954)	(123,954)
Total comprehensive (loss)/income		**-**	**-**	**-**	**2,993,539**	**-**	**18,498,138**	**21,491,677**
Transfer from statutory reserve	15	-	-	(25,384,182)	-	-	25,384,182	-
Transfer to catastrophe reserve	14	-	3,115,469	-	-	-	(3,115,469)	-
Balance as at June 30, 2021		**$65,309,195**	**$3,115,469**	**$-**	**$3,321,198**	**$4,968,519**	**$108,670,956**	**$185,385,337**

Consolidated Statement of Cash Flows

Year ended June 30, 2022

(Expressed in Trinidad and Tobago dollars)

	2022	2021
Cash flows from operating activities		
(Loss)/profit before taxation	(3,460,893)	26,639,196
Adjustments for:		
Depreciation of property, plant and equipment and right of use assets	6,444,611	6,040,503
Change in retirement benefit asset	(31,499)	(161,104)
Loss on disposal of property, plant and equipment	20,388	46,030
Dividend income	(554,234)	(275,706)
Interest income	(6,731,955)	(7,549,261)
Interest expense on lease	593,472	337,485
Lease modifications/disposal	(495,603)	-
Foreign exchange (gain)/loss	(881,901)	(176,538)
Loss on disposal of financial assets	301,131	157,196
	(4,796,483)	**25,057,801**
Net (increase)/decrease in loans and receivables	(8,010,959)	14,982,315
Net increase in reinsurance assets	(3,349,826)	(5,113,295)
Net decrease/(increase) in other assets	6,044,878	(4,424,648)
Net increase in short term deposits	(193,091)	(7,721,444)
Net increase in insurance liabilities	25,484,600	9,042,182
Net increase in reinsurance payable	27,355,339	39,745,378
Net increase/(decrease) in trade and other payables	1,670,649	(17,691,080)
Taxes paid, net of refunds	(6,990,851)	(9,241,247)
Net cash provided by operating activities	**37,214,256**	**44,635,962**
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,762,047)	(1,939,999)
Proceeds from disposal of property, plant and equipment	71,668	105,665
Dividends received	554,234	275,706
Interest received	6,321,024	7,057,736
Purchase of available for sale financial assets	(65,064,533)	(27,325,021)
Proceeds from disposal of available for sale financial assets	19,325,595	19,993,323
Net cash used in investing activities	**(42,554,059)**	**(1,832,590)**
Cash flows from financing activities		
Lease payments	(3,551,775)	(3,409,431)
Dividends paid	(17,000,000)	-
Net cash flow used in financing activities	**(20,551,775)**	**(3,409,431)**
(Decrease)/increase in cash and cash equivalents	(25,891,578)	39,393,941
Cash and cash equivalents at beginning of year	260,665,651	221,271,710
Cash and cash equivalents at end of year	**$234,774,073**	**$260,665,651**

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars)

1. General information

The Beacon Insurance Company Limited (the "Company") was incorporated in the Republic of Trinidad and Tobago on April 6, 1995, and was continued under the Companies Act, 1995 on September 15, 1998.

The Company is engaged in the underwriting of all classes of general insurance business, group business, annuities and term life insurance. Its registered office is located at 13 Stanmore Avenue, Port of Spain, Trinidad. The Company also operates branches and agencies in Barbados, Dominica, Grenada, St. Vincent, St. Kitts and St. Lucia.

The Company is a subsidiary of CGH Limited, which is also incorporated in the Republic of Trinidad and Tobago.

The Company has a 100% owned subsidiary, North West Premium Finance Limited (the "Subsidiary"), with registered office located at 13 Stanmore Avenue, Port of Spain, Trinidad. The Subsidiary is primarily engaged in the provision of financing to policyholders for insurance premiums underwritten by the Company in Trinidad and Tobago.

The Company and its Subsidiary are together referred to as the "Group".

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "Standards"). These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available for sale financial assets.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

(i) Standards, amendments and interpretations to existing Standards applicable to the Group in the current year which were adopted by the Group.

The Group did not adopt new standards, amendments and interpretations to existing standards in the current year.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Group's future consolidated financial statements in the period of initial application. In all cases, the entity intends to apply these standards from application date as indicated in the note below.

In January 2020, the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current. The amendments initially had an effective date of January 1, 2022, however, in July 2020 this was deferred until January 1, 2023, as a result of the COVID-19 pandemic. These amendments are expected to have a significant impact on many entities, with more liabilities being classified as current, particularly those with covenants relating to borrowings. The IASB, at its meeting held in June 2021, tentatively decided to amend the requirements in IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year to annual reporting periods beginning no earlier than on or after January 1, 2024.

In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

IFRS 9 *Financial instruments* – This new standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities and replaces parts of IAS 39. The standard is effective for annual periods beginning on after January 1, 2018, with early adoption permitted. However, IFRS 4 – Insurance Contracts has been amended to permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until January 1, 2023. IFRS 9 is required to be applied retrospectively. IFRS 9 uses business model and contractual cash flow characteristics to determine whether a financial asset is measured at amortized cost or fair value, replacing the four-category classification in IAS 39. The determination is made at initial recognition. The approach is also based on how an entity manages its financial instruments (it's business model) and the contractual cash flow characteristics of the financial assets. IFRS 9 uses an impairment model that is more 'forward-looking' in that a credit event no longer has to occur before credit losses are recognised. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is in the process of assessing IFRS 9's full impact and intends to adopt IFRS 9 on or after January 1, 2023. The subsidiary has adopted IFRS 9 from July 1, 2018. However, the impact is not significant to the Group's consolidated financial statements.

IFRS 17 Insurance Contracts sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. IFRS 17 is effective from January 1, 2023, and replaces an interim Standard—IFRS 4 Insurance Contracts. IFRS 17: (a) provides updated information about the obligations, risks and performance of insurance contracts; (b) increases transparency in financial information reported by insurance companies, which will give investors and analysts more confidence in understanding the insurance industry; and (c) introduces consistent accounting for all insurance contracts based on a current measurement model. The Group is in the process of assessing the impact that this standard will have on its consolidated financial statements.

Other standards, amendments and interpretation to existing standards in issue but not yet effective are not considered to be relevant to the Group and have not been disclosed.

(iii) Standards, amendments and interpretations to existing standards early adopted by the Group

The Group did not early adopt any new revised or amended standards.

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The consolidated financial statements are presented in Trinidad and Tobago Dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Changes in the fair value of monetary securities denominated in a foreign currency classified as available for sale financial assets are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss; other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments such as equities classified as available for sale financial assets are included in other comprehensive income.

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

2. Summary of significant accounting policies (continued)

2.2 Foreign currency translation (continued)

(iii) Foreign Branch operations

The results and financial position of all the branches (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of the consolidated statement of financial position;

(b) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

2.3 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

The land is not depreciated. Depreciation on other assets is calculated to write off the cost of each asset to their residual values over their estimated useful lives as follows:

	Method	Rate
Freehold properties	Straight line	2%
Furniture and fittings	Reducing balance	12 ½%
Office equipment	Reducing balance	20%
Vehicles	Reducing balance	25%
Computer equipment	Reducing balance	25%
Right of use asset	Straight line	Over the lease life

Leasehold buildings are depreciated over the shorter of the lease term and the asset's useful economic life. The assets' residual values and useful lives are reviewed at each consolidated statement of financial position date and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss for the year.

2.4 Employee benefits

The Group operates a defined benefit and a defined contribution plan for its Barbados and Trinidad operations respectively.

Defined Benefit Plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The assets of the defined benefit plan are held in a separate trustee-administered fund. The pension plan is funded by payments from employees and by the Group, taking account of the recommendations of independent qualified actuaries.

The asset recognised in the consolidated statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs.

The pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated statement of comprehensive income so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out an independent valuation of the plan every year. A full valuation is done on the pension plan every three years. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

2. Summary of significant accounting policies (continued)

2.4 Employee benefits (continued)

Defined Benefit Plan (continued)

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:

- Actuarial gains and losses
- Return on plan assets (interest exclusive)
- Any asset ceiling effects (interest exclusive)

Service costs are recognised in profit or loss and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in profit or loss and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to the pension plan benefits or the pension plan curtailment are recognised immediately in profit or loss.

Settlements of defined benefit plans are recognised in the period in which the settlement occurs.

Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group pays a fixed contribution. The Group's contributions are charged in the consolidated statement of comprehensive income for the year. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.5 Investment in subsidiary

Subsidiaries are all entities (including Special Purpose Entities) over which the Group directly or indirectly, has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

2.6 Financial assets

The Group classifies its financial assets into the following categories: loans and receivables and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the initial recognition and re-evaluates this at every reporting date.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group has designated as available for sale. Loans and receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to their original terms. (See Note 2.7 (b) for the accounting policy on impairment). Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables. (See Note 2.7 (b) for receivables from insurance contracts).

(b) Available for sale financial assets

Available for sale financial assets are investments that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables.

Available for sale financial assets are initially recognised at fair value plus transactions cost that is directly attributable to their acquisition. These assets are also subsequently carried at fair value.

2. Summary of significant accounting policies (continued)

2.6 Financial assets (continued)

(b) Available for sale financial assets (continued)

Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the consolidated statement of comprehensive income as net realised gains/losses on financial assets.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between transaction differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

Interest on available for sale financial assets, calculated using the effective interest method is recognised in the consolidated statement of comprehensive income. Dividends on the available for sale equity instruments are recognised in the consolidated statement of comprehensive income when the Group's right to receive payment is established. Both are included in the investment income line.

Purchases and sales of investments are recognised on the trade date – the date on which the Group commits to purchase or sell the asset.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the consolidated statement of comprehensive income as 'net realised gains or losses on financial assets'.

Financial assets are derecognised when the right to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risk and rewards of ownership.

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

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer broker, industry group, pricing services or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

The fair value of quoted investments is based on last traded prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models

2.7 Impairment of assets

(a) Assets classified as available for sale

The Group assesses at each date of the consolidated statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available for sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. The cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in the profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

2. Summary of significant accounting policies (continued)

2.7 Impairment of assets (continued)

(b) Financial assets carried at amortised cost

The Group assesses at each date of the consolidated statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that the financial asset or group of assets is impaired includes observable data that comes to the attention of the Group about the following events:

(i) the significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in payments;

(iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial re-organisation;

(iv) the disappearance of an active market for that financial asset because of financial difficulties; or

(v) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

- adverse changes in the payment status of issuers or debtors in the group; or
- national or local economic conditions that correlate with defaults on the assets in the group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statement of comprehensive income. As a practical expedient, the Group may measure impairment on the basis of an asset's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the consolidated statement of comprehensive income.

(c) Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or change in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2. Summary of significant accounting policies (continued)

2.8 Short term deposits

Fixed deposits of one (1) year or less and Government Short-Term treasury bills with a duration between 91 days and one (1) year are classified as short-term deposits. Short term deposits are recognised at cost.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are reflected as financial liabilities.

2.10 Insurance contracts

The Group issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

(a) Recognition and measurement

The insurance contracts issued by the Group comprise short-term and long-term insurance contracts. Short-term contracts consist of property and casualty insurance contracts and short-term life insurance contracts. The long-term insurance contracts mainly relate to term life assurance and annuity contracts.

Property and casualty insurance contracts

Casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employer's liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Motor Vehicle Insurance legislation makes provision for the protection of third parties against risks arising out of the use of motor vehicles. Motor insurance contracts indemnify the Group's clients against negligence in the event of an accident which causes property damage and/or personal injury to third parties. The policy provides for specified limits of liabilities in accordance with the legislation.

The Group also issues comprehensive policies which cover "own damage" to the insured's property.

Property insurance contracts mainly compensate customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The proportion of premiums received on in-force contracts that relate to unexpired risks at the consolidated statement of financial position date is reported as the unearned premiums liability. Premiums are shown before the deduction of commission.

Provisions for unearned premiums represent the proportions of the premiums written in the year less reinsurances thereon which relate to periods of insurance subsequent to the year-end and are computed using 100% of the 24ths method for all business except bonding and other classes where the period of the risk exceeds one year. For bonding, the group reserves 100% of premiums for the year until the expiry of the risk and, for other classes where the period of risk exceeds one year, premiums are amortised on the straight-line basis.

Claims and loss adjustment expenses are charged to the consolidated statement of comprehensive income as incurred based on the estimated liability for compensation owed to contract holders or third parties for bodily harm or property damage by the contract holders. They include direct and indirect settlement costs arising from events that have occurred up to the consolidated statement of financial position date even if they have not yet been reported to the Group. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported. Legal opinion and precedent are used to estimate the expected ultimate cost of more complex claims involving litigation.

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

2. Summary of significant accounting policies (continued)

2.10 Insurance contracts (continued)

(a) Recognition and measurement (continued)

Short-term life insurance contracts

These contracts are short-duration life insurance contracts which consist of group life and group credit life contracts that are issued against the consequences of death or disability. Group life contracts issued are annually renewable. Guaranteed benefits paid on the occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There is no maturity or surrender benefits.

Short-term life insurance premiums are accounted for in the consolidated statement of comprehensive income on the accruals basis. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred. Liabilities for incurred but not reported (IBNR) on group credit life policies are estimated as a percentage of the outstanding claims liability. This approximation is checked for reasonableness against the claims and expense experience.

Provisions for unearned premiums represent the proportions of short-term insurance premiums written in the year, which relates to periods of insurance subsequent to the consolidated statement of financial position date and is computed on a pro-rata basis.

Long-term insurance contracts

These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits based on the valuation assumptions used (the valuation premiums). The expected discounted value is based on assumptions as to mortality and future interest rates that are established at the consolidated statement of financial position date. Long term insurance contracts include the following:

Term life contracts

These contracts are generally issued for fixed terms and provide payment of a known sum in the event of the death of the policyholder. The main risk is the premature death of the policyholder.

Annuity contracts

These are deferred annuity contracts. These contracts provide for payment of a regular income upon maturity of the contract.

(b) Liability adequacy test

At the reporting date, liability adequacy tests were performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses are used. Any deficiency is immediately charged to profit or loss by establishing a provision for losses arising from liability adequacy tests.

(c) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the consolidated statement of comprehensive income. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for financial assets as described in Note 2.7 (b).

(d) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance assets. Contracts that do not meet these classification requirements are classified as financial assets.

2. Summary of significant accounting policies (continued)

2.10 Insurance contracts (continued)

(d) Reinsurance contracts held (continued)

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Group's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the Group for the related claim, the difference is amortised over the estimated remaining settlement period.

The Group assesses its reinsurance assets for impairment annually. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of comprehensive income. The Group gathers objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets as described in Note 2.7 (b).

(e) Salvage and subrogation reimbursements

Some insurance contracts permit the Group to sell (usually damaged) property acquired in settling a claim (i.e. salvage). The Group may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation). These are recorded when received.

2.11 Other assets

Other assets are generally measured at amortised cost.

2.12 Stated capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Transfers to stated capital for which shares have not yet been issued are reflected as contributed capital.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.14 Current and deferred income taxes

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax charge is calculated on the basis of the tax laws enacted at the year-end.

Deferred tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference will be utilised.

The principal temporary differences arise from depreciation on property, plant and equipment, fair value gains on available for sale financial assets, unused tax losses, impairment provisions and the retirement benefit asset.

Corporation tax on short-term insurance business is charged at varying rates between 25% and 33% applicable on the respective profit for the year arising in each of the countries in which the Group operates.

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

2. Summary of significant accounting policies (continued)

2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses. When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Revenue recognition

(i) Premium income

Revenue from premium income is recognised in accordance with Note 2.10.

(ii) Commission income

Commission income relates to commissions received on reinsurance contracts. This is calculated by a combination of a flat brokerage fee or a percentage of business ceded. These amounts are recognised on the accruals basis.

(iii) Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

(iv) Dividend income

Dividend income from equities is recognised when the right to receive payment is established.

2.18 Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Board of Directors of the Group.

2.19 Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Group obtains substantially all the economic benefits from the use of the asset; and
- The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Group obtains substantially all the economic benefits from the use of the asset, the Group considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low-value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

2. Summary of significant accounting policies (continued)

2.19 Leases (continued)

Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before the commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

2.20 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously.

2.21 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

2. Summary of significant accounting policies (continued)

2.22 Commissions paid

The Group pays commissions to its agents or brokers based on rates agreed with the respective party. These are reflected as 'expenses for the acquisition of insurance contracts' in the consolidated statement of comprehensive income.

2.23 Operating and administrative expenses

Operating and administrative expenses are generally recognised on an accrual basis.

3. Critical accounting estimates and judgments in applying accounting policies

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

3.1 Estimates arising from insurance liabilities

(a) Claims reported and loss adjustment expenses under short-term insurance contracts

The estimation of the liability arising from claims made under insurance contracts is one of the Group's accounting estimates. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims. In estimating the liability for the outstanding claims, the Group considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. If this reserve was to increase by 5%, this would result in an increase in the insurance liabilities of $5,179,235 (2021: $4,063,678) and a fall in profit before tax of $3,476,206 (2021: $2,715,200).

(b) Estimate of future benefit payments and premiums arising from long term insurance contracts

The liabilities under long-term insurance contracts are determined using the policy premium method. The liabilities are calculated as the expected present value of future benefit payments less future valuation premiums. The mortality rates are based on the 1986-92 Canadian Institute of Actuaries mortality tables and interest rate assumptions are based on the past performance of the Group. If this reserve was to increase by 5%, this would result in an increase in the insurance liabilities of $ 183,994 (2021: $157,487) and a fall in profit before tax of $184,302 (2021: $157,386).

(c) Claims incurred but not reported

In estimating the ultimate liability arising from insurance contracts, the Group makes certain assumptions regarding claims arising during the current year which have not been reported as at the year-end. These estimates are based on historical experience as well as statistical analyses. If the value of claims reported after the year-end which related to the current year was to increase by 5% compared to managements estimate, this would result in an increase in the liabilities due under insurance contracts of $1,500,723 (2021: $1,881,147) and a fall in profit before tax of $985,392 (2021: $1,191,892).

(d) Unearned premiums

The Group estimates at the end of each financial year the value of premium income billed during the year which has not been earned by the Group as at the year-end. These estimates are based on the inception dates of the policies as well as the types of policies being issued. If this reserve were to increase by 5%, this would result in an increase in the insurance liabilities of $9,704,216 (2021: $9,203,956) and a fall in profit before tax of $5,172,552 (2021: $4,690,715).

3.2 Impairment of loans and receivables

The Group assesses at the year-end whether its loans and receivables are impaired. Management reviews the ageing of these receivables as well as the creditworthiness of the debtors in estimating these impairment provisions. If the value of doubtful debts was to increase by 5% from management's estimate, this would result in an increase in the provision for doubtful debts and a fall in profit before tax by $349,302 (2021: $385,421).

3.3 Estimation of fair values for available for sale financial assets

In estimating the fair values of available for sale financial assets, management utilizes various assumptions and valuation techniques such as discounted cash flow analyses and reference to recent prices of similar financial instruments for the valuation of its unquoted instruments. If the fair value were to increase by 5%, this would result in a movement in other comprehensive income of $5,669,179 (2021: $3,629,900).

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

3. Critical accounting estimates and judgments in applying accounting policies (continued)

3.4 Pension and post-retirement benefits

The cost of these benefits and the present value of the pension liability depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost (income) for pension and post-retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and post-retirement benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-retirement benefit obligations. In determining the appropriate discount rate, the Group considered interest rates of high-quality corporate bonds and in their absence government bonds that have terms to maturity approximating the terms of the related pension liability. If the pension obligation were to increase by 5%, this would result in a movement in other comprehensive income $117,757 (2021: $114,578).

4. Management of insurance and financial risk

4.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. 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 Group has developed its insurance underwriting strategy 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.

Insurance risk arises from:

- Fluctuations in the timing, frequency and severity of claims and claim settlements relative to expectations.
- Unexpected claims arising from a single source.
- Inaccurate pricing of risk when underwritten.
- Inadequate reinsurance protection or other risk transfer techniques
- Inadequate reserving for claim liabilities

4.1.1 Motor, casualty and property insurance risks

i) Frequency and severity of claims

The frequency and severity of casualty claims can be affected by several factors. The most significant incidents of casualty claims are monetary awards granted for bodily injury suffered by employees (for employer's liability/workmen's compensation coverage) or members of the public (for public liability coverage).

The frequency and severity of property claims can also be affected by several factors. Climatic changes give rise to more frequent losses (for example, windstorms/hurricane, flooding, subsidence/landslip and earthquakes). The greatest likelihood of significant losses on these contracts arises from earthquake, windstorm or flood damage.

The Group manages the risks on motor, casualty and property insurance through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy is agreed by an executive committee and communicated by specific policy statements and guidelines. Policies and procedures exist for underwriting, claims management, reinsurance and reserving and operate within the Group's risk management framework.

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

4. Management of insurance and financial risk (continued)

4.1 Insurance risk (continued)

4.1.1 Motor, casualty and property insurance risks (continued)

i) Frequency and severity of claims (continued)

Mechanisms are in place in each of the business units to identify, quantify and manage accumulated exposures within the limits of the Group's risk appetite. Reinsurance is used to assist in reducing the financial impact of a catastrophe and to reduce the volatility of earnings. Reinsurance purchases are reviewed annually to check that the levels of protection being purchased match developments in exposure. Reinsurance arrangements are only placed with providers who meet the Group's counterparty credit risk standards.

The adequacy of the general insurance reserves is ultimately approved by the executive committee who maintains a general insurance reserving policy and regularly monitors its adequacy.

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

The Group manages the concentration of insurance risk using geographical segregation as follows:

Sum insured as at June 30, 2022 (all amounts in Trinidad and Tobago dollar)

	Motor and casualty	Property	Total	%
Trinidad	6,400,577,989	23,038,162,580	29,438,740,569	78%
Grenada	389,389,698	2,087,551,949	2,476,941,647	7%
Dominica	99,675,721	1,602,730,954	1,702,406,675	5%
St. Lucia	219,112,061	1,316,695,516	1,535,807,577	4%
Barbados	177,274,338	861,643,649	1,038,917,987	3%
St. Vincent	84,098,097	603,421,825	687,519,922	2%
St. Kitts	18,302,633	355,908,588	374,211,221	1%
Total	**$7,388,430,537**	**$29,866,115,061**	**$37,254,545,598**	**100%**

The sums insured noted above do not include third party coverage.

Sum insured as at June 30, 2021 (all amounts in Trinidad and Tobago dollar)

	Motor and casualty	Property	Total	%
Trinidad	6,144,266,194	22,666,316,989	28,810,583,183	78%
Grenada	373,114,838	2,011,817,698	2,384,932,536	7%
Dominica	100,635,433	1,538,048,287	1,638,683,720	4%
St. Lucia	195,931,957	1,328,596,377	1,524,528,334	4%
Barbados	143,830,298	955,103,996	1,098,934,294	3%
St. Vincent	90,437,737	592,873,565	683,311,302	2%
St. Kitts	12,458,059	258,198,687	270,656,746	1%
Total	**$7,060,674,516**	**$29,350,955,599**	**$36,411,630,115**	**100%**

The sums insured noted above do not include third party coverage.

ii) Sources of uncertainty in the estimation of future claim payments

Claims on motor and casualty contracts are payable on a claims-occurrence basis. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees or members of the public. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risk of the business activities carried out by individual contract holders and the risk management procedures they adopted. Liability limits on policies are subject to legislation limits and the Group reduces its exposure through a motor and casualty reinsurance treaty. All claims under litigation are separately monitored by the executive management team and subject to periodical reviews with legal representatives.

An increase of 5% in the cost of settling motor and casualty claims would increase the liabilities due under these insurance contracts for the year by $3,872,888 (2021: $4,217,488).

The estimated cost of claims includes direct expenses to be incurred in settling claims. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liabilities for these contracts comprise a provision for claims incurred but not reported (IBNR).

Claim cases are continuously re-evaluated based on new information and developments.

4. Management of insurance and financial risk (continued)

4.1 Insurance risk (continued)

4.1.1 Motor, casualty and property insurance risks (continued)

ii) Sources of uncertainty in the estimation of future claim payments (continued)

Property claims have a shorter settlement period. As a result, claim estimation is based on loss ratio trends and the prevailing economic climate the Group operates in.

An increase of 5% in the cost of settling property claims would increase the liabilities due under these insurance contracts for the year by $299,535 (2021: $237,189).

Note 16 presents the development of the estimate of ultimate claim cost for claims notified in a given year.

4.2 Financial risk

The Group is exposed to financial risk mainly through its financial assets, financial liabilities and reinsurance assets. In particular, the key financial risk is that the proceeds from the Group's financial assets are not sufficient to fund the obligations arising from its financial liabilities and insurance contracts. The most important components of financial risk are market risk, credit risk and liquidity risk.

4.2.1 Credit risk

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

- reinsurers' share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries;
- amounts due on available for sale financial assets; and
- amounts due on its cash holdings and short-term deposits.

The Group structures the levels of the credit risk it accepts by placing limits on its exposure to a single counterparty. Such risks are subject to an annual or more frequent review. Impairment provisions are established for losses that have been incurred at the year-end.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The Group mainly utilizes international reinsurers with an A+ or higher rating (AM Best or Standard and Poor's). The reinsurers' ratings are reviewed periodically and annually prior to renewal of reinsurance treaty arrangements.

Loans and receivables comprise primarily amounts due from insurance contracts holders and intermediaries, mortgage loans and amounts due from reinsurers. For policyholders, credit is restricted and regulated in accordance with corporate credit policy. Through a process of internal audit and management reviews of ageing analysis on a monthly basis, creditworthiness is monitored, and the Group reserves its right to effect cancellation on the unexpired portion of the risks. All loans are subject to individual credit assessment.

Debt securities comprise primarily Government or Government-backed bonds and corporate bonds with reputable financial institutions.

Short term deposits and cash and cash equivalents include cash, short term fixed deposits of one (1) year or less, mutual funds placed with reputable leading regional financial institutions and Government Short-Term treasury bills with a duration between 91 and 181 days.

There were no changes from the prior year in the Group's objectives, policies or procedures for managing credit risk.

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.1 Credit risk (continued)

(i) Assets bearing credit risk

Below is an analysis of assets bearing credit risk:

As at June 30, 2022

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Financial assets				
- debt securities	113,383,589	-	-	113,383,589
- gross loans and receivables	67,032,756	29,931,705	6,849,955	103,814,416
Less provision for doubtful debts	-	-	(6,849,955)	(6,849,955)
Reinsurance assets	138,562,668	-	-	138,562,668
Other assets	2,232,287	13,167,900	136,084	15,536,271
Less provision for doubtful debts	-	-	(136,084)	(136,084)
Short term deposits	65,449,255	-	-	65,449,255
Cash and cash equivalents	234,774,073	-	-	234,774,073
Total	**$621,434,628**	**$43,099,605**	**$-**	**$664,534,233**

Below is an analysis of assets bearing credit risk:

As at June 30, 2021

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Financial assets				
- debt securities	72,598,005	-	-	72,598,005
- gross loans and receivables	49,318,608	39,634,894	7,572,323	96,525,825
Less provision for doubtful debts	-	-	(7,572,323)	(7,572,323)
Reinsurance assets	135,212,842	-	-	135,212,842
Other assets	2,018,398	18,990,795	136,084	21,145,277
Less provision for doubtful debts	-	-	(136,084)	(136,084)
Short term deposits	65,256,164	-	-	65,256,164
Cash and cash equivalents	260,665,651	-	-	260,665,651
Total	**$585,069,668**	**$58,625,689**	**$-**	**$643,695,357**

The Group currently holds no collateral (2021: $nil) as security for its mortgage loans issued.

(ii) Financial assets past due but not impaired

Financial assets that are past due but not impaired were assessed for impairment based on the creditworthiness of the debtor, historical payment patterns and the amounts received subsequent to the year-end and were considered not to be impaired.

As at June 30, 2022

	0-30 days	30-60 days	Between 60-90 days	Over 90 days	Total
Financial assets					
- loans and receivables	-	8,509,108	11,929,159	9,493,438	29,931,705
Other assets	-	13,167,900	-	-	13,167,900
Total	**$-**	**$21,677,008**	**11,929,159**	**9,493,438**	**43,099,605**

As at June 30, 2021

	0-30 days	30-60 days	Between 60-90 days	Over 90 days	Total
Financial assets					
- loans and receivables	-	12,377,118	11,800,980	15,456,796	39,634,894
Other assets	-	18,990,795	-	-	18,990,795
Total	**$-**	**$31,367,913**	**$11,800,980**	**$15,456,796**	**$58,625,689**

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.1 Credit risk (continued)

(iii) Impaired financial assets and movement in provision for doubtful debts.

	2022	2021
As at beginning of year	7,708,407	11,061,348
Decrease in provision for the year	(730,591)	(1,840,030)
Recoveries during the year	18,982	14,918
Receivable written off during the year as uncollectable	(10,759)	(1,527,829)
As at end of year	**$6,986,039**	**$7,708,407**

The above balances are reflected within the other assets and loans and receivables balances as at the year-end.

(iv) Concentration of credit risk

The Group analyses its concentration of credit risk by geographical location as follows:

As at June 30, 2022

	Trinidad and Tobago	Barbados	Eastern Caribbean	Non-Regional	Total
Financial assets					
- debt securities	89,367,214	2,164,500	9,082,415	12,769,460	113,383,589
- loans and receivables	67,891,991	2,520,053	24,324,780	2,227,637	96,964,461
Reinsurance assets	-	-	-	138,562,668	138,562,668
Other assets	7,805,962	2,935,781	4,658,444	-	15,400,187
Short term deposits	8,500,000	4,196,680	52,752,575	-	65,449,255
Cash and cash equivalents	170,202,506	7,506,189	57,065,378	-	234,774,073
Total	**$343,767,673**	**$19,323,203**	**$147,883,592**	**$153,559,765**	**$664,534,233**

As at June 30, 2021

	Trinidad and Tobago	Barbados	Eastern Caribbean	Non-Regional	Total
Financial assets					
- debt securities	54,797,851	2,164,500	9,275,161	6,360,493	72,598,005
- loans and receivables	60,353,407	2,615,190	23,418,559	2,566,346	88,953,502
Reinsurance assets	-	-	-	135,212,842	135,212,842
Other assets	8,967,914	8,090,894	3,950,385	-	21,009,193
Short term deposits	19,500,000	4,196,679	41,559,485	-	65,256,164
Cash and cash equivalents	199,583,889	7,352,926	53,728,836	-	260,665,651
Total	**$343,203,061**	**$24,420,189**	**$131,932,426**	**$144,139,681**	**$643,695,357**

(v) Credit quality of financial assets

The credit quality of financial assets is measured on a group basis. Banks and financial institutions with an independent external minimum rating of 'BBB' are accepted as well as reinsurers with a minimum rating of 'A'. Where customers bearing credit risk are independently rated, these ratings are used. In instances where there is no independent rating, the credit quality of the customer is assessed by taking into account their financial position, past experience and other factors.

As at June 30, 2022

	A	BBB	BB or below	No ratings assigned	Total
Financial assets					
- debt securities	45,363,605	30,671,333	24,299,352	13,049,299	113,383,589
- loans and receivables	2,227,637	-	-	94,736,824	96,964,461
Reinsurance assets	138,562,668	-	-	-	138,562,668
Other assets	-	-	-	15,400,187	15,400,187
Short term deposits	-	-	20,847,034	44,602,221	65,449,255
Cash and cash equivalents	102,521,587	72,322,742	-	59,929,744	234,774,073
Total	**$288,675,497**	**$102,994,075**	**$45,146,386**	**$227,718,275**	**$664,534,233**

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.1 Credit risk (continued)

(v) Credit quality of financial assets (continued)

As at June 30, 2021

	A	BBB	BB or below	No ratings assigned	Total
Financial assets					
- debt securities	30,272,663	35,318,545	6,910,531	96,266	72,598,005
- loans and receivables	2,566,439	-	-	86,387,063	88,953,502
Reinsurance assets	135,212,842	-	-	-	135,212,842
Other assets	-	-	-	21,009,193	21,009,193
Short term deposits	8,098,953	20,988,000	13,979,659	22,189,552	65,256,164
Cash and cash equivalents	66,743,028	141,406,579	2,728,000	49,788,044	260,665,651
Total	**$242,893,925**	**$197,713,124**	**$23,618,190**	**$179,470,118**	**$643,695,357**

4.2.2 Liquidity risk

The Group is exposed to regular demands on its available cash resources. Liquidity risk is the risk that the Group may not be able to pay obligations when they fall due. The Group employs various asset/liability techniques to manage its liquidity risks. These include matching the maturity profile of its assets and liabilities and maintaining short term assets to meet its funding requirements at any point in time. The techniques used vary with market conditions.

The following table analyses financial assets and liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date.

The analysis below shows the maturity profile of financial assets based on contractual discounted cashflows; the maturity profile of financial liabilities using contractual undiscounted cash flows; and the maturity profile of insurance liabilities using expected discounted cashflows.

As at June 30, 2022

	Up to one year	One to five years	Over five years	Total
Assets				
Financial assets				
- available for sale	12,126,378	95,114,729	24,032,325	131,273,432
- loans and receivables	96,106,060	858,401		96,964,461
Reinsurance assets	138,199,873	362,795		138,562,668
Other assets	15,400,187	-	-	15,400,187
Short term deposits	65,449,255	-	-	65,449,255
Cash and cash equivalents	234,774,073	-	-	234,774,073
Total	562,055,826	96,335,925	24,032,325	682,424,075
Liabilities				
Insurance liabilities	(334,119,167)	(8,168,051)	-	(342,287,218)
Reinsurance payable	(166,712,853)	-	-	(166,712,853)
Lease liability	(432,945)	(6,159,647)	-	(6,592,592)
Trade and other payables	(55,003,374)	-	-	(55,003,374)
Total	(556,268,339)	(14,327,698)	-	(570,596,037)
Net liquidity risk	**$5,787,487**	**$82,008,227**	**$24,032,325**	**$111,828,039**

As at June 30, 2021

	Up to one year	One to five years	Over five years	Total
Assets				
Financial assets				
- available for sale	10,067,250	54,687,827	15,910,859	80,665,936
- loans and receivables	87,852,260	1,101,242	-	88,953,502
Reinsurance assets	134,307,543	905,299	-	135,212,842
Other assets	21,009,193	-	-	21,009,193
Short term deposits	65,256,164	-	-	65,256,164
Cash and cash equivalents	260,665,651	-	-	260,665,651
Total	579,158,061	56,694,368	15,910,859	651,763,288

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.2 Liquidity risk (continued)

As at June 30, 2021

Liabilities				
Insurance liabilities	(308,430,132)	(8,372,486)	-	(316,802,618)
Reinsurance payable	(140,239,415)	-	-	(140,239,415)
Lease liability	(362,155)	(3,914,972)	-	(4,277,127)
Trade and other payables	(53,332,725)	-	-	(53,332,725)
Total	(502,364,427)	(12,287,458)	-	(514,651,885)
Net liquidity risk	**$76,793,634**	**$44,406,910**	**$15,910,859**	**$137,111,403**

There were no changes in the objectives, policies or procedures for managing liquidity risk from the prior year.

4.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

a) Fair value and cash flow interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position, financial performance and future cash flows. Fair value interest rate risk is the risk that the fair values of a financial instrument will fluctuate because of changes in the market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises from its available for sale financial assets and its short-term deposits and cash and cash equivalents. The Group has no significant borrowing and interest servicing debts and therefore is not subject to significant interest rate risk on its financial liabilities.

The Group employs various asset/liability techniques to manage interest rate risks. These techniques include managing the composition of the portfolio between fixed and floating rate instruments and regularly reviewing the market values of its available for sale financial assets. The Group's treasury management strategy is focused towards short-term investment instruments including fixed deposit, government short-term treasury bills and mutual funds with maturity terms of 1 year or less. For investments with maturities exceeding one (1) year, opportunities for variable interest rate instruments are sourced as a preferred investment.

There were no changes in the objectives, policies or procedures for managing interest rate risk from the prior year.

(i) Cash flow interest rate risk

The table below summarises the Group's exposure to cash flow interest rate risk.

As at June 30, 2022

	Carrying value	1% movement in interest rates
Short term deposits	$65,449,255	$654,493
Cash and cash equivalents	$234,774,073	$2,347,741

As at June 30, 2021

	Carrying value	1% movement in interest rates
Short term deposits	$65,256,164	$652,562
Cash and cash equivalents	$260,665,651	$2,606,657

(ii) Fair value interest rate risk

The table below summarises the Group's exposure to fair value interest rate risk.

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.3 Market risk (continued)

a) Fair value and cash flow interest rate risk (continued)

(ii) Fair value interest rate risk (continued)

As at June 30, 2022

	Carrying value	Fair value
Available for sale financial assets	$113,383,589	$113,383,589
Mortgage and other loans	$8,296,729	$8,296,729

As at June 30, 2021

	Carrying value	Fair value
Available for sale financial assets	$72,598,005	$72,598,005
Mortgage and other loans	$11,509,609	$11,509,609

b) Currency risk

The Group takes on exposure due to the effects of fluctuations in the prevailing foreign exchange rates on its financial positions, financial performance and cash flows. The strategy for dealing with currency risks is to match foreign currency liabilities with assets denominated in the same currency.

The table below summarises the Group's significant currency positions for currency other than Trinidad and Tobago dollars (expressed in Trinidad and Tobago dollars):

As at June 30, 2022

	Trinidad and Tobago	Barbados	Eastern Caribbean	Non-Regional	Total
Assets					
Financial assets					
- available for sale	8,049,722	2,164,500	15,092,254	-	25,306,476
- loans and receivables	24,324,780	2,520,053	2,227,637	-	29,072,470
Reinsurance assets	-	-	138,562,668	-	138,562,668
Other assets	4,658,444	2,935,781	-	-	7,594,225
Short term deposits	54,751,455	2,197,800	-	-	56,949,255
Cash and cash equivalents	56,998,589	7,506,189	11,329,694	7,305	75,841,777
Total assets	148,782,990	17,324,323	167,212,253	7,305	333,326,871
Liabilities					
Insurance liabilities	(75,511,372)	(14,612,010)	-	-	(90,123,382)
Reinsurance payable	-	-	(166,712,853)	-	(166,712,853)
Trade and other payables	(9,614,578)	(2,559,391)	-	-	(12,173,969)
Total liabilities	**(85,125,950)**	**(17,171,401)**	**(166,712,853)**	**-**	**(269,010,204)**
Net currency gap	**$63,657,040**	**$152,922**	**$499,400**	**$7,305**	**$64,316,667**
Effect of 1% change in exchange rates on consolidated statement of comprehensive income	**$636,570**	**$1,529**	**$4,994**	**$73**	**$643,166**

As at June 30, 2021

	Trinidad and Tobago	Barbados	Eastern Caribbean	Non-Regional	Total
Assets					
Financial assets					
- available for sale	9,275,161	3,477,077	12,598,803	951,747	26,302,788
- loans and receivables	23,418,562	2,615,194	2,566,346	-	28,600,102
Reinsurance assets	-	-	135,212,842	-	135,212,842
Other assets	3,950,382	8,090,894	-	-	12,041,276
Short term deposits	43,558,364	2,197,800	-	-	45,756,164
Cash and cash equivalents	49,881,419	7,352,926	38,073,533	990,186	96,298,064
Total assets	130,083,888	23,733,891	188,451,524	1,941,933	344,211,236

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.3 Market risk (continued)

b) Currency risk (continued)

As at June 30, 2021

	Trinidad and Tobago	Barbados	Eastern Caribbean	Non-Regional	Total
Liabilities					
Insurance liabilities	(65,116,854)	(18,233,422)	-	-	(83,350,276)
Reinsurance payable	-	-	(140,239,415)	-	(140,239,415)
Trade and other payables	(7,345,350)	(2,580,417)	-	-	(9,925,767)
Total liabilities	(72,462,204)	(20,813,839)	(140,239,415)	-	(233,515,458)
Net currency gap	$57,621,684	$2,920,052	$48,212,109	$1,941,933	$110,695,778
Effect of 1% change in exchange rates on consolidated statement of comprehensive income	**$576,217**	$29,201	**$482,121**	**$19,419**	**$1,106,958**

Included in the 'Other' category are assets held in Great British Pounds and Canadian Dollars.

Management believes a 1% deviation to be reasonable given the current and expected economic conditions in the locations in which the Group operates. There was no change in the objectives, policies or procedures for managing currency risk from the prior year.

c) Other price risk

The table below summarises the Group's exposure to other price risk.

As at June 30, 2022

	Carrying value	Effect on equity of a 5% change
Equities		
Listed	26,662,611	1,333,131
Unlisted	3,389,650	169,483
	$30,052,261	**$1,502,614**

As at June 30, 2021

	Carrying value	Effect on equity of a 5% change
Equities		
Listed	23,608,859	1,180,443
Unlisted	3,389,650	169,483
	$26,998,509	**$1,349,926**

Management believes a 5% deviation to be reasonable given the current and expected economic conditions in the locations in which the Group operates. There were no changes in the objectives, policies or procedures for managing other price risk from the prior year.

4.2.4 Financial instruments by category

The table below summarizes the carrying value of the Group's financial instruments and their fair values as at the year-end.

As at June 30, 2022

Financial Instrument	Carrying value	Fair value
Financial Assets		
Available for sale		
Debt securities	113,383,589	113,383,589
Equities	30,052,261	30,052,261
	$143,435,850	**$143,435,850**

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.4 Financial instruments by category (continued)

As at June 30, 2022

Financial Instrument	Carrying value	Fair value
Financial Assets		
Loans and receivables		
Loans and receivables	96,964,461	96,964,461
Reinsurance assets	138,562,668	138,562,668
Other assets	15,400,187	15,400,187
Short term deposits	65,449,255	65,449,255
Cash and cash equivalents	234,774,073	234,774,073
	$551,150,644	**$551,150,644**
Financial Liabilities		
Financial liabilities at amortised cost		
Insurance liabilities	342,287,218	342,287,218
Reinsurance payable	166,712,853	166,712,853
Lease liability	6,592,592	6,592,592
Trade and other payables	55,003,374	55,003,374
	$570,596,037	**$570,596,037**

As at June 30, 2021

Financial Instrument	Carrying value	Fair value
Financial Assets		
Available for sale		
Debt securities	72,598,005	72,598,005
Equities	26,998,509	26,998,509
	$99,596,514	**$99,596,514**
Loans and receivables		
Loans and receivables	88,953,502	88,951,681
Reinsurance assets	135,212,842	135,212,833
Other assets	21,034,134	21,034,134
Short term deposits	65,256,164	65,256,164
Cash and cash equivalents	260,665,651	260,665,651
	$571,122,293	**$571,120,466**
Financial Liabilities		
Financial liabilities at amortised cost		
Insurance liabilities	316,802,618	316,802,618
Due to related party	4,277,127	4,277,127
Reinsurance payable	140,239,415	140,239,415
Trade and other payables	53,332,725	53,332,725
	$514,651,885	**$514,651,885**

The fair value of financial instruments is determined as follows:

a) Debt securities and equities

The fair values of quoted investments are based on the last traded prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

b) Loans and receivables

The fair value was determined based on the present value of future cash flows using current market interest rates.

c) Reinsurance assets

The carrying value on these reinsurance assets is a close approximation to the fair value of these assets as these amounts represent the reinsurance assets on the related undiscounted insurance liabilities for which the settlement date is uncertain.

d) Other financial assets and liabilities

These balances are short term and as a result, carrying value is a close approximation to fair value.

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.5 Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible. There were no transfers between the levels during the year ended June 30, 2022 (2019: nil).

As at June 30, 2022

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets				
- Available for sale	$33,332,026	$104,549,674	$5,554,150	$143,435,850

As at June 30, 2021

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets				
- Available for sale	$30,067,227	$63,975,137	$5,554,150	$99,596,514

4.2.6 Capital management

The Group manages its shareholders' equity of $157,238,046 (2021: $185,385,337) as capital.

The Group's objectives when managing capital are:

- To comply with the capital requirements required by the regulators of the insurance markets where the Group operates.
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

In each country in which the Group operates, the local insurance regulator specifies the minimum amount and type of capital that must be held in relation to their insurance liabilities. The minimum required capital must be maintained at all times throughout the year. The Group is subject to insurance solvency regulations in all the territories in which it issues insurance contracts. These solvency regulations require the Group and its individual branches in each territory to maintain a surplus of assets over liabilities greater than a specific percentage of its net premium income. The percentage differs in each territory. The Group has embedded in its compliance framework the necessary tests to ensure continuous and full compliance with such regulations.

In the current year, the Group met its objectives for managing capital. There were no changes in the objectives, capital base or policies for capital management from the prior year.

5. Property, plant and equipment

	Freehold properties	Furniture and fittings	Office equipment	Vehicles	Computer equipment	Total
Year ended June 30, 2022						
Cost						
Balance as at July 1, 2021	13,819,443	6,842,285	4,988,804	3,325,690	43,448,069	72,424,291
Additions	-	579,900	152,049	-	3,030,098	3,762,047
Disposals	-	(1,668)	(1,389)	(294,604)	(10,383)	(308,044)
Balance as at June 30, 2022	13,819,443	7,420,517	5,139,464	3,031,086	46,467,784	75,878,294

5. Property, plant and equipment (continued)

	Freehold properties	Furniture and fittings	Office equipment	Vehicles	Computer equipment	Total
Accumulated depreciation						
Balance as at July 1, 2021	(2,273,483)	(5,287,681)	(4,406,993)	(2,719,937)	(35,892,970)	(50,581,064)
Charge on disposals	-	1,447	1,229	203,925	9,387	215,988
Depreciation charge	(213,967)	(207,144)	(132,629)	(140,381)	(2,199,449)	(2,893,570)
Balance as at June 30, 2022	(2,487,450)	(5,493,378)	(4,538,393)	(2,656,393)	(38,083,032)	(53,258,646)
Net book value as at June 30, 2022	$11,331,993	$1,927,139	$601,071	$374,693	$8,384,752	$22,619,648
Year ended June 30, 2021						
Cost						
Balance as at July 1, 2020	13,819,443	6,813,227	4,885,961	3,325,690	42,110,427	70,954,748
Additions	-	57,867	102,843	-	1,779,289	1,939,999
Disposals	-	(28,809)	-	-	(441,647)	(470,456)
Balance as at June 30, 2021	13,819,443	6,842,285	4,988,804	3,325,690	43,448,069	72,424,291
Accumulated depreciation						
Balance as at July 1, 2020	(2,059,516)	(5,090,191)	(4,264,649)	(2,517,993)	(34,007,633)	(47,939,982)
Charge on disposals	-	18,570	-	-	300,191	318,761
Depreciation charge	(213,967)	(216,060)	(142,344)	(201,944)	(2,185,528)	(2,959,843)
Balance as at June 30, 2021	(2,273,483)	(5,287,681)	(4,406,993)	(2,719,937)	(35,892,970)	(50,581,064)
Net book value as at June 30, 2021	**$11,545,960**	**$1,554,604**	**$581,811**	**$605,753**	**$7,555,099**	**$21,843,227**

6. Right of use asset and liabilities

(a) Right of use asset

	2022	2021
Balance at the beginning of the year	4,171,882	3,296,104
Additions	6,478,931	4,292,530
Disposals and adjustments	(1,369,440)	(40,850)
Effect of modification of lease terms	659,880	(295,242)
Depreciation charge	(3,551,041)	(3,080,660)
Balance at the end of the year	**$6,390,212**	**$4,171,882**
Cost	14,961,172	9,308,917
Accumulated depreciation	(8,570,960)	(5,137,035)
Balance at end of year	**$ 6,390,212**	**$4,171,882**

(b) Right of use liabilities

	2022	2021
Balance at the beginning of the year	4,277,127	3,392,634
Additions	6,478,931	4,661,014
Disposals	(1,919,643)	(770,380)
Interest expenses	593,472	337,485
Lease payments	(3,551,775)	(3,409,431)
Effect of modification to lease terms	714,480	65,805
Balance at the end of the year	**$6,592,592**	**$4,277,127**
Current	432,945	362,155
Non-current	6,159,647	3,914,972
Balance at end of year	**$6,592,592**	**$4,277,127**

(c) Amounts recognized in the consolidated statement of comprehensive income

	2022	2021
Interest expense on lease liability	593,472	337,485
Depreciation charge on lease liability	3,551,041	3,080,660
Modifications/ disposal	(495,603)	27,106
Balance at end of the year	**$3,648,910**	**$3,445,251**

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

7. Retirement benefit asset

	2022	2021
Retirement benefit asset	**$1,260,219**	**$1,287,092**
Amounts recognised in the statement of financial position are as follows:		
Fair value of plan assets	4,792,629	4,984,794
Present value of funded obligations	(2,355,140)	(2,291,553)
	2,437,489	2,693,241
Effect of asset ceiling	(1,177,270)	(1,406,149)
Retirement benefit asset	**$1,260,219**	**$1,287,092**
Movement in the retirement benefit asset recognised over the year is as follows:		
As at beginning of year	1,287,092	1,249,942
Net pension (income)/expense	(255,752)	333,966
Effect of asset ceiling	228,879	(296,816)
As at end of year	**$1,260,219**	**$1,287,092**
Movement in the present value of funded obligation for the year is as follows:		
As at beginning of year	2,291,553	2,236,744
Interest cost	174,985	170,952
Current service cost	90,736	89,667
Benefit payments	(98,295)	(94,132)
Actuarial gains	(103,839)	(111,678)
As at end of year	**$2,355,140**	**$2,291,553**
Movement in the fair value of plan assets for the year is as follows:		
As at beginning of year	4,984,794	4,596,019
Expected return on plan assets	(115,841)	460,805
Employee contributions	21,971	22,102
Benefit payments	(98,295)	(94,132)
As at end of year	**$4,792,629**	**$4,984,794**
Amounts recognised in the statement of comprehensive income:		
Profit or loss		
Current service cost	68,765	67,565
Interest cost	(196,014)	(171,049)
	(127,249)	(103,484)
Other comprehensive income/(loss)		
Expected return on plan assets	(486,839)	118,804
Net actuarial gains/(losses)	103,839	111,678
	(383,000)	230,482
Net pension (expense)/benefit	**$(510,249)**	**$127,000**
Actual return on plan assets	**$(115,841)**	**$460,805**

	2022	2021
The principal assumptions used in the actuarial valuation are as follows:		
Discount rate at end of year	7.5%	7.5%
Expected return on plan assets at end of year	7.5%	7.5%
Future salary increases	6.5%	6.5%
Future pension increases	3.0%	3.0%
NIS ceiling increases	3.5%	3.5%
Mortality – US Mortality tables	GAM94	GAM94
The plan assets are invested in a segregated equity fund and bond fund managed by Sagicor Life Inc.	**$4,792,629**	**$4,984,794**

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The expected return on plan assets is calculated using an average of the assets at the start and end of the year multiplied by the expected percentage rate of return.

There are no expected contributions to the post-employment benefit plans for the year ending June 30, 2023.

The assets of the defined benefit plan are disaggregated into the following quoted and unquoted securities.

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

7. Retirement benefit asset (continued)

	% of Portfolio 2022	2021
Equities	35%	36%
Bonds	40%	39%
Mortgages	16%	15%
Deposits/Cash	5%	6%
Real estate	4%	4%

Sensitivity analysis

If the main assumptions were changed the present value of the obligation would be as follows:

	Present value of obligation +0.5%	-0.50%
Discount rate	$2,523,597	$2,144,413
Salary increase and NIS increase	$2,291,493	$2,358,186

8. Financial assets – available for sale

	2022	2021
Equities	35,406,434	32,352,682
Government bonds	33,196,797	37,637,210
Fixed deposit	30,000,000	-
Corporate bonds	50,186,792	34,960,795
Provision for impairment	(5,354,173)	(5,354,173)
	$143,435,850	**$99,596,514**

The movement in available for sale financial assets is summarised as follows:

	2022	2021
As at beginning of year	99,596,514	88,397,536
Additions	65,064,533	27,325,021
Disposals/maturities	(19,325,595)	(19,993,323)
Net realised loss on financial assets	(301,131)	(157,196)
Net fair value change for the year	(1,598,471)	4,024,476
As at end of year	**$143,435,850**	**$99,596,514**

9. Financial assets – loans and receivables

	2022	2021
Amounts due from brokers	76,365,070	65,096,024
Amounts due from policyholders	10,075,025	9,781,430
Mortgage and other loans	8,296,729	11,509,609
Due from reinsurers	2,227,637	2,566,439
	$96,964,461	**$88,953,502**
Current portion	96,106,060	87,852,260
Non-current portion	858,401	1,101,242
	$96,964,461	**$88,953,502**

10. Reinsurance assets

	2022	2021
Current	138,199,873	134,307,543
Non-current	362,795	905,299
Total assets arising from reinsurance contracts (Note 16)	**$138,562,668**	**$135,212,842**

11. Deferred taxes

Deferred taxes are calculated on all temporary differences under the liability method using tax rates applicable in the respective territories.

The movement in the deferred tax account is as follows:

	2022	2021
As at beginning of year	(282,660)	(1,840,503)
Charge to profit or loss (Note 22)	174,023	469,287
(Credit)/charge to other comprehensive income	(526,824)	1,088,556
As at end of year	**(635,461)**	**$(282,660)**

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

11. Deferred taxes (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to the same entity. The following amounts are shown on the consolidated statement of financial position:

	2022	2021
Deferred tax assets	(2,807,241)	(2,911,314)
Deferred tax liabilities	2,171,780	2,628,654
	$(635,461)	**$(282,660)**

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax assets and liabilities and the deferred income tax charge in the consolidated statement of comprehensive income and other comprehensive income are attributable to the following items:

	Balance as at July 1, 2021	(Credit)/Charge to profit or loss	Charge to other comprehensive income	Balance as at June 30, 2022
Deferred tax liabilities:				
Fair value gains on available for sale financial assets	1,034,513	-	(431,074)	603,439
Retirement benefit asset	587,084	-	(95,750)	491,334
Accelerated tax depreciation	1,007,057	69,950	-	1,077,007
	2,628,654	69,950	(526,824)	2,171,780
Deferred tax assets:				
Impairment provision	(1,198,553)	-	-	(1,198,553)
Tax losses carried forward	(1,712,761)	104,073	-	(1,608,688)
	(2,911,314)	104,073	-	(2,807,241)
Net deferred tax asset	**$(282,660)**	**$174,023**	**$(526,824)**	**$(635,461)**

	Balance as at July 1, 2020	Charge to profit or loss	Credit to other comprehensive income	Balance as at June 30, 2021
Deferred tax liabilities:				
Fair value gains on available for sale financial assets	3,578	-	1,030,935	1,034,513
Retirement benefit asset	529,463	-	57,621	587,084
Accelerated tax depreciation	1,276,429	(269,372)	-	1,007,057
	1,809,470	(269,372)	1,088,556	2,628,654
Deferred tax assets:				
Impairment provision	(1,198,553)	-	-	(1,198,553)
Tax losses carried forward	(2,451,420)	738,659	-	(1,712,761)
	(3,649,973)	738,659	-	(2,911,314)
Net deferred tax asset	**$(1,840,503)**	**$469,287**	**1,088,556**	**$(282,660)**

	2022	2021
Deferred tax liabilities:		
- to be realised after more than 12 months	2,207,278	2,843,369
- to be realised within 12 months	(35,498)	(214,715)
	$2,171,780	**$2,628,654**
Deferred tax assets:		
- to be realised after more than 12 months	(2,830,545)	(2,680,010)
- to be realised within 12 months	23,304	(231,304)
	$(2,807,241)	**$(2,911,314)**

12. Short term deposits

	2022	2021
(i) Treasury bills	38,132,043	32,060,000
(ii) At banks	4,478,880	19,098,953
(iii) Supervisor of Insurance	9,618,332	9,618,332
(iv) Financial Institutions	13,220,000	4,478,879
	$65,449,255	**$65,256,164**

The amounts included in (iv) above represent cash deposits with the various Supervisors of Insurance held towards the Group's statutory deposits requirements. These deposits have an average effective interest rate of 1.6% (2021: 1.6%).

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

13. Stated capital

	2022	2021
Authorised		
Unlimited ordinary shares of no par value		
Issued and fully paid		
39,991,391 ordinary shares at no par value	**$65,309,195**	**$65,309,195**

14. Catastrophe reserve

	2022	2021 (restated)
Balance as at beginning of year	3,115,469	-
Transfer from retained earnings	3,442,135	3,115,469
Balance as at end of year	**$6,557,604**	**$3,115,469**

As per Section 44 of the Insurance Act, 2018 of Trinidad and Tobago, since the Group carry on property insurance business, it is required to establish and maintain a Catastrophe Reserve Fund. At the end of each financial year, the Group makes an appropriation from its retained earnings to the Catastrophe Reserve Fund, an amount not less than twenty per cent of its net written premium income on its property insurance business for that year unless the Catastrophe Reserve Fund is equal to, or exceeds the net written premium income on the Group's property insurance business for that year.

15. Statutory reserve

	2022	2021
Balance as at beginning of year	-	25,384,182
Transfer to retained earnings	-	(25,384,182)
Balance as at end of year	**$-**	**$-**

Prior to January 1, 2021, as was required by section 171 of the Insurance Act 1980 of Trinidad and Tobago, at least 25% of the Company's profit for the year on its general insurance business were appropriated towards a reserve until such reserve equals or exceeds the liability in respect of outstanding unexpired policies.

According to the Insurance Act 2018, which became effective on January 1, 2021, the requirement for a statutory reserve is no longer applicable. As such, this amount has been transferred to retained earnings from which it was originally appropriated.

16. Insurance liabilities and reinsurance assets

	2022	2021
Insurance liabilities – gross		
Short-term insurance contracts		
Claims reported and loss adjustment expenses	103,584,703	81,273,569
Claims incurred but not reported	30,014,468	37,622,930
Total insurance claims liability	133,599,171	118,896,499
Unearned premiums	194,084,314	184,079,120
Unexpired risks provision	10,923,851	10,677,268
Total unearned premiums and unexpired risk liability	205,008,165	194,756,388
Long-term insurance contracts		
- Annuities	3,499,521	3,015,062
- Term life	180,361	134,669
Total long-term insurance contracts	3,679,882	3,149,731
Total insurance liabilities - gross	**$342,287,218**	**$316,802,618**
Recoverable from reinsurers		
Short-term insurance contracts		
Claims reported and loss adjustment expenses	34,060,582	26,969,565
Claims incurred but not reported	10,306,620	13,785,095
Total insurance claims recoverable	44,367,202	40,754,660
Unearned premiums	90,633,279	90,264,819
Unexpired risks provision	3,568,352	4,191,348
Long-term insurance contracts	(6,165)	2,015
Total reinsurers' share of insurance liabilities	**$138,562,668**	**$135,212,842**

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

16. Insurance liabilities and reinsurance assets (continued)

	2022	2021
Insurance liabilities – net		
Short-term insurance contracts		
Claims reported and loss adjustment expenses	69,524,121	54,304,004
Claims incurred but not reported	19,707,848	23,837,835
Total insurance claims liability	89,231,969	78,141,839
Unearned premiums	103,451,035	93,814,301
Unexpired risks provision	7,355,499	6,485,920
Total unearned premiums and unexpired risk	110,806,534	100,300,221

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

16. Insurance liabilities and reinsurance assets (continued)

	2022	2021
Long-term insurance contracts		
- Annuities	3,499,521	3,015,062
- Term life	186,526	132,654
Total long-term insurance contracts	3,686,047	3,147,716
Total insurance liabilities - net	**$203,724,550**	**$181,589,776**
Current	195,919,295	174,122,588
Non-current	7,805,255	7,467,188
Total insurance liabilities - net	**$203,724,550**	**$181,589,776**

16.1 Assumptions, change in assumptions and sensitivity

(a) Development of claims

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Group's estimate of outstanding claims relating to short term insurance contracts (excluding group health business) for each accident year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the consolidated statement of financial position. An accident year basis is considered to be most appropriate for the business written by the Group.

Accident year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**TOTAL**
Insurance claims – gross							
- at end of accident year	119,353,110	340,529,504	115,210,750	93,077,370	104,493,135	120,332,709	
- one year later	98,868,151	323,283,663	108,044,357	89,551,331	91,986,623	-	
- two years later	92,897,548	320,551,720	104,746,233	88,298,286	-	-	
- three years later	90,680,675	320,142,020	103,476,958	-	-	-	
- four years later	91,526,379	319,413,104	-	-	-	-	
- five years later	90,753,000	-	-	-	-	-	
Current estimate of cumulative claims	90,753,000	319,413,104	103,476,958	88,298,286	91,986,623	120,332,709	814,260,680
Cumulative payments to date	(83,909,658)	(311,323,113)	(94,807,884)	(74,585,557)	(65,915,211)	(79,101,248)	(709,642,671)
	6,843,342	8,089,991	8,669,074	13,712,729	26,071,412	41,231,461	104,618,009
Liabilities in respect of years prior to 2017 (short term excluding group health)							(13,992,862)
Total insurance claims liability – group health and long-term business							42,974,024
Total insurance claims liability – gross							**$133,599,171**

Accident year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**TOTAL**
Insurance claims – net							
- at end of accident year	63,529,004	60,524,695	63,509,302	55,881,918	57,642,472	78,710,547	
- one year later	56,109,652	131,366,863	59,056,205	53,456,484	49,669,995	-	
- two years later	52,805,299	128,364,755	55,881,017	52,303,686	-	-	
- three years later	51,845,849	128,092,558	54,602,172	-	-	-	
- four years later	51,389,010	127,468,169	-	-	-	-	
- five years later	50,843,793	-	-	-	-	-	
Current estimate of cumulative claims	50,843,793	127,468,169	54,602,172	52,303,686	49,669,995	78,710,547	413,598,362
Cumulative payments to date	(46,716,314)	(122,315,587)	(49,322,962)	(43,739,826)	(31,465,756)	(53,080,252)	(346,640,697)
							66,957,665
Liabilities in respect of years prior to 2017 (short term excluding group health)							(9,662,209)
Total insurance claims liability – group health and long-term business							31,936,513
Total insurance claims liability – net							**$89,231,969**

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

16. Insurance liabilities and reinsurance assets (continued)

16.1 Assumptions, change in assumptions and sensitivity (continued)

(b) Process used to decide on assumptions

Short-term Insurance Contracts

The risks associated with these insurance contracts and in particular, with casualty insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Group uses historical data for trending and estimating the ultimate cost of claims. The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. These factors are then applied to cumulative claims data to develop the estimated total claims for the ensuing year.

The Group reserves for property and casualty insurance claims immediately on the receipt of a claim incident report. The Group's policy is to establish realistic reserves based on available information and cost estimates. The policy is to ensure that the majority of claims are adequately reserved in the same accounting month in which they are reported and no later than thirty (30) days after the first report of loss.

Outstanding claim reserves are continuously re-evaluated based on new information and developments and the reserves are adjusted for accordingly. The Group reassesses its provision for incurred but not reported claims (IBNR) on an annual basis.

Long-term Insurance Contracts

Annuities

These reserves are determined based on the fund balances for the contracts at the consolidated statement of financial position date.

Term Life

These reserves are valued using the gross premium valuation method which utilises assumptions regarding the rate of return on these contracts as well as mortality assumptions.

See Note 3 for details on the sensitivity of these reserves.

16.2 Movement in insurance liabilities and reinsurance assets

(a) Claims and loss adjustment expenses

Year ended June 30, 2022

	Gross	Reinsurance	Net
Notified claims	81,273,569	(26,969,565)	54,304,004
Incurred but not reported	37,622,930	(13,785,095)	23,837,835
Total as at beginning of year	118,896,499	(40,754,660)	78,141,839
Cash paid for claims settled in year	(226,712,579)	45,434,712	(181,277,867)
Increase/(decrease) in liabilities			
- arising from current year claims	257,124,461	(53,362,368)	203,762,093
- arising from prior year claims	(15,709,210)	4,315,114	(11,394,096)
Total as at end of year	**$133,599,171**	**$(44,367,202)**	**$89,231,969**
Notified claims	103,584,703	(34,060,582)	69,524,121
Incurred but not reported	30,014,468	(10,306,620)	19,707,848
Total as at end of year	**$133,599,171**	**$(44,367,202)**	**$89,231,969**

Year ended June 30, 2021

	Gross	Reinsurance	Net
Notified claims	74,842,986	(22,571,913)	52,271,073
Incurred but not reported	36,502,084	(8,594,306)	27,907,778
Total as at beginning of year	111,345,070	(31,166,219)	80,178,851
Cash paid for claims settled in year	(184,702,062)	43,929,198	(140,772,864)
Increase/(decrease) in liabilities			
- arising from current year claims	198,393,450	(53,298,812)	145,094,638
- arising from prior year claims	(6,139,959)	(218,827)	(6,358,786)
Total as at end of year	**$118,896, 499**	**$(40,754,660)**	**$78,141,839**
Notified claims	81,273,569	(26,969,565)	54,304,004
Incurred but not reported	37,622,930	(13,785,095)	23,837,835
Total as at end of year	**$118,896,499**	**$(40,754,660)**	**$78,141,839**

Notes to the Consolidated Financial Statements

Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

16. Insurance liabilities and reinsurance assets (continued)

16.2 Movement in insurance liabilities and reinsurance assets (continued)

(b) Provisions for unearned premiums and unexpired short-term risks

Year ended June 30, 2022

	Gross	Reinsurance	Net
Unearned premium provision			
As at beginning of year	184,079,120	(90,264,819)	93,814,301
Increase in the year	194,084,314	(90,633,279)	103,451,035
Release in the year	(184,079,120)	90,264,819	(93,814,301)
As at end of year	**$194,084,314**	**$(90,633,279)**	**$103,451,035**

Year ended June 30, 2022

	Gross	Reinsurance	Net
Unexpired risk provision			
As at beginning of year	10,677,268	(4,191,348)	6,485,920
Increase in the year	10,923,851	(3,568,352)	7,355,499
Release in the year	(10,677,268)	4,191,348	(6,485,920)
As at end of year	**$10,923,851**	**($3,568,352)**	**$7,355,499**

Year ended June 30, 2021

	Gross	Reinsurance	Net
Unearned premium provision			
As at beginning of year	183,105,401	(95,092,234)	88,013,167
Increase in the year	184,079,120	(90,264,819)	93,814,301
Release in the year	(183,105,401)	95,092,234	(88,013,167)
As at end of year	**$184,079,120**	**$(90,264,819)**	**$93,814,301**
Unexpired risk provision			
As at beginning of year	9,943,988	(3,841,174)	6,102,814
Increase in the year	10,677,268	(4,191,348)	6,485,920
Release in the year	(9,943,988)	3,841,174	(6,102,814)
As at end of year	**$10,677,268**	**$(4,191,348)**	**$6,485,920**

17. Trade and other payables

	2022	2021
Payable to broker	22,016,643	18,763,021
Stale dated cheques	7,408,058	7,591,439
Other payables and accruals	7,078,728	4,479,676
Sundry creditors	5,893,285	3,962,224
Accruals	4,393,994	9,679,673
Collateral payable	2,451,858	2,618,143
Interest income deferred	2,414,512	2,287,250
Premium taxes payable	2,106,296	2,711,299
Statutory deposit outstanding	1,240,000	1,240,000
	$55,003,374	**$53,332,725**

18. Bank borrowing facilities

	2022	2021
Letter of Credit	4,960,000	4,960,000
	$4,960,000	**$4,960,000**

19. Insurance claims and loss adjustment expenses

Year ended June 30, 2022

	Gross	Reinsurance	Net
Current year claims and loss adjustment expenses	257,124,461	(53,362,368)	203,762,093
Prior year claims and loss adjustment expenses	(15,709,210)	4,315,114	(11,394,096)
	$241,415,251	**$(49,047,254)**	**$192,367,997**

Year ended June 30, 2021

	Gross	Reinsurance	Net
Current year claims and loss adjustment expenses	198,393,450	(53,298,812)	145,094,638
Prior year claims and loss adjustment expenses	(6,139,959)	(218,827)	(6,358,786)
	$192,253,491	**$(53,517,639)**	**$138,735,852**

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

20. Other operating and administrative expenses

	2022	2021
Staff costs (See Note 21)	45,199,747	49,528,971
Professional fees	8,246,543	6,895,067
Rent and utilities	7,078,527	6,368,379
Depreciation	6,444,611	6,396,858
Advertising	6,381,260	5,777,641
Roadside assistance expenses	4,798,096	4,010,515
Staff welfare	4,180,930	3,427,105
Repairs and maintenance	3,950,161	2,578,862
Other miscellaneous expenses	3,291,364	3,993,437
Regulator and license fees	2,949,633	1,204,117
Security	1,607,224	1,593,435
Subscriptions	1,590,763	1,563,139
Bank charges	1,423,502	1,444,446
Office expenses	964,890	-
Travelling expenses	248,779	34,256
Customer relations	208,555	241,150
Loss on disposal of property, plant and equipment	20,388	46,030
Bad debt expense, net of recoveries	(702,549)	4,295
	$97,882,424	**$95,107,703**

21. Staff costs

	2022	2021
Wages and salaries	42,493,166	47,104,460
National insurance	2,717,559	2,440,879
Severance	12,645	-
Net pension expense - defined benefit plan	(23,623)	(16,368)
	$ 45,199,747	**$49,528,971**
Number of persons employed by the Group	**285**	**257**

22. Taxation

	2022	2021
Current tax	6,310,978	7,419,690
Deferred income tax (Note 11)	174,023	469,287
Prior year (over)/under accrual	(24,372)	128,127
	$6,460,629	**$8,017,104**

The Group's effective tax rate varies from the statutory rate as a result of the differences shown below.

	2022	2021
(Loss)/profit before taxation	(3,460,893)	26,639,196
Tax calculated at the statutory tax rate	(1,038,269)	7,991,759
Effect of different tax rates in other countries	339,056	(925,743)
Income not subject to tax	(1,378,470)	1,211,583
Expenses not deductible for tax purposes	1,220,841	(2,414,984)
Loss relief carried forward	4,362,377	-
Tax losses utilised	(95,883)	(734,927)
Prior year (over)/under accrual	(24,372)	128,127
Business levy	1,727,050	1,343,695
Green fund levy	1,174,276	948,307
Deferred income tax (Note 11)	174,023	469,287
Tax charge	**$6,460,629**	**$8,017,104**

Notes to the Consolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

23. Related party balances and transactions

The Group's structure is as follows:

	2022	2021
Shareholding of controlling entities:		
CGH Limited	46%	46%
Coralisle Group International Limited	40%	40%
Individual shareholder	14%	14%
	100%	**100%**
Shareholding in subsidiary:		
North West Premium Finance Limited	100%	100%

The following transactions and balances were carried out with related parties:

	2022	2021
(i) Leasing of equipment and properties	$1,248,480	$2,259,900
ii) Amounts due from related parties	$439,351	$3,055,199
iii) Loan to related party and key management personnel	$2,092,279	$6,840,319
iv) Key management compensation The compensation paid or payable to key management for employee services is shown below:		
Salaries and other short-term employee benefits	$11,820,612	$10,635,099

24. Commitments

	2022	2021
Capital commitments		
The following were the capital commitments of the Group:		
Systems upgrade project	1,800,000	864,589
	$1,800,000	**$864,589**

25. Contingent liabilities

The Group has several legal matters pending relating to claims made on its insurance portfolio for which the ultimate cost of settling may be uncertain. These have been adequately provided for as insurance liabilities in the consolidated financial statements. The Group is also subject to other legal actions, the final outcome of which is uncertain. Based on legal advice received, management has concluded that no significant unrecognised liabilities are expected to crystallise.

26. Restatement

Where necessary, comparatives have been adjusted to reflect the recognition of the catastrophe reserve in the prior year.

	As previously reported	Restatement	As adjusted
Catastrophe reserve	-	3,115,469	3,115,469
Retained earnings	111,786,425	(3,115,469)	108,670,956

27. Subsequent events

Management has evaluated the possibility of subsequent events existing in the Group's consolidated financial statements from July 1, 2022, through September 20, 2022, the date the consolidated financial statements were available to be issued. Management has determined that there are no material events that would require adjustment to or disclosure in the Group's consolidated financial statements.

Beacon

The Beacon Insurance Company Limited

Audited Unconsolidated Financial Statements
Year Ended June 30, 2022

The Beacon Insurance Company Limited

Audited Unconsolidated Financial Statements

Year Ended June 30, 2022

The Beacon Insurance Company Limited

Statement of Management's Responsibilities
Year ended June 30, 2022

Management is responsible for the following:

- Preparing and fairly presenting the accompanying unconsolidated financial statements of The Beacon Insurance Company Limited (the "Company") which comprise the unconsolidated statement of financial position as at June 30, 2022, the unconsolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures the security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited unconsolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying unconsolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

Chief Financial Officer	Chief Executive Officer
September 20, 2022	September 20, 2022

Independent Auditor's Report

To the Shareholders of
The Beacon Insurance Company Limited

Opinion

We have audited the unconsolidated financial statements of The Beacon Insurance Company Limited (the "Company"), which comprise the unconsolidated statement of financial position as at June 30, 2022, and the related unconsolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities* for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

To the Shareholders of
The Beacon Insurance Company Limited (continued)

Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO

September 20, 2022
Port of Spain,
Trinidad and Tobago

The Beacon Insurance Company Limited

Audited Unconsolidated Financial Statements

Year Ended June 30, 2022

Unconsolidated Statement of Financial Position

As at June 30, 2022

(Expressed in Trinidad and Tobago dollars)

ASSETS	Notes	2022	2021 (restated)
Property, plant and equipment	5	22,337,993	21,652,343
Right of use asset	6	4,896,846	2,379,843
Retirement benefit asset	7	1,260,219	1,287,092
Investment in subsidiary	8	11,115,495	11,115,495
Financial assets - available for sale	9	143,435,850	99,596,514
- loans and receivables	10	88,667,732	78,179,684
Reinsurance assets	11	138,562,668	135,212,842
Deferred tax assets	12	2,807,241	2,911,314
Other assets		15,540,036	20,919,848
Taxation recoverable		4,535,996	3,679,269
Short term deposits	13	65,449,255	65,256,164
Cash and cash equivalents		220,337,813	249,927,253
Total assets		**$718,947,144**	**$692,117,661**
Shareholders' equity			
Stated capital	14	65,309,195	65,309,195
Catastrophe reserve	15	6,557,604	3,115,469
Fair value reserve		2,153,803	3,321,198
Foreign currency reserve		4,968,519	4,968,519
Retained earnings		69,313,304	100,944,854
Total shareholder's equity		$148,302,425	$177,659,235
Liabilities			
Insurance liabilities	17	342,287,218	316,802,618
Lease liability	6	5,057,464	2,485,088
Reinsurance payable		166,712,853	140,239,415
Trade and other payables	18	52,501,647	50,312,886
Deferred tax liabilities	12	2,138,100	2,604,674
Taxation payable		1,947,437	2,013,745
Total liabilities		$570,644,719	514,458,426
Total shareholder's equity and liabilities		**$718,947,144**	**$692,117,661**

See accompanying notes to the unconsolidated financial statements.

On September 20, 2022, the Board of Directors of The Beacon Insurance Company Limited authorised these unconsolidated financial statements for issue.

Director   Director

Unconsolidated Statement of Comprehensive Income

Year ended June 30, 2022

(Expressed in Trinidad and Tobago dollars)

	Notes	2022	2021
Insurance premium revenue		501,276,012	447,204,996
Insurance premium ceded to reinsurers		(224,080,802)	(207,191,617)
Net premium written		277,195,210	240,013,379
Change in gross unearned premium reserves		(10,251,777)	(1,707,000)
Change in unearned premium reserves due to reinsurers		(254,536)	(4,477,242)
Net insurance premium revenue		266,688,897	233,829,137
Investment income		7,286,189	7,824,965
Commissions received on reinsurance contracts		73,254,420	72,857,296
Net realised loss on financial assets	9	(301,131)	(157,196)
Foreign exchange gain		881,901	176,538
Net income		347,810,276	314,530,740
Insurance (expenses)/benefits on long term contracts		(530,151)	216,247
Insurance (expenses)/benefits on long term contracts recovered from reinsurers		(8,180)	2,095
Insurance claims and loss adjustment expenses	20	(241,415,251)	(192,253,491)
Insurance claims and loss adjustment expenses recovered from reinsurers	20	49,047,254	53,517,639
Net insurance benefits and claims		(192,906,328)	(138,517,510)
Expenses for the acquisition of insurance contracts		(63,579,531)	(57,221,877)
Other operating and administrative expense	21	(96,536,973)	(93,068,658)
Expenses		(353,022,832)	(288,808,045)
(Loss)/profit before taxation		(5,212,556)	25,722,695
Taxation	23	(5,918,487)	(7,739,204)
(Loss)/profit for the year attributable to shareholders		**(11,131,043)**	**17,983,491**
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss			
Net change in fair value on available for sale financial assets, net of tax		(1,167,395)	2,993,539
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit pension plan, net of tax		(287,251)	172,862
Effect of asset ceiling		228,879	(296,816)
Total other comprehensive (loss)/income for the year, net of taxation		(1,225,767)	2,869,585
Total comprehensive (loss)/income for the year attributable to shareholders		**$(12,356,810)**	**$20,853,076**

Unconsolidated Statement of Changes in Equity

Year ended June 30, 2022

(Expressed in Trinidad and Tobago dollars)

	Notes	Stated capital	Catastrophe reserve	Statutory Reserve	Fair value reserve	Foreign currency reserve	Retained earnings	Total
Year ended June 30, 2022								
Balance as at July 1, 2021		65,309,195	3,115,469	-	3,321,198	4,968,519	100,944,854	177,659,235
Comprehensive income for the year								
Loss for the year attributable to shareholders		-	-	-	-	-	(11,131,043)	(11,131,043)
Net change in fair value on available for sale financial assets		-	-	-	(1,167,395)	-	-	(1,167,395)
Remeasurements of defined benefit pension plan		-	-	-	-	-	(58,372)	(58,372)
Total comprehensive income		**-**	**-**	**-**	**(1,167,395)**	**-**	**(11,189,415)**	**(12,356,810)**
Dividends paid		-	-	-	-	-	(17,000,000)	(17,000,000)
Transfer to catastrophe reserve	15	-	3,442,135	-	-	-	(3,442,135)	-
Balance as at June 30, 2022		**$65,309,195**	**$6,557,604**	**$-**	**$2,153,803**	**$4,968,519**	**$69,313,304**	**$148,302,425**
Year ended June 30, 2021								
Balance as at July 1, 2020		65,309,195		25,384,182	327,659	4,968,519	60,816,604	156,806,159
Comprehensive income for the year								
Profit for the year attributable to shareholders		-	-	-	-	-	17,983,491	17,983,491
Net change in fair value on available for sale financial assets		-	-	-	2,993,539	-	-	2,993,539
Remeasurements of defined benefit pension plan		-	-	-	-	-	(123,954)	(123,954)
Total comprehensive (loss)/income		**-**	**-**	**-**	**2,993,539**	**-**	**17,859,537**	**20,853,076**
Transfer from statutory reserve	16	-	-	(25,384,182)	-	-	25,384,182	-
Transfer to catastrophe reserve	15	-	3,115,469	-	-	-	(3,115,469)	-
Balance as at June 30, 2021 (restated)		**$65,309,195**	**$3,115,469**	**$-**	**$3,321,198**	**$4,968,519**	**$100,944,854**	**$177,659,235**

Unconsolidated Statement of Cash Flows

Year ended June 30, 2022

(Expressed in Trinidad and Tobago dollars)

	2022	2021
Cash flows from operating activities		
(Loss)/profit before taxation	(5,212,556)	25,722,695
Adjustments for:		
Depreciation on property, plant and equipment and right of use assets	6,089,234	5,943,429
Change in retirement benefit asset	(31,499)	(161,104)
Loss on disposal of property, plant and equipment	20,388	46,030
Dividend income	(554,234)	(275,706)
Interest income	(6,731,955)	(7,549,261)
Interest expense on lease liability	495,603	332,441
Effect of lease modifications and disposal	(491,427)	23,941
Foreign exchange gain	(881,901)	(176,538)
Loss on disposal of financial assets	301,131	157,196
	(6,997,216)	24,063,123
Net (increase)/decrease in loans and receivables	(10,488,048)	10,664,925
Net increase in reinsurance assets	(3,349,826)	(5,113,295)
Net decrease/(increase) in other assets	5,790,743	(4,435,730)
Net increase in short term deposits	(193,091)	(7,721,444)
Net increase in insurance liabilities	25,484,600	9,042,182
Net increase in reinsurance payable	27,355,339	39,745,378
Net increase/(decrease) in trade and other payables	2,188,761	(17,457,322)
Taxes paid	(6,772,947)	(8,888,838)
Net cash provided by operating activities	**33,018,315**	**39,898,979**
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,618,748)	(1,837,156)
Proceeds from disposal of property, plant and equipment	71,668	105,665
Dividend received	554,234	275,706
Interest received	6,321,024	7,057,736
Purchase of available for sale financial assets	(65,064,533)	(27,325,021)
Proceeds from disposal of available for sale financial assets	19,325,595	19,993,323
Net cash used in investing activities	**(42,410,760)**	**(1,729,747)**
Cash flows from financing activities		
Dividends paid	(17,000,000)	-
Lease payments	(3,196,995)	(3,371,404)
Net cash flow used in financing activities	**(20,551,775)**	**(3,409,431)**
(Decrease)/increase in cash and cash equivalents	(29,589,440)	34,797,828
Cash and cash equivalents at beginning of year	249,927,253	215,129,425
Cash and cash equivalents at end of year	**$220,337,813**	**$249,927,253**

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars)

1. General information

The Beacon Insurance Company Limited (the "Company") was incorporated in the Republic of Trinidad and Tobago on April 6, 1995, and was continued under the Companies Act, 1995 on September 15, 1998.

The Company is engaged in the underwriting of all classes of general insurance business, group business, annuities and term life insurance. Its registered office is located at 13 Stanmore Avenue, Port of Spain, Trinidad. The Company also operates branches and agencies in Barbados, Dominica, Grenada, St. Vincent, St. Kitts and St. Lucia.

The Company is a subsidiary of CGH Limited, which is also incorporated in the Republic of Trinidad and Tobago.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.1 Basis of preparation

These financial statements are unconsolidated as they represent the separate financial statements of the Company. The Company also prepares consolidated financial statements in accordance with IFRS 10 – Consolidated Financial Statements.

These unconsolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These unconsolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available for sale financial assets.

The preparation of unconsolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are disclosed in Note 3.

(i) Standards, amendments and interpretations to existing standards applicable to the Company in the current year which were adopted by the Company.

The Company did not adopt any new standards, amendments and interpretations to existing standards in the current year.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

The following new standards, interpretations and amendments, which have not been applied in these unconsolidated financial statements, will or may have an effect on the Company's future unconsolidated financial statements in the period of initial application. In all cases, the entity intends to apply these standards from application date as indicated in the note below.

In January 2020, the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current. The amendments initially had an effective date of January 1, 2022, however, in July 2020 this was deferred until January 1, 2023, as a result of the COVID-19 pandemic. These amendments are expected to have a significant impact on many entities, with more liabilities being classified as current, particularly those with covenants relating to borrowings. The IASB, at its meeting held in June 2021, tentatively decided to amend the requirements in IAS 1 with respect to the classification of liabilities subject to conditions and disclosure of information about such conditions and to defer the effective date of the 2020 amendment by at least one year to annual reporting periods beginning no earlier than on or after January 1, 2024.

In February 2021, the IASB issued amendments to IAS 1, which change the disclosure requirements with respect to accounting policies from 'significant accounting policies' to 'material accounting policy information'. The amendments provide guidance on when accounting policy information is likely to be considered material. The amendments to IAS 1 are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)

In February 2021, the IASB issued amendments to IAS 8, which added the definition of Accounting Estimates in IAS 8. The amendments also clarified that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

IFRS 9 *Financial instruments* – This new standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities and replaces parts of IAS 39. The standard is effective for annual periods beginning on after January 1, 2018, with early adoption permitted. However, IFRS 4 – Insurance Contracts has been amended to permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until January 1, 2023. IFRS 9 is required to be applied retrospectively. IFRS 9 uses business model and contractual cash flow characteristics to determine whether a financial asset is measured at amortized cost or fair value, replacing the four-category classification in IAS 39. The determination is made at initial recognition. The approach is also based on how an entity manages its financial instruments (it's business model) and the contractual cash flow characteristics of the financial assets. IFRS 9 uses an impairment model that is more 'forward-looking' in that a credit event no longer has to occur before credit losses are recognised. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is in the process of assessing the impact that this standard will have on its financial statements.

IFRS 17 *Insurance Contracts* sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. IFRS 17 is effective from January 1, 2023, and replaces an interim Standard—IFRS 4 Insurance Contracts. IFRS 17: (a) provides updated information about the obligations, risks and performance of insurance contracts; (b) increases transparency in financial information reported by insurance companies, which will give investors and analysts more confidence in understanding the insurance industry; and (c) introduces consistent accounting for all insurance contracts based on a current measurement model. The Company is in the process of assessing the impact that this standard will have on its financial statements.

Other standards, amendments and interpretation to existing standards in issue but not yet effective are not considered to be relevant to the Company and have not been disclosed.

(iii) Standards, amendments and interpretations to existing standards early adopted by the Company.

The Company did not early adopt any new revised or amended standards.

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the unconsolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The unconsolidated financial statements are presented in Trinidad and Tobago Dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the unconsolidated statement of comprehensive income.

2. Summary of significant accounting policies (continued)

2.2 Foreign currency translation (continued)

(ii) Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in a foreign currency classified as available for sale financial assets are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss; other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial instruments such as equities classified as available for sale financial assets are included in other comprehensive income.

(iii) Foreign Branch operations

The results and financial position of all the branches (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each unconsolidated statement of financial position presented are translated at the closing rate at the date of the unconsolidated statement of financial position;

(b) income and expenses for each unconsolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

2.3 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the unconsolidated statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated to write off the cost of each asset to their residual values over their estimated useful lives as follows:

	Method	**Rate**
Freehold properties	Straight line	2%
Furniture and fittings	Reducing balance	12 ½%
Office equipment	Reducing balance	20%
Vehicles	Reducing balance	25%
Computer equipment	Reducing balance	25%
Right of use asset	Straight line	Over the lease life

Leasehold buildings are depreciated over the shorter of the lease term and the asset's useful economic life. The assets' residual values and useful lives are reviewed at each statement of financial position date and adjusted if appropriate.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss for the year.

2.4 Employee benefits

The Company operates a defined benefit and a defined contribution plan for its Barbados and Trinidad operations respectively.

Defined Benefit Plan

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The assets of the defined benefit plan are held in a separate trustee-administered fund. The pension plan is funded by payments from employees and by the Company, taking account of the recommendations of independent qualified actuaries.

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

2. Summary of significant accounting policies (continued)

2.4 Employee benefits (continued)

Defined Benefit Plan (continued)

The asset recognised in the unconsolidated statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs.

The pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the unconsolidated statement of comprehensive income so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out an independent valuation of the plan every year. A full valuation is done on the pension plan every three years. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:

- Actuarial gains and losses
- Return on plan assets (interest exclusive)
- Any asset ceiling effects (interest exclusive)

Service costs are recognised in profit or loss and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to the pension plan benefits or the pension plan curtailment are recognised immediately in profit or loss.

Settlements of defined benefit plans are recognised in the period in which the settlement occurs.

Defined Contribution Plan

A defined contribution plan is a pension plan under which the Company pays a fixed contribution. The Company's contributions are charged in the unconsolidated statement of comprehensive income for the year. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Profit-sharing and bonus plans

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.5 Investment in subsidiary

Subsidiaries are all entities (including Special Purpose Entities) over which the Company directly or indirectly, has power to govern the financial and operating policies, generally accompanying a shareholding of more than one half the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are accounted for at cost less impairment in these unconsolidated financial statements.

Dividends from a subsidiary are recognised in the unconsolidated financial statements when the Company's right to receive dividends is established. The dividend is recognised in the profit or loss.

2.6 Financial assets

The Company classifies its financial assets into the following categories: loans and receivables and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the initial recognition and re-evaluates this at every reporting date.

2. Summary of significant accounting policies (continued)

2.6 Financial assets (continued)

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Company has designated as available for sale. Loans and receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to their original terms. (See Note 2.7 (b) for the accounting policy on impairment). Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables. (See Note 2.7 (b) for receivables from insurance contracts).

(b) Available for sale financial assets

Available for sale financial assets are investments that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables.

Available for sale financial assets are initially recognised at fair value plus transactions cost that are directly attributable to their acquisition. These assets are also subsequently carried at fair value.

Unrealised gains and losses arising from changes in the fair value of securities classified as available for sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the unconsolidated statement of comprehensive income as net realised gains/losses on financial assets.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between transaction differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

Interest on available for sale financial assets, calculated using the effective interest method is recognised in the unconsolidated statement of comprehensive income. Dividends on the available for sale equity instruments are recognised in the unconsolidated statement of comprehensive income when the Company's right to receive payment is established. Both are included in the investment income line.

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the asset.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the unconsolidated statement of comprehensive income as 'net realised gains or losses on financial assets'.

Financial assets are derecognised when the right to receive cash flows from them have expired or where they have been transferred and the Company has also transferred substantially all risk and rewards of ownership.

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

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer broker, industry group, pricing services or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

The fair value of quoted investments is based on last traded prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

2. Summary of significant accounting policies (continued)

2.7 Impairment of assets

(a) Assets classified as available for sale

The Company assesses at each date of the unconsolidated statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available for sale financial assets, the asset is considered for impairment, taking qualitative evidence into account. The cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in the profit or loss. Impairment losses recognised in the unconsolidated statement of comprehensive income on equity instruments are not reversed through the unconsolidated statement of comprehensive income. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the unconsolidated statement of comprehensive income.

(b) Financial assets carried at amortised cost

The Company assesses at each date of the unconsolidated statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that the financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

(i) the significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in payments;

(iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial re-organisation;

(iv) the disappearance of an active market for that financial asset because of financial difficulties; or

(v) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
- adverse changes in the payment status of issuers or debtors in the group; or
- national or local economic conditions that correlate with defaults on the assets in the group.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on financial assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the unconsolidated statement of comprehensive income. As a practical expedient, the Company may measure impairment on the basis of an asset's fair value using an observable market price.

2. Summary of significant accounting policies (continued)

2.7 Impairment of assets

(b) Financial assets carried at amortised cost (continued)

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Company's grading process that considers asset type, industry, geographical location, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the unconsolidated statement of comprehensive income.

(c) Impairment of other 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 change in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.8 Short term deposits

Fixed deposits of one (1) year or less and Government Short-Term treasury bills with a duration between 91 days and one (1) year are classified as Short term deposits. Short term deposits are recognised at cost.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are reflected as financial liabilities.

2.10 Insurance contracts

The Company issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. The Company defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that is at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

(a) Recognition and measurement

The insurance contracts issued by the Company comprise short-term and long-term insurance contracts. Short-term contracts consist of property and casualty insurance contracts and short-term life insurance contracts. The long-term insurance contracts mainly relate to term life assurance and annuity contracts.

Property and casualty insurance contracts

Casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employer's liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Motor Vehicle Insurance legislation makes provision for the protection of third parties against risks arising out of the use of motor vehicles. Motor insurance contracts indemnify the Company's clients against negligence in the event of an accident which causes property damage and/or personal injury to third parties. The policy provides for specified limits of liabilities in accordance with the legislation.

The Company also issues comprehensive policies which cover "own damage" to the insured's property.

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

2. Summary of significant accounting policies (continued)

2.10 Insurance contracts (continued)

(a) Recognition and measurement (continued)

Property insurance contracts mainly compensate customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The proportion of premiums received on in-force contracts that relate to unexpired risks at the unconsolidated statement of financial position date is reported as the unearned premiums liability. Premiums are shown before the deduction of commission.

Provisions for unearned premiums represent the proportions of the premiums written in the year less reinsurances thereon which relate to periods of insurance subsequent to the year-end and are computed using 100% of the 24ths method for all business except bonding and other classes where the period of risk exceeds one year. For bonding, the company reserves 100% of premiums for the year until the expiry of the risk and, for other classes where the period of risk exceeds one year, premiums are amortised on the straight-line basis.

Claims and loss adjustment expenses are charged to the unconsolidated statement of comprehensive income as incurred based on the estimated liability for compensation owed to contract holders or third parties for bodily harm or property damage by the contract holders. They include direct and indirect settlement costs arising from events that have occurred up to the unconsolidated statement of financial position date even if they have not yet been reported to the Company. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported. Legal opinion and precedent are used to estimate the expected ultimate cost of more complex claims involving litigation.

Short-term life insurance contracts

These contracts are short-duration life insurance contracts which consist of group life and group credit life contracts that are issued against the consequences of death or disability. Group life contracts issued are annually renewable. Guaranteed benefits paid on the occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder. There are no maturity or surrender benefits.

Short-term life insurance premiums are accounted for in the unconsolidated statement of comprehensive income on the accruals basis. Premiums are shown before deduction of commission.

Benefits are recorded as an expense when they are incurred. Liabilities for incurred but not reported (IBNR) on group credit life policies are estimated as a percentage of the outstanding claims liability. This approximation is checked for reasonableness against the claims and expense experience.

Provisions for unearned premiums represent the proportions of short-term insurance premiums written in the year, which relates to periods of insurance subsequent to the unconsolidated statement of financial position date and is computed on a pro-rata basis.

Long-term insurance contracts

These contracts insure events associated with human life (for example death, or survival) over a long duration. Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits based on the valuation assumptions used (the valuation premiums). The expected discounted value is based on assumptions as to mortality and future interest rates that are established at the unconsolidated statement of financial position date. Long term insurance contracts include the following:

Term life contracts

These contracts are generally issued for fixed terms and provide payment of a known sum in the event of the death of the policyholder. The main risk is the premature death of the policyholder.

2. Summary of significant accounting policies (continued)

2.10 Insurance contracts (continued)

(d) Reinsurance contracts held (continued)

Annuity contracts

These are deferred annuity contracts. These contracts provide for payment of a regular income upon maturity of the contract.

(b) Liability adequacy test

At the year-end, liability adequacy tests were performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses are used. Any deficiency is immediately charged to profit or loss by establishing a provision for losses arising from liability adequacy tests.

(c) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the unconsolidated statement of comprehensive income. The Company gathers objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is also calculated under the same method used for financial assets as described in Note 2.7 (b).

(d) Reinsurance contracts held

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 and that meet the classification requirements for insurance contracts are classified as reinsurance assets. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Company's property or casualty insurance contracts. Where the premium due to the reinsurer differs from the liability established by the Company for the related claim, the difference is amortised over the estimated remaining settlement period.

The Company assesses its reinsurance assets for impairment annually. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of comprehensive income. The Company gathers objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for these financial assets as described in Note 2.7 (b).

(e) Salvage and subrogation reimbursements

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (i.e. salvage). The Company may also have the right to pursue third parties for payment of some or all costs (i.e. subrogation). These are recorded when received.

2.11 Other assets

Other assets are generally measured at amortised cost.

2.12 Stated capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Transfers to stated capital for which shares have not yet been issued are reflected as contributed capital.

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

2. Summary of significant accounting policies (continued)

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the unconsolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

2.14 Current and deferred income taxes

The tax expense for the year comprises current and deferred tax. Tax is recognised in the unconsolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax charge is calculated on the basis of the tax laws enacted at the year-end.

Deferred tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference will be utilised.

The principal temporary differences arise from depreciation on property, plant and equipment, fair value gains on available for sale financial assets, unused tax losses, impairment provisions and the retirement benefit asset.

Corporation tax on short-term insurance business is charged at varying rates between 2% and 33% applicable on the respective profit for the year arising in each of the countries in which the Company operates.

2.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are not recognised for future operating losses. When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Revenue recognition

(i) Premium income

Revenue from premium income is recognised in accordance with Note 2.10.

(ii) Commission income

Commission income relates to commissions received on reinsurance contracts. This is calculated by a combination of a flat brokerage fee or a percentage of business ceded. These amounts are recognised on the accruals basis.

(iii) Interest income

Interest income is recognised in the unconsolidated statement of comprehensive income using the effective interest method.

(iv) Dividend income

Dividend income from equities is recognised when the right to receive payment is established.

2. Summary of significant accounting policies (continued)

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's unconsolidated financial statements in the period in which the dividends are approved by the Board of Directors of the Company.

2.19 Leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Company obtains substantially all the economic benefits from the use of the asset; and
- The Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Company obtains substantially all the economic benefits from the use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low-value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before the commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

2. Summary of significant accounting policies (continued)

2.19 Leases (continued)

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

2.20 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the unconsolidated statement of financial position only when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously.

2.21 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.22 Commissions paid

The Company pays commissions to its agents or brokers based on rates agreed with the respective party. These are reflected as 'expenses for the acquisition of insurance contracts' in the unconsolidated statement of comprehensive income.

2.23 Operating and administrative expenses

Operating and administrative expenses are generally recognised on an accrual basis.

3. Critical accounting estimates and judgments in applying accounting policies

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

3.1 Estimates arising from insurance liabilities

(a) Claims reported and loss adjustment expenses under short-term insurance contracts

The estimation of the liability arising from claims made under insurance contracts is one of the Company's accounting estimates. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Company will ultimately pay for such claims. In estimating the liability for the outstanding claims, the Company considers any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. If this reserve was to increase by 5%, this would result in an increase in the insurance liabilities of $5,179,235 (2021: $4,063,678) and a fall in profit before tax of $3,476,206 (2021: $2,715,200).

(b) Estimate of future benefit payments and premiums arising from long term insurance contracts

The liabilities under long-term insurance contracts are determined using the policy premium method. The liabilities are calculated as the expected present value of future benefit payments less future valuation premiums. The mortality rates are based on the 1986-92 Canadian Institute of Actuaries mortality tables and interest rate assumptions are based on the past performance of the Company. If this reserve was to increase by 5%, this would result in an increase in the insurance liabilities of $183,994 (2021: $157,487) and a fall in profit before tax of $184,302 (2021: $157,386).

3. Critical accounting estimates and judgments in applying accounting policies (continued)

3.1 Estimates arising from insurance liabilities (continued)

(c) Claims incurred but not reported

In estimating the ultimate liability arising from insurance contracts, the Company makes certain assumptions regarding claims arising during the current year which have not been reported as at the year-end. These estimates are based on historical experience as well as statistical analyses. If the value of claims reported after the year-end which related to the current year was to increase by 5% compared to managements estimate, this would result in an increase in the liabilities due under insurance contracts of $1,500,723 (2021: $1,881,147) and a fall in profit before tax of $985,392 (2021: $1,191,892).

(d) Unearned premiums

The Company estimates at the end of each financial year the value of premium income billed during the year which has not been earned by the Company as at the year-end. These estimates are based on the inception dates of the policies as well as the types of policies being issued. If this reserve were to increase by 5%, this would result in an increase in the insurance liabilities of $9,704,216 (2021: $9,203,956) and a fall in profit before tax of $ 5,172,552 (2021: $4,690,715).

3.2 Impairment of loans and receivables

The Company assesses at the year-end whether its loans and receivables are impaired. Management reviews the ageing of these receivables as well as the creditworthiness of the debtors in estimating these impairment provisions. If the value of doubtful debts was to increase by 5% from management's estimate, this would result in an increase in the provision for doubtful debts and a fall in profit before tax by $330,974 (2021: $332,368).

3.3 Estimation of fair values for available for sale financial assets

In estimating the fair values of available for sale financial assets, management utilizes various assumptions and valuation techniques such as discounted cash flow analyses and reference to recent prices of similar financial instruments for the valuation of its unquoted instruments. If the fair value were to increase by 5%, this would result in a movement in other comprehensive income of $5,669,179 (2021: $3,629,900).

3.4 Pension and post-retirement benefits

The cost of these benefits and the present value of the pension liability depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost (income) for pension and post-retirement benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and post-retirement benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Company determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-retirement benefit obligations. In determining the appropriate discount rate, the Company considered interest rates of high-quality corporate bonds and in their absence government bonds that have terms to maturity approximating the terms of the related pension liability. If the pension obligation were to increase by 5%, this would result in a movement in other comprehensive income $117,757 (2021: $114,578).

4. Management of insurance and financial risk

4.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal 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. This could occur because the frequency of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

4. Management of insurance and financial risk (continued)

4.1 Insurance risk (continued)

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. 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 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.

Insurance risk arises from:

- Fluctuations in the timing, frequency and severity of claims and claim settlements relative to expectations.
- Unexpected claims arising from a single source.
- Inaccurate pricing of risk when underwritten.
- Inadequate reinsurance protection or other risk transfer techniques.
- Inadequate reserving for claim liabilities.

4.1.1 Motor, casualty and property insurance risks

i) Frequency and severity of claims

The frequency and severity of casualty claims can be affected by several factors. The most significant incidents of casualty claims is monetary awards granted for bodily injury suffered by employees (for employer's liability/workmen's compensation coverage) or members of the public (for public liability coverage).

The frequency and severity of property claims can also be affected by several factors. Climatic changes give rise to more frequent losses (for example, windstorms/hurricane, flooding, subsidence/landslip and earthquakes). The greatest likelihood of significant losses on these contracts arises from earthquake, windstorm or flood damage.

The Company manages the risks on motor, casualty and property insurance through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy is agreed by an executive committee and communicated by specific policy statements and guidelines. Policies and procedures exist for underwriting, claims management, reinsurance and reserving and operate within the Company's risk management framework.

Mechanisms are in place in each of the business units to identify, quantify and manage accumulated exposures within the limits of the Company's risk appetite. Reinsurance is used to assist in reducing the financial impact of a catastrophe and to reduce the volatility of earnings. Reinsurance purchases are reviewed annually to check that the levels of protection being purchased match developments in exposure. Reinsurance arrangements are only placed with providers who meet the Company's counterparty credit risk standards.

The adequacy of the general insurance reserves is ultimately approved by the executive committee who maintains a general insurance reserving policy and regularly monitors its adequacy.

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

The Company manages the concentration of insurance risk using geographical segregation as follows:

Sum insured as at June 30, 2022 (all amounts in Trinidad and Tobago dollar)

	Motor and casualty	Property	Total	%
Trinidad	6,400,577,989	23,038,162,580	29,438,740,569	78%
Grenada	389,389,698	2,087,551,949	2,476,941,647	7%
Dominica	99,675,721	1,602,730,954	1,702,406,675	5%
St. Lucia	219,112,061	1,316,695,516	1,535,807,577	4%
Barbados	177,274,338	861,643,649	1,038,917,987	3%
St. Vincent	84,098,097	603,421,825	687,519,922	2%
St. Kitts	18,302,633	355,908,588	374,211,221	1%
Total	**$7,388,430,537**	**$29,866,115,061**	**$37,254,545,598**	**100%**

The sums insured noted above do not include third party coverage.

4. Management of insurance and financial risk (continued)

4.1 Insurance risk (continued)

4.1.1 Motor, casualty and property insurance risks (continued)

i) Frequency and severity of claims (continued)

Sum insured as at June 30, 2021 (all amounts in Trinidad and Tobago dollar)

	Motor and casualty	Property	Total	%
Trinidad	6,144,266,194	22,666,316,989	28,810,583,183	79%
Grenada	373,114,838	2,011,817,698	2,384,932,536	7%
Dominica	100,635,433	1,538,048,287	1,638,683,720	4%
St. Lucia	195,931,957	1,328,596,377	1,524,528,334	4%
Barbados	143,830,298	955,103,996	1,098,934,294	3%
St. Vincent	90,437,737	592,873,565	683,311,302	2%
St. Kitts	12,458,059	258,198,687	270,656,746	1%
Total	**$7,060,674,516**	**$29,350,955,599**	**$36,411,630,115**	**100%**

The sums insured noted above do not include third party coverage.

ii) Sources of uncertainty in the estimation of future claim payments

Claims on motor and casualty contracts are payable on a claims-occurrence basis. The compensation paid on these contracts is the monetary awards granted for bodily injury suffered by employees or members of the public. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risk of the business activities carried out by individual contract holders and the risk management procedures they adopted. Liability limits on policies are subject to legislation limits and the Company reduces its exposure through a motor and casualty reinsurance treaty. All claims under litigation are separately monitored by the executive management team and subject to periodical reviews with legal representatives.

An increase of 5% in the cost of settling motor and casualty claims would increase the liabilities due under these insurance contracts for the year by $3,872,888 (2021: $4,217,488).

The estimated cost of claims includes direct expenses to be incurred in settling claims. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liabilities for these contracts comprise a provision for claims incurred but not reported (“IBNR”).

Claim cases are continuously re-evaluated based on new information and developments.

Property claims have a shorter settlement period. As a result claim estimation is based on loss ratio trends and the prevailing economic climate the Company operates in.

An increase of 5% in the cost of settling property claims would increase the liabilities due under these insurance contracts for the year by $299,535 (2021: $237,189).

Note 17 presents the development of the estimate of ultimate claim cost for claims notified in a given year.

4.2 Financial risk

The Company is exposed to financial risk mainly through its financial assets, financial liabilities and reinsurance assets. In particular, the key financial risk is that the proceeds from the Company’s financial assets are not sufficient to fund the obligations arising from its financial liabilities and insurance contracts. The most important components of financial risk are credit risk, liquidity risk and market risk.

4.2.1 Credit risk

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

- reinsurers’ share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders;
- amounts due from insurance intermediaries;
- amounts due on available for sale financial assets; and
- amounts due on its cash holdings and short term deposits.

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.1 Credit risk (continued)

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. Such risks are subject to an annual or more frequent review. Impairment provisions are established for losses that have been incurred at the year-end.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company’s liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The Company mainly utilizes international reinsurers with an A+ or higher rating (AM Best or Standard and Poor’s). The reinsurers’ ratings are reviewed periodically and annually prior to renewal of reinsurance treaty arrangements.

Loans and receivables comprise primarily amounts due from insurance contracts holders and intermediaries, mortgage loans and amounts due from reinsurers. For policyholders, credit is restricted and regulated in accordance with corporate credit policy. Through a process of internal audit and management reviews of ageing analysis on a monthly basis, creditworthiness is monitored and the Company reserves its right to effect cancellation on the unexpired portion of the risks. All loans are subject to individual credit assessment.

Debt securities comprise primarily Government or Government-backed bonds and corporate bonds with reputable financial institutions.

Short term deposits and cash and cash equivalents include cash, short term fixed deposits of one (1) year or less, mutual funds placed with reputable leading regional financial institutions and Government Short-Term treasury bills with a duration between 91 and 181 days.

There were no changes from the prior year in the Company’s objectives, policies or procedures for managing credit risk.

(i) Assets bearing credit risk

Below is an analysis of assets bearing credit risk:

As at June 30, 2022

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Financial assets				
- debt securities	113,383,589	-	-	113,383,589
- gross loans and receivables	61,512,332	27,155,400	6,483,397	95,151,129
Less provision for doubtful debts	-	-	(6,483,397)	(6,483,397)
Reinsurance assets	138,562,668	-	-	138,562,668
Other assets	2,372,136	13,167,900	136,084	15,676,120
Less provision for doubtful debts	-	-	(136,084)	(136,084)
Short term deposits	65,449,255	-	-	65,449,255
Cash and cash equivalents	220,337,813	-	-	220,337,813
Total	**$601,617,793**	**$40,323,300**	**$-**	**$641,941,093**

Below is an analysis of assets bearing credit risk:

As at June 30, 2021

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Financial assets				
- debt securities	72,598,005	-	-	72,598,005
- gross loans and receivables	42,962,442	35,217,242	6,511,273	84,690,957
Less provision for doubtful debts	-	-	(6,511,273)	(6,511,273)
Reinsurance assets	135,212,842	-	-	135,212,842
Other assets	1,929,053	18,990,795	136,084	21,055,932
Less provision for doubtful debts	-	-	(136,084)	(136,084)
Short term deposits	65,256,164	-	-	65,256,164
Cash and cash equivalents	249,927,253	-	-	249,927,253
Total	**$567,885,759**	**$54,208,037**	**$-**	**$622,093,796**

The Company currently holds no collateral (2021: $nil) as security for its mortgage loans issued.

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.1 Credit risk (continued)

(ii) Financial assets past due but not impaired

Financial assets that are past due but not impaired were assessed for impairment based on the creditworthiness of the debtor, historical payment patterns and the amounts received subsequent to the year-end and were considered not to be impaired.

As at June 30, 2022

	30-60 days	Between 60-90 days	Over 90 days	Total
Financial assets				
- loans and receivables	8,509,108	10,001,762	8,644,530	27,155,400
Other assets	13,167,900	-	-	13,167,900
Total	**$21,677,008**	**$10,001,762**	**$8,644,530**	**$40,323,300**

As at June 30, 2021

	30-60 days	Between 60-90 days	Over 90 days	Total
Financial assets				
- loans and receivables	12,377,118	9,486,438	13,353,686	35,217,242
Other assets	18,990,795	-	-	18,990,795
Total	**$31,367,913**	**$9,486,438**	**$13,353,686**	**$54,208,037**

(iii) Impaired financial assets and movement in provision for doubtful debts.

	2022	2021
As at beginning of year	6,647,357	8,459,578
Decrease in provision for the year	(27,876)	(1,812,221)
As at end of year	**$6,619,481**	**$6,647,357**

The above balances are reflected within the other assets and loans and receivables balances as at the year-end.

(iv) Concentration of credit risk

The Company analyses its concentration of credit risk by geographical location as follows:

As at June 30, 2022

	Trinidad and Tobago	Barbados	Eastern Caribbean	Non-Regional	Total
Financial assets					
- debt securities	89,367,214	2,164,500	9,082,415	12,769,460	113,383,589
- loans and receivables	59,595,262	2,520,053	24,324,780	2,227,637	88,667,732
Reinsurance assets	-	-	-	138,562,668	138,562,668
Other assets	7,945,811	2,935,781	4,658,444	-	15,540,036
Short term deposits	8,500,000	4,196,680	52,752,575	-	65,449,255
Cash and cash equivalents	155,766,246	7,506,189	57,065,378	-	220,337,813
Total	**$321,174,533**	**$19,323,203**	**$147,883,592**	**$153,559,765**	**$641,941,093**

As at June 30, 2021

	Trinidad and Tobago	Barbados	Eastern Caribbean	Non-Regional	Total
Financial assets					
- debt securities	54,797,851	2,164,500	9,275,161	6,360,493	72,598,005
- loans and receivables	49,579,589	2,615,190	23,418,559	2,566,346	78,179,684
Reinsurance assets	-	-	-	135,212,842	135,212,842
Other assets	8,878,569	8,090,894	3,950,385	-	20,919,848
Short term deposits	19,500,000	4,196,679	41,559,485	-	65,256,164
Cash and cash equivalents	188,845,491	7,352,926	53,728,836	-	249,927,253
Total	**$321,601,500**	**$24,420,189**	**$131,932,426**	**$144,139,681**	**$622,093,796**

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.1 Credit risk (continued)

(v) Credit quality of financial assets

The credit quality of financial assets is measured on a group basis. Banks and financial institutions with an independent external minimum rating of 'BBB' are accepted as well as reinsurers with a minimum rating of 'A'. Where customers bearing credit risk are independently rated, these ratings are used. In instances where there is no independent rating, the credit quality of the customer is assessed by taking into account their financial position, past experience and other factors.

As at June 30, 2022

	A	BBB	BB or below	No ratings assigned	Total
Financial assets					
- debt securities	45,363,605	30,671,333	24,299,352	13,049,299	113,383,589
- loans and receivables	2,227,637	-	-	86,440,095	88,667,732
Reinsurance assets	138,562,668	-	-	-	138,562,668
Other assets	-	-	-	15,540,036	15,540,036
Short term deposits	-	-	20,847,034	44,602,221	65,449,255
Cash and cash equivalents	98,930,572	61,479,591	-	59,927,650	220,337,813
Total	**$285,084,482**	**$92,150,924**	**$45,146,386**	**$219,559,301**	**$641,941,093**

As at June 30, 2021

	A	BBB	BB or below	No ratings assigned	Total
Financial assets					
- debt securities	30,272,663	35,318,545	6,910,531	96,266	72,598,005
- loans and receivables	2,566,439	-	-	75,613,245	78,179,684
Reinsurance assets	135,212,842	-	-	-	135,212,842
Other assets	-	-	-	20,919,848	20,919,848
Short term deposits	8,098,953	20,988,000	13,979,659	22,189,552	65,256,164
Cash and cash equivalents	64,697,557	132,715,746	2,728,000	49,785,950	249,927,253
Total	**$240,848,454**	**$189,022,291**	**$23,618,190**	**$168,604,861**	**$622,093,796**

4.2.2 Liquidity risk

The Company is exposed to regular demands on its available cash resources. Liquidity risk is the risk that the Company may not be able to pay obligations when they fall due. The Company employs various asset/liability techniques to manage its liquidity risks. These include matching the maturity profile of its assets and liabilities and maintaining short term assets to meet its funding requirements at any point in time. The techniques used vary with market conditions.

The following table analyses financial assets and liabilities into relevant maturity groupings based on the remaining period at the unconsolidated statement of financial position date to the contractual maturity date.

The analysis below shows the maturity profile of financial assets based on contractual discounted cashflows; the maturity profile of financial liabilities using contractual undiscounted cash flows; and the maturity profile of insurance liabilities using expected discounted cashflows.

As at June 30, 2022

	Up to one year	One to five years	Over five years	Total
Assets				
Financial assets				
- available for sale	12,126,391	95,114,729	24,032,325	131,273,445
- loans and receivables	88,667,732	-	-	88,667,732
Reinsurance assets	138,199,873	362,795	-	138,562,668
Other assets	15,540,036	-	-	15,540,036
Short term deposits	65,449,255	-	-	65,449,255
Cash and cash equivalents	220,337,813	-	-	220,337,813
Total	540,321,100	95,477,524	24,032,325	659,830,949

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.2 Liquidity risk (continued)

As at June 30, 2022

	Up to one year	One to five years	Over five years	Total
Liabilities				
Insurance liabilities	(334,119,167)	(8,168,051)	-	(342,287,218)
Reinsurance payable	(160,619)	(4,896,845)	-	(5,057,464)
Lease liability	(166,712,853)	-	-	(166,712,853)
Trade and other payables	(52,501,647)	-	-	(52,501,647)
Total	(553,494,286)	(13,064,896)	-	(566,559,182)
Net liquidity risk	**$13,173,186**	**$82,412,628**	**$24,032,325**	**$93,271,767**

As at June 30, 2021

	Up to one year	One to five years	Over five years	Total
Assets				
Financial assets				
- available for sale	10,067,250	54,687,827	15,910,859	80,665,936
- loans and receivables	78,179,684	-	-	78,179,684
Reinsurance assets	134,307,543	905,299	-	135,212,842
Other assets	20,919,848	-	-	20,919,848
Short term deposits	65,256,164	-	-	65,256,164
Cash and cash equivalents	249,927,253	-	-	249,927,253
Total	558,657,742	55,593,126	15,910,859	630,161,727
Liabilities				
Insurance liabilities	(308,430,132)	(8,372,486)	-	(316,802,618)
Reinsurance payable	(105,244)	(2,379,844)	-	(2,485,088)
Lease liability	(140,239,415)	-	-	(140,239,415)
Trade and other payables	(50,312,886)	-	-	(50,312,886)
Total	(499,087,677)	(10,752,330)	-	(509,840,007)
Net liquidity risk	**$59,570,065**	**$44,840,796**	**$15,910,859**	**$120,321,720**

There were no changes in the objectives, policies or procedures for managing liquidity risk from the prior year.

4.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk.

a) Fair value and cash flow interest rate risk

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position, financial performance and future cash flows. Fair value interest rate risk is the risk that the fair values of a financial instrument will fluctuate because of changes in the market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from its available for sale financial assets and its short term deposits and cash and cash equivalents. The Company has no significant borrowing and interest servicing debts and therefore is not subject to significant interest rate risk on its financial liabilities.

The Company employs various asset/liability techniques to manage interest rate risks. These techniques include managing the composition of the portfolio between fixed and floating rate instruments and regularly reviewing the market values of its available for sale financial assets. The Company's treasury management strategy is focused towards short-term investment instruments including fixed deposit, government short-term treasury bills and mutual funds with maturity terms of 1 year or less. For investments with maturities exceeding one (1) year, opportunities for variable interest rate instruments are sourced as a preferred investment.

There were no changes in the objectives, policies or procedures for managing interest rate risk from the prior year.

(i) Cash flow interest rate risk

The table below summarises the Group's exposure to cash flow interest rate risk.

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.3 Market risk (continued)

a) Fair value and cash flow interest rate risk (continued)

(i) Cash flow interest rate risk (continued)

As at June 30, 2022

	Carrying value	1% movement in interest rates
Short term deposits	$65,449,255	$654,493
Cash and cash equivalents	$220,337,813	$2,203,378

As at June 30, 2021

	Carrying value	1% movement in interest rates
Short term deposits	$65,256,164	$652,562
Cash and cash equivalents	$249,927,253	$2,499,273

(ii) Fair value interest rate risk

The table below summarises the Company's exposure to fair value interest rate risk.

As at June 30, 2022

	Carrying value	Fair value
Available for sale financial assets	$113,383,589	$113,383,589

As at June 30, 2021

	Carrying value	Fair value
Available for sale financial assets	$72,598,005	$72,598,005

b) Currency risk

The Company takes on exposure due to the effects of fluctuations in the prevailing foreign exchange rates on its financial positions, financial performance and cash flows. The strategy for dealing with currency risks is to match foreign currency liabilities with assets denominated in the same currency.

The table below summarises the Company's significant currency positions for currency other than Trinidad and Tobago dollars (expressed in Trinidad and Tobago dollars):

As at June 30, 2022

	Eastern Caribbean Dollar	Barbados Dollar	United States Dollar	Other	Total
Assets					
Financial assets					
- available for sale	8,049,722	2,164,500	15,092,254	-	25,306,476
- loans and receivables	24,324,780	2,520,053	2,227,637	-	29,072,470
Reinsurance assets	-	-	138,562,668	-	138,562,668
Other assets	4,658,444	2,935,781	-	-	7,594,225
Short term deposits	54,751,455	2,197,800	-	-	56,949,255
Cash and cash equivalents	56,998,589	7,506,189	11,329,694	7,305	75,841,777
Total assets	148,782,990	17,324,323	167,212,253	7,305	333,326,871
Liabilities					
Insurance liabilities	(75,511,372)	(14,612,010)	-	-	(90,123,382)
Reinsurance payable	-	-	(166,712,853)	-	(166,712,853)
Trade and other payables	(9,614,578)	(2,559,391)	-	-	(12,173,969)
Total liabilities	(85,125,950)	(17,171,401)	(166,712,853)	-	(269,010,204)
Net currency gap	**$63,657,040**	**$152,922**	**$499,400**	**$7,305**	**$64,316,667**
Effect of 1% change in exchange rates on unconsolidated statement of comprehensive income	**$636,570**	$1,529	**$4,994**	**$73**	**$643,166**

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.3 Market risk (continued)

b) Currency risk (continued)

As at June 30, 2021

	Eastern Caribbean Dollar	Barbados Dollar	United States Dollar	Other	Total
Assets					
Financial assets					
- available for sale	9,275,161	3,477,077	12,598,803	951,747	26,302,788
- loans and receivables	23,418,562	2,615,194	2,566,346	-	28,600,102
Reinsurance assets	-	-	135,212,842	-	135,212,842
Other assets	3,950,382	8,090,894	-	-	12,041,276
Short term deposits	43,558,364	2,197,800	-	-	45,756,164
Cash and cash equivalents	49,881,419	7,352,926	38,073,533	990,186	96,298,064
Total assets	130,083,888	23,733,891	188,451,524	1,941,933	344,211,236
Liabilities					
Insurance liabilities	(65,116,854)	(18,233,422)	-	-	(83,350,276)
Reinsurance payable	-	-	(140,239,415)	-	(140,239,415)
Trade and other payables	(7,345,350)	(2,580,417)	-	-	(9,925,767)
Total liabilities	(72,462,204)	(20,813,839)	(140,239,415)	-	(233,515,458)
Net currency gap	**$57,621,684**	**$2,920,052**	**$48,212,109**	**$1,941,933**	**$110,695,778**
Effect of 1% change in exchange rates on unconsolidated statement of comprehensive income	**$576,217**	$29,201	**$482,121**	**$19,419**	**$1,106,958**

Included in the 'Other' category are assets held in Great British Pounds and Canadian Dollars.

Management believes a 1% deviation to be reasonable given the current and expected economic conditions in the locations in which the Company operates. There was no change in the objectives, policies or procedures for managing currency risk from the prior year.

c) Other price risk

The table below summarises the Company's exposure to other price risk.

As at June 30, 2022

	Carrying value	Effect on equity of a 5% change
Equities		
Listed	26,662,611	1,333,131
Unlisted	3,389,650	169,483
	$30,052,261	**$1,502,614**

As at June 30, 2021

	Carrying value	Effect on equity of a 5% change
Equities		
Listed	23,608,859	1,180,443
Unlisted	3,389,650	169,483
	$26,998,509	**$1,349,926**

Management believes a 5% deviation to be reasonable given the current and expected economic conditions in the locations in which the Company operates. There were no changes in the objectives, policies or procedures for managing other price risk from the prior year.

4.2.4 Financial instruments by category

The table below summarizes the carrying value and the fair values of the Company's financial assets and financial liabilities as at the year-end by category.

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.4 Financial instruments by category (continued)

As at June 30, 2022

Financial Instrument	Carrying value	Fair value
Financial Assets		
Available for sale		
Debt securities	113,383,589	113,383,589
Equities	30,052,261	30,052,261
	$143,435,850	**$143,435,850**
Loans and receivables		
Loans and receivables	88,667,732	88,667,732
Reinsurance assets	138,562,668	138,562,668
Other assets	15,540,036	15,540,036
Short term deposits	65,449,255	65,449,255
Cash and cash equivalents	220,337,813	220,337,813
	$528,557,504	**$528,557,504**
Financial Liabilities		
Financial liabilities at amortised cost		
Insurance liabilities	342,287,218	342,287,218
Reinsurance payable	5,057,464	5,057,464
Lease liability	166,712,853	166,712,853
Trade and other payables	52,501,647	52,501,647
	$566,559,182	**$566,559,182**

As at June 30, 2021

Financial Instrument	Carrying value	Fair value
Financial Assets		
Available for sale		
Debt securities	72,598,005	72,598,005
Equities	26,998,509	26,998,509
	$99,596,514	**$99,596,514**
Loans and receivables		
Loans and receivables	78,179,684	78,179,684
Reinsurance assets	135,212,842	135,212,842
Other assets	20,919,848	20,919,848
Short term deposits	65,256,164	65,256,164
Cash and cash equivalents	249,927,253	249,927,253
	$549,495,791	**$549,495,791**
Financial Liabilities		
Financial liabilities at amortised cost		
Insurance liabilities	316,802,618	316,802,618
Due to related party	2,485,088	2,485,088
Reinsurance payable	140,239,415	140,239,415
Trade and other payables	50,312,886	50,312,886
	$509,840,007	**$509,840,007**

The fair value of financial instruments is determined as follows:

a) Debt securities and equities

The fair values of quoted investments are based on the last traded prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

b) Loans and receivables

The fair value was determined based on the present value of future cash flows using current market interest rates.

c) Reinsurance assets

The carrying value on these reinsurance assets are a close approximation to the fair value of these assets as these amounts represent the reinsurance assets on the related undiscounted insurance liabilities for which the settlement date is uncertain.

d) Other financial assets and liabilities

These balances are short term and as a result, carrying value is a close approximation to fair value.

4. Management of insurance and financial risk (continued)

4.2 Financial risk (continued)

4.2.5 Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible. There were no transfers between the levels during the year ended June 30, 2022 (2021: nil).

As at June 30, 2022

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets				
- Available for sale	$33,332,026	$104,549,674	$5,554,150	$143,435,850

As at June 30, 2021

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets				
- Available for sale	$30,067,227	$63,975,137	$5,554,150	$99,596,514

4.2.6 Capital management

The Company manages its shareholders' equity of $148,302,425 (2021: $177,659,235) as capital.

The Company's objectives when managing capital are:

- To comply with the capital requirements required by the regulators of the insurance markets where the Company operates.
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing insurance and investment contracts commensurately with the level of risk.

In each country in which the Company operates, the local insurance regulator specifies the minimum amount and type of capital that must be held in relation to their insurance liabilities. The minimum required capital must be maintained at all times throughout the year. The Company is subject to insurance solvency regulations in all the territories in which it issues insurance contracts. These solvency regulations require the Company and its individual branches in each territory to maintain a surplus of assets over liabilities greater than a specific percentage of its net premium income. The percentage differs in each territory. The Company has embedded in its compliance framework the necessary tests to ensure continuous and full compliance with such regulations.

In the current year, the Company met its objectives for managing capital. There were no changes in the objectives, capital base or policies for capital management from the prior year.

5. Property, plant and equipment

	Freehold properties	Furniture and fittings	Office equipment	Vehicles	Computer equipment	Total
Year ended June 30, 2022						
Cost						
Balance as at July 1, 2021	13,819,443	6,790,362	4,189,028	3,325,690	43,448,069	71,572,592
Additions	-	579,900	8,750	-	3,030,098	3,618,748
Disposals	-	(1,668)	(1,389)	(294,604)	(10,383)	(308,044)
Balance as at June 30, 2022	13,819,443	7,368,594	4,196,389	3,031,086	46,467,784	74,883,296

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

5. Property, plant and equipment (continued)

	Freehold properties	Furniture and fittings	Office equipment	Vehicles	Computer equipment	Total
Accumulated depreciation						
Balance as at July 1, 2021	(2,273,483)	(5,253,995)	(3,779,864)	(2,719,937)	(35,892,970)	(49,920,249)
Charge on disposals	-	1,447	1,229	203,925	9,387	215,988
Depreciation charge	(213,967)	(204,408)	(82,837)	(140,381)	(2,199,449)	(2,841,042)
Balance as at June 30, 2022	(2,487,450)	(5,456,956)	(3,861,472)	(2,656,393)	(38,083,032)	(52,545,303)
Net book value as at June 30, 2022	$11,331,993	$1,911,638	$334,917	$374,693	$8,384,752	$22,337,993
Year ended June 30, 2021						
Cost						
Balance as at July 1, 2020	13,819,443	6,761,304	4,189,028	3,325,690	42,110,427	70,205,892
Additions	-	57,867	-	-	1,779,289	1,837,156
Disposals	-	(28,809)	-	-	(441,647)	(470,456)
Balance as at June 30, 2021	13,819,443	6,790,362	4,189,028	3,325,690	43,448,069	71,572,592
Accumulated depreciation						
Balance as at July 1, 2020	(2,059,516)	(5,059,724)	(3,677,558)	(2,517,993)	(34,007,633)	(47,322,424)
Charge on disposals	-	18,570	-	-	300,191	318,761
Depreciation charge	(213,967)	(212,841)	(102,306)	(201,944)	(2,185,528)	(2,916,586)
Balance as at June 30, 2021	(2,273,483)	(5,253,995)	(3,779,864)	(2,719,937)	(35,892,970)	(49,920,249)
Net book value as at June 30, 2021	**$11,545,960**	**$1,536,367**	**$409,164**	**$605,753**	**$7,555,099**	**$21,652,343**

6. Right of use asset and liabilities

(a) Right of use asset

	2022	2021
Balance at the beginning of the year	2,379,843	3,188,471
Additions	6,478,931	2,500,491
Disposals and adjustments	(1,369,440)	12,966
Effect of modification of lease terms	655,704	(295,242)
Depreciation charge	(3,248,192)	(3,026,843)
Balance at the end of the year	**$4,896,846**	**$2,379,843**
Cost	13,169,133	7,516,878
Accumulated depreciation	(8,272,287)	(5,137,035)
Balance at end of year	**$4,896,846**	**$2,379,843**

(b) Right of use liabilities

	2022	2021
Balance at the beginning of the year	2,485,088	3,281,896
Additions	6,478,931	2,868,975
Disposals	(1,919,643)	(713,398)
Interest expenses	495,603	332,441
Lease payments	(3,196,995)	(3,371,404)
Effect of modification to lease terms	714,480	86,578
Balance at the end of the year	**$5,057,464**	**$2,485,088**
Current	160,619	105,244
Non-current	4,896,845	2,379,844
Balance at end of year	**$5,057,464**	**$2,485,088**

(c) Amounts recognized in the consolidated statement of comprehensive income

	2022	2021
Interest expense on lease liability	495,603	332,441
Depreciation charge on lease liability	3,248,192	3,026,843
Modifications/ disposal	(491,427)	23,940
Balance at end of the year	**$3,252,368**	**$3,383,224**

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

7. Retirement benefit asset

	2022	2021
Retirement benefit asset	**$1,260,219**	**$1,287,092**
Amounts recognised in the unconsolidated statement of financial position are as follows:		
Fair value of plan assets	4,792,629	4,984,794
Present value of funded obligations	(2,355,140)	(2,291,553)
	2,437,489	2,693,241
Effect of asset ceiling	(1,177,270)	(1,406,149)
Retirement benefit asset	**$1,260,219**	**$1,287,092**
Movement in the retirement benefit asset recognised over the year is as follows:		
As at beginning of year	1,287,092	1,249,942
Net pension (income)/expense	(255,752)	333,966
Effect of asset ceiling	228,879	(296,816)
As at end of year	**$1,260,219**	**$1,287,092**
Movement in the present value of funded obligation for the year is as follows:		
As at beginning of year	2,291,553	2,236,744
Interest cost	174,985	170,952
Current service cost	90,736	89,667
Benefit payments	(98,295)	(94,132)
Actuarial gains	(103,839)	(111,678)
As at end of year	**$2,355,140**	**$2,291,553**
Movement in the fair value of plan assets for the year is as follows:		
As at beginning of year	4,984,794	4,596,019
Expected return on plan assets	(115,841)	460,805
Employee contributions	21,971	22,102
Benefit payments	(98,295)	(94,132)
As at end of year	**$4,792,629**	**$4,984,794**
Amounts recognised in the statement of comprehensive income:		
Profit or loss		
Current service cost	68,765	67,565
Interest cost	(196,014)	(171,049)
	(127,249)	(103,484)
Other comprehensive income/(loss)		
Expected return on plan assets	(486,839)	118,804
Net actuarial gains/(losses)	103,839	111,678
	(383,000)	230,482
Net pension (expense)/benefit	**$(510,249)**	**$126,998**
Actual return on plan assets	**$(115,841)**	**$460,805**

	2022	2021
The principal assumptions used in the actuarial valuation are as follows:		
Discount rate at end of year	7.5%	7.5%
Expected return on plan assets at end of year	7.5%	7.5%
Future salary increases	6.5%	6.5%
Future pension increases	3.0%	3.0%
NIS ceiling increases	3.5%	3.5%
Mortality – US Mortality tables	GAM94	GAM94
The plan assets are invested in a segregated equity fund and bond fund managed by Sagicor Life Inc.	**$4,792,629**	**$4,984,794**

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The expected return on plan assets is calculated using an average of the assets at the start and end of the year multiplied by the expected percentage rate of return.

The assets of the defined benefit plan are disaggregated into the following quoted and unquoted securities.

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

7. Retirement benefit asset (continued)

	% of Portfolio 2022	2021
Equities	35%	36%
Bonds	40%	39%
Mortgages	16%	15%
Deposits/Cash	5%	6%
Real estate	4%	4%

Sensitivity analysis

If the main assumptions were changed the present value of the obligation would be as follows:

	Present value of obligation +0.5%	-0.50%
Discount rate	$2,523,597	$2,144,413
Salary increase and NIS increase	$2,291,493	$2,358,186

8. Investment in subsidiary

The Company owns 100% (2021: 100%) of the issued shares of North West Premium Finance Limited (the “Subsidiary”) which is incorporated in Trinidad and Tobago. Its principal activity is the provision of premium financing

9. Financial assets – available for sale

	2022	2021
Equities	35,406,434	32,352,682
Government bonds	33,196,797	37,637,210
Fixed deposit	50,186,792	34,960,795
Corporate bonds	30,000,000	-
Provision for impairment	(5,354,173)	(5,354,173)
	$143,435,850	**$99,596,514**

The movement in available for sale financial assets is summarised as follows:

	2022	2021
As at beginning of year	99,596,514	88,397,536
Additions	65,064,533	27,325,021
Disposals/maturities	(19,325,595)	(19,993,323)
Net realised loss on financial assets	(301,131)	(157,196)
Net fair value change for the year	(1,598,471)	4,024,476
As at end of year	**$143,435,850**	**$99,596,514**

10. Financial assets – loans and receivables

	2022	2021
Amounts due from brokers	76,365,070	65,096,024
Amounts due from policyholders	10,075,025	10,517,221
Amounts due from reinsurers	2,227,637	2,566,439
	$88,667,732	**$78,179,684**

11. Reinsurance assets

	2022	2021
Current	138,199,873	134,307,543
Non-current	362,795	905,299
Total assets arising from reinsurance contracts (Note 17)	**$138,562,668**	**$135,212,842**

12. Deferred taxes

Deferred taxes are calculated on all temporary differences under the liability method using tax rates applicable in the respective territories.

The movement in the deferred tax account is as follows:

	2022	2021
As at beginning of year	(306,640)	(1,861,524)
Charge to profit or loss (Note 23)	164,324	466,326
(Credit)/charge to other comprehensive income	(526,825)	1,088,558
As at end of year	**$(669,141)**	**$(306,640)**

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

12. Deferred taxes (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to the same entity. The following amounts are shown on the unconsolidated statement of financial position:

	2022	2021
Deferred tax assets	(2,807,241)	(2,911,314)
Deferred tax liabilities	2,138,100	2,604,674
	$(669,141)	$(306,640)

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax assets and liabilities and the deferred income tax charge in the unconsolidated statement of comprehensive income and other comprehensive income are attributable to the following items:

	Balance as at July 1, 2021	Charge/(credit) to profit or loss	Charge to other comprehensive income	Balance as at June 30, 2022
Deferred tax liabilities:				
Fair value gains on available for sale financial assets	1,034,515	-	(431,076)	603,439
Retirement benefit asset	587,084	-	(95,749)	491,335
Accelerated tax depreciation	983,075	60,251		1,043,326
	2,604,674	60,251	(526,825)	2,138,100
Deferred tax assets:				
Impairment provision	(1,198,553)	-	-	(1,198,553)
Tax losses carried forward	(1,712,761)	104,073	-	(1,608,688)
	(2,911,314)	104,073	-	(2,807,241)
Net deferred tax asset	$(306,640)	$164,324	$(526,825)	$(669,141)

	Balance as at July 1, 2020	Charge to profit or loss	Credit to other comprehensive income	Balance as at June 30, 2021
Deferred tax liabilities:				
Fair value gains on available for sale financial assets	3,578	-	1,030,937	1,034,515
Retirement benefit asset	529,463	-	57,621	587,084
Accelerated tax depreciation	1,255,408	(272,333)	-	983,075
	1,788,449	(272,333)	1,088,558	2,604,674
Deferred tax assets:				
Impairment provision	(1,198,553)	-	-	(1,198,553)
Tax losses carried forward	(2,451,420)	738,659	-	(1,712,761)
	(3,649,973)	738,659	-	(2,911,314)
Net deferred tax asset	$(1,861,524)	$466,326	$1,088,558	$(306,640)

	2022	2021
Deferred tax liabilities:		
- to be realised after more than 12 months	2,173,598	2,819,387
- to be realised within 12 months	(35,498)	(214,713)
	$2,138,100	$2,604,674
Deferred tax assets:		
- to be realised after more than 12 months	(2,830,545)	(2,680,010)
- to be realised within 12 months	23,304	(231,304)
	$(2,807,241)	$(2,911,314)

13. Short term deposits

	2022	2021
(i) Treasury bills	38,132,043	32,060,000
(ii) At banks	4,478,880	19,098,953
(iii) Supervisor of Insurance	9,618,332	9,618,332
(iv) Financial Institutions	13,220,000	4,478,879
	$65,449,255	$65,256,164

The amounts included in (iv) above represent cash deposits with the various Supervisors of Insurance held towards the Company's statutory deposits requirements. These deposits have an average effective interest rate of 1.61% (2021: 1.6%).

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

14. Stated capital

	2022	2021
Authorised		
Unlimited ordinary shares of no par value		
Issued and fully paid		
39,991,391 ordinary shares at no par value	$65,309,195	$65,309,195

15. Catastrophe reserve

	2022	2021 (restated)
Balance as at beginning of year	3,115,469	-
Transfer from retained earnings	3,442,135	3,115,469
Balance as at end of year	$6,557,604	$3,115,469

As per Section 44 of the Insurance Act, 2018 of Trinidad and Tobago, since the Company carry on property insurance business, it is required to establish and maintain a Catastrophe Reserve Fund. At the end of each financial year, the Company makes an appropriation from its retained earnings to the Catastrophe Reserve Fund, an amount not less than twenty per cent of its net written premium income on its property insurance business for that year unless the Catastrophe Reserve Fund is equal to, or exceeds the net written premium income on the Company's property insurance business for that year.

16. Statutory reserve

	2022	2021
Balance as at beginning of year	-	25,384,182
Transfer to retained earnings	-	(25,384,182)
Balance as at end of year	$-	$-

Prior to January 1, 2021, as was required by section 171 of the Insurance Act 1980 of Trinidad and Tobago, at least 25% of the Company's profit for the year on its general insurance business were appropriated towards a reserve until such reserve equals or exceeds the liability in respect of outstanding unexpired policies.

According to the Insurance Act 2018, which became effective on January 1, 2021, the requirement for a statutory reserve is no longer applicable. As such, this amount has been transferred to retained earnings from which it was originally appropriated.

17. Insurance liabilities and reinsurance assets

	2022	2021
Insurance liabilities – gross		
Short-term insurance contracts		
Claims reported and loss adjustment expenses	103,584,703	81,273,569
Claims incurred but not reported	30,014,468	37,622,930
Total insurance claims liability	133,599,171	118,896,499
Unearned premiums	194,084,314	184,079,120
Unexpired risks provision	10,923,851	10,677,268
Total unearned premiums and unexpired risk liability	205,008,165	194,756,388
Long-term insurance contracts		
- Annuities	3,499,521	3,015,062
- Term life	180,361	134,669
Total long-term insurance contracts	3,679,882	3,149,731
Total insurance liabilities - gross	**$342,287,218**	**$316,802,618**
Recoverable from reinsurers		
Short-term insurance contracts		
Claims reported and loss adjustment expenses	34,060,582	26,969,565
Claims incurred but not reported	10,306,620	13,785,095
Total insurance claims recoverable	44,367,202	40,754,660
Unearned premiums	90,633,279	90,264,819
Unexpired risks provision	3,568,352	4,191,348
Long-term insurance contracts	(6,165)	2,015
Total reinsurers' share of insurance liabilities	**$138,562,668**	**$135,212,842**

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

17. Insurance liabilities and reinsurance assets (continued)

	2022	2021
Insurance liabilities – net		
Short-term insurance contracts		
Claims reported and loss adjustment expenses	69,524,121	54,304,004
Claims incurred but not reported	19,707,848	23,837,835
Total insurance claims liability	89,231,969	78,141,839
Unearned premiums	103,451,035	93,814,301
Unexpired risks provision	7,355,499	6,485,920
Total unearned premiums and unexpired risk	110,806,534	100,300,221

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

17. Insurance liabilities and reinsurance assets (continued)

	2022	2021
Long-term insurance contracts		
- Annuities	3,499,521	3,015,062
- Term life	186,526	132,654
Total long-term insurance contracts	3,686,047	3,147,716
Total insurance liabilities - net	**$203,724,550**	**$181,589,776**
Current	195,919,295	174,122,588
Non-current	7,805,255	7,467,188
Total insurance liabilities - net	**$203,724,550**	**$181,589,776**

17.1 Assumptions, change in assumptions and sensitivity

(a) Development of claims

The development of insurance liabilities provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Company's estimate of total claims outstanding relating to short term insurance contracts (excluding group health business) for each accident year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the unconsolidated statement of financial position. An accident year basis is considered to be most appropriate for the business written by the Company.

Accident year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**TOTAL**
Insurance claims – gross							
- at end of accident year	119,353,110	340,529,504	115,210,750	93,077,370	104,493,135	120,332,709	
- one year later	98,868,151	323,283,663	108,044,357	89,551,331	91,986,623	-	
- two years later	92,897,548	320,551,720	104,746,233	88,298,286	-	-	
- three years later	90,680,675	320,142,020	103,476,958	-	-	-	
- four years later	91,526,379	319,413,104	-	-	-	-	
- five years later	90,753,000	-	-	-	-	-	
Current estimate of cumulative claims	90,753,000	319,413,104	103,476,958	88,298,286	91,986,623	120,332,709	814,260,680
Cumulative payments to date	(83,909,658)	(311,323,113)	(94,807,884)	(74,585,557)	(65,915,211)	(79,101,248)	(709,642,671)
	6,843,342	8,089,991	8,669,074	13,712,729	26,071,412	41,231,461	104,618,009
Liabilities in respect of years prior to 2017 (short term excluding group health)							(13,992,862)
Total insurance claims liability – group health and long-term business							42,974,024
Total insurance claims liability – gross							**$133,599,171**

Accident year	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**TOTAL**
Insurance claims – net							
- at end of accident year	63,529,004	60,524,695	63,509,302	55,881,918	57,642,472	78,710,547	
- one year later	56,109,652	131,366,863	59,056,205	53,456,484	49,669,995	-	
- two years later	52,805,299	128,364,755	55,881,017	52,303,686	-	-	
- three years later	51,845,849	128,092,558	54,602,172	-	-	-	
- four years later	51,389,010	127,468,169	-	-	-	-	
- five years later	50,843,793	-	-	-	-	-	
Current estimate of cumulative claims	50,843,793	127,468,169	54,602,172	52,303,686	49,669,995	78,710,547	413,598,362
Cumulative payments to date	(46,716,314)	(122,315,587)	(49,322,962)	(43,739,826)	(31,465,756)	(53,080,252)	(346,640,697)
	4,127,479	5,152,582	5,279,210	8,563,860	18,204,239	25,630,295	66,957,665
Liabilities in respect of years prior to 2017 (short term excluding group health)							(9,662,209)
Total insurance claims liability – group health and long-term business							31,936,513
Total insurance claims liability – net							**$89,231,969**

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

17. Insurance liabilities and reinsurance assets (continued)

17.1 Assumptions, change in assumptions and sensitivity (continued)

(b) Process used to decide on assumptions

Short-term Insurance Contracts

The risks associated with these insurance contracts and in particular, with casualty insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. The Company uses historical data for trending and estimating the ultimate cost of claims. The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. These factors are then applied to cumulative claims data to develop the estimated total claims for the ensuing year.

The Company reserves for property and casualty insurance claims immediately on the receipt of a claim incident report. The Company's policy is to establish realistic reserves based on available information and cost estimates. The policy is to ensure that the majority of claims are adequately reserved in the same accounting month in which they are reported and no later than thirty (30) days after the first report of loss.

Outstanding claim reserves are continuously re-evaluated based on new information and developments and the reserves are adjusted for accordingly. The Company reassesses its provision for incurred but not reported claims ("IBNR") on an annual basis.

Long-term Insurance Contracts

Annuities

These reserves are determined based on the fund balances for the contracts at the unconsolidated statement of financial position date.

Term Life

These reserves are valued using the gross premium valuation method which utilises assumptions regarding the rate of return on these contracts as well as mortality assumptions.

See Note 3 for details on the sensitivity of these reserves.

17.2 Movement in insurance liabilities and reinsurance assets

(a) Claims and loss adjustment expenses

Year ended June 30, 2022

	Gross	Reinsurance	Net
Notified claims	81,273,569	(26,969,565)	54,304,004
Incurred but not reported	37,622,930	(13,785,095)	23,837,835
Total as at beginning of year	118,896,499	(40,754,660)	78,141,839
Cash paid for claims settled in year	(226,712,579)	45,434,712	(181,277,867)
Increase/(decrease) in liabilities			
- arising from current year claims	257,124,461	(53,362,368)	203,762,093
- arising from prior year claims	(15,709,210)	4,315,114	(11,394,096)
Total as at end of year	**$133,599,171**	**$(44,367,202)**	**$89,231,969**
Notified claims	103,584,703	(34,060,582)	69,524,121
Incurred but not reported	30,014,468	(10,306,620)	19,707,848
Total as at end of year	**$133,599,171**	**$(44,367,202)**	**$89,231,969**

Year ended June 30, 2021

	Gross	Reinsurance	Net
Notified claims	74,842,986	(22,571,913)	52,271,073
Incurred but not reported	36,502,084	(8,594,306)	27,907,778
Total as at beginning of year	111,345,070	(31,166,219)	80,178,851
Cash paid for claims settled in year	(184,702,062)	43,929,198	(140,772,863)
Increase/(decrease) in liabilities			
- arising from current year claims	198,393,450	(53,298,812)	145,094,639
- arising from prior year claims	(6,139,959)	(218,827)	(6,358,786)
Total as at end of year	**$118,896,499**	**$(40,754,660)**	**$78,141,839**
Notified claims	81,273,569	(26,969,565)	54,304,004
Incurred but not reported	37,622,930	(13,785,095)	23,837,835
Total as at end of year	**$118,896,499**	**$(40,754,660)**	**$78,141,839**

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

17. Insurance liabilities and reinsurance assets (continued)

17.2 Movement in insurance liabilities and reinsurance assets (continued)

(b) Provisions for unearned premiums and unexpired short-term risks

Year ended June 30, 2022

	Gross	Reinsurance	Net
Unearned premium provision			
As at beginning of year	184,079,120	(90,264,819)	93,814,301
Increase in the year	194,084,314	(90,633,279)	103,451,035
Release in the year	(184,079,120)	90,264,819	(93,814,301)
As at end of year	**$194,084,314**	**$(90,633,279)**	**$103,451,035**

Year ended June 30, 2022

	Gross	Reinsurance	Net
Unexpired risk provision			
As at beginning of year	10,677,268	(4,191,348)	6,485,920
Increase in the year	10,923,851	(3,568,352)	7,355,499
Release in the year	(10,677,268)	4,191,348	(6,485,920)
As at end of year	**$10,923,851**	**$(3,568,352)**	**$7,355,499**

Year ended June 30, 2021

	Gross	Reinsurance	Net
Unearned premium provision			
As at beginning of year	183,105,401	(95,092,234)	88,013,167
Increase in the year	184,079,120	(90,264,819)	93,814,301
Release in the year	(183,105,401)	95,092,234	(88,013,167)
As at end of year	**$184,079,120**	**$(90,264,819)**	**$93,814,301**
Unexpired risk provision			
As at beginning of year	9,943,988	(3,841,174)	6,102,814
Increase in the year	10,677,268	(4,191,348)	6,485,920
Release in the year	(9,943,988)	3,841,174	(6,102,814)
As at end of year	**$10,677,268**	**$(4,191,348)**	**$6,485,920**

18. Trade and other payables

	2022	2021
Motor plus	22,016,643	18,763,021
Stale dated cheques	7,369,705	7,558,205
Other payables and accruals	7,111,418	4,384,017
Sundry creditors	5,893,285	3,956,159
Accruals	4,349,788	9,412,935
Interest income deferred	2,414,512	2,287,250
Premium taxes	2,106,296	2,711,299
Statutory deposit outstanding	1,240,000	1,240,000
	$52,501,647	**$50,312,886**

19. Bank borrowing facilities

	2022	2021
Letter of Credit	4,960,000	4,960,000
	$4,960,000	**$4,960,000**

20. Insurance - claims and loss adjustment expenses

Year ended June 30, 2022

	Gross	Reinsurance	Net
Current year claims and loss adjustment expenses	257,124,461	(53,362,368)	203,762,093
Prior year claims and loss adjustment expenses	(15,709,210)	4,315,114	(11,394,096)
	$241,415,251	**$(49,047,254)**	**$192,367,997**

Year ended June 30, 2021

	Gross	Reinsurance	Net
Current year claims and loss adjustment expenses	198,393,450	(53,298,812)	145,094,638
Prior year claims and loss adjustment expenses	(6,139,959)	(218,827)	(6,358,786)
	$192,253,491	**$(53,517,639)**	**$138,735,852**

21. Other operating and administrative expenses

	2022	2021
Staff costs (See Note 22)	44,115,464	48,071,212
Professional fees	8,097,226	6,756,098
Rent and utilities	7,078,527	6,354,879
Advertising	6,355,738	5,754,266
Depreciation	6,089,234	6,299,784
Roadside assistance expenses	4,798,096	4,010,515
Staff welfare	4,172,911	3,425,683
Repairs and maintenance	3,950,161	2,578,612
Other expenses	2,960,555	2,760,798
Regulator and license fees	2,949,633	1,204,117
Subscriptions	1,590,763	1,563,139
Security	1,578,283	1,563,229
Bank charges	1,357,605	1,370,853
Office expenses	964,890	1,031,482
Travelling expenses	248,779	34,256
Customer relations	208,554	241,150
Loss on disposal of property, plant and equipment	20,388	46,030
Bad debt expense	166	2,555
	$96,536,973	**$93,068,658**

22. Staff costs

	2022	2021
Wages and salaries	41,577,044	45,806,891
National insurance	2,653,025	2,367,805
Severance	12,645	-
Net pension benefit - defined benefit plan	(127,250)	(103,484)
	$44,115,464	**$48,071,212**
Number of persons employed by the Group	**278**	**249**

23. Taxation

	2022	2021
Current tax	5,777,021	7,135,411
Deferred income tax (Note 11)	164,324	466,326
Prior year (over)/under accrual	(22,858)	137,467
	$5,918,487	**$7,739,204**

The Company's effective tax rate varies from the statutory rate as a result of the differences shown below.

	2022	2021
Profit before taxation	(5,212,556)	25,722,695
Tax calculated at the statutory tax rate	(1,563,768)	7,716,809
Effect of different tax rates in other countries	339,056	(925,743)
Expenses not deductible for tax purposes	1,076,737	(2,454,371)
Income not subject to tax	(1,233,190)	1,250,806
Business levy	1,727,050	1,343,695
Green fund levy	1,164,640	939,142
Prior year (over)/under provision	(22,858)	137,467
Tax losses carried forward	4,362,379	-
Tax relief utilised	(95,883)	(734,927)
Deferred tax	164,324	466,326
Tax charge	**$5,918,487**	**$7,739,204**

Notes to the Unconsolidated Financial Statements
Year ended June 30, 2022
(Expressed in Trinidad and Tobago dollars) (continued)

24. Related party balances and transactions

The following transactions and balances were carried out with related parties:

	2022	2021
(i) Leasing of equipment and properties	$893,700	$2,259,900
ii) Amounts due from related parties	$439,351	$3,055,199
iii) Due from North West Premium Finance	$340,834	$735,791
iv) Key management compensation The compensation paid or payable to key management for employee services is shown below:		
Salaries and other short-term employee benefits	$11,237,750	$10,038,737

25. Commitments

	2022	2021
Capital commitments The following were the capital commitments of the Company:		
Systems upgrade project	1,800,000	864,589
	$1,800,000	**$864,589**

26. Contingent liabilities

The Company has several legal matters pending relating to claims made on its insurance portfolio for which the ultimate cost of settling may be uncertain. These have been adequately provided for as insurance liabilities in the unconsolidated financial statements. The Company is also subject to other legal actions, the final outcome of which is uncertain. Based on legal advice received, management has concluded that no significant unrecognised liabilities are expected to crystallise.

27. Restatement

Where necessary, comparatives have been adjusted to reflect the recognition of the catastrophe reserve in the prior year.

	As previously reported	Restatement	As adjusted
Catastrophe reserve	-	3,115,469	3,115,469
Retained earnings	104,060,323	(3,115,469)	100,944,854

28. Subsequent events

Management has evaluated the possibility of subsequent events existing in the Company's unconsolidated financial statements from July 1, 2022, through September 20, 2022, the date the unconsolidated financial statements were available to be issued. Management has determined that there are no material events that would require adjustment to or disclosure in the Company's unconsolidated financial statements.