INSURANCE INDUSTRY COMPENSATION FUND

UNDER THE AEGIS OF THE MINISTRY OF
FINANCIAL SERVICES AND GOOD GOVERNANCE

HIT AND RUN SUB FUND

ANNUAL REPORT 2021

CONTENTS

As a responsible and transparent institution within the Financial Services and Good Governance Industry, the IICF in pursuance of its obligations, philosophy and objectives is presenting its Annual Report 2021 with great pleasure and enthusiasm. Ever since its inception, the IICF has risen up to numerous challenges thanks to the zeal, integrity and loyalty of its Secretary, Managing and Technical Committee Members and all other stakeholders who positively contribute in one way or the other to make its existence remarkable.

In the wake of the Covid-19 pandemic in the year 2021 which resulted in the imposition of a statutory lockdown yet again, the IICF was well prepared and equipped to meet the challenges ahead. The Managing Committee was determined to persevere toward its set goals and objectives. In doing so, the remote-work-culture was re-implemented. At all material times sanitary protocols were observed when reaching out to victims to help them with formalities for their claims. Key members of the IICF and the Chairperson successfully obtained the Work Access Permit thereby enabling them to be mobile whenever the needs arose.

This year's contribution from insurance companies exceeded by around MUR 850,000 compared to previous years. An increase in contribution means more policies have been sold on the market and the public's trust in the Insurance Industry keeps building up. This clearly demonstrates that despite the economic difficulties world-wide, Mauritius is thriving well towards a positive economic recovery. As a major player in the economy, the Managing Committee of the IICF, on the advice of the Financial Services Commission, invested at the Bank of Mauritius in Government Bonds not only to ensure that its investment is in safe hands but also to assist in the economic recovery during the present dire economic climate.

The IICF's expenses have been well managed thus keeping it within limit, being 7 % out of the 10% threshold set by the IICF Regulation 2015.

This year, we have been able to address and overcome the cumbersome and difficult process that entailed to process claims from victims of Hit and Run due to lack of co-operation from certain Police Divisional Headquarters, in so far as disclosure of Witness Statements and other relevant police documents are concerned. The IICF had no option other than to seek the intervention of the Commissioner of Police to resolve the issue. A meeting was organized between the Chairperson and Secretary of IICF and the office of the Commissioner of Police. It is with great pride that I announce that shortly after a month's time, the Commissioner of Police issued Order Directive 35/2021 instructing all Divisional Commanders to recognise the mandate of IICF and to provide the requisite police documents to determine victims' claims promptly. This can be regarded as an achievement of the IICF in favour of its Hit and Run claimants and beneficiaries.

Generally, along with police documents, a complete medical record of victims is also required to process claims. There was a requirement to pay an administrative fee to obtain a complete medical report. I am glad to declare that upon knowing the mission and objectives of IICF – Hit and Run Sub-Fund, the Medical Superintendents of hospitals across Mauritius have bona fide waived that fee in favour of Hit and Run victims. This waiver of fees can be considered as another success of the IICF.
At the IICF help desk, we operate on a claimant-care philosophy and the attitude that is adopted is one of reaching out to the vulnerable victims. With this in mind, the IICF – Hit and Run Sub-Fund has an updated website and social media page. This enables victims with mobility issues to interact and make their applications using the electronic forms.

In October 2021, a successful Cheque Remittance Ceremony was organized in the presence of the Honourable Minister Mahen Kumar Seeruttun who was the chief guest and 13 victims of Hit and Run were compensated. From 2016 until 2021, a total number of 56 victims were compensated and almost MUR 8 Million was disbursed in terms of compensation. This ceremony was also graced, inter alia by Mr Thakoor, Chief Executive of FSC, DCP Taujoo, Head of Traffic Branch, the representatives of the insurance companies and the superintendents of hospitals.

The IICF-Hit and Run Sub Fund does not propose to stop here in its motivation and intends to push the boundaries. In so, I have the pleasure to announce that henceforth, the IICF- Hit and Run Sub-Fund will consider Hit and Run claims from Mauritians in other island within the jurisdiction – Rodrigues Island, for the reason that the public in Rodrigues also contributes towards the Hit and Run Sub-Fund and our legislations and benefits apply to them as well.

To conclude, I am ever so grateful to the unfettering support and plethora of advice of Honourable Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance. I am also thankful to the Commissioner of Police, Mr A. K. Dip and his officers; the Medical Superintendents of all hospitals and all insurance companies for their precious collaboration. The Chief Executive and the Finance and Accounts team of the FSC are thanked for their unequivocal support to the IICF- Hit and Run Sub- Fund. RSM (Mauritius) LLP, our external Auditor are much appreciated for their contribution. Finally, a big "Thank You" to the Secretary, Managing Committee Members; and the Technical Committee Chairperson and Members for their abundance of ideas and invaluable contribution to make IICF- Hit and Run Sub- Fund a successful organisation.

Me Kivisha Goodar
Chairperson

MANAGING COMMITTEE		Date of appointment	Date of termination
Me. Anas Moussa Ismael Rawat	Chairperson	05 July 2017	26 January 2021
Management Committee Members:			
Mr Pradeo Buldee		28 July 2017	26 January 2021
Mr Louis Eric Salmine		28 July 2017	26 January 2021
Mr Mamode Raffic Elahee		05 July 2017	26 January 2021
Mr Ranjaysingh Koonbeeharry		17 November 2017	26 January 2021
Me. Kivisha Devi Goodar	Chairperson	26 January 2021	-
Management Committee Members:			
Mr Ashveen Sunnoo		26 January 2021	-
Mr Louis Eric Salmine		26 January 2021	-
Mr Dyanand Malaree		26 January 2021	-
Mrs Marie Estelle Apollon-Chadun		26 January 2021	-
Technical Subcommittee Members :			
Me. Bishan Ramdenee	Chairperson	14 June 2018	-
Mr Tedj Iswar Boodia		14 June 2018	-
Mr Parmessur Chummun		13 December 2018	05 March 2021
Mr Louis Dominique		05 March 2021	-
Miss Hazaghee Dorasami		05 March 2021	-
Miss Maneesha Gokool	Secretary	28 January 2019	-
Miss Raaniyah Beebee Bhunnoo	Secretary	30 May 2018	05 March 2021

REGISTERED :	Insurance Industry Compensation Fund
OFFICE :	Level 8 SICOM Tower Wall Street Ebene Mauritius
BANKERS :	Absa Bank Mauritius Limited 1st Floor, ABSA House 68-68A Cybercity Ebene Mauritius MauBank Ltd 25 Bank Street, Cybercity Ebene Mauritius

BANKERS	SBM Bank (Mauritius) Ltd SBM Tower 1, Queen Elizabeth II Avenue Port Louis Mauritius
AUDITOR	RSM (Mauritius) LLP Room 109 Moka Business Centre Mount Ory Road, Bon Air Moka Mauritius

The Insurance Industry Compensation Fund (IICF) is categorized into 2 main Funds, namely the Insolvency Sub Fund and the Hit and Run Sub Fund as per Insurance Act 2005, section 88. The Management Report gives an overview about the performance and viability of IICF.

> Overview of the Hit and Run Sub Fund
> Contributions
> Accounts, Investment and Audit
> Claims, Cheque Remittance and Claimants' Care
> Third Party Collaboration
> Covid 19's impact

Overview

The Hit and Run Sub Fund has been created, by Insurance Act, Section 88 (1) (b) to provide compensation for victims of Hit and Run accidents who have no remedies at all either under the Criminal law, civil law, insurance companies or any other compensating organisations. Similar to other foreign jurisdictions, this Fund has eventually recognized Hit and Run victims within the Mauritius jurisdictions and compensated them.

The Fund is managed by a Managing Committee presided by a Chairperson. A Technical Committee comprising of experts in various fields assists the Managing Committee. The Financial Services Commission (FSC) is mandated to provide administrative support. The Managing Committee has met 17 times during the year 2021.

Contributions

The Hit and Run Sub Fund generates its contributions from domestic insurance companies who, in turn, charge their insurance policy holders a nominal fee as prescribed in First Schedule of Insurance (Industry Compensation Fund) Regulations 2015. The total amount of money injected by insurance companies into the Fund for the year 2021 is estimated at MUR 43, 357,227.

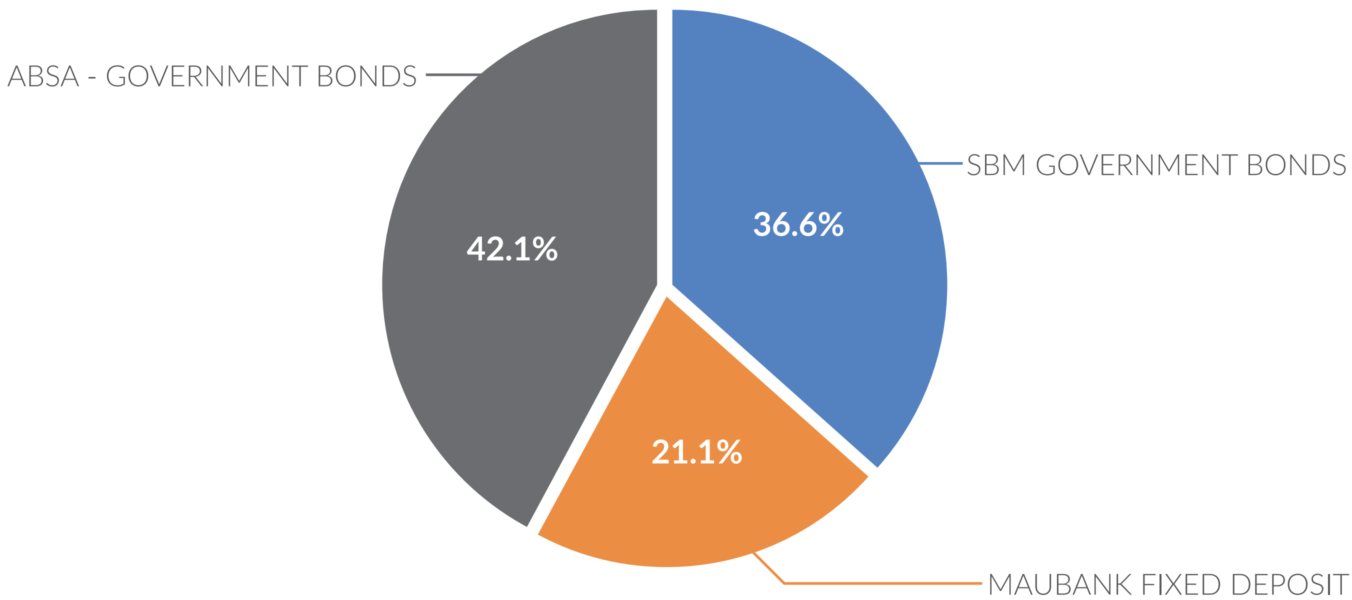
Accounts, Investment and Audits

From 1st January 2016 until 31st December 2021, the total amount in the Fund stood at MUR 226, 656, 533. It comprised of both contributions from insurance companies and interests accrued in investments.

The FSC is responsible for collecting contributions from insurance companies, managing IICF's account and suggesting investment proposals to the Managing Committee. The interest income for year 2021 totaled up at MUR 1, 743, 334.

The Managing Committee invests in reliable commercial banks only and a "25% quota only of total assets" is invested. However, this exception does not apply when the Managing Committee is investing in Government Bonds in the Bank of Mauritius.

Distribution of Investments



The Hit and Run Sub Fund's accounts are prepared by the Financial Services Commission. There is very strict internal control pertaining the accounts and there is very low to non-existent risk of fraud. The IICF has been "applying its resources and carrying out its operation fairly and economically" and no "expenditure incurred was of extravagant or wasteful nature" and has only used around 7.7 % of its allowed 10% administrative expenses.

The Managing Committee has complied with all relevant Legislations, Regulations, National Code of Corporate Governance, Procurement guidelines, Risk Management, Risk Governance and good governance aspects.

Claims, Cheque Remittance and Claimants' care

During the year under review, the IICF received 14 claims of Hit and Run, out of which 9 were successful. As at 31 December 2021, 6 claims were pending while awaiting police and medical records. The total amount disbursed for payment of compensation to 14 beneficiaries for the year 2021 amounted to almost MUR 1 Million and from 2016 until present date, the IICF has compensated almost **MUR 8 Million** to victims of Hit and Run accidents.

The Managing Committee of the IICF organized a Cheque Remittance Ceremony on 19th October 2021 whereby the Honourable Mahen Kumar Seeruttun compensated 13 victims of Hit and Run cases. Moreover, it adopts a Claimants' care protocol whereby it works closely with Statistics Mauritius to detect Hit and Run victims and compensate them in the shortest delay in order to alleviate their suffering.

The IICF also provides accessibility and proximity to Claimants by enabling them to use our digitalised application online. They are aware of our presence through our advertising campaign, programs on television, website and facebook page.

Third Party Collaboration

The Managing Committee of IICF was having difficulties in obtaining full police reports from certain police Divisions, which was causing a hindrance to our Claimants' care protocol. A meeting was organized by the office of the Commissioner of Police together with the Chairperson and Secretary of IICF to address the issue. Consequently, the Commissioner of Police issued an Order Directive 35/2021 ordering all police stations across the island to provide all documents to the IICF to enable them to determine claims of Hit and Run accident.

Similarly, the Managing Committee requires full medical reports of Hit and Run victims in order to consider their compensation claims and subsequently most hospitals have voluntarily waived the administrative fee payable to obtain medical reports.

Covid 19's impact

Similar to the previous year 2020, most countries around the world including Mauritius went into a complete lockdown for several months. This year 2021, has witnessed a 2nd wave of Covid 19 outbreak and Mauritius went into a second lockdown for the consecutive year. Institutions across Mauritius were completely closed while others were working with skeletal staff.

The IICF did not deter from its objectives and provided its staff and Member with Work Access Permit (WAP) to keep the institution running and keep up to date with our Hit and Run claimants.

STATEMENT OF COMPLIANCE REPORT

During the financial year from 1st January 2021 until 31st December 2021, the Secretary confirms that the Insurance Industry Compensation Fund has complied with the requirements of the National Code of Corporate Governance for Mauritius (2016) in all material aspects.

Miss Maneesha Gokool
Secretary

IICF CHEQUE REMITTANCE CEREMONY 2021


THE INSURANCE INDUSTRY COMPENSATION FUND (IICF)

1.0 Preamble

The National Code of Corporate Governance for Mauritius (the "Code") sets out the prudent guidance and principles which the Managing Committee has to diligently apply for the smooth running and long-term success of the organisation. It also ensures that all organisations across Mauritius observes the same high standard on corporate governance and are accountable for their actions.

2.0 Managing Committee of the IICF

For the financial year starting on 1st January 2021 and ending on 31st December 2021 (the 'Financial Year'), the Managing Committee of the IICF (the 'Managing Committee'), consisted of five members including the Chairperson in accordance with Regulation 4(1)(a) of the Insurance (Industry Compensation Fund) Regulations 2015 (the '2015 Regulations').

It is noted that the Managing Committee was reconstituted on the 26th of January 2021. The newly appointed Members were:

- Me Kivisha Devi Goodar – appointed as Chairperson since 26th January 2021
- Mr Ashveen Sunnoo – appointed as Member since 26th January 2021
- Mr Dyanand Malaree – appointed as Member since 26th January 2021
- Mrs Marie Estelle Elisabeth Apollon-Chadun – appointed as Member since 26th January 2021
- Mr Eric Louis Salmine – reappointed as Member since 26th January 2021

The Managing Committee preceded the previous Managing Committee and the former Members were as follows:

- Me Anas Moussa Ismael Rawat – Chairperson till 25th January 2021
- Mr Mamode Raffic Elahee – Member till 25th January 2021
- Mr Pradeo Buldee – Member till 25th January 2021
- Mr Ranjaysingh Koonbeeharry – Member till 25th January 2021

Miss Maneesha Gokool was recruited as Secretary on 28th January 2019 and continues to occupy the Secretary post.

Miss Raaniyah Bhunnoo, Office Management Assistant at the Ministry of Financial Services and Good Governance temporarily acted as Liaison Officer/Secretary till March 2021 at the request of IICF.

The Members of the Managing and Technical Sub Committee and the staff are diversified individuals with expertise background in legal, informatics, banking, accounting, business management and so on. They are aware of their duties, responsibilities and accountabilities and are updated with the recent development in the Financial Services and Good Governance sector.

3.0 Role of the Managing Committee

The Managing Committee's main responsibilities, inter alia, is to manage the Hit and Run Sub-Fund which is the only operational Fund at this stage and compensate eligible victims of Hit and Run accidents. It is mandated to raise awareness of the Hit and Run Sub-Fund to the public at large in Mauritius and Rodrigues.

The Members of the Managing Committee, Technical Subcommittee and staff demonstrate high skills and analysis when processing claims, analyse whether the current legislations are bringing enough relief to the victims and propose further amendments to legislations where it is warranted.

4.0 Meetings of the Managing Committee

Regulation 5(1) of the Insurance (Industry Compensation Fund) Regulations 2015, requires the Managing Committee to meet as often as is necessary but at least once every 3 months.

During the Financial Year 2021, despite the disruptions caused by the COVID-19 pandemic, the Managing Committee did not deter from its missions and objectives and continued carry out business as usual with strict sanitary protocols.

The number of meetings attended by the Chairperson and members of the Managing Committee are set out in the table below:

Members	Meetings attended
Me. Kivisha Devi Goodar	17
Mr Ashveen Sunnoo	16
Mr Dyanand Malaree	14
Mrs Marie Estelle Elisabeth Apollon-Chadun	17
Mr Eric Louis Salmine	14

5.0 Chairperson's and Members' Fees

The terms and conditions of the Chairperson and members of the Managing Committee, including their fees, are determined by the Minister of Financial Services and Good Governance (the 'Minister'). The fees paid to the Chairperson and members of the Managing Committee are provided in the following table:

Members	Remunerations for the Reporting Period (MUR)
Me. Anas Moussa Ismael Rawat (Chairperson of the Managing Committee till 25th January 2021)	20,565
Mr Mamode Raffic Elahee (Member of the Managing Committee till 25th January 2021)	13,710
Mr Pradeo Buldee (Member of the Managing Committee till 25th January 2021)	13,710
Mr Ranjaysingh Koonbeeharry (Member of the Managing Committee till 25th January 2021)	13,710
Me. Kivisha Devi Goodar (Chairperson of the Managing Committee since 26th January 2021)	285,435
Mr Ashveen Sunnoo (Member of the Managing Committee since 26th January 2021)	190,290
Mr Dyanand Malaree (Member of the Managing Committee since 26th January 2021)	190,290
Mrs Marie Estelle Elisabeth Apollon-Chadun (Member of the Managing Committee since 26th January 2021)	190,290
Mr Eric Louis Salmine (Re-appointed as Member of the Managing Committee on 26th January 2021)	209,100

6.0 Related Party Transactions and Disclosure for the Reporting Period

The terms and conditions of the appointment of the members of the Managing Committee are determined by the Minister of Financial Services and Good Governance. No conflict of interest or related party transaction was reported.

7.0 Explanation on the application of the principles of the Code

It is to be noted that-

(i) The IICF is managed by the Managing Committee (MC) comprising of a Chairperson and 4 Members. The appointment of the Chairperson and members of the Managing Committee is made by the Minister of Financial Services and Good Governance in accordance with Regulation 4(1)(b) of the Insurance (Industry Compensation Fund) Regulations 2015. The composition of the Managing Committee is diverse in both the gender and expertise aspect and its members are all independent from the parent Ministry.

(ii) The MC is assisted by a Technical Sub Committee (TC) which provides expertise in diverse areas. The MC is responsible for ensuring that the IICF is operating in accordance with the protocols of due-diligence, transparency and good governance. The MC's actions are monitored and regulated by the provisions of Insurance Act 2005 and Insurance (Industry Compensation Fund) Regulations 2015 and 2018;

(iii) The Finance and Accounts of IICF are operated by the Financial Service Commission and for the Audit purposes, an External Auditor is appointed to counter-verify the accounts and detect any likelihood of fraud or financial losses or future risks. The financial statements of the IICF for the Reporting Period have been audited by an external auditor, RSM (Mauritius) LLP;

(iv) The IICF, as up to date, does not fall within the ambit of "Public Interest Entity". Nonetheless, the MC exerts in assuming legal, regulatory and ethical duties efficiently;

(v) The composition of both the Managing Committee and Technical Subcommittee is diverse, with different age group individuals who have different specialization and experiences in order to bring diversified contributions at the IICF;

(vi) The MC takes into serious consideration the stringent obligations of risks governance and internal control. The MC tends not venture into high risks or frivolous investments irrespective of its amount of assets. The MC duly takes financial advice from FSC and TC before any investment and probability of risks are critically evaluated during MC meetings. The MC ensures that there is an efficient internal control and compliance over the IICF's business, either in terms of its expenditures/investments or in relation to the Board of Information enabling the MC to assess a claim or engage into any other activity.

(vii) relevant Corporate Governance disclosures, financial disclosures and disclosures on the activities of the Managing Committee have been made in the Annual Report 2021;

(viii) the operation of the IICF has limited impact on the environment and the statutory objective of the IICF is of a social nature; and

(ix) given the nature of the IICF's operations, the other principles of the Code have limited application. For example, it would not have been practical for the IICF to have a Corporate

Governance Committee and an Audit & Risk Committee as well as Internal Control/Audit functions. In addition, it would not have been necessary or cost effective to set up an elaborate risk management framework and IT policy framework.

(x) The IICF works in joint collaboration with its stakeholders; the FSC, the Ministry of Health and Wellness, Mauritius Police Force, Insurers' Association Mauritius, insurance companies across Mauritius and so on.

The Managing Committee presents its comments together with the audited financial statements of the INSURANCE INDUSTRY COMPENSATION FUND (the "Fund") for the year ended 31 December 2021.

RESULTS

The results for the year are shown on page 21 in the statement of financial performance and related notes.

MANAGING COMMITTEE

The present membership of the Managing Committee is set out on page 10.

STATEMENT OF MANAGING COMMITTEE'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Managing Committee is responsible for preparing financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Fund. In preparing those financial statements, the Managing Committee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue.

The Managing Committee's responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud and error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Managing Committee has confirmed that they have complied with the above requirements in preparing the financial statements.

AUDITORS

The auditors, RSM (Mauritius) LLP, have expressed their willingness to continue in office until the next financial year.

This report is made solely to the Managing Committee of The Insurance Industry Compensation Fund (the "Fund") as a body. Our audit work has been undertaken so that we might state to the Fund's Managing Committee those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's Managing Committee, as a body, for our audit work, for the opinion we have formed.

Opinion

We have audited the financial statements of Insurance Industry Compensation Fund, (the "Fund"), which comprise of the statement of financial position at 31 December 2021, the statement of financial performance and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements on pages 21 to 41 give a true and fair view of the financial position of the Fund as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with Sections 88 and 92 of the Mauritius Insurance Act 2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of these financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Other Information

The Managing Committee is responsible for the other information. The other information comprises the commentary of the Managing Committee, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of the other information; we are required to report that fact. We have nothing to report in this regard.

RSM

Responsibilities of the Managing Committee for the Financial Statements

The Managing Committee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of Sections 88 and 92 of the Mauritius Insurance Act 2005, and for such internal control as the Managing Committee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managing Committee.

- Conclude on the appropriateness of the Managing Committee'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 Fund'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 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 auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

RSM

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditors' Responsibilities

We communicate with the Managing Committee 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.

In addition to the responsibility to express an opinion on the financial statements described above. We are also responsible to report to the Board whether:

- we have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- the Statutory Bodies (Accounts and Audit) Act and any directors of the Minister, in so far as they relate to the accounts, have been complied with;

- in our opinion, and, as far as could be ascertained from our examination of the financial statements submitted to us, any expenditure incurred is of an extravagant or wasteful nature, judged by normal commercial practice and prudence;

- in our opinion, the Insurance Industry Compensation Fund has been applying its resources and carrying out its operations fairly and economically;

- the provisions of Part V of the Public Procurement Act regarding the Bidding Process have been complied with; and

- disclosure in the Annual Report is consistent with the requirements of the National Code of Corporate Governance issued in accordance with the Financial Reporting Act.

We perform procedures, including the assessment of the risks of material non-compliance, to obtain audit evidence to discharge the above responsibility.

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

Statutory Bodies (Accounts and Audit) Act

We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

The Insurance Industry Compensation Fund has complied with the Statutory Bodies (Accounts and Audit) Act and any directors of the Minister in so far as they relate to the accounts.

RSM

Statutory Bodies (Accounts and Audit) Act (Continued)

Based on our examination of the accounts of the Insurance Industry Compensation Fund, nothing has come to our attention that indicates that:

- Any expenditure incurred was of an extravagant or wasteful nature, judged by normal commercial practice and prudence; and
- The Insurance Industry Compensation Fund has not applied its resources and carried out its operations fairly and economically.

Public Procurement Act

For the year ended 31 December 2021, no purchase has been undertaken under the bidding process. The Insurance Industry Compensation Fund has opted for one of the methods of procurement as permitted by the Act.

Financial Reporting Act

The Managing Committee is responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the Annual Report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the Annual Report is consistent with the requirements of the Code.

RSM (Mauritius) LLP

RSM (Mauitius) LLP
Chartered Accountants
Moka, Mauritius

Ravi R Kowlessur, FCCA
Licensed by FRC

Date: 03 June 2022

RSM

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		Rs.	Rs.
Income			
Contributions from insurance companies	12	**43,357,227**	42,494,140
Less: provision for claims	10	**(1,650,000)**	(3,852,000)
Income after deducting compensation		**41,707,227**	38,642,140
Interest income	13	**1,743,334**	3,508,624
Net income		**43,450,561**	42,150,764
Expenses			
Managing Committee fees		**(1,777,840)**	(1,700,797)
Administrative expenses	14	**(1,555,042)**	(1,218,312)
		(3,332,882)	(2,919,109)
Surplus for the year		**40,117,679**	39,231,655

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021	2020
		Rs.	Rs.
ASSETS			
Property, plant and equipment	4	**102,122**	193,775
Intangible asset	5	**1,417**	9,922
		103,539	203,697
Current assets			
Receivables	6	**4,200,772**	5,435,846
Treasury bills	8	**149,558,563**	100,276,609
Cash and cash equivalent	7	**74,707,366**	81,682,846
		228,466,701	187,395,301
Current liabilities			
Provision for claims	9	**1,150,000**	425,000
Other payables	11	**763,707**	635,143
		1,913,707	1,060,143
NET ASSETS		**226,656,533**	186,538,855
Represented by:			
Reserves			
Hit and Run-Sub Fund	15	**226,656,533**	186,538,855
TOTAL RESERVES		**226,656,533**	186,538,855

These financial statements have been approved for issue by the Managing Committee on 03 June 2022 and signed on its behalf by:

Chairperson

Member

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021	2020
		Rs.	Rs.
Cash flows from operating activities			
Surplus for the year		**40,117,679**	39,231,655
Adjustments for:			
Depreciation	4	**91,653**	91,654
Amortisation	5	**8,505**	8,505
Premium on treasury bill		**48,670**	(65,231)
Provision for credit losses		**13,945**	80,965
Interest income	13	**(1,743,334)**	(3,508,624)
		38,537,118	35,838,924
Changes in working capital			
Receivables	6	**954**	(547,978)
Other payables	11	**128,562**	(489,887)
Provision for claims	9	**725,000**	(300,000)
Cash generated from operations		**39,391,634**	34,501,059
Interest received	13	**2,904,053**	3,326,809
Net cash generated from operating activities		**42,295,687**	37,827,868
Cash generated from investing activities			
Increase in investment in Treasury bills	8	**(49,271,167)**	(19,876,800)
Net cash used in investing activities		**(49,271,167)**	(19,876,800)
Net increase in cash and cash equivalent		**(6,975,480)**	17,951,068
Cash and cash equivalent at beginning of the year		**81,682,846**	63,731,778
Net movement		**(6,975,480)**	17,951,068
Cash and cash equivalent at end of year		**74,707,366**	81,682,846

1. GENERAL INFORMATION

The Insurance Industry Compensation Fund was established in the Republic of Mauritius under Sections 88 and 92 of the Insurance Act 2005, which shall be organised into sub-funds including the Hit and Run Sub Fund which became effective on 1 January 2016.

The financial statements of the Insurance Industry Compensation Fund (The 'Fund') for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Managing Committee on 03 June 2022
The registered office of the Fund is located at SICOM Tower, Level 8, Wall Street, Ebene, Mauritius.

(a) Statement of compliance

The Fund has prepared its financial statements in accordance with International Financial Reporting Standards (IFRS) and the interpretation of these standards as issued by the International Accounting Standards Board (IASB) as per Section 21 of the Insurance (Industry Compensation Fund) Regulations 2015. These statements have been prepared on the historical cost basis, except for financial assets and liabilities.

The preparation of financial statements in accordance with IFRS requires the Managing Committee to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

(b) Basis of measurement

The financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRSs) and comply with Sections 88 and 92 of the Insurance Act 2005.

(c) Going concern

The Managing Committee have a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future. The financial statements therefore have been prepared on a going concern basis.

(d) Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The Fund's performance is evaluated and its liquidity is managed in Mauritian Rupees ("Rs"). The financial statements are presented in Mauritian Rupees ("Rs").

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Changes and adoption of Financial Reporting Standards

New and amended standards

The Fund applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Interest Rate Benchmark Reform – Phase 2: *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

> A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
> Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
> Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Group and the Company.

Covid-19 – Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases
The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Company has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Changes and adoption of Financial Reporting Standards (Continued)

Accounting standards and interpretations issued but not yet effective

Applicable standards and interpretations issued but not yet effective up to date of the Group and the Company's financial statements are listed below. The Group and the Company intends to adopt those standards when they become effective.

New or revised standards	Effective for annual period beginning on or after
IFRS 17 Insurance Contracts	01 January 2023
Amendments	
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	01 January 2022
Property, Plant and Equipment: Proceeds before Intended Use Amendments to IAS 16	01 January 2022
Amendments IFRS 3 Business Combinations Reference to the Conceptual Framework	01 January 2022
Classification of Liabilities as Current or Non-current Amendments to IAS 1	01 January 2023
Disclosure of Accounting Policies Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Definition of Accounting Estimates Amendments to IAS 8	01 January 2023

(b) Revenue recognition

Contributions from Insurance Companies

Monthly contribution fees are raised in terms of the Insurance (Industry Compensation Fund) Regulations 2015.

Fees are earned from Insurance Companies selling motor insurance business/policies.

Recognition

Revenue from fees is recognised on an accrual basis and to the extent that it is probable that the economic benefits will flow to the Fund and which can be measured reliably.

Measurement

Revenue from fees is measured at the fair value of the consideration received or receivable, taking into account terms of payment which may be defined from time to time in the Insurance (Industry Compensation Fund) Regulations 2015.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue recognition (Continued)

Interest income

For all financial instruments which are interest bearing financial assets, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

(c) Expense recognition

All expenses have been accounted on accrual basis. The expenditure is classified in accordance with the nature of the expense.

(d) Property, plant and equipment

Property, plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of such property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land is not depreciated.

Depreciation is calculated on a straight-line basis over the useful life of the assets as follows:

Furniture	20%
Computer Equipment	33.33%
Office Equipment	33.33%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of profit or loss and other comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

(e) Intangible asset

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Intangible asset (Continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Computer Software

Computer software that is not considered to form an integral part of any hardware equipment is recorded as intangible asset. The software is capitalised at cost and amortised over its estimated useful life. The principal annual rate used for the purpose is 33.33%.

(f) Financial instruments – initial recognition and subsequent measurement

Financial assets

Classification

From 1 January 2018, the Fund classifies its financial assets in the following measurement categories, as set out in IFRS 9:

- those to be measured subsequently at fair value (either through OCI (FVOCI) or through profit or loss (FVPL)), and;
- those to be measured at amortised cost

The basic classification and measurement category is FVPL unless restrictive criteria are met for classifying the asset at FVOCI or amortised cost. Whether an entity can classify and subsequently measure financial assets at FVOCI or amortised cost depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments – initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments

Equity investments are classified as held at FVPL. However, at initial recognition, the Fund may irrevocably elect to classify an investment in an equity instrument at FVOCI if that investment is not held for trading.

The Fund subsequently measures all equity investments at fair value. Where the Fund has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Fund's right to receive payments is established.

Changes in fair value of equity investments at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Debt instruments

Subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Fund may classify its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments – initial recognition and subsequent measurement (Continued)

Financial assets (Continued)

Measurement (Continued)

Debt instruments (Continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

From 1 January 2018, the Fund assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Fund's loans and other receivables measured at amortised cost are subject to the expected credit loss model.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9. Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Fund becomes a party to the contractual provisions of the instrument. The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments – initial recognition and subsequent measurement (Continued)

Non-derivative financial liabilities (Continued)

Other payables

Other payables are initially recognised at fair value, net of transaction costs incurred and subsequently at amortised cost using the effective interest method. Other payables are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same; or
- A discounted cash flow analysis or other valuation models.

(g) Provisions

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

(h) Taxation

The Fund is exempted from payment of tax as per the provisions of the Income Tax Act 1995.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Related parties

Parties are considered related to the Fund if they have the ability, directly or indirectly, to exercise significant influence over the Fund in making financial and operating decisions, or vice versa. Related parties may be individuals or other entities.

Salaries to key personnel are determined and paid as per respective terms of appointment, and are expensed in the period of their service.

(j) Contingent liabilities

Contingent liabilities are not recognised in the financial statements. They are disclosed in the notes unless the probability of an outflow of resource embodying economic benefits is remote. A contingent liability exists when a possible obligation which has arisen from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events wholly within the control of Insurance Industry Compensation Fund, or when a present obligation that arises from past events is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

(k) Financial risk management objectives and policies

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of the following types of risk: interest rate risk, currency risk, and other price risk, such as equity price risk. Financial instruments affected by market risk include receivables, bank deposits and accounts payable denominated in foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows if a financial instrument will fluctuate because of changes in market interest rates. The Fund's exposure to the risk of changes in market interest rates relates mainly to the Fund's bank balances with floating interest rates.

The Fund manages its interest rate by placing its excess funds in term-deposits with fixed interest rates.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or a contract, leading to a financial loss. The Fund is exposed to credit risk from its operating activities (primarily for contribution received) and from its investing activities including treasury bills, treasury notes and deposits with banks.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Fees receivable

Licence credit risk is managed subject to the Fund's established policy, procedures and control relating to licensee credit risk management.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Fund in accordance with its investment policy. Investments of surplus funds are made only with approved counterparties. Counterparty credit limits are reviewed by the Fund on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

Liquidity risk

The Fund monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Fund's objective is to maintain a balance between continuity of funding and flexibility by keeping a minimum float and investing any excess in short term deposits. The Fund has no borrowings, nor does it plan to raise funds in the foreseeable future.

3. CRITICAL ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS

Judgements and assumptions

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

Limitation of sensitivity

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged.

3. CRITICAL ACCOUNTING ASSUMPTIONS, ESTIMATES AND JUDGEMENTS (CONTINUED)

Limitation of sensitivity (Continued)

In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results. Sensitivity analysis does not take into consideration that the Fund's assets and liabilities are managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Fund's view of possible near term market changes that cannot be predicted with any certainty.

Determination of functional currency

The determination of the functional currency of the Fund is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected. The Managing Committee has considered those factors therein and have determined that the functional currency of the Fund is the Mauritian rupees (MUR).

4. PROPERTY, PLANT AND EQUIPMENT

	Furniture	Computer Equipment	Office Equipment	Total
COST	**Rs**	**Rs**	**Rs**	**Rs**
At 1 January 2021 & 31 December 2021	**233,610**	**133,293**	**2,499**	**369,402**
DEPRECIATION				
At 1 January 2021	89,552	85,159	916	175,627
Charge for the year	46,722	44,431	500	91,653
At 31 December 2021	**136,274**	**129,590**	**1,416**	**267,280**
NET BOOK VALUES				
At 31 December 2021	**97,336**	**3,703**	**1,083**	**102,122**
At 31 December 2020	144,058	48,134	1,583	193,775

5. INTANGIBLE ASSET

	Computer Software
	Rs
COST	
At 01 January & 31 December 2021	**25,514**
AMORTISATION	
At 01 January 2021	15,592
Charge for the year	8,505
At 31 December 2021	**24,097**
Net book value	
At 31 December 2021	**1,417**
At 31 December 2020	9,922

6. RECEIVABLES

	2021	2020
	Rs.	Rs.
Fees receivable	**4,082,695**	4,083,649
Accrued interest	**158,904**	1,393,033
Expected credit losses	**(40,827)**	(40,836)
	4,200,772	5,435,846

7. CASH AND CASH EQUIVALENT

	2021	2020
	Rs.	Rs.
Term deposit	**40,000,000**	60,000,000
Cash at bank	**34,733,856**	21,690,835
Cash in hand	**11,189**	4,949
Expected credit loss	**(37,679)**	(12,938)
	74,707,366	81,682,846

8. TREASURY BILLS

	2021	2020
	Rs.	Rs.
Within one year		
Treasury bill	**150,000,000**	101,200,000
Discount on Treasury bill	**(406,824)**	(877,991)
Expected credit loss	**(34,613)**	(45,400)
	149,558,563	100,276,609

Treasury bills are carried at amortised cost using the effective interest method, less any provision for impairment. The maturity date of the treasury bills is 21 January 2022 and 02 September 2022

9. PROVISION FOR CLAIMS

	2021	2020
	Rs.	Rs.
Disability claim	**450,000**	425,000
Death claim	**700,000**	-
	1,150,000	425,000

The provision for claims has been made based on the requirements of the Insurance Act 2005. As at 31 December 2021, the claims were made but not yet approved by the Managing Committee.

10. COMPENSATION

	2021	2020
	Rs.	Rs.
Claims paid during the year	**1,650,000**	3,977,000
Additional claim	**-**	25,000
Claim rejected	**-**	(150,000)
	1,650,000	3,852,000

11. OTHER PAYABLES

	2021	2020
	Rs.	Rs.
Audit fees	**109,480**	97,750
FSC administrative & management fees	**500,000**	500,000
Accruals	**128,392**	28,393
Others	**25,835**	9,000
	763,707	635,143

12. CONTRIBUTIONS

	2021	2020
	Rs.	Rs.
Contribution from insurance companies	**43,357,227**	42,494,140

Time of revenue recognition

	2021	2020
	Rs.	Rs.
At a point in time	**43,357,227**	42,494,140

13. INTEREST INCOME

	2021	2020
	Rs.	Rs.
Interest on late payment	**5,343**	150
Interest on treasury Bills	**1,307,767**	1,916,501
Interest on term deposit	**430,224**	1,591,973
	1,743,334	3,508,624

14. ADMINISTRATIVE EXPENSES

	2021	2020
	Rs.	Rs.
Events	**106,895**	10,284
Printing, postages & stationeries	**64,917**	18,850
Staff costs	**501,468**	326,907
Bank charges	**16,915**	19,970
Audit fees	**109,480**	99,370
FSC administrative & management fees	**500,000**	500,000
Depreciation	**91,653**	91,654
Amortisation	**8,505**	8,505
General office expenses	**45,636**	29,470
Promotion expenses	**38,870**	86,710
Adjustment to expected credit losses	**13,945**	(80,965)
Entertainment expenses	**-**	29,180
Utility bills	**52,925**	78,377
Professional fees - others	**3,833**	-
	1,555,042	1,218,312

15. HIT AND RUN-SUB FUND

	2021	2020
	Rs.	Rs.
Balance at start	**186,538,854**	147,307,200
Movement for the year	**40,117,679**	39,231,655
	226,656,533	186,538,855

16. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Overview

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

- Liquidity risk
- Compliance risk
- Political, economic and social risk

Risk management framework

The Managing Committee has overall responsibility for the establishment and oversight of the Fund's risk management framework.

Liquidity risk

Liquidity risk with regard to outflow is limited to the payment of claims to victim of hit and run cases. The expected outflows are matched with the corresponding call deposits at the bank. The surplus, based on decisions of the Managing Committee, is invested with maturity profiles as at 31 December 2021.

The table below shows the Fund's financial assets and liabilities into the relevant maturity groupings based on the remaining period at the reporting to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cashflows and excludes prepaid expenses.

	Less than 12 months	More than 12 months	Total Casflows	Total carrying amount
	Rs	Rs	Rs	Rs
Financial assets				
Receivables	4,200,772	-	4,200,772	4,200,772
Cash in hand and at bank	34,745,045	-	34,745,045	34,745,045
Treasury bills	149,558,563	-	149,558,563	149,558,563
Term deposits	39,962,321	-	39,962,321	39,962,321
	228,466,701	**-**	**228,466,701**	**228,466,701**

The Committee monitors the adequacy of cash inflows in terms of the budget estimates at all times.

Compliance risk arises from a failure or inability to comply with the laws, regulations or codes applicable to the industry. Non-compliance can lead to fines, public reprimands, and enforced suspension of operations or, in extreme cases, withdrawal of authorisation to operate.

Political, economic and social risk

Political, economic and social factors change in countries' laws, regulations and the status of those countries' relations with other countries may adversely affect the value of the Fund's assets.

16. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

Credit risk

In the normal course of business, the Fund is exposed to the credit risk from accounts receivable and transactions with banking institutions. The carrying amount of these balances represent the maximum credit risk that the Fund is exposed to. Any prepayments are excluded for the purpose of this note.

The Fund manages its exposure to credit risks as follows:

(a) With regards to accounts receivables, credit risk is limited as the Fund is governed by the rules made under the Insurance Act 2005, and fees are charged in terms of the legislation based on the category of vehicles; and

(b) For transactions with banking institutions, it holds bank balances and short-term deposits with the Absa Bank Mauritius Ltd, MauBank Ltd and SBM Bank (Mauritius) Ltd. as such the Fund mitigates the risks related to bank balances and deposits by keeping its funds in a wide spread of banks of a certain level of repute.

The Managing Committee assesses and only invests in banks with high credit rating. The Managing Committee carries out periodic assessment of its receivables to identify events or changes in circumstances that lead to impairment of these receivables. Based on the assessment, the Managing Committee is of view that the assets have not suffered from impairment. The ageing analysis of these receivables are as follows:

	2021	2020
	Rs.	Rs.
Fees receivable		
Up to 3 months	**4,082,695**	4,083,649
	4,082,695	4,083,649

Fair value

The carrying amounts of the Fund's financial instruments approximate their fair values. Financial assets and liabilities, which are accounted for at historical cost, are carried at values which may differ materially from their fair values.

17. CONTINGENT LIABILITIES

The Management Committee considers rent payable as a contingent liability in the financial statements. The Management Committee has sought additional information from the Ministry of Financial Services and Good Governance with regard to the lease agreement. The amount of rent to be paid by the Fund is yet to be determined.

18. RELATED PARTY TRANSACTIONS

	2021	2020
	Rs.	Rs.
Fees to key managerial persons	**1,127,100**	1,136,250

The above transactions have been made at arm's length, on normal commercial terms and in the normal course of business.

19. CAPITAL COMMITMENT

There were no capital commitments at the end of the reporting date.

20. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after reporting date which would require disclosure or adjustment to the 31 December 2021 financial statements.

21. COVID-19 PANDEMIC

The World Health Organization declared on March 11, 2020 the outbreak of a strain of the COVID-19 virus as a pandemic, which has affected the world economy, including Mauritius, leading to volatility in financial markets. The Fund has evaluated impact of this pandemic on its operations.

Based on internal and external sources of information, at the time of finalisation of accounts for the financial year 2021 and based thereon and keeping in view current indicators of future economic conditions, there is no significant impact on the financial statements for 2021 and accordingly accounts have been prepared on a going concern basis. The actual impact of COVID-19 may differ from the estimated amount as at the date of approval of the financial statements. The Fund will continue to closely monitor any material changes to economic conditions in future.

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