

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF INTERNATIONAL ASSURANCE LIMITED PCC

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### *Opinion*

We have audited the financial statements of International Assurance Limited PCC (the "Company") set out on pages 35 to 73 which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company 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 the Companies Act 2001 and the Insurance Act 2005.

##### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the "International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code")" and other independence requirements applicable to performing audits of financial statements of the Company and in Mauritius. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Company and in Mauritius. 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 our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

The Key Audit Matters applies equally to the audit of the financial statements.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF INTERNATIONAL ASSURANCE LIMITED PCC

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

##### Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
<p>1. <u>Valuation of Insurance Contract Liabilities - long term insurance</u></p> <p>Actuarial assumptions and methodologies involve judgements about future events, both internal and external to the Company, for which small changes can result in a material impact to the valuation of insurance contract liabilities. Additionally, the valuation of insurance contract liabilities is dependent on the quality, integrity and accuracy of the data used in the valuations.</p> <p>We have therefore identified the following areas of focus in relation to the valuation of insurance contract liabilities:</p> <ul style="list-style-type: none"> <li>• Appropriateness of actuarial assumptions, models and methodology; and</li> <li>• Data processes and controls relevant to the actuarial valuation.</li> </ul> <p>Refer to Note 2.3 (k) to the financial statements.</p> <p>Actuarial assumptions and methodologies reflected in policyholder liabilities are subject to a considerable level of judgement. The operational assumptions are informed by actual experience, market experience and practice, and expectations as to future trends. Economic assumptions are typically based on latest market conditions and are set in accordance with relevant guidance and the Company approved policy.</p> <p>Refer to Note 17 to the financial statements.</p> <p>The assumptions that we consider having the most significant impact on the actuarial valuations are:</p> <ul style="list-style-type: none"> <li>• Mortality, longevity, disability and morbidity;</li> <li>• Expenses; and</li> <li>• Risk discount rates</li> </ul> <p>The integrity and appropriateness of models and methodology are also considered to be critical in the overall valuation of insurance contract liabilities.</p>	<p>Our audit of these assumptions, models and methodology applied in the valuation of insurance liabilities, included the following audit procedures that were executed, across the areas considered material:</p> <ul style="list-style-type: none"> <li>• We assessed the valuation methodology and assumptions for compliance with the latest actuarial guidance, legislation and approved Company policy.</li> <li>• We evaluated the assumptions and methodology against expectations based on our knowledge of the Company, industry practice, and regulatory and reporting requirements;</li> <li>• We performed procedures over the Minimum Capital Requirements (MCR) calculation by comparing it with the applicable Solvency Rules and we evaluated management actions under the prevailing market conditions.</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF INTERNATIONAL ASSURANCE LIMITED PCC

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

##### Key Audit Matters (Continued)

Key Audit Matter	How the matter was addressed in the audit
<p>1. <u>Valuation of Insurance Contract Liabilities - long term insurance (Continued)</u></p> <p>Data processes and controls relevant to the actuarial valuation:</p> <p>Data is a key input into the valuation process: the calculation of insurance contract liabilities has a number of inputs, which are reliant on various processes and applications for accurate and complete data. A breakdown of these processes and applications could result in a misstatement of the value of insurance contracts.</p>	<p>In obtaining sufficient audit evidence to assess the integrity of data used as inputs into the actuarial valuations, we, inter alia, performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• We assessed the design and operating effectiveness of the key aspects of the control environment over data integrity, together with the data extraction and conversion processes;</li> <li>• We performed an evaluation of the key controls over management's collection, extraction and data validation processes, which included testing of the reconciliations between the policy administration systems and the data sent to the external actuary for the actuarial valuation; and</li> <li>• We obtained the data pack from the external actuary and compared with the data which management has sent to the actuary for the valuation.</li> </ul>
<p>2. <u>Classification of Investment in Digital Assets</u></p> <p>As at 31 December 2021, the Company's investments in digital assets amounted to USD 7,647,207.</p> <p>The Company classifies its investment in digital assets as intangible assets in accordance with IAS 38 Intangible Assets. The Company has adopted the revaluation model to measure its investment in digital assets.</p> <p>The classification of the investment in digital assets involve high degree judgement by management mainly because:</p> <ol style="list-style-type: none"> <li>1) The IASB has not yet issued an accounting standard that deals with recognition and measurement of investment in digital assets;</li> <li>2) The digital assets have no physical substance and the contractual terms between the parties are often not clearly defined;</li> <li>3) There are a variety of digital assets issued on the markets and have different features that may impact how these are accounted for.</li> </ol>	<p>Our audit included the following procedures:</p> <ul style="list-style-type: none"> <li>• We obtained a list of all investments made in digital assets and we enquired with management on the features of each of the different types of digital assets;</li> <li>• We assessed the appropriateness of grouping of the digital assets with similar features under same category;</li> <li>• We evaluated the classification of the investment in digital assets as intangible assets by applying the IAS 38 Intangible assets recognition criteria of i) controls over the assets ii) expectation to generate future economic benefits from holding these assets iii) the digital assets lack physical substance and; iv) the assets are identifiable; to each of the group of digital assets;</li> </ul>

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF INTERNATIONAL ASSURANCE LIMITED PCC

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

##### *Key Audit Matters (Continued)*

Key Audit Matter	How the matter was addressed in the audit
<p><b>2. Classification of Investment in Digital Assets (Continued)</b></p> <p>Judgements were thus applied regarding the criteria for classification of the digital assets as intangible and these include whether i) the Company controls the assets ii) whether the Company is expected to generate future economic benefits from holding these assets iii) the digital assets lack physical substance and; iv) the assets are identifiable.</p> <p>We considered this to be a key audit matter due to the significance of the judgements involved in the classification of digital assets and the extent of our procedures performed over the classification and the significance of the value of the investment in digital assets at 31 December 2021.</p> <p>The disclosures relating to the classification of the digital assets are presented in Note 2.3 (i) - Accounting Policy for digital assets, Note 3 - Significant accounting judgements, estimates and assumptions and Note 6 - Intangible assets.</p>	<p>We assessed whether the financial statement disclosures related to the accounting estimates, including the description of estimation uncertainty and management's significant judgments on classification of digital assets are in accordance with the requirements of IAS 38 Intangible Assets, IAS 38 Intangible Assets and IFRS 7 Financial Instruments: Disclosures, and that the sensitivity to key inputs appropriately reflect the Company's exposure to financial instrument valuation risk.</p>

##### *Other Information*

The directors are responsible for the other information. The other information comprises the information included in the document titled "International Assurance Limited PCC Audited Financial Statements for the year ended 31 December 2021", which includes the Corporate Information, the Directors' Report, the Corporate Governance Report and the Secretary's Certificate as required by the Companies Act 2001. The other information 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 an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### *Responsibilities of the Directors for the Financial Statements*

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and the Insurance Act 2005 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF INTERNATIONAL ASSURANCE LIMITED PCC

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

##### *Responsibilities of the Directors for the Financial Statements (Continued)*

In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

##### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF INTERNATIONAL ASSURANCE LIMITED PCC

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

##### *Use of our report*

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

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

##### *Companies Act 2001*

We have no relationship with or interests in the Company other than in our capacity as auditor and dealings in the ordinary course of business.

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

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

##### *Insurance Act 2005*

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

##### *Financial Services Commission Circular Letter CL281021*

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility under the Financial Services Commission Circular Letter CL281021 is to report on the compliance with the Code of Corporate Governance disclosed in the Corporate Governance Report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the Corporate Governance Report, the Company has complied with the requirements of the Code.



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