
Insurans Islam TAIB Family Takaful Sdn Bhd

(Incorporated in Brunei Darussalam)

**Report and Financial Statements
As at and for the year ended 31 December 2021**

INSURANS ISLAM TAIB FAMILY TAKAFUL SDN BHD
(Incorporated in Brunei Darussalam)
[Registration Number: [RC/00008253]

REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

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INSURANS ISLAM TAIB FAMILY TAKAFUL SDN BHD
(Incorporated in Brunei Darussalam)

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report and audited financial statements for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activity of the Company consists of family takaful business. There has been no significant change in the nature of this activity during the financial year.

RESULTS

Retained earnings at the beginning of the year	\$ 7,196,577
Loss for the year	(356,280)
Transfer to general reserve	-
Retained earnings at the end of the year	<u>6,840,297</u>

DIVIDEND

There were no dividends declared or paid during the financial year.

Subsequent to the financial year end, the directors do not recommend any dividend to be declared and paid in respect of the financial year ended 31 December 2021.

RESERVES AND PROVISIONS

There were no transfers to or from reserves and provisions during the financial year other than that shown in the attached financial statements. There were no transfers to reserves subsequent to year end and to the date of this report.

DIRECTORS

The directors in office during the financial year and at the date of this report are:

Yang Mulia Awang Haji Khairuddin bin Haji Abdul Hamid - Chairman

Yang Mulia Datin Dayang Hajah Hasnah Binti Haji Ibrahim - Director

Yang Mulia Dr. Awang Norfarizal Bin Othman - Director

Yang Mulia Awang Shamsul Bahri bin Hj Kamis - Director (Appointed on 4 August 2021)

Yang Mulia Awang Edzwan Zukri bin Pehin Orang Kaya Johan Pahlawan Dato Seri Setia Awang Haji Adanan - Director (Appointed on 23 November 2021)

Yang Mulia Pngiran Hajah Zety Sufina Binti Pengiran Dato Paduka Haji Sani – Director (Resigned on 26 June 2021)

Yang Mulia Ramesh Pillai – Director (Resigned on 3 August 2021)

Yang Mulia Dayang Hajah Norliah Binti Haji Kula – Director (Appointed on 1 September 2021 and resigned on 22 November 2021)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND/OR DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND/OR DEBENTURES

The directors holding office at the end of the financial year had no interests in the share capital or debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company.

DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

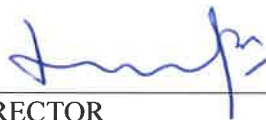
AUDITORS

The auditors, PricewaterhouseCoopers Services, have indicated their willingness to accept re-appointment.

ON BEHALF OF THE BOARD



DIRECTOR



DIRECTOR

Brunei Darussalam

Date:

28 MAR 2022

REPORT OF THE SYARIAH ADVISORY COMMITTEE

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
الحمد لله رب العالمين والصلاة والسلام على سيدنا محمد وعلى اله
وصحبه أجمعين

To the Shareholders of Insurans Islam TAIB Family Takaful Sendirian Berhad

السلام عليكم ورحمة الله وبركاته

In compliance with the letter of appointment and our capacity as members of Insurans Islam TAIB Family Takaful Sdn Bhd ("IITFT") Syariah Advisory Committee, we are required to submit the following report:

We have reviewed the principles and the contracts relating to the transactions and applications introduced by IITFT during the year ended 31 December 2021. We have also conducted our review to form an opinion as to whether the IITFT has complied with *Hukum Syara'*.

The Management of IITFT is responsible for ensuring that the financial institution conducts its business in accordance with *Hukum Syara'*. It is our responsibility to present an independent opinion, based on our review of the business operations of IITFT and subsequently report to you.

We have assessed the work carried out by the Syariah Division which also include Syariah review and examination, on a test basis, each type of transactions, the relevant documentation and procedures adopted and/or entered by IITFT.

We obtained all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that IITFT has not violated the *Hukum Syara'* in all transactions that had been presented to us.

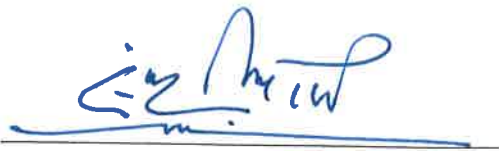
We, the Syariah Advisory Committee of IITFT are of the opinion and hereby confirm that:-

- a) The contracts, transactions and dealings entered into by IITFT during the period ended 31 December 2021 that we have reviewed are in compliance with the *Hukum Syara'*;
- b) The allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with *Hukum Syara'*;
- c) During the year, the Company has derecognised Syariah non-compliant income specifically derived from conventional banks from the Statement of Profit or Loss and Other Comprehensive Income amounting to \$13,027 (2020 - \$6,536) and has been considered for disposal to charities following the Utilisation of Dana Amal Maslahat Umum Perbadanan TAIB's guidelines as approved by the Syariah Advisory Committee of Perbadanan TAIB.

This opinion is rendered based on what has been presented by the Management of IITFT to us.

We pray to *Allah Subhanahu wa Ta'ala* to assist everyone to act in accordance with the rulings of Islam and to keep away from carrying out any transactions that are prohibited by *Allah Subhanahu wa Ta'ala*. May *Allah Subhanahu wa Ta'ala* bless us with the best *taufiq* and *hidayah* to accomplish these cherished tasks, make us successful and forgive our mistakes in both this world and in the hereafter. Amin.

والله ولي التوفيق والهداية



Yang Mulia Dr. Awang Haji Dennie
Bin Haji Abdullah
Chairman



Yang Mulia Dr. Awang Azme Bin Haji Matali
Deputy Chairman



Yang Mulia Awang Haji Mohd Serudin
Bin Haji Timbang
Member



Yang Arif Awang Haji Hassan Bin Haji Metali
Member



Yang Mulia Dayang Hajah Normaimah
Binti Haji Zainip
Secretary and Member

Brunei Darussalam

Date: 28 MAR 2022



Independent Auditor's Report

To the Board of Directors of
Insurans Islam TAIB Family Takaful Sdn Bhd
Bangunan Suria, Unit 5, 6 & 7, Kiulap,
Bandar Seri Begawan BE1518,
Brunei Darussalam

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements of Insurans Islam TAIB Family Takaful Sdn Bhd (the "Company") give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance, changes in policyholders' surplus, changes in equity and cash flows for the year then ended in accordance with the provisions of the Brunei Darussalam Companies Act, Chapter 39 (the "Act"), the Takaful Order 2008 (the "Order") and the International Financial Reporting Standards ("IFRSs").

What we have audited

The financial statements of the Company comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2021;
- the statement of financial position as at 31 December 2021;
- the statement of policyholders' surplus for the year ended 31 December 2021;
- the statement of changes in equity for the year ended 31 December 2021;
- the statement of cash flows for the year ended 31 December 2021; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (the "Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Brunei Darussalam, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.



Independent Auditor's Report
To the Board of Directors of
Insurans Islam TAIB Family Takaful Sdn Bhd
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Other Information

The directors are responsible for other information. The other information comprises the information included in the Report of the Directors and the Report of the Syariah Advisory Committee, but does not include the financial statements of the Company and our auditor's report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2020 were audited by another audit firm, who expressed an unmodified opinion on those statements on 23 March 2021.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act, the Order and the IFRSs 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.

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 has no realistic alternative but to do so.

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



Independent Auditor's Report
To the Board of Directors of
Insurans Islam TAIB Family Takaful Sdn Bhd
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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 judgment 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 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 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.



Independent Auditor's Report
To the Board of Directors of
Insurans Islam TAIB Family Takaful Sdn Bhd
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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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act and the Order to be kept by the Company have been properly kept in accordance with the provisions of the Act and the Order. We have obtained all the information and explanations that we required.

PricewaterhouseCoopers Services

A handwritten signature in blue ink, appearing to read 'Yingpin' or similar, with a stylized flourish.

Chai Xiang Yuin
Partner

Brunei Darussalam
28 March 2022

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021
(With comparative balances for the year ended 31 December 2020)

	Note	2021			2020		
		Takaful Operator BND	Takaful Fund BND	Company BND	Takaful Operator BND	Takaful Fund BND	Company BND
Gross takaful contributions	11 (c)	-	8,305,945	8,305,945	-	8,275,141	8,275,141
Changes in unearned contribution reserves		-	124,035	124,035	-	155,656	155,656
Gross earned contributions	11 (c)	-	8,429,980	8,429,980	-	8,430,797	8,430,797
Contributions ceded to retakaful	11 (c)		(1,432,446)	(1,432,446)	-	(1,231,573)	(1,231,573)
Changes in unearned retakaful contribution reserves		-	-	-	-	-	-
Earned contributions ceded to retakaful	11 (c)	-	(1,432,446)	(1,432,446)	-	(1,231,573)	(1,231,573)
Net earned contributions		-	6,997,534	6,997,534	-	7,199,224	7,199,224
Wakalah fee income (expense)	20	1,286,213	(1,286,213)	-	924,372	(924,372)	-
Changes in provision for unearned wakalah fee	12	(63,927)	-	(63,927)	(219,486)	-	(219,486)
Net earned wakalah fee		1,222,286	(1,286,213)	(63,927)	704,886	(924,372)	(219,486)
Total net earned contributions and wakalah fee		1,222,286	5,711,321	6,933,607	704,886	6,274,852	6,979,738
Movement in gross benefits and claims paid	11 (a)	-	(2,805,827)	(2,805,827)	-	(2,334,069)	(2,334,069)
Claims ceded to retakaful	11 (a)	-	660,943	660,943	-	479,653	479,653
Net changes to takaful contract liabilities		-	(3,074,268)	(3,074,268)	-	(3,844,181)	(3,844,181)
Net benefits and claims		-	(5,219,152)	(5,219,152)	-	(5,698,597)	(5,698,597)
Takaful profit		1,222,286	492,169	1,714,455	704,886	576,255	1,281,141

(The accompanying notes form an integral part of these financial statements.)

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2021
(With comparative balances for the year ended 31 December 2020)

	Note	2021			2020		
		Takaful Operator	Takaful Fund	Company	Takaful Operator	Takaful Fund	Company
		BND	BND	BND	BND	BND	BND
Takaful profit		1,222,286	492,169	1,714,455	704,886	576,255	1,281,141
Investment (expense) income	21	(79,732)	2,364,900	2,285,168	546,049	3,456,561	4,002,610
Other operating income	22	38,388	173,230	211,618	222,306	147,059	369,365
Total other revenue		(41,344)	2,538,130	2,496,786	768,355	3,603,620	4,371,975
Commission expense		(200,914)	(267,783)	(468,697)	(146,456)	(340,449)	(486,905)
Management expenses	23	(2,716,901)	(262,878)	(2,979,779)	(2,537,840)	(287,947)	(2,825,787)
Changes in expense liabilities	24	(500,092)	-	(500,092)	(850,452)	-	(850,452)
Other (losses) gains	25	(87,566)	96,195	8,629	(240,501)	137,972	(102,529)
Total other expenses		(3,505,473)	(434,466)	(3,939,939)	(3,775,249)	(490,424)	(4,265,673)
Operating (loss) profit before surplus transfers		(2,324,531)	2,595,833	271,302	(2,302,008)	3,689,451	1,387,443
Surplus attributable to operator		1,870,440	(1,870,440)	-	3,051,188	(3,051,188)	-
Surplus attributable to participants' fund		-	(725,393)	(725,393)	-	(638,263)	(638,263)
(Loss) profit before taxation		(454,091)	-	(454,091)	749,180	-	749,180
Income tax benefit	26	97,811	-	97,811	-	-	-
Net (loss) profit for the year		(356,280)	-	(356,280)	749,180	-	749,180

(The accompanying notes form an integral part of these financial statements.)

Statement of Profit or Loss and Other Comprehensive Income (cont'd...)
Year ended 31 December 2021
 (With comparative balances for the year ended 31 December 2020)

	2021			2020		
	Takaful Operator	Family Takaful Fund	Company	Takaful Operator	Family Takaful Fund	Company
	BND	BND	BND	BND	BND	BND
Net (loss) profit for the year	(356,280)	-	(356,280)	749,180	-	749,180
Items that may be reclassified subsequently to profit or loss:						
Change in fair value investments at FVTOCI	(348,984)	(1,116,257)	(1,465,241)	379,837	959,310	1,339,147
Other comprehensive loss (income) attributable to participants' fund	-	1,116,257	1,116,257	-	(959,310)	(959,310)
Total comprehensive (loss) income for the year	(705,264)	-	(705,264)	1,129,017	-	1,129,017

(The accompanying notes form an integral part of these financial statements.)

Statement of Financial Position
As at 31 December 2021
(With comparative balances as at 31 December 2020)

	Note	2021			2020		
		Takaful Operator BND	Takaful Fund BND	Company BND	Takaful Operator BND	Takaful Fund BND	Company BND
Assets							
Property and equipment, net	4	363,328	-	363,328	464,398	-	464,398
Right-of-use asset, net	5	197,415	-	197,415	262,023	-	262,023
Investments	6	20,200,868	36,006,958	56,207,826	20,393,093	40,252,337	60,645,430
Retakaful certificate assets	11	-	1,013,756	1,013,756	-	451,573	451,573
Takaful certificate receivables	7	-	842,364	842,364	-	666,304	666,304
Other receivables	8	5,159,698	416,407	3,610,899	4,171,666	893,924	4,659,289
Deferred tax assets	26	97,811	-	97,811	-	-	-
Deposits and placements	9	-	12,082,500	12,082,500	-	12,000,000	12,000,000
Cash and cash equivalents	10	4,540,081	8,043,140	12,583,221	5,126,682	6,966,184	12,092,866
Total assets		30,559,201	58,405,125	86,999,120	30,417,862	61,230,322	91,241,883
Liabilities							
Takaful certificate liabilities	11	-	40,148,743	40,148,743	-	43,845,390	43,845,390
Provision for unearned wakalah fee	12	283,413	-	283,413	219,486	-	219,486
Takaful certificate payables	13	-	711,096	711,096	-	371,106	371,106
Expense liabilities	14	6,850,556	-	6,850,556	6,350,464	-	6,350,464
Other payables	15	1,181,369	3,514,249	2,730,412	837,518	2,298,127	2,729,344
Lease liabilities	10, 16	205,099	-	205,099	266,366	-	266,366
Total liabilities		8,520,437	44,374,088	50,929,319	7,673,834	46,514,623	53,782,156

(The accompanying notes form an integral part of these financial statements.)

Statement of financial position (cont'd...)
As at 31 December 2021
(With comparative balances as at 31 December 2020)

	Note	2021			2020		
		Takaful Operator BND	Takaful Fund BND	Company BND	Takaful Operator BND	Takaful Fund BND	Company BND
Participant's fund	17	-	14,031,037	14,031,037	-	14,715,699	14,715,699
Equity							
Share capital	18	8,000,002	-	8,000,002	8,000,002	-	8,000,002
General reserve	19	6,501,546	-	6,501,546	6,501,546	-	6,501,546
Investment revaluation reserve		696,919	-	696,919	1,045,903	-	1,045,903
Retained earnings		6,840,297	-	6,840,297	7,196,577	-	7,196,577
Total shareholders' equity		22,038,764	-	22,038,764	22,744,028	-	22,744,028
Total liabilities, participants' fund and equity		30,559,201	58,405,125	86,999,120	30,417,862	61,230,322	91,241,883



DIRECTOR



DIRECTOR

(The accompanying notes form an integral part of these financial statements.)

Statement of Policyholders' Surplus
For the year ended 31 December 2021
 (With comparative balances for the year ended 31 December 2020)

	Takaful Fund	
	2021	2020
	BND	BND
Surplus balance at beginning of year	14,715,699	13,554,262
Surplus for the current financial year	725,393	638,263
Fair value reserve for the current financial year	(1,116,257)	959,310
Total surplus at the end of the year	14,324,835	15,151,835
Distribution/ transfer to policyholders	(293,798)	(436,136)
Balance of retained surplus at end of year	14,031,037	14,715,699

(The accompanying notes form an integral part of these financial statements.)

Statement of Changes in Equity
For the year ended 31 December 2021
(With comparative balances for the year ended 31 December 2020)

	Takaful Operator and Company				
	Share capital	General reserve	Investment revaluation reserve	Retained earnings	Total
	BND	BND	BND	BND	BND
At 1 January 2020	8,000,002	6,239,334	666,066	6,709,609	21,615,011
Total comprehensive income for the year					
Profit for the year	-	-	-	749,180	749,180
Other comprehensive income for the financial year	-	-	379,837	-	379,837
Transactions with owners, recognised directly in equity					
Transfer to general reserve	-	262,212	-	(262,212)	-
At 31 December 2020	8,000,002	6,501,546	1,045,903	7,196,577	22,744,028
Total comprehensive income for the year					
Loss for the year	-	-	-	(356,280)	(356,280)
Other comprehensive loss for the financial year	-	-	(348,984)	-	(348,984)
Transactions with owners, recognised directly in equity					
Transfer to general reserve	-	-	-	-	-
At 31 December 2021	8,000,002	6,501,546	696,919	6,840,297	22,038,764

(The accompanying notes form an integral part of these financial statements.)

Statement of Cash Flows
For the year ended 31 December 2021
(With comparative balances for the year ended 31 December 2020)

	Note	Company	
		2021 BND	2020 BND
Cash flows from operating activities			
(Loss) profit before taxation		(454,091)	749,180
Adjustments for:			
Increase in expense liabilities	14	500,092	850,452
Surplus transferred to participants' fund		725,393	638,263
Increase in provision for unearned wakalah fee	12	63,927	219,486
Depreciation	4	193,053	202,481
Foreign exchange differences	25	(313,427)	155,302
Movement of impairment loss in takaful receivables	25	304,798	78,603
Depreciation – right-of-use assets	5	64,608	66,176
Finance costs		10,733	10,418
Net change in provision for takaful contracts	17	(293,798)	(436,136)
Net fair value (gain) loss from investment	21	(805,306)	(604,541)
Dividend and profit income	21	(1,479,862)	(3,398,069)
Operating loss before changes in working capital		(1,483,880)	(1,468,385)
Changes in working capital			
(Increase) decrease in:			
Retakaful assets	11	(562,183)	95,110
Takaful receivables	7	(176,060)	94,890
Other receivables		1,057,019	2,139,330
(Decrease) increase in:			
Takaful certificate liabilities	11	(3,696,647)	1,573,817
Takaful payables	13	339,990	37,319
Other payables	15	1,068	1,167,094
Cash (used in) generated from operations		(4,520,693)	1,304,987
Finance cost paid		(10,733)	(10,418)
Net cash (used in) from operating activities		(4,531,426)	1,294,569
Cash flows from investing activities			
Placements of deposits	9	(82,500)	(10,000,000)
Dividend and profit received	21	1,479,862	3,451,542
Net proceeds from disposal of investments	17, 21	3,777,669	-
Acquisition of plant and equipment	4	(91,983)	(66,607)
Net cash from (used in) investing activities		5,083,048	(6,615,065)
Cash flows used in financing activities			
Repayment of lease liabilities	16	(61,267)	(61,582)
Net increase (decrease) in cash and cash equivalents		490,355	(5,382,078)
Cash and cash equivalents at 1 January		12,092,866	17,474,944
Cash and cash equivalents at 31 December	10	12,583,221	12,092,866

(The accompanying notes form an integral part of these financial statements.)

Notes to the Financial Statements

These notes form an integral part of the financial statements.

1. Domicile and activities

Insurans Islam TAIB Family Takaful Sdn Bhd (the "Company") is a company incorporated in Brunei Darussalam. The address of the Company's registered office is Bangunan Suria, Unit 5, 6 & 7, Kiulap, Bandar Seri Begawan BE1518, Brunei Darussalam.

The financial statements of the Company as at and for the years ended 31 December 2021 and 2020 comprise the Takaful Operator ("Operator") and the Takaful Fund ("Fund") (together referred to as the "Company").

The principal activities of the Company of Family Takaful businesses. There have been no significant changes in the nature of these activities during the financial year. The immediate holding company is Insurans Islam TAIB Holdings Sdn Bhd (IITHSB) and the ultimate holding company is Perbadanan Tabung Amanah Islam Brunei (TAIB).

2. Basis of preparation

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as required by the Takaful Order 2008 ("TO") including Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") Financial Accounting Standards ("FAS") prescribed in the Notice No. TIU/N-4/2017/8 issued by Brunei Darussalam Central Bank (BDCB).

The following AAOIFI financial accounting standards were applied in the financial statements:

AAOIFI FAS 12	General Presentation and Disclosure in the Financial Statements of Islamic Insurance Companies;
AAOIFI FAS 13	Disclosure of Bases for Determining and Allocating Surplus or Deficit in Islamic Insurance Companies;
AAOIFI FAS 15	Provisions and Reserves in Islamic Insurance Companies (disclosures).
AAOIFI FAS 19	Contributions in Islamic Insurance Companies.

A Takaful Operator is required to present consolidated financial statements for itself and the Takaful Fund it manages and controls in accordance with the requirements of IFRS 10, *Consolidated Financial Statements*. The statement of financial position and the statement of profit or loss and other comprehensive income of the Takaful Operator and Family Takaful Fund are supplementary financial information presented in accordance with the requirements of Takaful Order, 2008 in Brunei to segregate assets, liabilities, income and expenses of Takaful funds from its own. The statement of financial position and profit or loss and other comprehensive income of the Takaful Operator include only assets, liabilities, income and expenses of the Takaful Operator, excluding the Takaful Fund managed by it. The statements of financial position and profit or loss and other comprehensive income of the Family Takaful Fund include only the assets, liabilities, income and expenses of the Family Takaful Fund that is set up, managed and controlled by the Takaful Operator.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Functional and presentation currency

These financial statements are presented in Brunei Darussalam Dollars, which is the Company's functional currency.

2.4 Critical accounting estimates, assumptions and judgments in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. It is reasonably possible that the outcomes within the next financial year could differ from assumptions made at reporting date and could result in the adjustment to the carrying amount of affected assets or liabilities.

(a) Critical accounting judgments

The followings are judgments made by management in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and profit (SPPP) and the business model test (Note 3.3). The Company determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(ii) Impairment of non-financial assets

The Company's property and equipment are carried at cost less accumulated depreciation and amortisation and impairment losses, if any. The carrying value is reviewed and assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Changes in those judgments could have a significant effect on the carrying value of property and equipment and the amount and timing of recorded provision for any period.

As at 31 December 2021 and 2020, management believes, based on its assessment, that there are no indications of impairment or changes in circumstances indicating that the carrying value of its property and equipment may not be recoverable.

(b) Critical accounting estimates

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 discussed below:

(i) Useful lives of property and equipment and intangible assets

The useful life of each of the Company's property and equipment, including software, is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

A change in the estimated useful life of any item of property and equipment would impact the recorded depreciation expense and decrease property and equipment.

(ii) Uncertainty in accounting estimates for family takaful certificate liabilities

The estimation of the ultimate liability arising from claims made under family takaful certificates is a critical accounting estimate. There are several sources of uncertainty that need to be considered in estimation of the liabilities that the family takaful fund will ultimately be required to pay as claims.

For family takaful certificates, estimates are made for future deaths, disabilities, maturities, investment returns, voluntary terminations and expenses in accordance with contractual and regulatory requirements. The family takaful fund bases the estimate of expected number of deaths on statutory mortality tables, adjusted where appropriate to reflect the fund's unique risk exposures. The estimated number of deaths determines the value of possible future benefits to be paid out, which will be factored into ensuring sufficient cover by reserves, which in return is monitored against current and future contributions.

For those certificates that cover risks related to disability, estimates are made based on recent past experience and emerging trends. However, epidemics, as well as wide ranging changes to lifestyle, could result in significant changes to the expected future exposures.

All of these will give rise to estimation uncertainties of projected ultimate liability of the family takaful fund.

At each reporting date, these estimates are reassessed for adequacy and changes will be reflected as adjustments to the liability.

(iii) Uncertainty in accounting estimates for takaful operator's expense liabilities

For single contribution products, the allowance is estimated based on actuarial present value of future maintenance expenses. For other products, provision is estimated based on discounted future net cash flows to the Company using an actuarial method consistent with that used for non-unit reserving called sterling reserves methodology.

The assumptions used are consistent with that used in the valuation of the family takaful certificate liabilities and the Company's expense assumptions are based on the Company's experience study with an appropriate allowance for provision for risk of adverse deviation (PRAD).

(iv) Calculation of loss allowance

When measuring the loss allowance for expected credit losses (ECL), the Company uses reasonable and supportable forward-looking information which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(v) Determination of incremental borrowing rate

The lease payments are discounted using the Company's incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; or
- uses a build-up approach that starts with a risk-free profit rate adjusted for credit risk for leases held which do not have recent third-party financing, and
- makes adjustments specific to the lease, (e.g., term, currency and security).

The Company's incremental borrowing rates applied to the lease liabilities range was determined in reference to the prevailing bank market rates applicable to the leased properties with similar terms and conditions.

The Company has assessed that it is impracticable to present the sensitivities arising from the impact of upward/downward changes in the discount rates used in the determination of lease liabilities without undue efforts; as such, the sensitivity analysis was no longer presented.

(vi) **Useful life of right-of-use asset**

Right-of-use asset is depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use asset is presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.5.

2.5 Changes in accounting policy and disclosures

(a) Amendments to existing standards adopted by the Company

The Company has adopted the following amendments to existing standards effective 1 January 2021.

- Interest Rate Benchmark Reform Phase 2 - Amendments to IFRS 9, '*Financial Instruments*', IAS 39, '*Financial Instruments - Recognition and Measurement*', IFRS 7, '*Financial Instruments – Disclosures*', IFRS 4, '*Insurance Contracts*' and IFRS 16, '*Leases*'

In August 2020, the International Accounting Standards Board (IASB) made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide the following reliefs:

- i. When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of interbank offered rates (IBOR) reform and which are considered economically equivalent, will not result in an immediate gain or loss in the statement of profit or loss.
- ii. The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded. Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. Given the pervasive nature of IBOR-based contracts, the reliefs could affect companies in all industries.

The Company has no IBOR-referenced instruments, hence, the adoption of the above amendments did not have any impact on the financial statements of the Company.

(b) New and amended standards not yet effective and not yet adopted by the Company

The following amendments to existing standards are not mandatory for the 31 December 2021 reporting period and have not been early adopted by the Company:

- IFRS 17, *‘Insurance Contracts’* (effective 1 January 2023)

IFRS 17 was issued in May 2017 as replacement for IFRS 4, “Insurance Contracts”. IFRS 17 represents a fundamental change in the accounting framework for insurance contracts requiring liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. It requires a current measurement model where estimates are re-measured each reporting period.

Contracts are measured using the building blocks of (1) discounted probability-weighted cash flows, (2) an explicit risk adjustment, and (3) a contractual service margin (“CSM”) representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9, “Financial instruments.” An optional, simplified contribution allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers or general takaful. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

On 17 March 2020, the IASB has decided to defer the effective date of the standard to annual reporting periods beginning on 1 January 2023.

The Company is currently in the process of assessing the impact of IFRS 17 to its financial statements.

- Amendments to IAS 1, *‘Presentation of Financial Statements’*

The amendments to IAS 1 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant).

- Amendments to IAS 1, *‘Presentation of Financial Statements’*

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is ‘material accounting policy information’ and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Amendments to IAS 8, *'Accounting Policies, Changes in Accounting Estimates and Error'*

The amendment to IAS 8 clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

- Amendments to IAS 12, *Income Taxes*

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

- Amendments to IAS 16, *'Property, Plant and Equipment'*

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

- Amendments to IAS 37, *'Provisions, Contingent Liabilities and Contingent Assets'*

The amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling the contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

- Annual Improvements to IFRS 2018-2020

The following improvements were finalised in May 2020:

- IFRS 9, '*Financial Instruments*', clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16, '*Leases*', amendment to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The adoption of the above amendments is not expected to have a material impact on the financial statements of the Company.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

3.1. Basis of consolidation

Takaful Fund

The Takaful Fund is an entity controlled by the company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the fund are included in the financial statements from the date that control commences until the date the control ceases.

Transactions eliminated on consolidation

Intra-company balances and transactions, and any unrealised income and expenses arising from intracompany transactions, are eliminated in preparing the consolidated financial statements.

3.2. Foreign currencies

The financial statements of the Company are measured and presented in the currency of the primary economic environment in which the Company operates (the functional currency). Transactions in currencies other than the Company's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. All exchange differences are recognised in the statement of profit or loss and other comprehensive income.

3.3. Financial instruments

Financial assets

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, at initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPP on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPP on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective profit rate method

The effective profit rate method is a method of calculating the amortised cost of a debt instrument and of allocating profit income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective profit rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective profit rate, transaction costs and other premiums or discounts) excluding ECL, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective profit rate is calculated by discounting the estimated future cash flows, including ECL, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective profit rate method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Profit is recognised using the effective profit rate method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

(ii) Debt instruments classified as at FVTOCI

The fixed income securities held by the Company are classified as at FVTOCI. Fair value is determined in the manner described in Note 29. The fixed income securities are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and profit income calculated using the effective profit rate method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these fixed income securities had been measured at amortised cost. All other changes in the carrying amount of these fixed income securities are recognised in other comprehensive income and accumulated under the heading of revaluation reserve. When these fixed income securities are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or profit earned on the financial asset and is included in the 'investment income' line item (Note 21). Fair value is determined in the manner described in Note 29.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost, financial assets measured at FVTPL, and debt instruments measured at FVTOCI that are not part of a hedging relationship, exchange differences are recognised in profit or loss in the 'other (losses) gains' line item (Note 25); other exchange differences are recognised in other comprehensive income in the investment revaluation reserve; and
- for equity investments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the revaluation reserve.

Impairment of financial assets

The Company recognises a loss allowance for ECL on takaful certificate receivables, other receivables and debt instruments measured at amortised cost or FVTOCI. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for takaful certificate receivables and other receivables. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers historical loss rates for each category of customers and adjusted to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the gross domestic product (GDP) to be the most relevant factor, and accordingly adjusted the historical loss rates based on its expected changes.

The Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has a reasonable and supportable information that demonstrates otherwise.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective profit rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for which simplified approach is used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investment in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Trade and other payables

The Company's Takaful contract liabilities and other payables are initially measured at fair value minus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost, using the effective profit rate method, except for short-term balances where the effect of discounting is immaterial.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other (losses) gains' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

As at 31 December 2021 and 2020, there are no financial assets and liabilities that have been offset.

3.4. Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

Computer hardware	5 years
Computer software	3 years
Furniture, fixture and fittings	5 years
Renovations	10 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(iv) Derecognition

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from derecognition of the asset (calculated as the difference between net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss in the year the item is derecognised.

3.5. Impairment of non-financial assets

Property and equipment and Right-of-use asset

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest unit of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Company's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6. Provisions and contingencies

Provisions

Provisions are recognised when the Company 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. Where the Company 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 and the expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate the risks specific to the liability. Where discounting is used, the increase in the provisions due to passage of time is recognised as a borrowing cost.

Contingencies

Contingent liabilities are not recognised in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

3.7. Leases

The Company as Lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate specific to the lessee.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;

- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease. The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect profit on the lease liability (using the effective profit rate method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating profit rate, in which case a revised discount rate is used); or
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and any impairment losses

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3.5.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Management expenses' in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3.8. Takaful product classification

Takaful contracts are contracts under which the Company underwrites/accepts significant risks (by pooling the risks in a risk fund) from participants of Family Takaful Fund ("the funds") ("the participant") by agreeing to compensate the participant or other beneficiary if a specified uncertain future event ("the insured event") adversely affects the participant or other beneficiary. Takaful risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified financial or non-financial variable. The Takaful Operator does not sell investment that transfer insignificant takaful risk.

Contracts where insignificant takaful risks are accepted by the funds are classified as either investment contracts or service contracts. There are currently no such contracts in the funds' portfolios.

Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Based on the Company's assessment, all takaful contracts underwritten by the Company meets the definition of takaful contracts and accordingly are classified as takaful contracts.

3.9. Family Takaful Fund

(a) Family Takaful Fund

The Family Takaful Fund is maintained in accordance with the Company's policies approved by the Syariah Advisory Committee and includes the profits attributable to participants, which represents the participants' share of the return of investment (Mudharabah model). A proportion of 30:70 profit sharing is applied between the Takaful Operator and Takaful Fund respectively and are distributable in accordance with the terms and conditions prescribed by the Company and approved by the Syariah Advisory Committee.

(b) Family Mortgage or Financing Takaful Fund

The Family Mortgage or Financing Takaful fund consists participating and non-participating contracts based on the Wakalah model, effective January 2020, and Mudharabah model, respectively.

For the participating contracts, a profit-sharing ratio of 30: 70 for contracts based on Mudharabah and Wakalah models between the Takaful Operator and Takaful Fund is applied and profits are distributable in accordance with the terms and conditions prescribed by the Company and approved by the Syariah Advisory Committee. Wakalah fee at 35% of the gross contribution is charged by the Takaful Operator and is recognised at a point of time as soon as the contributions to which they relate can be reliably measured in accordance with the principles of Syariah.

For non-participating contracts, a profit-sharing ratio of 99: 1 between the operator and fund is applied and profits are distributable in accordance with the terms and conditions prescribed by the Company and approved by the Syariah Advisory Committee.

(c) Family Group Takaful Fund

A profit-sharing ratio of 60:40 and 30: 70 is applied for contracts based on Mudharabah and Wakalah model, respectively, between the operator and participants when distributing the net surplus of the fund in accordance to the terms and conditions prescribed by the Company and approved by the Syariah Advisory Committee.

For contracts based on Wakalah model, a wakalah fee at 30% of the gross contribution is charged by the Takaful Operator and is recognised at a point of time as soon as the contributions to which they relate can be reliably measured in accordance with the principles of Syariah.

(d) Family Inwards Retakaful Fund

The net surplus from family inwards retakaful is determined after deducting the reserve for provisions for claims incurred but not reported (IBNR) and net claims incurred. The net surplus is distributable in accordance with terms and conditions prescribed by the Company and approved by the Syariah Advisory Committee.

(i) *Contribution income*

Contribution is recognised as soon as the amount of the contribution can be reliably measured. Initial contribution is recognised from inception date and subsequent contribution is recognised when it is due. At the end of each financial period, all due contributions are accounted for to the extent that they can be reliably measured.

Inward retakaful contributions are recognised on the basis of periodic advices received from ceding takaful operators.

(ii) *Unearned contribution reserves*

The Unearned Contribution Reserves (UCR) of the Family Takaful Fund represents the portion of the gross contributions and the ceded contributions of takaful certificates written that relate to the unexpired periods of the certificates at the end of the financial period. The UCR is calculated on net contribution income with a deduction for wakalah fee expenses to reflect the Wakalah model.

In determining the UCR at statement of financial position, the method used is pro-rata basis based on a time apportionment method for general takaful business.

(iii) *Provision for outstanding claims*

Claims and settlement costs that are incurred during the financial period are recognised when a claimable event occurs and/or the Company is notified. Claims and provisions for claims arising on family and Company family takaful certificates, including settlement costs, are accounted for using the case basis method and for this purpose, the benefits payable under a family takaful certificate are recognised as follows:

- (a) maturity or other policy benefit payments due on specified dates are accounted for as claims payable on the due dates.

- (b) death, surrender and other benefits without due dates are treated as claims payable on the date of receipt of intimation of death of the participant or occurrence of contingency covered.
- (c) for group health business and family inwards retakaful, provision is made for the cost of claims, together with related expenses, incurred but not reported ("IBNR") at reporting date, using a mathematical method of estimation where historical claims experience are used to project future claims. As with all projections, there are elements of uncertainty and the projected claim may be different from actual.

(iv) Certificate liabilities and bases for determining and allocating surplus or deficit

Family takaful certificate liabilities are recognised when certificates are in-force and contributions are charged.

For a one-year family certificate or a one-year extension to a family certificate covering contingencies other than life or survival, the liability for such family takaful certificates comprises contribution and claim liabilities with an appropriate allowance for PRAD from the expected experience.

The family takaful certificate liabilities are derecognised when the certificates expires, discharged or are cancelled. At each reporting date, an assessment is made of whether the recognised family takaful certificate liabilities are adequate by using an existing liability adequacy test.

Liabilities of family takaful business are determined in accordance with valuation guidelines for takaful operators issued by BDCB. All family takaful liabilities have been valued using a prospective actuarial valuation based on the sum of the present value of future benefits and expenses less future gross considerations arising from the certificates, discounted at the appropriate risk discount rate. This method is known as the gross contribution valuation. Contributions are accumulated in a fund, the accumulated amount, as declared to the participants are set as the liabilities. Zeroisation is applied at certificate level and no certificate is treated as an asset under the valuation method adopted.

In respect of family takaful business risk fund, the expected future cash flows of benefits are determined using best estimate assumptions with an appropriate allowance for PRAD from expected experience such that an overall level of sufficiency of certificate reserves at a 75% confidence level is secured.

Surplus arising from the difference between the value family fund and the liabilities, including retained surplus, will be distributed to the participants after deducting the operator's surplus share in accordance to the rules prescribed by the Company and approved by the Syariah Advisory Committee. The surplus will be classified as participants' funds in the statement of financial position.

If the difference between the value of the Family Fund and the liabilities results in a deficit, the deficit will be offset with any available unallocated surplus. Should the unallocated surplus not be sufficient to offset the deficit, the operator shall make good on the deficit by way of a benevolent loan or Qard.

Surplus allocated to be paid out to participants are re-classified as liabilities on the statement of financial position. In the event it has not been collected by the policyholders within the terms and conditions prescribed by the Company, it is given to charity.

3.10. Retakaful

The funds cede takaful risk in the normal course of business. Retakaful assets represent balances receivable and recoverable from retakaful operators. Amounts recoverable from retakaful operators are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the retakaful's certificates and are in accordance with the related retakaful contracts.

Ceded retakaful arrangements do not relieve the funds from its obligations to participants. Contributions and claims are presented on a gross basis for both ceded and assumed retakaful.

Retakaful assets are reviewed for impairment at each reponing date or more frequently when an indication of impairment arises during the reporting period. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the retakaful asset that the Family and General Takaful Fund may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Family and General Takaful Fund Will receive from the retakaful operator. The impairment loss is recorded in profit or loss.

Gains or losses on buying retakaful, if any, are recognised in profit or loss immediately at the date of purchase and are not amortised.

Retakaful assets or liabilities are derecognised when the contractual rights are extinguished or expired or when the contract is transferred to another party.

Retakaful contracts that do not transfer significant takaful risk are accounted for directly through the statement of financial position. These are deposit assets or financial liabilities that are recognised based on the consideration paid or received less any explicit identified contributions or fees to be retained by the retakaful operators. Investment income on these contracts is accounted for using the effective profit rate when accrued.

The accounting policies applicable to Retakaful assets can be found in Note 3.3.

Assumed retakaful risks

The funds also assume retakaful risk in the normal course of business for Family Takaful and General Takaful contracts when applicable.

Contributions and claims on assumed retakaful are recognised as revenue or expenses in the same manner as they would be if the retakaful were considered direct business, taking into account the product classification of the retakaful business. Retakaful liabilities represent balances due to retakaful operators. Amounts payable are estimated in a manner consistent with the related retakaful contract.

3.11. Liability adequacy test

The liability of the Company under takaful business is tested for adequacy by comparing the expected future contractual cash flows with the carrying amount of gross takaful contract provisions for unearned contributions and takaful claims. Where an expected shortfall is identified, additional provisions are made for unearned contributions or takaful claims and the deficiency is recognised in profit or loss.

3.12. Expenses liability

The contract underlying takaful operations defines a unique relationship between the Takaful Operator and participants of a takaful scheme. While the Family Takaful Fund is responsible to meet contractual benefits accorded to participants on the basis of mutual assistance amongst participants, the Company is expected to duly observe fundamental obligations towards participants, particularly in terms of adhering to Syariah principles and undertaking fiduciary duties to prudently manage the takaful funds as well as meet costs involved in managing the takaful business.

In carrying out the fiduciary duty, the Company must put in place sufficient measures to ensure sustainability of the Family Takaful Funds to meet takaful benefits and the Takaful Operator's fund to support the takaful certificates for the full term. These measures include the setting up of appropriate provisions for liabilities in the Takaful Operator's fund on behalf of participants in Family Takaful Funds, to ensure that adequate funds would be available to meet all contractual obligations and commitments as they fall due, with a reasonable level of certainty.

(i) Expenses liability of Family Takaful Fund

Expense liabilities are carried separately in the Takaful Operator's fund. The expense liabilities in relation to Family Takaful business is determined based on the expected future expenses payable from the Takaful Operator in managing the Family Takaful fund for the full contractual obligation of the unexpired takaful certificates as at the end of the reporting date, less any expected income of the Takaful Operator. The method used to value expense liabilities in relation to family takaful business is consistent with the method used to value family takaful liabilities as detailed in Note 3.12 above.

3.13. Takaful receivables

Takaful receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, Takaful receivables are measured at amortised cost, using the effective yield method.

Takaful receivables are derecognised when the de-recognition criteria for financial assets have been met.

The accounting policies applicable to Takaful receivables can be found in Note 3.3.

3.14. Other income

Profit income is recognised on a time proportion basis that takes into account the effective profit of the asset. Profits including the amount of amortisation of premium, and accretion of discount rate are recognised on a time proportion basis taking into account the principle outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

Gains and losses arising on disposals of investments are credited or charged to profit or loss.

3.15. Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans such as Tabung Amanah Pekerja (TAP) and Supplementary Contributory Pensions Fund (SCP) are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.16. Zakat

The Company is exempted from Zakat under the "tabi' matbu" principle as advised by the Syariah Advisory Committee. According to this principle, since the holding Company, a statutory body, was incorporated under Perbadanan Tabung Amanah Islam Brunei Act, Chapter 163, and has no shareholder, it is not obligated to pay Zakat. The same applies to its subsidiaries.

3.17. Wakalah fee

The wakalah fee is an expense to the Family Takaful Funds and correspondingly recognised in the respective funds' profit or loss at an agreed percentage for each takaful certificate underwritten and are payable to the agents. This is in accordance with the principles of wakalah as approved by the Syariah Advisory Committee and is agreed between the participants and the Company.

Commission, acquisition costs and management expenses of the Family Takaful Funds are borne by the operator and included as a component of wakalah fee.

3.18. Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and effective profit rates may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of the existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.19. Equity

Share capital

Ordinary shares are stated at par value and are classified as equity. Incremental costs directly attributable to the issue of new shares, if any, are shown in equity as a deduction from the proceeds.

Retained earnings

Retained earnings pertain to the unrestricted portion of the accumulated profit from operations of the Company, which are available for dividend declaration.

3.20. Subsequent events

Post year-end events that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

4. Property and equipment, net

Company	Computer hardware and software	Furniture, fixtures and fittings	Renovations	Total
	BND	BND	BND	BND
Cost				
At 1 January 2020	752,138	74,552	405,763	1,232,453
Additions	64,479	-	2,128	66,607
At 31 December 2020	816,617	74,552	407,891	1,299,060
Additions	87,583	-	4,400	91,983
At 31 December 2021	904,200	74,552	412,291	1,391,043
Accumulated depreciation				
At 1 January 2020	(397,237)	(64,535)	(170,409)	(632,181)
Depreciation for the year	(156,852)	(4,858)	(40,771)	(202,481)
At 31 December 2020	(554,089)	(69,393)	(211,180)	(834,662)
Depreciation for the year	(151,005)	(1,149)	(40,899)	(193,053)
At 31 December 2021	(705,094)	(70,542)	(252,079)	(1,027,715)
Carrying amounts				
At 31 December 2020	262,528	5,159	196,711	464,398
At 31 December 2021	199,106	4,010	160,212	363,328

5. Right-of-use asset, net

The Company leases office space with an average lease term of three years.

	Office space BND
Cost	
At 1 January 2020	122,709
Additions	268,389
Expiration of a lease contract	(68,070)
At 31 December 2020	323,028
At 31 December 2021	323,028
Accumulated depreciation	
At 1 January 2020	(62,899)
Depreciation for the year	(66,176)
Expiration of a lease contract	68,070
At 31 December 2020	(61,005)
Depreciation for the year	(64,608)
At 31 December 2021	(125,613)
Carrying amounts	
At 31 December 2020	262,023
At 31 December 2021	197,415

6. Investments

This account as at 31 December consists of:

	Note	Takaful Operator BND	Family Takaful Fund BND	Company BND
2021				
Financial assets at FVTPL	(a)	5,394,232	15,550,895	20,945,127
Investments at FVTOCI	(b)	14,806,636	20,456,063	35,262,699
		20,200,868	36,006,958	56,207,826
2020				
Financial assets at FVTPL	(a)	5,289,705	14,144,000	19,433,705
Investments at FVTOCI	(b)	15,103,388	26,108,337	41,211,725
		20,393,093	40,252,337	60,645,430

(a) Financial assets at FVTPL

The components of financial assets at FVTPL are further analysed as follows:

	Takaful Operator BND	Takaful Fund BND	Company BND
As at 31 December 2021			
Quoted equity securities	5,394,232	-	5,394,232
Unquoted equity securities	-	15,550,895	15,550,895
Financial assets at FVTPL	5,394,232	15,550,895	20,945,127
As at 31 December 2020			
Quoted equity securities	5,289,705	-	5,289,705
Unquoted equity securities	-	14,144,000	14,144,000
Financial assets at FVTPL	5,289,705	14,144,000	19,433,705

(b) Financial assets at FVTOCI

The components of financial assets designated at FVTOCI are further analysed as follows:

	Takaful Operator BND	Takaful Fund BND	Company BND
As at 31 December 2021			
Quoted fixed income securities	14,806,636	20,456,063	35,262,699
Financial assets at FVTOCI	14,806,636	20,456,063	35,262,699
As at 31 December 2020			
Quoted fixed income securities	15,103,388	26,108,337	41,211,725
Financial assets at FVTOCI	15,103,388	26,108,337	41,211,725

Impairment of financial assets

For the purpose of impairment assessment, fixed income securities are considered to have low credit risk. Accordingly, for the purpose of impairment assessment for these financial assets, the loss allowance is measured at an amount equal to 12-month ECL. In determining the ECL for these assets, management has taken into account the future prospects of the industries in which the issuers of bonds operate as obtained from economic expert reports, financial analyst reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment horizon, as well as the loss upon default in each case. Management has deemed the ECL to be insignificant.

Note 29 details the gross carrying amount, loss allowance as well as the measurement basis of ECL for each of these financial assets by credit risk categories.

7. Takaful certificate receivables

This account as at 31 December consists of:

	Takaful Fund	
	2021	2020
	BND	BND
Due from agents/brokers and co-takaful balances	1,675,925	1,376,170
Due from retakaful operators	259,320	128,217
Gross takaful certificate receivables	1,935,245	1,504,387
Less: Loss allowance under IFRS 9	(1,092,881)	(838,083)
Takaful certificate receivables	842,364	666,304

Loss allowance for takaful certificate receivables has been measured at an amount equal to lifetime ECL. The ECL on takaful certificate receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction at the reporting date.

A receivable is written-off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery e.g., when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table details the risk profile of takaful certificate receivables from contracts with customers based on the provision matrix. As the Company's historical credit loss experience does not show significant different loss patterns for the different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

	Takaful certificate receivables				
	Less than 30 days (Not Past Due)	30 to 90 days	90 to 180 days	More than 180 days	Total
31 December 2021					
Expected credit loss rate*	11.51%	28.78%	57.55%	100.00%	
Estimated total gross carrying amount at default	499,763	357,448	323,194	754,840	1,935,245
Less: Estimated total gross carrying amount not subject to ECL	(72,580)	-	-	-	(72,580)
Estimated total gross carrying amount subject to ECL	427,183	357,448	323,194	754,840	1,862,665
Lifetime ECL	49,169	102,874	185,998	754,840	1,092,881
31 December 2020					
Expected Credit loss rate*	11.57%	28.92%	57.83%	100%	
Estimated total gross carrying amount at default	472,287	267,194	116,815	648,091	1,504,387
Less: Estimated total gross carrying amount not subject to ECL	-	-	-	(9,447)	(9,447)
Estimated total gross carrying amount subject to ECL	472,287	267,194	116,815	638,644	1,494,940
Lifetime ECL	(54,624)	(77,260)	(67,555)	(638,644)	(838,083)

*ECL rates are expressed in rounded-off figures

The following table shows the movements in ECL that has been recognised for takaful certificate receivables in accordance with the simplified approach set out in IFRS 9.

	Takaful Fund & Company	
	2021	2020
	BND	BND
As at 1 January	838,083	759,480
Written-off	(50,000)	-
Movement in loss allowance during the year	304,798	78,603
As at 31 December	1,092,881	838,083

The Company's exposure to credit and currency risks, and impairment losses related to Takaful and other receivables are disclosed in Note 29.

8. Other receivables

This account as at 31 December consists of:

	Takaful Operator BND	Takaful Fund BND	Company BND
2021			
Amount owing from Parent Company	2,200,000	-	2,200,000
Deposits, prepayments and others	1,176,478	201,118	1,377,596
Derivative assets at fair value*	33,303	-	33,303
Amount owing from the Family Takaful Fund	1,749,917	-	-
Amount owing from the Takaful Operator of Family Takaful Fund	-	215,289	-
	<u>5,159,698</u>	<u>416,407</u>	<u>3,610,899</u>
2020			
Amount owing from Parent Company	2,400,000	-	2,400,000
Deposits, prepayments and others	1,189,908	648,905	1,838,813
Derivative assets at fair value*	323,326	-	323,326
Amount owing from the Family Takaful Fund	258,432	-	-
Amount owing from the Takaful Operator of Family Takaful Fund	-	147,869	-
Amount due from Ultimate Parent Company	-	97,150	97,150
	<u>4,171,666</u>	<u>893,924</u>	<u>4,659,289</u>

The amount due from the Parent Company is unsecured, profit free and payable on demand. There is no allowance for doubtful debts arising from these balances.

* The account represents derivative assets amounting to \$33,303 as at 31 December 2021 (2020 - \$323,326) arising from forward foreign exchange contracts. The Company utilises currency derivatives to hedge significant future transactions and cash flows.

	Contract or underlying principal amount	<u>2021</u> Gross positive fair value	Gross negative fair value	Contract or underlying principal amount	<u>2020</u> Gross positive fair value	Gross negative fair value
Foreign exchange derivatives:						
Forwards	<u>15,396,413</u>	<u>33,303</u>	<u>-</u>	<u>15,395,288</u>	<u>323,326</u>	<u>-</u>

9. Deposits and placements

As at the reporting date, the carrying amounts of short-term placements approximate their fair values.

Fixed deposits of the Company bear weighted average effective profit rate of 0.22% (2020 - 1.29%) per annum and have a maturity period within 12 months (2020 - 9 months) from the reporting date.

10. Cash and cash equivalents

This account as at 31 December consists of:

	Takaful Operator BND	Takaful Fund BND	Company BND
2021			
Cash and bank balances	4,540,081	8,043,140	12,583,221
2020			
Cash and bank balances	5,126,682	6,966,184	12,092,866

As at the reporting date, the carrying amounts of cash and bank balances approximate their fair values.

Reconciliation of liabilities arising from financing activities

The following table details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	At January 1	Financing Cashflow (i)	New leases	Other Charges (ii)	At 31 December
2021					
Lease liabilities	266,366	(61,267)	-	-	205,099
2020					
Lease liabilities	59,559	(61,582)	268,389	-	266,366

(i) The cash flows make up the net amount of repayments of lease liabilities in the statement of cash flows.

(ii) Other charges include profit accruals and payments.

11. Takaful certificate liabilities

The takaful certificate liabilities are comprised the following as at 31 December:

Takaful Fund and Company			
		Gross	Ceded to Retakaful
		BND	BND
2021			
Provision for outstanding claims	(a)	3,966,635	(557,480)
Family takaful funds	(b)	35,505,042	(456,276)
Provision for unearned contributions	(c)	677,066	-
		40,148,743	(1,013,756)
			39,134,987

Takaful Fund and Company			
		Gross	Ceded to Retakaful
		BND	BND
2020			
Provision for outstanding claims	(a)	2,366,140	(320,223)
Family takaful funds	(b)	40,678,149	(131,350)
Provision for unearned contributions	(c)	801,101	-
		43,845,390	(451,573)
			43,393,817

(a) Provision for outstanding claims

The provision for outstanding claims and its movements are further analysed as follows:

Takaful Fund and Company			
		Gross	Ceded to Retakaful
		BND	BND
2021			
Provision for claims incurred and admitted		1,021,311	(518,694)
Provision for incurred but not reported claims (IBNR)		2,945,324	(38,786)
Provision for outstanding claims		3,966,635	(557,480)
			3,409,155

Takaful Fund and Company			
		Gross	Ceded to Retakaful
		BND	BND
2020			
Provision for claims incurred and admitted		419,090	(107,560)
Provision for incurred but not reported claims (IBNR)		1,947,050	(212,663)
Provision for outstanding claims		2,366,140	(320,223)
			2,045,917

Movement in provision for outstanding claims:

	Takaful Fund and Company		
	Gross	Ceded to	Net
	BND	Retakaful	BND
1 January 2020	2,028,792	(451,211)	1,577,581
Movement in claims reserve	2,334,069	(479,653)	1,854,416
Claims unpaid during the year	(1,996,721)	610,641	(1,386,080)
31 December 2020	2,366,140	(320,223)	2,045,917
Movement in claims reserve	2,805,827	(660,943)	2,144,884
Claims unpaid during the year	(1,205,332)	423,686	(781,646)
31 December 2021	3,966,635	(557,480)	3,409,155

(b) Family takaful funds

The family takaful funds and its movements are further analysed as follows:

	Takaful Fund and Company	
	2021	2020
	BND	BND
Family takaful- participants account	21,351,708	26,830,764
Family takaful- mortgage	11,729,810	11,935,891
Family takaful- 100% Tabarru'	2,423,524	1,903,226
Family takaful- participants special account	-	8,268
Total family takaful funds, gross	35,505,042	40,678,149
Less: Ceded to retakaful	(456,276)	(131,350)
Total family takaful fund, net	35,048,766	40,546,799

Movement in family takaful funds:

	Takaful Fund and Company	
	2021	2020
	BND	BND
At the beginning of the year	40,678,149	39,286,024
Net earned contributions	3,691,105	4,260,438
Gross claim and benefits ceded to retakaful	559,744	640,659
Net surplus payable	430,986	-
Actuarial surplus transferred (out) in	(214,588)	406,542
Actuarial reserves	387,345	35,877
Liabilities paid for death claims and benefits	(1,176,581)	(1,320,126)
Gross changes to retakaful contract liabilities	(8,851,118)	(2,631,265)
At the end of the year	35,505,042	40,678,149

(c) Provision for unearned contributions

Movement in provision for unearned contributions:

	Takaful Fund and Company		
	Gross	Ceded to	Net
	BND	Retakaful	BND
1 January 2020	956,757	-	956,757
Contributions written during this year	8,275,141	(1,231,573)	7,043,568
Contributions earned during the year	(8,430,797)	1,231,573	(7,199,224)
31 December 2020	801,101	-	801,101
Contributions written during this year	8,305,945	1,432,446	9,738,391
Contributions earned during the year	(8,429,980)	(1,432,446)	(9,862,426)
31 December 2021	677,066	-	677,066

12. Provision for unearned wakalah fee

This account as at 31 December consists of:

	Takaful Operator and Company	
	2021	2020
	BND	BND
1 January 2020	219,486	-
Change during the year	63,927	219,486
31 December 2021	283,413	219,486

There is no provision for unearned wakalah fee as at 1 January 2020 as the Company only adopted the wakalah model in January 2020.

13. Takaful certificate payables

This account as at 31 December consists of:

	Takaful Operator and Company	
	2021	2020
	BND	BND
Due to retakaful companies	711,096	371,106

Takaful certificate payables are current.

The carrying amounts disclosed above approximate their fair values at the end of the reporting period.

14. Expense liabilities

This account as at 31 December consists of:

	Takaful Operator and Company	
	2021	2020
	BND	BND
Expense liabilities	6,850,556	6,350,464

The method used to value the expense liabilities is discussed in Note 3.12 of these financial statements.

The movement in expense liabilities follows:

	Takaful Operator and Company
	BND
1 January 2020	5,500,012
Movement in provision for unexpired expense reserve	850,452
31 December 2020	6,350,464
Movement in provision for unexpired expense reserve	500,092
31 December 2021	6,850,556

15. Other payables

This account as at 31 December consists of:

	Takaful Operator	Takaful Fund	Company
	BND	BND	BND
2021			
Advanced contributions from participants	-	630,093	630,093
Profit payable to participants	-	947,488	947,488
Provision for unutilised leave	19,431	-	19,431
Amount owing to Parent Company	373,982	-	373,982
Amount owing to Family Takaful Fund	215,289	-	-
Amount owing to the Takaful Operator of Family Takaful Fund	-	1,749,917	-
Amount owing to the Takaful Operator of General Takaful Fund	134,047	4	134,051
Amount owing to General Takaful Fund	6,866	18,158	25,024
Other creditors	431,754	168,589	600,343
	1,181,369	3,514,249	2,730,412

	Takaful Operator	Takaful Fund	Company
2020	BND	BND	BND
Advanced contributions from participants	-	985,532	985,532
Profit payable to participants	-	999,681	999,681
Provision for unutilised leave	1,454	-	1,454
Amount owing to Parent Company	23,009	-	23,009
Amount owing to Family Takaful Fund	147,869	-	-
Amount owing to the Takaful Operator of Family Takaful Fund	-	258,432	-
Amount owing to the Takaful Operator of General Takaful Fund	24,769	-	24,769
Amount owing to General Takaful Fund	818	-	818
Other creditors	639,599	54,482	694,081
	837,518	2,298,127	2,729,344

The amount due to related parties are unsecured, profit free and payable on demand.

16. Lease liabilities

This account as at 31 December consists of:

	2021	2020
	BND	BND
Maturity analysis:		
Year 1	72,000	72,000
Year 2	72,000	72,000
Year 3	66,000	72,000
Year 4	10,000	66,000
Year 5	-	10,000
	220,000	292,000
Less: Future profit	(14,901)	(25,634)
	205,099	266,366

The Company does not face a significant liquidity risk with regard to its lease liabilities.

17. Participants' fund

Participants' fund balance at end of reporting period comprises the following:

	2021	2020
	BND	BND
Family Takaful Fund	14,031,037	14,715,699

The movements in participants' fund are analysed as follows:

	Takaful Operator and Company	
	2021	2020
	BND	BND
Accumulated surplus		
At beginning of year	12,874,901	12,672,774
Underwriting surplus	2,595,833	3,689,451
Surplus attributed to operator	(1,870,440)	(3,051,188)
Distribution/transfer to policyholders	(293,798)	(436,136)
At end of the year	13,306,496	12,874,901
Fair value reserve		
At beginning of year	1,840,798	881,488
Net (loss) gains on fair value changes	(1,116,257)	959,310
At end of year	724,541	1,840,798
Participants' fund at the end of the year	14,031,037	14,715,699

18. Share capital

This account as at 31 December consists of:

	2021	2020
	Number of shares	Number of shares
Company		
Authorised ordinary shares	20,000,000	20,000,000
Issued and paid up		
Value of ordinary shares	8,000,002	8,000,002

Capital management

The Company's capital management policy aims to:

- maintain a strong capital base to sustain and grow the business so as to uphold investors, creditors and market confidence;
- comply with the regulatory capital requirements for the Company; and
- provide an adequate return to shareholders through prudent underwriting of Takaful risks and optimising investment returns within the risk parameters established by the Board.

The Company determines the amount of capital in accordance with business expansion needs as well as to meet the regulatory capital requirements for the Company.

The Board monitors the return on shareholders' equity, which is defined as net profit after tax divided by total shareholders' equity, and the level of dividends to ordinary shareholders. In addition, the Board also establishes and monitors the Capital Adequacy Ratio of the Company, defined in the Takaful Regulations as the total financial resources divided by the total risk requirements of the insurer.

In accordance with Section 21 of the Takaful Order, 2008 and Section 8 of the Takaful Regulations 2008, the Company is required to maintain:

- i) a fund margin of solvency in respect of each of the takaful funds;
- ii) surplus of assets over liabilities of not less than 20 percent.

In 2021 and 2020, the Company is in compliance with the prescribed margin of solvency for the participants' fund as well as the takaful operator fund throughout the year.

There were no significant changes in the Company's approach to capital management during the year.

19. General reserve

The general reserve is set up in accordance with the Company's policies to aid participants in the event of any deficit.

20. Wakalah fee

This account for the years ended 31 December consists of:

	Takaful Operator BND	Takaful Fund BND	Company BND
2021			
Wakalah fee income	1,286,213	-	-
Wakalah fee expense	-	(1,286,213)	-
	<u>1,286,213</u>	<u>(1,286,213)</u>	<u>-</u>
2020			
Wakalah fee income	924,372	-	-
Wakalah fee expense	-	(924,372)	-
	<u>924,372</u>	<u>(924,372)</u>	<u>-</u>

21. Investment income

This account for the years ended 31 December consists of:

	Takaful Operator BND	Takaful Fund BND	Company BND
2021			
Dividend income	698,978	780,884	1,479,862
Fair value (loss) gains	(778,710)	1,584,016	805,306
	(79,732)	2,364,900	2,285,168
2020			
Dividend income	657,479	2,794,063	3,451,542
Fair value (loss) gains	(57,957)	662,498	604,541
Loss on disposal of investments	(53,473)	-	(53,473)
	546,049	3,456,561	4,002,610

22. Other operating income

This account for the years ended 31 December consists of:

	Takaful Operator BND	Takaful Fund BND	Company BND
2021			
Miscellaneous income	36,088	173,230	209,318
Service charges	2,300	-	2,300
	38,388	173,230	211,618
2020			
Miscellaneous income	219,246	147,059	366,305
Service charges	3,060	-	3,060
	222,306	147,059	369,365

23. Management expenses

This account for the years ended 31 December consists of:

	Takaful operator		Takaful fund		Company	
	2021	2020	2021	2020	2021	2020
	BND	BND	BND	BND	BND	BND
Salaries, bonuses and other employee benefits	1,117,382	929,907	-	-	1,117,382	929,907
Management fees payable to Parent Company	763,379	747,303	-	-	763,379	747,303
Other expenses	359,152	342,646	260,848	287,947	620,000	630,593
Depreciation	257,661	268,657	-	-	257,661	268,657
Legal, professional and audit fees	125,234	127,039	2,030	-	127,264	127,039
Marketing and promotional costs	44,751	73,883	-	-	44,751	73,883
Utilities	40,699	44,649	-	-	40,699	44,649
Office rental and lease expenses	8,643	3,756	-	-	8,643	3,756
	2,716,901	2,537,840	262,878	287,947	2,979,779	2,825,787

24. Change in expense liabilities

This account for the years ended 31 December consists of:

	Takaful Operator and Company	
	2021	2020
	BND	BND
Increase in unexpired expense reserve	500,092	850,452

25. Other (losses) gains

This account for the years ended 31 December consists of:

	Takaful Operator BND	Takaful Fund BND	Company BND
2021			
Movement of impairment in takaful receivables	-	(304,798)	(304,798)
Foreign exchange (losses) gains	(87,566)	400,993	313,427
	(87,566)	96,195	8,629
2020			
Movement of impairment in takaful receivables	-	(78,603)	(78,603)
Foreign exchange (losses) gains	(240,501)	216,575	(23,926)
	(240,501)	137,972	(102,529)

26. Income tax

This account for the years ended 31 December consists of:

	Takaful Operator and Company	
	2021	2020
Current tax	-	-
Deferred tax benefit	97,811	-
	97,811	-

Relationship between tax benefit and accounting profit:

The reconciliation between tax benefit and the product of accounting profit multiplied by the applicable corporate tax rate is as follows:

	Takaful Operator and Company	
	2021	2020
(Loss) profit before taxation	(454,091)	749,180
Tax calculated at the rate of 18.5% on the first B\$100,000 at one-quarter of the full rate, the next B\$150,000 at one-half of the full rate and the remaining profit at the full rate	(84,007)	138,598
Adjustments:		
Further deductions	(15,506)	(9,325)
Non-deductible expenses	33,010	55,804
Capital allowances	-	(42,008)
Tax threshold deduction and others	66,503	(143,069)
Provision for taxation in respect of current year's profit	-	-
Deferred tax benefit	97,811	-
Tax benefit charged to profit or loss account	97,811	-

The income tax for the Company is calculated based on the standard corporate tax rate of 18.5% of the estimated assessable profit for the financial year.

As at 31 December 2021, the deferred tax assets of B\$97,811 (2020 - nil) arise mainly from the deferred tax impact of the unabsorbed losses carried forward.

27. Related party disclosures

Transactions with key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The Company's Executive and Non-Executive Directors are considered key management personnel. Other than the disclosures below, there were no transactions with Key Management Personnel during the year. The remuneration of the Key Management Personnel is borne by the Parent Company.

Other related party transactions

During the year, apart from the balances and transactions disclosed elsewhere in these financial statements, the transactions with the Company's related parties are as follows:

	2021	2020
	BND	BND
Ultimate Parent Company		
- Contributions received / receivable	72,116	267,540
Parent Company		
- Management fees payable	763,379	747,303
Other related parties		
- Rental and other fees paid/payable	906	-
- Contributions received/receivable	14,935	82,980

The Company is 100% owned by Insurans Islam TAIB Holdings Sdn Bhd, a company incorporated in Brunei Darussalam under the Companies Act.

Insurans Islam TAIB Holdings Sdn Bhd, is 100% owned by Perbadanan Tabung Amanah Islam Brunei, the Ultimate Parent Company, a statutory body established under the Perbadanan Tabung Amanah Islam Act (Cap. 163).

The amount owing to/from the holding company and related parties are unsecured, profit free and payable on demand.

The management is of the opinion that all the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

28. Takaful risk management

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

For a portfolio of takaful contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its takaful contracts is that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Takaful 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 takaful contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its takaful underwriting strategy to diversify the type of takaful risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

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

Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The Company manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. Underwriting limits are in place to enforce appropriate risk selection criteria.

The concentration of takaful risk by gross takaful contribution is summarised below:

	Takaful Fund and Company	
	2021	2020
Concentration of gross takaful contribution:		
Family takaful fund – Saving Plan and Financing/Mortgage	6,015,195	6,408,858
Family group takaful fund – annual policy	2,290,750	1,866,283
	8,305,945	8,275,141

(i) Family Takaful Fund

The key coverage for the Family Takaful contracts

The key coverage for the Family Takaful contracts are death, total and permanent disability, hospital and surgical benefits, personal accident benefits, daily hospitalisation cash allowance benefit, dread disease benefit, waiver of contribution benefits and survival benefits (for annuity).

Concentration of Family Takaful risk

The following gives details of the Company's concentration of risks based on gross and net takaful contribution by main product categories:

	Takaful Operator BND	Takaful Fund BND	Company BND
2021			
Family Takaful Fund	6,015,195	(1,084,287)	4,930,908
Company Family Takaful Fund	2,290,750	(348,159)	1,942,591
	8,305,945	(1,432,446)	6,873,499
2020			
Family Takaful Fund	6,408,858	(906,792)	5,502,066
Company Family Takaful Fund	1,866,283	(324,781)	1,541,502
	8,275,141	(1,231,573)	7,043,568

Key assumptions

The key assumptions to which the estimation of actuarial liabilities is particularly sensitive are as follows:

Mortality and morbidity rates

This is significant for contracts with significant coverage for death, total permanent disability and critical illness and the increase in the mortality or morbidity would have direct impact on the liability.

Discount rate

As the liabilities are the present value of future cash flows, both income and outgo, a decrease in discount rate would have an increasing impact on the liabilities and vice-versa.

Sensitivities

The Family Takaful claims liabilities are sensitive to the key assumptions above. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities.

	Mortality and morbidity	
	Increase	Decrease
	+10%	-10%
2021		
Gross Participant risk fund (PRF) liabilities	1,264,441	(994,346)
Net PRF liabilities	638,624	(493,686)
2020		
Gross Participant risk fund (PRF) liabilities	198,314	(198,735)
Net PRF liabilities	95,452	(95,632)

29. Financial risk management

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

- Syariah non-compliance risk
- Credit risk;
- Liquidity risk;
- Market risks;
- Operational risks; and
- Price risk

a) Syariah non-compliance risk

- a. Syariah non-compliance risk is the risk that arises from failure to comply with the Syariah rules and principles prescribed by Syariah Advisory Committee and Syariah Financial Supervisory Board. Syariah compliance is considered as falling within the higher priority category in relation to other identified risks.
- b. The Company ensures that this risk is managed by ensuring that Syariah rules and principles are complied with at all times as advised and monitored by the Syariah Advisory Committee of the Company with respect to the products and activities. This means that Syariah compliance considerations are taken into account whenever the Company accepts deposits and ventures into investment funds, provides finance and carries out investment services for their customers.
- c. The Company shall ensure that their contract documentation complies with Syariah rules and principles with regard to formation, termination and elements possibly affecting contract performance such as fraud, misrepresentation, duress or any other rights and obligations.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations as and when they fall due.

The Company's portfolio of debt securities, short-term and other investments, are subject to credit risk. This risk is defined as the potential loss resulting from adverse changes in a borrower's ability to repay the debt. The Company's objective is to earn competitive relative returns by investing in a diversified portfolio of securities. Management has an investment credit risk policy in place. Limits are established to manage credit quality and concentration risk.

The Company has Takaful and other receivables balances that are subject to credit risk. Among the most significant of these are retakaful recoveries. To mitigate the risk of the counterparties not paying the amount due, the Company has established certain business and financial guidelines for retakaful approval, incorporating ratings by major agencies and considering currently available market information. Receivable balances are monitored on an ongoing basis with the result that Company's exposure to bad debts is not significant.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Company has no realistic prospect of recovery.	Amount is written-off

The table below details the credit quality of the Company's financial assets as well as maximum exposure to credit risk rating grades:

Company	Note	12 month or lifetime ECL	Gross carrying amount BND	Loss allowance BND	Net carrying amount BND
2021					
Takaful certificate receivables	7	Lifetime ECL (simplified approach)	1,935,245	(1,092,881)	842,364
Other receivables	8	12-month ECL	3,610,899	-	3,610,899
Debt securities	6	12-month ECL	35,262,699	-	35,262,699
2020					
Takaful certificate receivables	7	Lifetime ECL (simplified approach)	1,504,387	(838,083)	666,304
Other receivables	8	12-month ECL	4,659,289	-	4,659,289
Debt securities	6	12-month ECL	41,211,725	-	41,211,725

The Company has applied the simplified approach to measure the loss allowance at lifetime ECL for takaful certificate receivables. The Company determined the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile is presented based on their past due status in terms of the provision matrix. Note 7 includes further details on the loss allowance of takaful certificate receivables.

Credit exposure

The table below shows the maximum exposure to credit risk for the components recognised in the statement of financial position.

	Company	
	2021 BND	2020 BND
Amortised cost		
- Cash and cash equivalents	12,583,221	12,092,866
- Short-term placements	12,082,500	12,000,000
- Retakaful certificate assets	1,013,756	451,573
- Takaful and other receivables	4,453,263	5,325,593
- FVTOCI financial assets	35,262,699	41,211,275
	65,395,439	71,081,307

The financial assets above are not subject to specific concentration risk.

Credit exposure by credit quality for debt securities measured at FVTOCI

Company	2021	2020
	BND	BND
Islamic debt securities		
Rated AAA	-	-
Rated AA1 to AA3	857,089	852,703
Rated A1 to A3	14,035,963	16,957,278
Lower than A	15,320,546	11,310,319
Others	5,049,101	12,091,425
	35,262,699	41,211,725

The carrying amount of the Company's financial assets at FVTPL as disclosed in Note 6 best represents their respective maximum exposure to credit risk. The Company holds no collateral over any of these balances.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's liquidity management process, as carried out within the Company and monitored by a designated team, includes day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met, maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow and monitoring the liquidity ratios in the statement of financial position against internal and regulatory requirements.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Maturity profile

Non-derivative financial assets

The table below summarises the Company's financial and takaful assets and liabilities based on remaining maturities. The tables have been drawn up based on the undiscounted cash flows on the Company's non-derivative financial assets and liabilities on the basis of their earliest possible contractual maturity.

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	Less than 3 months	>3 – 6 months	>6 – 12 months	>1 – 3 years	>3 – 5 years	Over 5 years	No specific maturity	Total
Company	BND	BND	BND	BND	BND	BND	BND	BND
As at 31 December 2021								
Assets								
Financial assets at FVTOCI	272,999	-	-	5,541,263	11,022,364	18,426,073	-	35,262,699
Financial assets at FVTPL	-	-	-	-	-	-	20,945,127	20,945,127
Retakaful certificate assets	300,314	52,333	87,705	15,925	-	-	557,479	1,013,756
Takaful certificate receivables	453,489	388,875	-	-	-	-	-	842,364
Other receivable	-	915,539	285,579	-	-	-	2,409,781	3,610,899
Short-term placements	7,000,000	-	5,082,500	-	-	-	-	12,082,500
Cash and cash equivalents	1,000,000	-	-	-	-	-	11,583,221	12,583,221
	9,026,802	1,356,747	5,455,784	5,557,188	11,022,364	18,426,073	35,495,608	86,340,566
Liabilities								
Takaful certificate liabilities	405,730	234,076	28,929	8,331	-	-	39,471,677	40,148,743
Takaful certificate payables	-	711,096	-	-	-	-	-	711,096
Other payables	909,597	-	177,237	704,462	-	-	939,116	2,730,412
Lease liabilities	16,781	16,781	33,561	128,653	9,323	-	-	205,099
	1,332,108	961,953	239,727	841,446	9,323	-	40,410,793	43,795,350

	Less than 3 months	>3 – 6 months	>6 – 12 months	>1 – 3 years	>3 – 5 years	Over 5 years	No specific maturity	Total
Company	BND	BND	BND	BND	BND	BND	BND	BND
As at 31 December 2020								
Assets								
Financial assets at FVTOCI	-	-	1,149,337	2,223,048	11,122,760	26,716,580	-	41,211,725
Financial assets at FVTPL	-	-	-	-	-	-	19,433,705	19,433,705
Retakaful certificate assets	106,575	760	-	226	-	-	344,012	451,573
Takaful certificate receivables	607,597	49,260	-	9,447	-	-	-	666,304
Other receivable	3,514,269	34,270	-	-	-	-	1,110,750	4,659,289
Short-term placements	-	5,000,000	7,000,000	-	-	-	-	12,000,000
Cash and cash equivalents	-	-	-	-	-	-	12,092,866	12,092,866
	4,228,441	5,084,290	8,149,337	2,232,721	11,122,760	26,716,580	32,981,333	90,515,462
Liabilities								
Takaful certificate liabilities	657,410	177,200	125,260	45,460	-	-	42,840,060	43,845,390
Takaful certificate payables	-	371,106	-	-	-	-	-	371,106
Other payables	867,596	42,132	181,243	652,842	-	-	985,531	2,729,344
Lease liabilities	16,419	16,420	32,840	131,359	69,328	-	-	266,366
	1,541,425	606,858	339,343	829,661	69,328	-	43,825,591	47,212,206

The gross nominal / (outflows) represent the contractual undiscounted cash flows relating to derivative financial liabilities and assets held for risk management purposes. The disclosure shows a net amount for derivatives that are net settled, but a gross inflow and outflow amount for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts).

As part of the management of its liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents, and debt securities for which there is an active and liquid market so that they can be readily sold to meet liquidity requirements.

d) Market risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (foreign currency risk) and market profit rates (profit rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

i) Yield rate risk

Effective profit rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

The Company is exposed to profit rate risk primarily through their investments in fixed income securities and deposit placements. These instruments have fixed rate and a change in profit rates at reporting date would not affect profit or loss.

The Company does not use derivative financial instruments to hedge its profit rate risks.

The Company's cash and cash equivalents earn a nominal profit and this does not represent a significant concentration of credit risk. Management also believes that a change in profit rates would not materially impact the value of its fixed income securities. As such, no sensitivity has been performed.

ii) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

During the ordinary course of business, the Company may engage in foreign currency denominated transactions or invest in foreign currency equity or debt securities. As a result, the Company is exposed to movements in foreign currency exchange rates.

The following table sets out the Company's main exposure at the reporting date to currency risk arising from recognised assets denominated in a currency other than the functional currency of the Company.

	<USD> BND	<SGD> BND	<MYR> BND	<HKD> BND	<THB> BND	<IDR> BND	<AUD> BND
Company 2021							
Equity securities	15,550,895	263,874	173,368	3,367,431	255,894	731,944	601,721
Fixed income securities	30,213,598	-	5,049,102	-	-	-	-
	<u>45,764,493</u>	<u>263,874</u>	<u>5,222,470</u>	<u>3,367,431</u>	<u>255,894</u>	<u>731,944</u>	<u>601,721</u>
Company 2020							
Equity securities	14,144,000	1,665,483	420,684	1,929,176	309,967	407,771	556,625
Fixed income securities	34,357,463	-	6,854,263	-	-	-	-
	<u>48,501,463</u>	<u>1,665,483</u>	<u>7,274,947</u>	<u>1,929,176</u>	<u>309,967</u>	<u>407,771</u>	<u>556,625</u>

Foreign currency sensitivity

The analysis below is performed for possible movements in foreign currency rates and the corresponding impact on the Company's profit before tax. A positive change in assumption denotes strengthening of other foreign currency against BND while a negative change in assumptions denotes weakening of other foreign currency against BND.

	Change in assumptions	Impact on profit before tax	Change in assumptions	Impact on profit before tax
	%	BND	%	BND
2021				
USD	10%	4,576,449	(10%)	(4,576,449)
SGD	10%	26,387	(10%)	(26,387)
MYR	10%	522,247	(10%)	(522,247)
HKD	10%	336,743	(10%)	(336,743)
THB	10%	25,589	(10%)	(25,589)
IDR	10%	73,194	(10%)	(73,194)
AUD	10%	60,172	(10%)	(60,172)
2020				
USD	10%	4,850,146	(10%)	(4,850,146)
SGD	10%	166,548	(10%)	(166,548)
MYR	10%	727,495	(10%)	(727,495)
HKD	10%	192,918	(10%)	(192,918)
THB	10%	30,997	(10%)	(30,997)
IDR	10%	40,777	(10%)	(40,777)
AUD	10%	55,663	(10%)	(55,663)

iii) Equity price risk

The Company is exposed to equity price risk on its equity investments which are carried at FVTPL.

Effects of reasonably possible changes to equity prices at the end of the reporting period are not expected to have material effect on the Company's profit or loss and equity. As such, the sensitivity analysis is not performed.

iv) Operational risk

Operational risk is the risk of loss from inadequate or failure of internal processes, people, systems and any external events. The controls provide reasonable assurance of the soundness of operations and reliability of reporting.

This risk is managed through an operational risk management framework established which facilitates the management operations within the Company. It also supports the settings of policies, tools and methodologies, supporting their implementation and operation within the business units and providing ongoing monitoring and guidance across the Company to ensure that operational risks are mitigated.

Foreign currency sensitivity

The analysis below is performed for possible movements in foreign currency rates and the corresponding impact on the Company's profit before tax. A positive change in assumption denotes strengthening of other foreign currency against BND while a negative change in assumptions denotes weakening of other foreign currency against BND.

	Change in assumptions	Impact on profit before tax	Change in assumptions	Impact on profit before tax
	%	BND	%	BND
2021				
USD	10%	4,576,449	(10%)	(4,576,449)
SGD	10%	26,387	(10%)	(26,387)
MYR	10%	522,247	(10%)	(522,247)
HKD	10%	336,743	(10%)	(336,743)
THB	10%	25,589	(10%)	(25,589)
IDR	10%	73,194	(10%)	(73,194)
AUD	10%	60,172	(10%)	(60,172)
2020				
USD	10%	4,850,146	(10%)	(4,850,146)
SGD	10%	166,548	(10%)	(166,548)
MYR	10%	727,495	(10%)	(727,495)
HKD	10%	192,918	(10%)	(192,918)
THB	10%	30,997	(10%)	(30,997)
IDR	10%	40,777	(10%)	(40,777)
AUD	10%	55,663	(10%)	(55,663)

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Operational risk is the risk of loss from inadequate or failure of internal processes, people, systems and any external events. The controls provide reasonable assurance of the soundness of operations and reliability of reporting.

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v) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company invests primarily in debt securities whereby fair values or future cash flows of the financial instruments mainly arise from changes in effective yield rate and the issuers' repayment abilities. The Company has a relatively small allocation to equity funds, thus the price risk faced by the Company is relatively less volatile in the context of total investible assets.

Estimation of fair values

(a) Classes and categories of financial instruments and their fair values

The following table contains information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments (except financial instruments when carrying amount approximates their fair value); and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

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

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows.

	Carrying amount				Fair value			
	FVTOCI	FVTPL	Amortised		Level 1	Level 2	Level 3	Total
			Cost	Total				
	BND	BND	BND	BND				
2021								
Company								
Financial assets measured at fair value								
Equity instruments at FVTPL	-	20,945,127	-	20,945,127	5,394,232	-	15,550,895	20,945,127
Fixed income securities in FVTOCI	35,262,699	-	-	35,262,699	35,262,699	-	-	35,262,699
Derivative assets	-	33,303	-	33,303	-	33,303	-	33,303
	<u>35,262,699</u>	<u>20,978,430</u>	<u>-</u>	<u>56,241,129</u>				
Financial assets not measured at fair value								
Takaful certificate receivables	-	-	842,364	842,364				
Other receivables	-	-	3,577,596	3,577,596				
Deposits and placements	-	-	12,082,500	12,082,500				
Cash and cash equivalents	-	-	12,583,221	12,583,221				
	<u>-</u>	<u>-</u>	<u>29,085,681</u>	<u>29,085,681</u>				
Financial liabilities not measured at fair value								
Takaful certificate liabilities	-	-	40,148,743	40,148,743				
Takaful certificate payables	-	-	711,096	711,096				
Other payables	-	-	2,730,412	2,730,412				
Lease liabilities	-	-	205,099	205,099				
	<u>-</u>	<u>-</u>	<u>43,795,350</u>	<u>43,795,350</u>				

	Carrying amount				Fair value			
	FVTOCI	FVTPL	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
	BND	BND	BND	BND	BND	BND	BND	BND
2020								
Financial assets measured at fair value								
Equity instruments at FVTPL	-	19,433,705	-	19,433,705	5,289,705	-	14,144,000	19,433,705
Fixed income securities in FVTOCI	41,211,725	-	-	41,211,725	41,211,725	-	-	41,211,725
Derivative assets	-	323,326	-	323,326	-	323,326	-	323,326
	<u>41,211,725</u>	<u>19,757,031</u>	<u>-</u>	<u>60,968,756</u>				
Financial assets not measured at fair value								
Takaful certificate receivables	-	-	666,304	666,304				
Other receivables	-	-	4,659,289	4,659,289				
Short-term placements	-	-	12,000,000	12,000,000				
Cash and cash equivalents	-	-	12,092,866	12,092,866				
	<u>-</u>	<u>-</u>	<u>29,418,459</u>	<u>29,418,459</u>				
Financial liabilities not measured at fair value								
Takaful certificate liabilities	-	-	43,845,390	43,845,390				
Takaful certificate payables	-	-	371,106	371,106				
Other payables	-	-	2,729,344	2,729,344				
Lease liabilities	-	-	266,366	266,366				
	<u>-</u>	<u>-</u>	<u>47,212,206</u>	<u>47,212,206</u>				

Fair value of the Company's financial assets and financial liabilities measured at fair value on a recurring basis:

Some of the Company's financial asset and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ liabilities	Fair value as at				Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 December 2021		31 December 2020					
	Assets	Liabilities	Assets	Liabilities				
Financial assets at FVTOCI (See Note 6)								
Fixed income securities	35,262,699	-	41,211,725	-	Level 1	Quoted prices in active markets	N/A	N/A
Financial assets at FVTPL (See Note 6)								
Quoted equities	5,394,232	-	5,289,705	-	Level 1	Quoted prices in active markets	N/A	N/A
Private equity fund	15,550,895	-	14,144,000	-	Level 3	Net asset valuation of the private equity fund at year end	Net asset value	The lower the net asset value, the lower the fair value
Derivative financial instruments (See Note 8)								
Foreign exchange forward contracts	33,303	-	323,326	-	Level 2	Price reference using observable exchange rates from publicly available sources	N/A	N/A

There are no transfers in and out of fair value hierarchy during the years ended 31 December 2021 and 2020.

Management considers that the carrying amounts of financial assets and financial liabilities of the Company recorded at amortised cost in the financial statements approximate their fair values.

The estimated fair values are generally based on quoted and observable market prices. Where there is no ready market in certain securities, fair values have been estimated by reference to market indicative yields or net tangible asset backing of the investee.

Private equity funds held by the Company are measured using net asset valuation of the investee and are classified under Level 3 of the fair value hierarchy since 2015.

The table below presents the reconciliation of financial assets under Level 3:

	Takaful fund	
	2021	2020
	BND	BND
At January 1	14,144,000	12,938,050
Foreign exchange (loss) gain	(101,755)	803,390
Fair value gain	1,508,650	402,560
At 31 December	15,550,895	14,144,000

30. Dividends

Subsequent to the financial year end, the directors do not recommend any dividend to be declared and paid in respect of the financial year ended 31 December 2021.

31. Other matters

- a. During the year, the Company has derecognised Syariah non-compliant income specifically derived from conventional banks and dividend purification from investment from the Statement of Profit or Loss and Other Comprehensive Income amounting to \$13,027 (2020 - \$6,536) and has been considered for disposal to charities following the Utilisation of Dana Amal Maslahat Umum Perbadanan TAIB's guidelines as approved by the Syariah Advisory Committee of Perbadanan TAIB.
- b. The Company had and will continue to pay close attention to the development of the outbreak of COVID-19 and its related impact on the Company's business and financial position. Based on current available information, although the outbreak may have direct and indirect implications on the operating results, management does not consider that the event would have a material impact to the Company's continuity and operations. However, given the unpredictability associated with the COVID-19 outbreak and any further contingency measures that may be put in place by the relevant governments and corporate entities, the actual financial impact of the COVID-19 outbreak, if any, on the Company's 2021 financial statements could be significantly different from estimates depending on how the situation evolves. The Company will closely monitor the situation and development in this regard. The financial statements of the Company for the financial year ended 31 December 2021 have not been adjusted for the financial effect as a result of the COVID-19 outbreak.

32. Authorisation of financial statements

The financial statements of the Company for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors dated 28 March 2022.