Great Nigeria Insurance Plc

Consolidated and Separate Financial Statements
31 December 2019

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Corporation Information

Certificate of incorporation number:	RC 2107
NAICOM license number:	RIC 014
FRC Reg. no.	FRC/2012/0000000000515

Directors

Mr. Bade Aluko	Chairman
Mrs. Cecilia O. Osipitan	Managing Director/CEO
Mrs. Roselyn Ulaeto	Executive Director
Archbishop Felix Alaba Job	Non-Executive Director
Mr. Olugbenga Awosode*	Non-Executive Director
Mr. Akintola O. Ajayi	Non-Executive Director
Col Ali Sule Yakasai	Non-Executive Director
Mr. Shamusideen Kareem	Non-Executive Director

* - Resigned with effect from August 2020

Company secretary:	First Almond Attorneys Marina View Plaza 4th Floor, 60 Marina Lagos
Corporate head office :	Great Nigeria Insurance PLC GNI Complex 8, Omo-Osagie Street Off Awolowo Road Ikoyi, Lagos Telephone: +234 01 342-9161, 081- 424-78829 Email: info@greatnigeriaplc.com Website: www.greatnigeriaplc.com
Independent Auditors:	KPMG Professional Services KPMG Towers Bishop Aboyade Cole Str. Victoria Island Telephone: +234 1 2718955 Website: www.kpmg.com/ng
Registrars:	Greenwich Registrars & Data Solutions 274, Murtala Muhammed Way Yaba PMB 12717, Lagos Telephone: +234 01 2917747 Website: www.gtlregistrars.com

Bankers	Wema Bank PLC First Bank Nigeria Limited Polaris Bank PLC Sterling Bank PLC Ecobank LTD Zenith Bank PLC United Bank for Africa PLC First City Monument Bank LTD Access Bank PLC Union Bank PLC Unity Bank PLC Heritage Bank Limited Barclays Bank Group, London Keystone Bank Limited
Re-insurers	Africa Reinsurance Corporation Continental Reinsurance PLC Munich Reinsurance Company of Afica Ltd Nigeria Reinsurance Company WAICA Reinsurance Plc
Consulting Actuaries	EY Nigeria UBA House, 10th floor, 57 Marina, Lagos Nigeria Telephone: +234 1 6314 543, Fax: +234 1 4630 481 FRC/2012/00000000339
Estate surveyor and valuer:	Ubosi Eleh & Co. FRC/2014/NIESV/0000000/3997

Directors' Report
For the year ended 31 December 2019

The Directors have pleasure in presenting their Annual Report on the affairs of Great Nigeria Insurance Plc ("the Company" or "GNI Plc") and together with the subsidiaries (the Group) together with the audited consolidated and separate financial statements and the auditor's report for the year ended 31 December 2019.

Legal form and principal activity
The Company was incorporated in Nigeria as a Private limited Liability Company on 28th February 1960 as a wholly owned subsidiary of Odu'a Investment Company Limited, to transact insurance business as a composite insurer, until September 2005 when the Global Fleet Group bought the majority shares. With the divestment of the shares held by the Global Fleet Group and sale of substantial part of the holdings of Odu'a Investment Company Limited to Wema Assets Management Limited in September 2006, it became a member of the Wema Bank Plc Group. In line with the Central Bank of Nigeria (CBN) guidelines to banks in Nigeria, Wema Bank Plc divested from the Company effective November 2013 and sold its controlling shares to a consortium of investors.

On 4 July, 2013, the Company acquired 97.5% ordinary shares of GNI Healthcare Limited formally known as GAMMA Health Limited. GNI Healthcare Limited was incorporated as a Private Limited Liability Company on 24 July, 2012, and its principal activity involves the provision of basic and supplemental health maintenance and treatment services. In 2017 GNI Healthcare Limited raised additional capital through private placement, the outcome of which reduced the shareholding proportion of GNI Plc to 79.43%.

A Subsidiary of GNI Plc was also Licensed in 2018 known as GNI Capital Management Limited and started operational activities in 2020. The pre incorporation activities includes management all all Groups Investment properties. No share allotment has been done, however, GNI Plc's investment in GNI Capital Management Limited is recognised as a liability in deposit for shares of the subsidiary.

The financial results of the subsidiary have been consolidated in these financial statements from the date that the Company started exercising control over the subsidiary.

Operating results:
The highlights of the Group's and Company's operating results for the year ended 31 December 2019 were as follows:

	Group 2019	Group 2018	Company 2019	Company 2018
	N' 000	N' 000	N' 000	N' 000
Gross premium written	5,537,542	3,492,393	5,283,517	3,288,502
Loss before taxation	(215,121)	(3,530)	(210,387)	(9,853)
Income tax	(133,254)	(158,256)	(132,793)	(164,623)
Loss after taxation	(348,375)	(161,786)	(343,180)	(174,516)
Transfer to statutory contingency reserve	(79,454)	(107,849)	(79,454)	(107,849)
Transfer to retained losses	(427,829)	(269,635)	(422,633)	(282,367)
Shareholders' funds	5,623,210	5,900,601	5,560,206	5,853,421
Basic loss per share (kobo)	(9.28)	(4.23)	(9.11)	(4.56)

Directors' Report
For the year ended 31 December 2019

Directors and their interests:
The directors who served during the year were as follows:

Name	**Designation**
Mr. Bade Aluko	Chairman
Mrs. Cecilia O. Osipitan	Managing Director/CEO
Mrs. Roselyn Ulaeto	Executive Director
Arch Bishop Felix Alaba Job	Non-Executive Director
Mr. Olugbenga Awosode	Non-Executive Director
Mr. Akin Ajayi	Non-Executive Director
Col. Sule Yakasi	Independent Director
Mr. Shamusideen Kareem	Non-Executive Director

According to the register of members as at 31 December 2019, the following shareholders held 5% or more of the issued share capital of the Company during the year:

Shareholders	**No of shares**	**% shareholding**
Insurance Resourcery and Consultancy Limited	2,870,614,035	75
Odu'a Investment Company Limited	348,138,124	9
Others	608,733,221	16
Total	**3,827,485,380**	**100**

2019

Share range	**No of shareholders**	**Percentage of shareholders**	**No of holdings**	**Percentage of holdings**
1-1,000	1,886	33.45%	1,562,078	0.04%
1,001-5,000	2,130	37.77%	6,449,415	0.17%
5,001-10,000	640	11.35%	5,954,636	0.16%
10,001-50,000	534	9.47%	15,242,158	0.40%
50,001-100,000	143	2.54%	12,815,538	0.33%
100,001-500,000	195	3.46%	53,270,393	1.39%
500,001-1,000,000	48	0.85%	43,422,856	1.13%
1,000,001-5,000,000	40	0.71%	104,677,430	2.73%
5,000,001-10,000,000	10	0.18%	78,263,102	2.04%
10,000,001-50,000,000	9	0.16%	221,265,680	5.78%
50,000,001-100,000,000	2	0.04%	165,809,935	4.33%
100,000,001-and above	2	0.04%	3,118,752,159	81.48%
Total	5,639	100%	3,827,485,380	100%

2018

Share range	No of shareholders	Percentage of shareholders	No of holdings	Percentage of holdings
1-1,000	1,886	33.45%	1,562,078	0.04%
1,001-5,000	2,130	37.77%	6,449,415	0.17%
5,001-10,000	640	11.35%	5,954,636	0.16%
10,001-50,000	534	9.47%	15,242,158	0.40%
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100,000,001-and above	2	0.04%	3,118,752,159	81.48%
Total	5,639	100%	3,827,485,380	100%

Acquisition of own shares:
The Company did not acquire any of its own shares during the year ended 31 December 2019 (2018: Nil).

Directors' interests in contracts:
In accordance with section 277 of the Companies and Allied Matters Act of Nigeria, none of the Directors have notified the Company of any declarable interest in contracts deliberated by the Company during the year.

Property, plant and equipment:
Information relating to changes in property, plant and equipment is given in Note 15 to the financial statements.

Donations and charitable gifts:
The Group made nil donations (2018: ₦1.25million) to non-political and charitable organisations during the year.

Employment of disabled persons:
The Group operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Group's policy is that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.
In the event of any employee becoming disabled in the course of employment, the Group is in a position to arrange appropriate training to ensure the continuous employment of such a person without subjecting him/her to any disadvantage in his/her career development. Currently, the Group has no persons on its staff list with physical disability.

Health, safety and welfare of employees:
The Group maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards.

Directors' Report
For the year ended 31 December 2019

Employee involvement and training:
The Group encourages participation of employees in arriving at decisions in respect of matters affecting their well being. To this end, the Group provides opportunities where employees deliberate on issues affecting the Group and employee interests, with a view to making inputs to decisions thereon. The Group places a high premium on the development of its manpower. Consequently, the Group sponsored its employees for various training courses both locally and overseas in the year under review.

Securities Trading Policy :
The Company has a Securities Trading Policy applicable to all employees and Directors in line with Rule 17.15 of the Disclosure of Dealings in Issuers' Shares Rulebook of the Exchange. Within this reporting period, no violation of the Policy occurred.

Complaints Management Policy :
The Company has a Complaint Management Policy Framework in compliance with Securities and Exchange Commission rule and same is available on the Company's website.

Events after year end:

Subsequent to year end, there was the outbreak of Corona Virus in Nigeria. The coronavirus pandemic, which was first detected in China (late 2019), has infected more than 10 million people and caused over 503,000 fatalities around the globe. The pandemic forced governments to implement lockdowns and restriction to movement, which negatively impacted economic activities from March 2020 till date. The International Monetary Fund (IMF) revised its global growth projection downwards to -4.9% in 2020 from an earlier projection of a 3.6% growth (pre-COVID), mainly due to the more negative impact the virus has had on activity in the first half of 2020. In response to the economic downturn owing to the pandemic, countries around the world have resorted to fiscal stimulus to boost economic activities. The fiscal stimulus has varied across board, based on respective economic strength. Emerging market economies have averaged about 5% of GDP, while developed markets have averaged north of 10% of GDP in fiscal stimulus.

Also, central banks in most countries slashed interest rates, which is expected to make borrowing cheaper, encourage spending as well as improve production to boost the economy. Most significantly the US Fed slashed its policy rate to 0 - 0.25% range, from 1.50 -1.75% before the pandemic, while also providing up to $2.3 trillion in lending to support households, employers, financial markets, and state and local governments. Nigeria was not immune to the ravaging human and economic impact of COVID-19. The corona virus which was first detected on the 27th of February in Nigeria, had infected 66,228 people and caused 1,166 fatalities in Nigeria as at 22nd November 2020. In order to curb the spread of the virus, the federal government implemented a total lockdown in Lagos, Abuja and Ogun state. While other state government also implemented restrictions.

The impact of these restrictions was evident in the significant drop in the private sector activities in the month of April. The country witnessed significant drop in revenue following the triple impact of price war between Saudi and Russia in early March, loss of demand due to the pandemic and OPEC+ agreement to unprecedented production cut. As at quarter 3, 2020, the country has slipped into recession based on the information from the Bureau of Statistics with the Gross Domestic Product (GDP) contraction with a decline of 3.62% year on year following the drop in oil prices, rising level of inflation and higher level of budget deficit.

However, this event did not have impact on the financial statements of Great Nigeria Insurance Plc as at 31 December 2019.

Auditors:

In accordance with Section 357(2) of the Companies and Allied Matters Act of Nigeria, Deloitte and Touche tenure has lasped and KPMG has been appointed as the new auditor for the company. The auditor, Messrs. KPMG Professional Services having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditor to the Company. In accordance with Section 357 (2) of the Companies and Allied Matters Act of Nigeria.

BY ORDER OF THE BOARD

Mrs Olajumoke Bakare
First Almond Attorneys
FRC/2013/NBA/00000001439
Company Secretary
Marina View Plaza
4th Floor, 60 Marina
Lagos

17 December 2020

Corporate Governance Report

The Company

The company was incorporated in Nigeria as a Private Limited Liability Company on February 28, 1960 as a wholly owned subsidiary of Odu'a Investment Company Limited, until September, 2005 when the Global Fleet Group bought the majority shares. With the divestment of the Global Fleet Group and sale of substantial part of the holdings of Odu'a Investment Company Limited to Wema Asset Management Limited in September, 2006 it became a member of Wema Bank Plc Group. Wema Asset Management Limited divested from the company in 2013 through a Management Buy Out.

The principal business activities of the company include the provision of risk underwriting and related financial services in life and non-life insurance services to both corporate and individual customers, and also to Government and its Ministries, Departments and Agencies (MDAs).

Vision

"To be the insurance company of choice, for keeping promises to stakeholders"

Mission

"Giving you peace of mind by keeping our promises"

Business Philosophy

The company's business philosophy includes:

- Professionalism
- Passion for Customers
- Team Spirit
- Precision
- Empathy
- Innovation

Background of the assignment

In February 2009, the National Insurance Commission (NAICOM) and the Securities & Exchange Commission in January 2011 respectively issued a code of Good Corporate Governance for the Insurance Industry in Nigeria ("the NAICOM Code") and all public companies in Nigeria ("the SEC Code"), mandating them to perform an annual review/appraisal of their Boards of Directors by an external consultants to ensure excellent performance. In its commitment to good corporate governance best practices and the NAICOM and SEC Codes, the Board of Directors of GNI ('the Board') commissioned **First Almond Attoneys** to carry out Board Appraisal for the financial year ended December 31, 2019.

Our assignment of evaluating the performance of the Board of Directors of the Company was based on Global Best Practices and in accordance with the provisions of the Codes of Corporate Governance. The assignment also involves evaluation of the structure and composition, responsibilities, processes and relationships of the Board of Directors for the financial year ended December 31, 2019 as well as compliance with regulatory requirements. Our report on the assignment is based on the spot assessment, examination, analysis and review of relevant documents. The report is also based on the quantitative analysis of self assessment questionnaires and interviews with the Directors and key management staff.

The Board of Directors

The Board of Directors is responsible to the shareholders for creating and delivering sustainable shareholders' value through its oversight functions. The Board has a formal charter as required, which covers policies regarding Board memberships and composition, Board procedures, conduct of directors, risk management, remuneration, Board evaluation and induction. The Board of Directors at the time of this report is made up of seven (7) members comprising five (5) Non-Executive and two (2) Executive Directors, including the Managing Director/CEO. This is in line with international best practice, which stipulates the number of non-executive directors should be more than that of executive directors. The Chairman of the Board who is a non executive Director and Managing Director/CEO are separate individuals and the Chairman has no executive responsibilities in the Company in compliance with the Codes of Corporate Governance.

The Chairman leads the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. Non-Executive Directors have been operating in such a way that their executive independence has not been impaired. Non-executive Directors based on their breadth and depth of knowledge and experience are able to challenge, monitor and approve the strategic policies recommended by management.

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the company. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the Chief Executive Officer (CEO).

The Chairman acts as the communicator for Board decisions, where appropriate. The concept of separation of the role of the Chairman from that of the CEO implies that the Chairman should be independent from management and free from any interest and any business or other relationship that could interfere with the Chairman's independent judgement other than interests resulting from Company shareholdings and remuneration.

The Managing Director/CEO, ably assisted by the Executive Directors and other top management constitute the Executive Management Committee. The Committee is saddled with the responsibilities of the day to day management of the affairs of the Company in accordance with agreed laid down guidelines. The Executive Management Committee is responsible and accountable to the Board of Directors for the implementation of the resolutions of the Board including but not limited to the approved strategies and policies.

The Managing Director/CEO is responsible for leading the development and execution of the Company's long-term strategy with a view to creating sustainable shareholder value. The mandate of the CEO is to manage the day-to-day operations of the company and ensure that operations are consistent with the policies developed by the Board of Directors and are carried out effectively. The CEO's leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing the Company's long- and short-term plans. The CEO acts as a direct liaison between the Board and management of the Company and communicates to the Board on behalf of the management. The CEO also communicates on behalf of the Company to shareholders, employees, Government authorities, other stakeholders and the public.

The current composition of the Board of Directors is as follows:

Directors	**Designation**
Bade Aluko	Chairman
Felix Alaba Job	Non-Executive Director
Akintola O. Ajayi	Non-Executive Director
Shamusideen Kareem	Non-Executive Director
Olugbenga Awosode	Non-Executive Director
Cecilia Osipitan	Managing Director/CEO
Roselyn Ulaeto	Executive Director
Col Ali Sule Yakasai	Independent Non Executive Director

Corporate Governance Report

The Board committees were reconstituted during the year and the names of the Directors and their committee membership are presented below:

Name of Director	Role	ERM & Governance	Finance, Investment & General Purpose	Board Audit & Compliance	Statutory Audit
		Committees			
Bade Aluko	Chairman	Not a Member	Not a Member	Not a Member	Not a Member
Felix Alaba Job	Non-Executive Director	Chairman	Members	Members	Not a Member
Olugbenga Awosode	Non-Executive Director	Members	Members	Members	Members
Shamusideen Kareem	Non-Executive Director	Not a Member	Members	Chairman	Members
Akintola O. Ajayi	Non-Executive Director	Members	Chairman	Not a Member	Members
Cecilia Osipitan	Managing Director	Members	Members	Not a Member	Not a Member
Roselyn Ulaeto	Executive Director	Members	Members	Not a Member	Not a Member
Col. Ali S. Yakasai (Rtd)	Independent Director	Members	Not a Member	Members	Members

Key

(black)	Members
(grey)	Chairman
(purple)	Not a Member

Board of Directors Meetings' Attendance

Meetings held	1	2	3	4
Names	**21-Mar-19**	**28-Jun-19**	**30-Oct-19**	**12-Dec-19**
Bade Aluko	Y	x	Y	Y
Felix Alaba Job	Y	Y	Y	Y
Olugbenga Awosode	Y	Y	Y	Y
Cecilia Osipitan	Y	Y	Y	Y
Roselyn Ulaeto	Y	Y	Y	Y
Akintola Olusola Ajayi	Y	Y	Y	Y
Shamsideen Kareem	Y	Y	Y	Y
Col Ali Sule Yakasai	Y	Y	Y	Y

Key:	Y-Present	X - Absent	N/A-Not a Director

BOARD COMMITTEES

FINANCE, INVESTMENT & GENERAL PURPOSE COMMITTEE

This Committee formerly Finance & Investment Committee was re-named in the later part of the year following NAICOM's amendment of its Code of Governance wherein General Purpose was merged with the Committee.

The committee's responsibilities as stated in the Charter amongst others are:

- Review policies and strategies for financing of the Company's capital, including issuance and management of debt, common and preferred stock, and such other capital instruments as the Company shall consider or utilize
- Develop and recommend to the Board, polices and plans for employees' selection, recruitment, evaluation and succession.
- Develop and oversee policies and program for talent acquisition, deployment and development.
- Develop an investment strategy for the Company and each subsidiary.
- Recommend to the Board salary and compensation levels including fringe benefits for all levels of staff, review the company's operating performance relative to the bonus and incentive programmes and assess the effectiveness of the Company's Remuneration Policy, including remuneration structure, retention and termination policies for staff.
- Provide oversight of the Company's financial condition, including their assets, capital, surplus and liabilities, to ensure that the Company's assets, capital, surplus and liabilities are within the limits prescribed by the Board and the applicable law.
- Review policies and strategies for investing the Company's assets for investment return, including the purchase, sale and management of Bonds, Mortgages, investments in real estate, and such other investment instruments as the Company shall consider or utilize.

- Review and make recommendations to the Board on the structure of remuneration paid by the Company to third parties.

- Review and analyse possible investments opportunities for the Company and periodically to recommend potentially advantageous investments to the Board for approval in accordance with applicable law
- Maintain a full record of each investment recommended to the Board and the rationale behind such recommendation, and to provide such record to the Board as applicable, for inclusion in the minutes and proceedings of the Board and also act and advise the Board on all matters of estate acquisition, development or disposal and the efficient utilisation of estate and other physical resources , in the delivery of the Company's strategies and mission.
- Have oversight of the Company's major external operations including the administration of the Company's wholly-owned companies and the governance oversight of the Company's participation in associated major ventures.
- Consult with and support the Audit Committee with respect to the establishment of (a) procedures for receipt , retention and treatment of complaints regarding the Company's accounting , internal controls and auditing matters; and (b) procedures for the confidential , anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Committee Meetings' attendance

Meetings held					
	19-Mar-2019	**26-Jun-19**	**28-Oct-19**	**11/12/2019**	
Akintola O. Ajayi	**Y**	**Y**	**Y**	**Y**	
Olugbenga Awosode	**Y**	**Y**	**Y**	**Y**	
Arch. Felix Alaba Job	**Y**	**Y**	**Y**	**Y**	
Shamusideen Kareem	**Y**	**Y**	**Y**	**Y**	
Cecilia O. Osipitan	**Y**	**Y**	**Y**	**X**	
Roselyn Ulaeto	**Y**	**Y**	**Y**	**Y**	

Key:	**Y-Present**	**X - Absent**	**N/A: Not Applicable**

ENTERPRISE RISK MANAGEMENT AND GOVERNACE COMMITTEE

This Committee formerly Risk Management & Compliance was re-named in the later part of the year following NAICOM's amendment of its Code of Governance wherein the Board Governance Committee was merged with the Committee.
The Committee met four (4) times during the year. The responsibilities of the Committee as provided in the committee charter are as follows:

- Review the adequacy and effectiveness of the Company's risk management and controls.
- Oversight of Management's process for the identification of significant risks across the company and adequacy of prevention, detection and reporting mechanisms
- Review of the company's risk management system and internal control environment including the performance of the internal audit function.
- Oversee the company's risk policy, appetite and risk limits as approved by the Board.
- Undertake at least annually a thorough risk assessment covering all aspects of the Company's businesses.
- Review the adequacy of the size and composition of the Board to ensure the on-going effectiveness of the company's risks management framework.
- Evaluate and make recommendation to the Board concerning the nature and composition of the Board Committees, including designation of Committee chairs, Board Committees structure and operations.
- Identify individuals qualified to become directors consistent with membership criteria, shall coordinate and assist the Board in the recruitment of new directors and shall select or recommend to the Board candidates for election as directors, including directors nominees for AGM.
- Recommend to the Board the allocation of Directors to each of the Board committees the committee shall recommend a particular director to the Board to fill such vacancy
- Review any proposed changes to the company's Memorandum and Articles of Association and other documents affecting

  the Company's corporate governance and shall make recommendation to the Board with respect to any such changes.
- Periodically assess the Company's governance
- Develop, review and recommend to the Board, as appropriate, other principles and policies relating to corporate governance; and monitor compliance with and the effectiveness of such principles and policies, as appropriate.
- Evaluate and make recommendation to the Board concerning the process for distribution of information to the Board and its committees including the content and timing of delivery of materials relating to meeting of the Board and Board Committees as well as general information about the Company and its operations.

Committee Meetings' attendance

Meetings held		1	2	3	
Names		**20-Mar-19**	**27-Jun-19**	**29/10/2019**	
Felix Alaba Job		Y	Y	Y	
Olugbenga Awosode		Y	Y	Y	
Akintola O. Ajayi		Y	Y	Y	
Roselyn Ulaeto		Y	Y	Y	
Col Ali Sule Yakasai		N/A	Y	Y	

Key:	Y-Present	X - Absent	N/A: Not Applicable

BOARD AUDIT & COMPLIANCE COMMITTEE

Following NAICOM's amendment of its Corporate Governance Code, this Committee was established.
The Committee met four (4) times during the year. The committee is vested with the following duties amongst others:

- Assist in the oversight of the integrity of the Company's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditors and performance of the company's internal audit functions as well as that of external auditors
- Review and pre-approve both audit and non-audit services (if any) to be provided by the external auditors
- The Committee shall keep under review the effectiveness of the Company's financial reporting and the statements to be made in the annual report concerning internal control policies and procedures for the identification, assessment and reporting of risks.
- Review with Management any significant changes to the audit plan, if any, and any serious disputes or difficulties with Management encountered during the audit, including Management's response.
- Ensure the development of comprehensive internal control framework for the Company, obtain assurance and report annually in the financial statements on the operating effectiveness of the Company's internal control framework.
- Discuss the internal auditor's review of quarterly financial statements.
- Discuss the annual audited financial statements and half yearly unaudited financial statements
- Review and discuss with Management and external auditor the Company's annual audited financial statements, forecast and financial information, and the external auditors' report thereon including disclosure made in Management 's discussion and analysis.
- Review and discuss with Management and the internal auditors the Company's quarterly unaudited financial statements, related notes and financial information, including disclosures made in the Management's discussion and analysis
- Provide guidelines and standards for administering the acceptance of key operational, reputational, financial, market, technology and compliance risks.
- Review the Company's compliance with legal and regulatory requirements that may impact the company's risk profile.

Committee Meetings' attendance

Meetings held					
	19/03/2019	**6/26/2019**	**10/28/2019**		
Shamsideen Kareem	Y	Y	Y		
Col Ali Sule Yakasai	Y	Y	Y		
Olugbenga Awosode	Y	Y	Y		
Felix Alaba Job	Y	Y	Y		

Key:	Y-Present	X - Absent

STATUTORY AUDIT COMMITTEE

The Companies and Allied Matters Act requires the establishment of an Audit Committee on the Boards of Companies. There are three shareholders representative on the committee, Two Non-Executive Directors and One Independent director. The Committees' duties are stated as follows in accordance with CAMA:

- Assist in the oversight of the integrity of the Company's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditors and performance of the company's internal audit functions as well as that of external auditors
- The Committee shall keep under review the effectiveness of the Company's financial reporting and the statements to be made in the annual report concerning internal control policies and procedures for the identification, assessment and reporting of risks.
- Review of the terms of engagement and recommend the appointment or re-appointment and compensation of external auditors to the Board. Review and pre-approve both audit and non-audit services (if any) to be provided by the external auditors.
- Ensure the development of comprehensive internal control framework for the Company, obtain assurance and report annually in the financial statements on the operating effectiveness of the Company's internal control framework.
- Oversees management's process for identification of significant fraud risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place.

Committee Meetings' attendance

Meetings held			
Names	**20-Mar-19**	**27-Jun-19**	**29-Oct-19**
Christie O. Vincent	Y	Y	Y
Bisi Bakare	Y	Y	X
Adio Olaoluwa Simeon	Y	Y	Y
Akintola O Ajayi	Y	Y	Y
Shamsideen Kareem	Y	Y	Y
Col Ali Sule Yakasai	Y	Y	Y
Key:	**Y-Present**	**X - Absent**	**N/A-Not Applicable**

The company continues to improve on its corporate governance best practices. The transparency and the commitment of the Board and Management are very encouraging. The establishment of the Internal Control and Compliance which is now separated from the Internal Audit will strengthen the risk management and ensure good corporate governance of the company. The Staff has also been exposed to both internal and external training programme for effective performance.

The Board should endeavour to appoint an Independent Non-Executive Director in compliance with the Codes and as recommended in the previous report. The late filing of returns to regulatory authorities with significant penalties continued to be a major challenge and the Board and Management should address it. The annual General Meeting which provides a unique opportunity to communicate with members and other stakeholders of the Company should be held as when due.

We have no doubt that the company will continue to perform well and sustain the continuing improvement in its corporate governance practices.

Mrs Olajumoke Bakare
FRC/2013/NBA/000000001439
First Almond Attorneys

Report of the Audit Committee
For the year ended 31 December 2019

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters, Act CAP, Law of the Federation of Nigeria 2004, the members of the Audit Committee of Great Nigeria Insurance Plc hereby report as follows:

- We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

- We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2019 were satisfactory and reinforce the Company's internal control system.

We are satisfied that the company has complied with the provisions of National Insurance Commission Circulars and Guidelines.

- We have deliberated with the external auditors, who have confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with management's responses to their recommendation for improvement and with the effectiveness of the Company's system of accounting and internal control.

SIGNED ON BEHALF OF THE COMMITTEE BY:

Mrs. Christie O. Vincent-Uwalaka
FRC/2013/ICAN/00000002666
17 December, 2020

Members of the Audit Committee are:

1	Mrs. Christie O. Vincent-Uwalaka	Chairperson
2	Col. Sule Yakasai	Member
3	Mr. Akintola O. Ajayi	Member
4	Mr. Shamusideen Kareem	Member
5	Mrs Bisi Bakare	Member
6	Mr Adio Oluwa Simeon	Member
7	Mr Olugbenga Awosode	Member

Statement of Directors' Responsibilities
For the preparation and approval of the Consolidated and Separate Financial Statements

The Directors of Great Nigeria Insurance Plc are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and Company as at 31 December 2019, and the results of its operations, statements of cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act CAP I17 LFN 2004, relevant guidelines and circulars issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and the IFRS; and
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company.

Going Concern:
The Directors have made an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern in the year ahead.
The consolidated and separate financial statements of the Group and Company for the year ended 31 December 2019 were approved by the board of directors on 17 December, 2020.

Mr. Bade Aluko	**Mrs. Cecilia O. Osipitan**
Chairman	Managing Director/CEO
FRC/2016/IODN/00000015579	FRC/2012/CIIN/00000000596

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Great Nigeria Insurance Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Great Nigeria Insurance Plc ("the Company") and its subsidiaries (together "the Group"), which comprise:

- the consolidated and separate statements of financial position as at 31 December 2019;
- the consolidated and separate statements of profit or loss and other comprehensive income;
- the consolidated and separate statements of changes in equity;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiaries as at 31 December, 2019, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and the relevant National Insurance Commission (NAICOM) guidelines and circulars.

Basis for Opinion

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

Other Matter

The consolidated and separate financial statements of the Group and Company for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 10 July 2020.

Material Uncertainty Related to Going Concern

We draw attention to Note 50 of the consolidated and separate financial statements, which indicates that the Company had a shortfall in the solvency margin of ₦2.934 billion as at 31 December 2019 (2018: ₦2.199 billion) which was significantly below the minimum regulatory capital of ₦5 billion required for a composite insurance business. The Group has continued to make losses over the last two years and had accumulated losses of ₦1.3 billion as at 31 December 2019 (2018 : ₦953 million deficit). These conditions, along with other matters as set out in Note 50, indicate the existence of a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Valuation of insurance contract liabilities

The Company has significant life and non-life insurance contract liabilities. The valuation of insurance contract liabilities involves high estimation uncertainties and significant judgment over uncertain future outcomes.

Provisions for reported claims are based on historical experience. However, the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liability for claims that have occurred but are yet to be reported in respect of non-life insurance contracts involve economic assumptions about inputs such as inflation rate, ultimate loss ratio and discount rates; hence the eventual outcome is uncertain.

The actuarial assumptions used in the valuation of life insurance contract liabilities are judgmental, particularly with respect to mortality rates and discount rates. The level of complexity, the assumptions and judgment involved in estimating these amounts make insurance contract liabilities a matter of significance to our audit.

The Group's accounting policy on valuation of insurance contract liabilities and related disclosures are shown in notes 3.21(accounting policy), note 4(a) (critical accounting estimates and judgments) and note 17 (insurance contract liabilities). The Company's valuation of insurance contract liabilities is complex and involves high estimation uncertainties and significant judgment over uncertain future outcomes. Provisions for reported claims are based on historical experience. However, the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liability for claims that have occurred but are yet to be reported in respect of non-life insurance contracts involves actuarial assumptions such as inflation rate and discount rates whose eventual outcome is uncertain. The level of complexity, the assumptions and judgement involved in estimating these amounts resulted in insurance contract liabilities being a matter of significance to our audit.

How the matter was addressed in our audit:

Our audit procedures included the following:

- We evaluated the design and implementation of key controls instituted by the Company which includes management review of data used for the valuation of insurance contract liabilities.
- We agreed the underlying data used in actuarial valuations of insurance contract liabilities to source documentation.
- We engaged our actuarial specialists to assess the appropriateness of the methodology used by the Company's external actuary for determining the insurance contract liabilities.
- With the assistance of our actuarial specialist, we evaluated the reasonableness of the actuarial assumptions used by the Company's external actuary including assumptions on the projected cash flows, basic chain ladder runoff period, inflation rate, mortality and discount rate. See note 51 (d)

Other Information
The Directors are responsible for the other information. The other information comprises its corporate profile, directors' report, statement of directors' responsibilities, corporate governance report, statement management discussions and analysis, value added statement, five year financial summary, but does not include the consolidated and separate financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report. It also comprises the Chairman's statement, Solvency margin certificate , GNI at a glance, information on GNI subsidiary, branch directory report and corporate information (together "the outstanding reports"), which are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and separate Financial Statements

The Directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act, 2003 and National Insurance Commission (NAICOM) circulars; 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 consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and separate Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

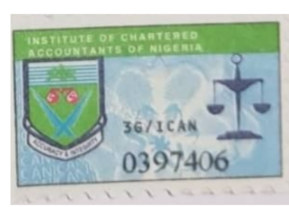
We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.



Akinyemi Ashade
FRC/2013/ICAN/00000000786
For: KPMG Professional Services
Chartered Accountants
16 February 2021
Lagos, Nigeria

Notes to the financial statements

1 General information

1.1 Reporting entity

Great Nigeria Insurance Plc ("the Company") underwrites life and non-life insurance risks, such as those associated with death, disability, health, property and liability. The Company also issues a diversified portfolio of investment contracts to provide its customers with asset management solutions for their savings and retirement needs. All these products are offered to both domestic and foreign markets. The Company does business in Nigeria. The Company is a limited liability company incorporated and domiciled in Nigeria. The address of its registered office is No. 8 Omo Osagie Street, Ikoyi. Lagos.

1.2 Principal Activity

The consolidated and separate financial statements comprise the Company and its subsidiary (together referred to as "the Group"). The Group is primarily involved in the business of providing risk underwriting and related financial services to its customers. Such services include provision of life and non-life insurance services to both corporate and individual customers.

1.3 Going concern

The Consolidated and separate financial statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The directors have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Group has adequate resources to continue as going concern for the foreseeable future.

2 Application of new and revised International Financial Reporting Standards (IFRS)

(a) New and amended standards and interpretations effective during the reporting year

The Group has applied the following new and amended standards and interpretations for the first time for annual reporting period commencing 1 January 2019. The directors are of the opinion that the impact of the application of the new and amended Standards and Interpretations will be as follows:

(i) IFRS 16 Leases

The Group has adopted IFRS 16 Leases as issued by the IASB in January 2016 with a date of transition of 1 January 2019, which resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements if any.
IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognized right of use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments with the exception of certain short term leases and leases of low- value assets. Lessor accounting remains similar to previous accounting policies. The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019 and measured asset at an amount equal to the liability at transition date. Accordingly, the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations.

The key changes to the Group's accounting policies resulting from its adoption of IFRS 16 are summarized below:

Definition of a Lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non-lease components as single lease component.

As a lessee

The Group leases assets such as buildings.

As a lessee, the Group previously classified leases as operating, or finance leases based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under IFRS 16, the Company recognizes right of use assets and lease liabilities for most leases - i.e. these leases are on-balance sheet.

Right of use assets that do not meet the definition of investment property are presented separately on the Statement of Financial Position. Right of use assets that meet the definition of investment property are presented within investment property. The carrying amounts of right of use assets are as below:

	Land and Building
Balance at 1 January 2019	102,152,474
Balance at 31 December 2019	91,937,227

Transition

Leases classified as operating lease under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. The leases typically run for between 3 to 4 years. There is no option to renew the lease after the end of the non-cancellable period.

At transition, for leases classified as operating leases under IAS 17, lease liabilities are measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.
• Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
• Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
• Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Leases classified as financing lease under IAS 17

These leases were classified as finance lease under IAS 17. For these finance lease, the carrying amount (the right-of-use asset and the lease liability at 1 January 2019 were determined at the carrying amount of tl lease asset and lease liability under IAS 17 immediately before that date.

As a lessor

The Company leases out its investment property. The Company has classified these leases as operating leases. The accounting policies applicable to the Company as a lessor are not different from those under IAS 17. The Company is not required to make any adjustments on transition to IFRS 16 leases in which it acts as a lessor.

Impacts on financial statements

i. Impacts on transition

On transition to IFRS 16, the Company recognized right-of-use assets and lease liabilities presented on the face of the financial statements. At the Company level, these entries were eliminated as the transaction are between the Bank and the subsidiary. The impact on transition is summarized below:

	IAS 17 amount 31/12/2018	**IFRS 16 Adj**	**IFRS 16 amount 01/01/2019**
Right of Use assets	-	102,152,474	102,152,474
Prepayment	102,152,474	(102,152,474)	-
Net impact on assets	**102,152,474**	**-**	**102,152,474**
Lease liabilities	-	27,133,172	27,133,172
Net impact on liabilities	-	27,133,172	27,133,172

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 15%.

Operating lease commitment at 31 December 2018	23,594,063
Discounted using the incremental borrowing rate at 1 January 2019	3,539,109
Total lease liabilities recognized at 1 January 2019	**27,133,172**

The Group does not have any leased vehicle, machinery, IT equipment or any sale and leaseback transaction as at the date of the impact assessment.

(ii). Uncertainty over Income Tax Treatments

This amendment clarifies how to determine the accounting tax positions when there is uncertainty over income tax treatments. The interpretation requires tan entity to –

- Determine whether uncertain tax positions are assessed separately or as a group; and
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used by an entity in its income tax filings:

If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in the tax filings

If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The group has adopted IFRIC 23 with effect from 1 January 2019.

(b) New standards, interpretations and amendments to existing standards and effective date

A number of new standards, interpretations and amendments are effective for annual period continued 1 January 2019 and earlier application is permitted; however, the Company has not early adopted the following new or amended standards in preparing these consolidated financial statements:

(i) Amendments to IFRS 10 and IAS 28 (Sept 2014)
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The IAS 28 was amended so that:

a. The current requirements regarding the partial gain or loss recognition for transactions between an investor and its associate or joint venture only apply to the gain or loss resulting from the sale or contribution of assets that do not constitute a business as defined in IFRS 3 Business Combinations

b. The gain or loss resulting from the sale or contribution to an associate or a joint venture of assets that constitute a business as defined in IFRS 3 is recognised in full.
It was also recommended to amend IFRS 10 so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 to an associate or joint venture is recognised only to the extent of unrelated investors' interests in the associate or joint venture.
Implementation of this amendment has been postponed

(ii) IFRS 17 Insurance Contracts

The new Standard establishes the principles for the recognition, measurement, presentation, and disclosure of surance contracts and supersedes IFRS 4 Insurance Contracts.

The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach. The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it considers market interest rates and the impact of policyholders' options and guarantees.
The implementation of the Standard is likely to bring significant changes to a Company's processes and systems and will require much greater co-ordination between many functions of the business, including finance, actuarial and Infrastructural Technology (IT). The Standard is effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the Company first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. The directors of the Company do not anticipate that the application of the Standard in the future will have an impact on the Group's consolidated financial statements.

(v) Amendments to IAS 28 (Oct 2017)

Long-term Interests in Associates and Joint Ventures

The amendments in Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28) are:

- Paragraph 14A has been added to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.
  Paragraph 41 has been deleted because the Board felt that it merely reiterated requirements in IFRS 9 and had created confusion about the accounting for long-term interests.

- The amendments are effective for periods beginning on or after 1 January 2019. Earlier application is permitted

(vi) Annual Improvements to IFRS Standards 2015–2017 Cycle (Dec 2017)

IFRS 3, IFRS 11, IAS 12 and IAS 23 Amendments

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, its re-measures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.
- IAS 12 Income Taxes — The amendments clarify that the requirements in the former paragraph 52B (to recognize the income tax consequences of dividends where the transactions or events that generated distributable profits are recognized) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

(vii) Amendments to IAS 19 (February 2018)
Plan Amendment, Curtailment or Settlement

On 7 February 2018, the IASB published Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) to harmonize accounting practices and to provide more relevant information for decision-making. An entity applies the amendments to plan amendments, curtailments or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019.

iii) Amendments to References to the Conceptual Framework in IFRS Standards

The Conceptual Framework for Financial Reporting (Conceptual Framework) describes the objective of and concepts for general purpose financial reporting. It is a practical tool that helps the IASB to develop requirements in IFRS® Standards based on consistent concepts. Consideration of these concepts, in turn, should result in the IASB developing IFRS Standards that require entities to provide financial information that is useful to investors, lenders and other creditors.

The IASB decided to revise the Conceptual Framework because some important issues were not covered, and some guidance was unclear or out of date. The revised Conceptual Framework, issued by the IASB in March 2018, includes:

- A new chapter on measurement;
- Guidance on reporting financial performance;
- Improved definitions of an asset and a liability, and guidance supporting these definitions; and
- Clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

The IASB also updated references to the Conceptual Framework in IFRS Standards by issuing Amendments to References to the Conceptual Framework in IFRS Standards. This was done to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction.

3 SIGNIFICANT ACCOUNTING POLICIES

(a) *Statement of compliance*

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria.

The consolidated and separate financial statements comply with the requirement of the Companies and Allied

Matters Act CAP C20 LFN 2004, Insurance Act CAP I17 LFN 2004, the Financial Reporting Council Act, 2011 and the Guidelines issued by the National Insurance Commission (NAICOM) to the extent that they are not in conflict with the International Financial Reporting Standards (IFRS).

(b)Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange transactions except for certain investments whose valuation was based on observable input from asset managers.

These financial statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations.

(c) Functional and presentation currency

These consolidated and separate financial statements are presented in Nigerian Naira, which is the Group and Group's functional and presentation currency. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

These consolidated and separate financial statements are prepared on the historical cost basis except for the following material items in the statement of financial position:

(i) Financial instruments designated at fair value through profit or loss are measured at fair value;
(ii) Amortized Cost instruments are measured at fair value;
(iii) Financial liabilities measured at amortized cost;
(iv) Land and building measured at revalued amounts;
(v) Investment properties measured at fair value;
(vi) Insurance liabilities measured at present value of future cashflows

(d) ***Use of estimates and judgement***

The preparation of consolidated and separate financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in note 4 to the financial statements.

(e) ***Regulatory authority and financial reporting***

The Group is regulated by the National Insurance Commission (NAICOM) under the Insurance Act and NAICOM circulars and guidelines. The Act specifies certain provisions which have impact on financial reporting as follows:

i) Section 20 (1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year;

ii) Section 20 (1b) requires provision for outstanding claims to be credited with an amount equal to the total estimated amount of all outstanding claims with a further amount representing 10 percent of the estimated figure for outstanding claims in respect of claims incurred but not reported at the end of the year under review;

iii) Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under Note 3.29 to cover fluctuations in securities and variation in statistical estimates;

iv) Section 22 (1a) requires the maintenance of a general reserve fund which shall be credited with an amount equal to the net liabilities on policies in force at the time of the actuarial valuation and an additional 25 percent of net premium for every year between valuation date;

v) Section 24 requires the maintenance of a margin of solvency to be calculated in accordance with the Act;

(vi) Section 10(3) requires insurance companies in Nigeria to deposit 10 percent of the minimum paid up share capital with the Central Bank of Nigeria;

(vii) Section 25 (1) requires an insurance Group operating in Nigeria to invest and hold invested in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer.

See Note 56 for assets allocation that covers policy holders' funds.

However, section 59 of the Financial Reporting Council Act, 2011 (FRC Act) provides that in matters of financial reporting, if there is any inconsistency between the FRC Act and other Acts which are listed in section 59(1) of the FRC Act, the FRC Act shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the FRC Act has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provision of the Insurance Act CAP I17 LFN 2004 which conflict with the provisions of IFRS have not been adopted:

i) Section 20 (1b) which requires the provision of 10 percent for outstanding claims in respect of claims incurred but not reported at the end of the year under review. See note 3.21(i) (b) on accounting policy for outstanding claims.

ii) Section 22(1a) which requires additional 25 percent of net premium to general reserve fund. See note 3.20(b)(ii) on accounting policy for unexpired risk and unearned premium.

Except for the changes explained in Note 2 above, the Group has consistently applied the following accounting policies to all periods presented in the financial statement.

3.1 Basis of Consolidation

(i) *Business combination*

Business combination are accounted for using the acquisition method as at the acquisition date-i.e. when control is transferred to the Group (see 3.1(iv)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 3.14). Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent are recognized in profit or loss.

(ii) *Non-controlling interest*

Non-controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Notes to the financial statements

(iii) ***Subsidiaries***

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with investee and has the ability to affect those returns through its power over the investee. The consolidated financial statements incorporate the assets liabilities, result of GNI Healthcare Limited and GNI Capital Management Limited. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iv) ***Loss of Control***

When the Group loses control over a subsidiary, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) ***Transactions eliminated on consolidation***

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

(a) ***Foreign currency translation***

Transactions in foreign currencies are translated into the respective functional currency of the Group at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated using the functional currency at the spot exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognized in profit or loss. However, foreign currency differences arising from the translation of available for sale equity instruments

3.3 Interest

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial liability. When calculating the effective

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to that acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the statement of total comprehensive income include:

- Interest on financial asset and financial liabilities measured at amortized cost calculated on an effective interest basis;
- Interest on available-for-sale investment securities calculated on an effective interest basis;

Interest income and expense on all trading assets and liabilities are incidental to the group's trading operation and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

3.4 Commission

Commissions are recognized on ceding business to the re-insurer and are credited to income statement over the period the service is provided.

3.5 Investment and other operating income

Investment income comprises interest income earned on short-term deposits, rental income and income earned on trading of securities including all realized and unrealized fair value changes, interest, dividends, and foreign exchange differences. Investment income is accounted for on an accrual basis. Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognized within 'investment income' and 'finance costs' in the income statement using the effective interest rate method. Fees and commissions that form part of an integral part of the effective yield of a financial instrument are recognized as an adjustment to the effective interest rate of the instrument. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument.

3.6 Dividend

Dividend income is recognized when the right to receive income is established. Usually this is the ex-dividend date for quoted securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

3.7 Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered, on or after 1 January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component based on its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

— fixed payments, including in-substance fixed payments;
variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
amounts expected to be payable under a residual value guarantee; and
the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognises right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone
prices. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered during current reporting period that resulted in a finance lease classification.

Policy applicable before 1 January 2019

For contracts entered before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(iii) As a lessee

In the comparative period, as a lessee the Company classified leases that transferred substantially all the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. After initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Company's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

(iv) As a lessor

When the Company acted as a lessor, it is determined at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transferred substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease was a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease was for the major part of the economic life of the asset.

3.8 Income tax

Income tax expense comprises current tax ((company income tax, tertiary education tax National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividend. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows: - Company income tax is computed on taxable profits - Tertiary education tax is computed on assessable profits - National Information Technology Development Agency levy is computed on profit before tax - Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year). Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

Minimum Tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss. The Company is subject to the Finance Act (amendments made to Companies Income Tax Act (CITA)). Total amount of tax payable under the new Finance Act shall not be less than 0.5% of the Company's gross premium. Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax. The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realized.

Deferred taxation

Deferred tax is recognized 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 recognized for:

- temporary differences arising 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;
- temporary differences related to investments in subsidiaries to the extent that is probable that they will not reverse in the foreseeable future; and
- taxable temporary difference arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that its probable that future taxable profits will be available against which they can be used. 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 realized.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the way the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment properties measured at fair value presumed to be recovered through sale, and the Group has not been rebutted this

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 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 realized simultaneously.

3.9 Financial assets

Initial recognition and measurement

Financial instruments are recognized initially when the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction cost is expensed in the income statement.

The Company classifies financial instruments or their components parts, on initial recognition as a financial asset, a financial liability, or an equity instrument in accordance with the substance of the contractual agreement. Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition. Classification is re-assessed on annual basis.

Regular-way purchases and sales of financial assets are recognized on settlement date which is the date on which the Company commits to purchase or sell the asset. Financial instruments are initially measured at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. These transaction costs are expensed in the income statement.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group 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 Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group 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 investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized 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 instruments

Previously recognized financial assets are derecognized when either the contractual rights to receive the cash flows from these assets have ceased to exist or the assets expire, or the Company transfers the assets such that the transfer qualifies for derecognition. The decision as to whether a transfer qualifies for derecognition is made by applying a combination of risks, rewards and control tests.

Collateral (shares and bonds) furnished by the Company under standard repurchase agreements and securities lending and borrowing transactions is not derecognized because the Company retains substantially all the risks and rewards based on the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as pledged assets if the transferee has the right to sell or repledge them.

Derecognition of a financial liability occurs only when the obligation is extinguished. A financial liability is said to be extinguished when the obligation is discharged, cancelled or expired.

Offsetting financial instruments

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

Hedge Accounting

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about a Company’s risk management activities have also been introduced.

Financial assets

a) Classification and subsequent measurement

To measuring a financial asset after initial recognition, IFRS 9 classifies financial assets into the following categories: at fair value through profit or loss; at fair value through other comprehensive income and at amortized cost. The classification is based on the results of the Company’s business model test and the contractual cashflow characteristics of the financial assets. The category relevant to the Company as at 31 December 2019 are fair value through profit or loss; at fair value through other comprehensive income and at amortized cost. At initial recognition, all assets are measured at Fair Value.

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and those designated by the Company as at fair value through profit or loss upon initial recognition. Financial assets classified as held through profit or loss are those that have been acquired principally for the purpose of selling in the short term or repurchasing in the near term or held as part of a portfolio that is managed together for short-term profit.

Financial instruments included in this category are recognized initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/ (losses) on financial assets classified as held for trading'. Interest income and expense and dividend income on financial assets held for trading are included in 'Discount and similar income' or 'Other operating income', respectively. Fair value changes relating to financial assets designated at fair value through profit or loss are recognized in 'Net gains from financial assets held for trading'.

ii) Amortized Cost

Except for financial assets that are designated at initial recognition as at fair value through profit or loss a financial asset is measured at amortized cost only if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows (the business model test) and

b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flows characteristics test).

If a financial asset satisfies both conditions, it is required to be measured at amortized cost unless it is designated as at fair value through profit or loss (FVTPL) on initial recognition

iii) Fair Value through other comprehensive income (FVTOCI)

Except for financial assets that are designated at initial recognition as at fair value through profit or loss, a financial asset is measured at fair value through other comprehensive income (FVTOCI) if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the business model test); and
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flows characteristics test).

b) Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. The company always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition.

The Company recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

Financial assets that are debt instruments, Lease receivables, Loan and advances to customers, Other Loans and receivables, Financial guarantee contracts issued; and Loan commitments issued. the Company measures expected credit losses and recognizes interest income on risk assets based on the following stages:

Stage 1: Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, the Company recognize a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

Stage 2: Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, the Company measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the EIR multiplied by the gross carrying amount.

Stage 3: Credit impaired. For debt instruments that have both a significant increase in credit risk plus observable evidence of impairment the Company's process to assess changes in credit risk is multi- factor and has three main elements:

i. Quantitative element, a quantitative comparison of PD at the reporting date and PD at initial recognition
ii. Qualitative elements
iii. Backstop indicators

For individually significant exposures such as corporate and commercial risk assets, the assessment is driven by the internal credit rating of the exposure and a combination of forward-looking information that is specific to the individual borrower and forward-looking information on the macro economy, commercial sector (to the extent such information has not been already reflected in the rating process).

For other exposures, significant increases in credit risk is made on a collective basis that incorporates all relevant credit information, including forward-looking macroeconomic information. For this purpose, the Company groups its exposures based on shared credit risk characteristics.

Significant increase in credit

The Company's decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. The forms the basis of stage 1, 2 and 3 classification and
subsequent migration the Company applies qualitative and quantitative criteria for stage classification and for its forward and backward migration

i) Assets carried at amortized cost

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced using an allowance account and the amount of the loss is recognized in income
statement. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.
The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from disposal less costs for obtaining and selling the

collateral, whether disposal is probable.

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

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted based on current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets are reflected and directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to Groups and loans and advances to customers are classified in 'impairment charge for credit losses' whilst impairment charges relating to investment securities (loans and receivables categories) are classified in 'Net gains/ (losses) on investment securities.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss.

ii) Assets classified as fair value through other comprehensive income

The Company can choose to make an irrevocable election at initial recognition for investments in equity instruments that do not meet the definition of held for trading, which would otherwise be measured at fair value through profit or loss, to present changes in fair value in other comprehensive income.

Reclassification of amounts recognized in other comprehensive income and accumulated in equity to profit or loss is not done. This applies throughout the life of the instrument and at derecognition; such investments will not be subject to the impairment requirements.

Dividends on investments in equity instruments with gains and losses irrevocably presented in other comprehensive income are recognized in profit or loss if the dividend is not a return on investment (like dividends on any other holdings of equity instrument) when:

a. the Company's right to receive payment of the dividend is established;
b. it is probable that the economic benefits associated with the dividend will flow to the Company; and
c. the amount of the dividend can be measured reliably.

For debt instruments measured at FVTOCI, changes in fair value are recognized in other comprehensive income, except for: interest calculated using the effective interest rate method, foreign exchange gains or losses and impairment gains or losses until the financial asset is derecognized or reclassified.

When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Also, when a debt instrument asset is measured at fair value through other comprehensive income, the amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if the financial asset had been measured at amortized cost.

c) Reclassification of financial assets

Reclassification of financial assets is determined by the Company's senior management and is done because of external or internal changes which are significant to the Company's operations and demonstrable to external parties.

Reclassification of financial assets occurs when the Company changes its business model for managing financial assets.

Investments in equity instruments that are designated as at FVTOCI at initial recognition cannot be reclassified because the election to designate as at FVTOCI is irrevocable.

Financial liabilities

Classification and subsequent measurement

The Company's holding in financial liabilities represents mainly 'due to Groups', 'deposit from customers' and 'other liabilities. These are all classified as financial liabilities measured at amortized cost.
These financial liabilities are initially recognised at fair value and subsequently measured at amortized cost. Any difference between the proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

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

Measurement

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction cost is expensed in the income statement.

Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Fair value measurement

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

At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on valuation techniques such as discounted cash flow models and option pricing models whose variables include only data from observable markets.

After initial recognition, for financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, Nigerian Stock Exchange (NSE) and Financial Markets Dealers Quotation (FMDQ)).

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Forward-Looking

In the context of IFRS 9, is an enhanced information set that includes credit information pertaining to future developments (including for example macroeconomic developments). The inclusion of forward-looking information along with traditional past due (realized, historical) information is considered to produce comprehensive credit risk information.

The inclusion of forward-looking information is a distinctive feature of an IFRS 9 ECL model. Incorporating economically stressed states of the world and their potential impact on credit performance is critical for the timely recognition of credit losses.

(a) ***Recognition***

The Group initially recognises loans and advances issued on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.
A financial assets or financial liability is measured at fair value plus, for an item not at fair value through profit or loss, transaction cost that are directly attributable to its acquisition or issue.

(b) ***Classification***

(i) *Financial assets*

The group classifies its financial assets into the following categories

- Measured at Amortized cost;
- at fair value through profit or loss, and within this category as:
- held for trading; or
- designated at fair value through profit or loss.

(ii) *Financial liabilities*

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

Derecognition

(i) *Financial assets*

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognized), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lender and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction like repurchase transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognises the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

(ii) *Financial liabilities*

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

(d) Offsetting

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

Income and expenses are presented on a net basis only when permitted by under IFRS, or for gains and losses arising from a group of similar transactions.

(e) Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(f) Fair value measurement

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with enough frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio level adjustments are allocated to the individual assets and liabilities based on the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(g) Identification and measurement of impairment

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired includes:
- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- restructuring of a loan or advance by the Group on terms that the Group would not otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security, or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment. In respect of equity securities that are quoted, the Group is guided by the following:
- a decline of more than 20% is generally regarded as significant and

- a decline in quoted price that persists for nine months is prolonged.

Impairment losses on assets carried at amortised cost are measured as the difference between the carrying amount of the financial assets and the present value of estimated cash flows discounted at the assets' original effective interest rate.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, any increase in fair value is recognised through Other Comprehensive Income. Any subsequent recovery in the fair value of an impaired available-for-sale equity security in Other Comprehensive Income.

The Group writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when the Group determines that there is no realistic prospect of recovery.

(h) ***Trade receivables***

Trade receivables arising from insurance contracts represent premium receivable with determinable payments that are not quoted in an active market and the Group has no intention to sell. Premium receivables are those for which credit notes issued by brokers are within 30days, in conformity with the NAICOM's "NO PREMIUM NO COVER" policy.

3.10 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with central bank and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

3.11 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production of goods and services or for administrative purposes. Investment properties are measured at fair value with any change therein recognised in profit or loss. Fair values are determined individually, on a basis appropriate to the purpose for which the property is intended and regarding recent market transactions for similar properties in the same location.

In an active market, an independent valuer, holding a recognized and relevant professional qualification and with recent experience in the location and category of investment property being valued, values the portfolio annually. Any gain and loss arising from a change in the fair value is recognized in the statement of profit or loss.

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

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent measurement.

3.12 Property, plant and equipment

(a) ***Recognition & measurement***

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bring the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. However, Land and building are carried at revalued amounts and the revaluation happens on a yearly basis.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(b) ***Subsequent costs***

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. Ongoing repairs and maintenance are recognised in profit or loss as incurred.

(c) ***Depreciation***

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value using the straight-line method over the estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of significant items of property, plant and equipment are as follows:

	Years
Buildings	40
Furniture and equipment	8
Computer equipment	3
Fixtures and fittings	8
Motor vehicles	4
Generating Set	3

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's value less costs to sell or the value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amount. Gains and losses are included in the profit and loss account for the period.

(d) ***De-recognition***

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

3.13 Intangible assets

(a) ***Goodwill***

Goodwill that arises on the acquisition of subsidiaries is presented with intangible asset. For the measurement of goodwill at initial recognition, see ((3.1)(i)). After initial recognition, goodwill is measured at cost less accumulated impairment losses.

(b) ***Purchased software***

Expenditure on internally developed software is recognised as an asset when the Group can demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years. This is reassessed annually.

3.14 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit 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 cash-generating unit.

Impairment losses are recognised in profit or loss. For other assets, 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.

3.15 Reinsurance assets

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The details of recognition and measurement of reinsurance contracts have been set out under note 3.20 (b)(iii).

3.16 Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the origination of insurance contracts.

Deferred acquisition costs represent a portion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying the ratio of unearned premium to written premium.

3.17 Segment reporting

Segment results that are reported to the Group's Board of Directors (being the chief operating decision maker) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group’s reportable segments under IFRS 8 are therefore identified as follows:

- Non-life insurance;
- Life insurance;
- Healthcare
  Capital Management

The other segment includes corporate expenses and other activities not related to the core business segments and which are not reportable segments due to their immateriality. Certain expenses, finance costs and taxes are not allocated across the segments.

The accounting policies of the reportable segments are the same as the Group’s accounting policies. Segment profit represents the profit earned by each segment without allocation of central corporate expenses, certain finance costs and tax expense. This is the measure reported to the Group’s Chief Executive for the purposes of resource allocation and assessment of segment performance.

3.18 Prepayments

Prepayments are carried at cost less accumulated impairment losses and are amortised on a straight-line basis to the profit and loss account.

3.19 Statutory deposit

These deposits represent bank balances required by the insurance regulators of the Group to be placed with relevant central banks of Group's operating jurisdictions. Statutory deposit represents 10% of the paid-up capital of the Group deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act CAP I17 LFN 2004. Statutory deposit is measured at cost and interest income on it is measured using the effective interest rate method.

3.20 Classification of insurance contracts

The Group issues contracts that transfer insurance risk.

The Group enters insurance contracts as its primary business activities. Insurance contracts are those that the Group accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policy holder or the other beneficiary. The Group as a guide defines significant insurance risk as the possibility of having to pay benefit on the occurrence of an insured event that are at least 10% more than the benefit payable if the insured event did not occur.

The Group classifies financial guarantee contracts and account for these as insurance contracts in accordance with IFRS 4.

(a) Types of insurance contracts

The Group classify insurance contracts into life and non-life insurance contracts

(i) *Non-life insurance contract*

These contracts are accident, casualty, and property insurance contracts.

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

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

Non-life insurance contracts protect the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the insured. There is no maturity or surrender benefits.

(ii) *Life insurance contract*

These contracts insure events associated with human life (for example death). These are divided into the individual life, group life and annuity contract.

-Individual life Contract
Individual life contracts are usually long-term insurance contract and span over one year while the group life insurance contract usually cover a period of 12months. A liability for contractual benefits that are expected to be incurred in the future when the premiums are recognized. The liability is determined as the sum of the expected discounted value of the benefit payment and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used. The liability is based on the assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued.

-Annuity Contract
These contracts ensure customers from consequences of events that would affect the ability of the customers to maintain their current level of income. There are no maturity or surrender benefits. The annuity contract are fixed annuity plans. Policy holders make a lump sum payment recognized as part of the premium in the period when the payment was made. Constant and regular payments are made to annuitants based on the terms and conditions agreed at the inception of the contract and throughout the life of the annuitant. The annuity funds are invested in long tailed government bond and are reasonably money market instrument to meet up with the payments of the monthly quarterly annuity payments. The annuity funds liability is actually determined based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued.

(b) Insurance contracts- Recognition and measurement

(i) *Premiums*
Gross premiums comprise the premiums on insurance contracts entered during the year, irrespective of whether they relate in whole or in part to a later accounting period. This is recognised gross of commission expense.

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was considered direct business, considering the product classification of the reinsured business.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed.

The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the insurance period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of risk reinsured.

Annuity premiums relate to single premium payments and are recognized as earned premium income in the period in which payments are received. Premiums are recognized as revenue when they become payable by the contract holders.

(ii) *Unearned premiums*

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time apportionment basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs.

(iii) *Reinsurance*

The Group cedes out insurance risks in the normal course of business for the purpose of limiting its net loss on policies written. Premium ceded comprise written premiums ceded to reinsurers, adjusted for the reinsurers' share of the movement in the provision for the unearned premiums. Reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Premium ceded, claims reimbursed, and commission recovered are presented in the income statement and balance sheet separately from the gross amounts.

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts. Amounts payable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance recoverable are estimated in manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's polices and are in accordance with the related insurance contract. They are measured at their carrying amount less any impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each balance sheet date. If there is objective evidence of impairment, the Group reduces the carrying amount of its reinsurance assets to its recoverable amount and recognizes the impairment loss in the income statement as a result of an event that occurred after its initial recognition, for which the Group may not be able to recover all amounts due and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

(iv) *Claims incurred*

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. The provision for outstanding claims represents the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not. The provision includes an allowance for claims management and handling expenses. Claims are made to annuitants in the form of monthly/quarterly payments based on the terms of the annuity contract and charged to profit or loss as incurred.

The provision for outstanding claims for reported claims, is estimated based on current information and the ultimate liability may vary because of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the income statement in the financial period in which adjustments are made and disclosed separately if material.

Reinsurance recoverable are recognized when the Group records the liability for the claims and are not netted off claims expense but are presented separately in the income statement.

Claims incurred in respect of long-term insurance contracts especially pure life business and annuity contracts consist of claims arising during the year including provision for policyholders' liabilities.

Outstanding claims on long-term insurance contracts that have occurred at the balance sheet date and have been notified by the insured are carried at the claim amounts advised.

(v) *Deferred acquisition costs*

Acquisition costs comprise insurance commissions, brokerage and other related expenses arising from the generation and conclusion of insurance contracts. The proportion of acquisition costs that correspond to the unearned premiums are deferred as an asset and recognized in the subsequent period. They are recognised on a basis consistent with the related provisions for unearned premiums.

(vi) *Liabilities and related assets under liability adequacy test*

The net liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. Where a shortfall is identified, an additional provision is made, and the Group recognizes the deficiency in the income statement for the year. The liability adequacy test is performed yearly by EY Nigeria.

(vii) *Salvages*

Some non-life insurance contracts permit the Group to sell (usually damaged) property acquired in the process of settling a claim. The Group may also have the right to pursue third parties for payment of some or all costs of damages to its client's property (i.e. subrogation right).

Salvage recoveries are presented net of the claim expense.

(viii) *Subrogation*

Subrogation is the right for an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of recovering the amount of the claim paid to the insured for the loss.

A receivable for subrogation is recognized in other receivables when the liability is settled, and the Group has the right to receive future cash flow from the third party.

3.21 Insurance contract liabilities

Insurance contract liabilities are determined as follows:

i ***Non-life business***

(a) *Reserves for unearned premium and unexpired risk*

The reserve for unearned premium is calculated on a time apportionment basis in respect of risk accepted during the year. A provision for additional unexpired risk reserve is recognised for an underwriting year where it is determined that the estimated cost of claims and expenses would exceed the unearned premium reserve.

(b) *Reserves for outstanding claims*

The reserve for outstanding claims is maintained at the total amount of outstanding claims incurred plus claims incurred but not reported ("IBNR") as at the reporting date. The IBNR is based on the liability adequacy test.

(i) *Reserving methodology and assumptions*

For non-life insurance risks, the Group uses different methods to incorporate the various assumptions made to estimate the ultimate cost of claims. The two methods more commonly used are the Discounted Inflation-adjusted Basic Chain Ladder and the Expected Loss Ratio methods adjusted for assumed experience to date.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. The claims paid data was sub–divided into large and additional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insufficient claim data, large and additional claims were projected together as removing large claims would reduce the volume of data in the triangles and compromise the credibility.

(ii) *Discounted inflation-adjusted basic chain ladder method*

Historical claims paid were grouped into 6 years cohorts – representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns for 6 years was studied. The historical paid losses are projected to their ultimate values for each underwriting year by calculating the loss development factors for each development year. The ultimate claims are then derived using the loss development factors and the latest paid historical claims.

The historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims.

The resulting claims estimated is discounted to the valuation date using a discount rate of 12% to allow for a margin of prudence.

The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter. i.e. IBNR = Ultimate claim amount minus paid claims till date minus claims outstanding.

(iii) *Assumptions underlying the Discounted Inflation-adjusted Basic Chain Ladder method*

This method assumes the following:

- The future claims follow a trend pattern from the historical data
- Payment patterns will be broadly similar in each accident year. Thus, the proportionate increases in the known cumulative payments from one development year to the next used to calculate the expected cumulative payments for the future development periods.
- The runoff period is seven (7) years and hence the method assumes no more claims will be paid subsequently.
- That weighted past average inflation will remain unchanged into the future.

(iv) *Expected loss ratio method*

This method was adopted where the volume of data available is too small to be credible when using a statistical approach. Special Risk reserves were estimated based on this method. Under this method, the ultimate claims were obtained by assuming loss ratio of 30%, where loss ratio is defined as claims incurred divided by earned premiums. Outstanding claims is stated as amount estimated

(II) ***Life business***

(a) *General reserve fund*

This is made up of net liabilities in force as computed by the actuaries at the time of the actuarial valuation.

Actuarial valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance funds as at the date of the valuation. All deficits arising therefrom are charged to the profit and loss account while the surplus is appropriated to the shareholders and credited to the income statement.

(b) *Reserves for outstanding claims*
See 3.21(I)(b)

3.22 Recognition and measurement of investment contracts

Investment contracts and the related receipts and payments are accounted in the balance sheet in line with the accounting policies for financial instruments stated in note 3.9 The deposit liability recognized in the balance sheet represents the amounts payable to the holders of the investment contracts gross of allocated investment income.

3.23 (i) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one-year discounting is omitted.

(ii) Deposit for Shares

The company recognises investment in its subsidiary which has not been allotted for shares as a receivable being described as deposit for shares. The liability is accrued in the book of the subsidiary and eliminated in the group account.

3.24 Provisions

A provision is recognized if, because of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the Company has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallize.

3.25 Borrowing and finance costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred, except for those that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the cost of that asset.

3.26 Employee benefits

(a) ***Defined contribution plans***

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group operates a defined contribution pension scheme. This scheme was started post 2004. Employees are entitled to join the scheme on commencement of employment. Employee and the Group contributions are 12.5% each of the employee's annual basic salary, housing, and transport allowance respectively. Employee contributions are funded through payroll deductions while the Group's contribution is expensed in profit or loss. Contributions under this scheme are remitted to the individual employee's pension fund administrator.

(b) ***Defined benefit plans***

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. to calculate the present value of economic benefits, consideration is given to any applicable minimum funding arrangements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(c) ***Other long-term employee benefits***

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(d) ***Termination benefits***

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be wholly settled within 12 months of the reporting date, then they are discounted.

(e) ***Short-term employee benefits***

Short-term employee benefits 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 Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably

3.27 Share capital and reserves

Share capital

The Group classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to issue of shares are recognized as deductions from equity net of any tax effects.

Dividend on ordinary shares

Dividends on the Group's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Group's shareholders.

Notes to the financial statements

3.28 Asset revaluation reserve

Assets revaluation reserves represents the fair value differences on the revaluation of items of property, plant and equipment as at the balance sheet date.

3.29 Contingency reserves

The Group maintains contingency reserves in accordance with the provisions of the Insurance Act 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium for general business. Contingency reserve for life business is credited with the higher of 1% of gross premiums and 10% of profit after taxation. The National Health Insurance Scheme (NHIS) requires all Healthcare Management Organization (HMOs) to make a reserve of 5% of the total fee-for-service income received from the NHIS for the year in respect of the public sector enrollees to cover claims for medical services rendered in arrears by the healthcare providers to the enrollees. However, no reserve was made in the current year as the Company did not have any public sector enrollee.

3.30 Earnings per share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Group by the number of shares outstanding during the year.

3.31 Underwriting expenses

Underwriting expenses are made up of acquisition and maintenance expenses comprising commission and policy expenses, proportion of staff cost and insurance supervision levy.
Underwriting expenses for insurance contracts and investment contracts are recognized as expense when incurred, except for acquisition costs which are recognized on a time apportionment basis in respect of risk.

3.32 Management expenses

Management expenses are expenses other than claims and underwriting expenses. They are accounted for on an accrual basis.

3.33 Employee Benefit expenses

Employee benefit expenses are expenses that relate to staff costs. See note 3.26 for accounting policy on employee benefits.

3.34 Dividend

Dividend distribution to the Group's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

3.35 Actuarial valuation

Actuarial valuation of the life fund is conducted annually to determine the liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All surpluses and deficits arising therefrom are charged to the income statements.

4 Critical accounting estimates and judgement.

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

(a) Ultimate liability arising from claims made under insurance contracts
(b) Determination of fair value of unquoted equity financial instruments

(a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is one of the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Group will ultimately pay for such claims.

The ultimate cost of outstanding claims is estimated by using a standard actuarial claims projection techniques called the Basic Chain Ladder (BCL).

The main assumption underlying these technique is that the Group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years and the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims, inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

See note 51 for sensitivity analysis on insurance contract liabilities.

(b) Determination of fair value of unquoted equity financial instruments

Investments in unquoted equity securities that are classified as equity securities at fair value available for sale financial instrument in line with the accounting policies as set out in note 3.9 of the statement of significant accounting policies.

Consolidated and Separate Statement of Financial Position
As at 31 December 2019

In thousands of Naira	Notes	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Assets					
Cash and cash equivalents	5	2,691,370	1,728,427	2,591,680	1,577,085
Financial assets	6	1,384,887	1,212,209	1,384,887	1,212,209
Trade receivables	7	85,708	59,356	12,880	16,087
Reinsurance assets	8	473,363	490,148	473,363	490,148
Deferred acquisition cost	9	194,780	73,012	187,797	73,012
Other receivables and prepayment	10	144,441	267,705	66,243	291,003
Investment in subsidiary	11	-	-	289,257	182,404
Investment properties	12	5,278,818	4,863,492	5,278,818	4,863,492
Intangible assets	13	74,243	68,780	69,843	68,780
Right of Use (ROU) Assets	14	91,937	-	91,937	-
Property, plant and equipment	15	1,030,801	980,098	847,111	823,690
Deferred tax asset	24	-	6,033	-	6,033
Statutory deposit	16	500,000	500,000	500,000	500,000
Total assets		11,950,348	10,249,260	11,793,816	10,103,943
Liabilities					
Insurance contract liabilities	17	4,465,158	2,655,792	4,357,401	2,545,958
Investment contract liabilities	18	452,023	454,936	452,023	454,936
Deferred reinsurance cost	19	17,307	22,595	17,307	22,595
Trade payables	20	9,781	32,855	9,781	32,855
Retirement benefit obligation	21	1,722	2,406	1,722	2,406
Lease liability	22	27,133	-	27,133	-
Provisions and other payables	23	898,870	867,490	927,260	885,724
Deferred tax liabilities	24	258,052	122,261	251,162	121,480
Current income tax liabilities	25	197,092	190,323	189,821	184,568
Total liabilities		6,327,138	4,348,658	6,233,610	4,250,522
Net assets		5,623,210	5,900,601	5,560,206	5,853,421
Equity					
Issued and paid up capital	26	1,913,742	1,913,742	1,913,742	1,913,742
Share premium	27	3,110,664	3,110,664	3,110,664	3,110,664
Contingency reserve	28	1,045,406	965,952	1,045,406	965,952
Retained earnings	29	(1,386,852)	(953,680)	(1,328,602)	(900,477)
Fair value reserve	30	231,026	187,470	231,026	187,470
Assets revaluation reserve	31	656,761	627,089	587,970	576,070
Total equity attributable to owners of the Company		5,570,747	5,851,237	5,560,206	5,853,421
Non-controlling Interest	32	52,463	49,364	-	-
Shareholder's fund		5,623,210	5,900,601	5,560,206	5,853,421

These financial statements were approved by the Board of Directors on 17 December, 2020 and signed on its behalf by:

Mr Bade Aluko
Chairman
FRC/2016/IODN/00000015579

Cecilia .O. Osipitan
Managing Director/CEO
FRC/2012/CIIN/00000000596

Additional certification by:

Lekan Popoola
Chief Financial Officer
FRC/2014/ICAN/00000008933

Consolidated Statements of Profit or loss and other comprehensive income
For the year ended 31 December 2019

In thousands of Naira	Note	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Gross premium written	33	5,537,542	3,492,393	5,283,517	3,288,502
Changes in unearned premium	33a	(1,197,475)	357,433	(1,197,671)	359,963
Earned premium income	33(a)	4,340,067	3,849,826	4,085,846	3,648,465
Reinsurance expense	33(a)	(728,018)	(459,699)	(728,018)	(459,699)
Net insurance premium revenue		**3,612,049**	**3,390,127**	**3,357,828**	**3,188,766**
Commission income	34	243,474	133,641	243,474	133,641
Net underwriting Income		**3,855,523**	**3,523,768**	**3,601,302**	**3,322,407**
Net claims expense	35	1,922,545	1,769,235	1,752,036	1,632,365
Acquisition expenses	36	603,530	458,383	584,686	446,402
Maintenance costs	37	285,667	141,244	285,667	141,244
Underwriting expenses		**2,811,742**	**2,368,862**	**2,622,389**	**2,220,011**
Underwriting results		**1,043,781**	**1,154,906**	**978,913**	**1,102,396**
Investment income	38	376,004	325,871	363,148	310,536
Net fair value gains/ (loss) on assets measured at fair value through profit or loss:	39	342,541	(80,066)	342,541	(80,066)
Other operating income	40	100,663	99,562	100,663	99,562
Management expenses	41	(2,033,751)	(1,532,259)	(1,951,292)	(1,448,369)
Profit on investment contracts	18(d)	19,824	89,377	19,824	89,377
Results of operating activities		**(150,938)**	**57,391**	**(146,203)**	**73,435**
Impairment losses	42	(64,184)	(60,921)	(64,184)	(83,330)
Loss before taxation		**(215,121)**	**(3,530)**	**(210,387)**	**(9,895)**
Income tax expense	25(b)	(133,254)	(116,667)	(132,793)	(124,454)
Minimum tax expense	25(b)	(6,846)	(41,589)	(5,491)	(40,169)
Loss after taxation		**(355,221)**	**(161,786)**	**(348,671)**	**(174,518)**
Other comprehensive income, net of tax					
Items within OCI that will not be reclassified to the profit or loss:					
Gain on revaluation of Land and Building	31	45,484	14,550	17,000	8,800
Tax on revaluation gains on revaluation of property	31	(11,209)	(880)	(5,100)	(880)
		34,275	**13,670**	**11,900**	**7,920**
Fair value gains on unquoted equities		43,556	187,470	43,556	187,470
Other comprehensive income		**77,831**	**201,140**	**55,456**	**195,390**
Total comprehensive income / (losses) for the year		**(277,390)**	**39,354**	**(293,215)**	**20,872**
Profit/(loss) attributable to:					
Shareholders		(355,856)	(158,181)	(348,671)	(174,516)
Non-controlling interest		635	(3,605)	-	-
		(355,221)	**(161,786)**	**(348,671)**	**(174,516)**
Total comprehensive income / (losses) attributable to:					
Shareholders of the parent company		(282,627)	41,778	(293,215)	20,874
Non-controlling interest		5,237	(2,424)	-	-
		(277,390)	**39,354**	**(293,215)**	**20,874**
Loss per share					
– Basic loss per share (k)	43	(9.28)	(4.23)	(9.11)	(4.56)
– Loss per share (k)		(9.28)	(4.23)	(9.11)	(4.56)

Consolidated and Separate Statement of Changes in Equity

In thousands of Naira

Group

2019	Share Capital	Share premium	Asset revaluation reserve	Fair Value reserve	Contingency reserve	Retained earnings	Total equity attributable to parent's shareholder	Non-Controlling interest	Total equity
At 1 January 2019	1,913,742	3,110,664	627,089	187,470	965,952	(953,680)	5,851,237	49,364	5,900,601
									-
Profit /(loss) for the year	-	-	-	-	-	(355,856)	(355,856)	635	(355,221)
Other comprehensive income, net of tax:	-	-	-	-	-	-	-	-	-
Revaluation of property in use by the company	-	-	29,672	-	-	-	29,672	4,603	34,275
Gains on FVOCI assets	-	-	-	43,556	-	-	43,556	-	43,556
Total othercomprehensive income for the year	-	-	29,672	43,556	-	-	73,228	4,603	77,831
Total comprehensive income for the year	-	-	29,672	43,556	-	(355,856)	(282,627)	5,237	(277,390)
Transaction with owners, recorded directly in equity:									
Transfer to contingency reserve	-	-	-		79,454	(79,454)	-	-	-
Adjustment to regularize misstatement of prior year NCI						2,138	2,138	(2,138)	-
Total transactions between owners of equity	-	-	-		79,454	(77,316)	2,138	(2,138)	-
At 31 December 2019	1,913,742	3,110,664	656,761	231,026	1,045,406	(1,386,852)	5,570,748	52,463	5,623,210

Group

2018	Share Capital	Share premium	Asset revaluation reserve	Fair Value reserve	Contingency reserve	Retained earnings	Total equity attributable to parent's shareholder	Non-Controlling interest	Total equity
At 1 January 2018	1,913,742	3,110,664	614,600	-	858,103	(656,286)	5,840,823	56,503	5,897,326
Impact of Transition to IFRS 9				-	-	(31,363)	(31,363)	(4,716)	(36,080)
Total comprehensive income for the year									-
Loss for the year	-	-	-	-	-	(158,181)	(158,181)	(3,605)	(169,786)
Other comprehensive income, net of tax:	-	-	-	-	-	-	-	-	-
Revaluation of property in use by the company	-	-	12,488	-	-	-	12,488	1,182	13,670
Fair Value of unquoted equities classified through OCI				187,470			187,470		187,470
Total other comprehensive income for the year	-	-	12,488	187,470	-	-	199,958	1,182	201,140
Total comprehensive income/(loss) for the year	-	-	12,488	187,470	-	(158,181)	41,778	(2,424)	39,354
Transaction with owners, recorded directly in equity:									
Transfer to contingency reserve	-	-	-		107,849	(107,849)	-	-	-
Total transactions between owners of equity	-	-	-		107,849	(107,849)	-	-	-
At 31 December 2018	1,913,742	3,110,664	627,089	187,470	965,952	(953,680)	5,851,237	49,364	5,900,601

Company

2019	Share Capital	Share premium	Asset revaluation reserve	Fair Value reserve	Contingency reserve	Retained earnings	Total equity
At 1 January 2019	1,913,742	3,110,664	576,070	187,470	965,952	(900,477)	5,853,421
Total comprehensive income for the year							
Profit or loss for the year	-	-	-	-	-	(348,671)	(348,671)
Other comprehensive income, net of tax:							
Revaluation of property in use by Company	-	-	11,900		-	-	11,900
Fair Value of unquoted equities classified through OCI				43,556			43,556
Total other comprehensive income for the year	-	-	11,900	43,556	-	-	55,456
Total comprehensive income/(loss) for the year	-	-	11,900	43,556	-	(348,671)	(293,215)
Transaction with owners, recorded directly in equity:							
Transfer to contingency reserve	-	-	-	-	79,454	(79,454)	-
Total transactions between owners of equity	-	-	-	-	79,454	(79,454)	-
At 31 December 2019	1,913,742	3,110,664	587,970	231,026	1,045,406	(1,328,602)	5,560,206

Company

2018	Share Capital	Share premium	Asset revaluation reserve	Fair Value reserve	Contingency reserve	Retained earnings	Total equity
At 1 January 2018	1,913,742	3,110,664	568,150		858,103	(604,979)	5,845,680
Retrospective recognition of ECL model	-	-	-	-	-	(13,132)	(13,132)
Profit or loss for the year	-	-	-		-	(174,516)	(174,516)
Other comprehensive income, net of tax:							
Revaluation of property in use by Company	-	-	7,920		-	-	7,920
Fair Value of unquoted equities classified through OCI	-		-	187,470	-	-	187,470
Total other comprehensive income for the year	-	-	7,920	187,470	-	-	195,390
Total comprehensive income/(loss) for the year	-	-	7,920	187,470	-	(174,516)	20,874
Transaction with owners, recorded directly in equity:							
Transfer to contingency reserve	-	-	-	-	107,849	(107,849)	-
Total transactions between owners of equity	-	-	-	-	107,849	(107,849)	-
At 31 December 2018	1,913,742	3,110,664	576,070	187,470	965,952	(900,477)	5,853,421

Consolidated and Separate Statements of Cash Flows
For the year ended 31 December 2019

In thousands of Naira

	Note	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Cash flows from operating activities:					
Cash premium received	33(b)	5,515,034	3,575,808	5,295,299	3,369,490
Reinsurance premium paid	8 (b)i	(644,346)	(536,919)	(644,346)	(536,919)
Gross benefit and claims paid	35	(1,746,499)	(2,082,902)	(1,574,109)	(1,986,150)
Reinsurance recoveries	35 (ii)	247,538	42,872	247,538	42,872
Acquisition expenses paid	9(b)	(725,298)	(453,590)	(699,471)	(441,609)
Maintenance expenses paid	37	(285,667)	(141,244)	(285,667)	(141,244)
Commission received	19	215,024	156,236	215,024	156,236
Net cash on deposit Administration contracts	41(d)	(3,453)	(164,458)	(3,453)	(164,458)
Other operating cash payments	41(c)	(1,269,605)	(503,425)	(1,226,552)	(472,165)
Cash paid to employees	41(a)	(546,258)	(523,603)	(505,213)	(483,685)
Cash generated from operations		756,471	(631,226)	819,051	(657,632)
Income tax paid	25	(2,700)	(11,687)	(2,400)	(11,696)
Net cash received from/(provided by) operating activities		753,771	(642,913)	816,651	(669,328)
Cash flows from investing activities:					
Purchases of property, plant and equipment	15	(83,905)	(100,983)	(75,601)	(84,248)
Proceed from disposal of property, plant and equipment	40 (i)	4,225	1,738	4,225	1,738
Intangible asset	13	(49,166)	(103,119)	(49,166)	(103,119)
Purchase of financial assets	6(d)	(133,791)	(120,456)	(133,791)	(120,456)
Proceeds from disposal and redemption of financial assets	6(d)	975	567,236	975	546,335
Dividend received	38	39,583	21,215	39,583	21,215
Interest received	38(a)	323,616	337,018	312,710	323,633
Rent received	38(b)	84,405	37,763	75,779	39,151
Net cash received from investing activities		185,941	640,412	174,713	624,249
Cash flows from financing activities:					
Proceed from borrowings		-	-	-	-
Deposit for shares		-	-	-	-
Net cash provided/ (used in) financing activities		-	-	-	-
Cash and cash equivalent at beginning of year		1,763,031	1,765,531	1,611,689	1,656,768
Net change in cash and cash equivalent		939,712	(2,500)	991,364	(45,079)
Cash and cash equivalent at end of year	5	2,702,743	1,763,031	2,603,053	1,611,689

The cash and cash equivalent for cashflow purposes for 2018 as contained in the 2018 audited financial statement has been updated in the 2019 financial statements for the effect of non cash component (see note 5 for allowance for impairment on cash and cash equivalents) .

Notes to the financial statements

5 Cash and cash equivalents

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Cash at bank and in hand	242,037	350,017	239,218	323,667
Bank overdraft	-	(410,783)	-	(410,783)
Short-term bank deposits (note 5.1)	2,460,706	1,823,797	2,363,835	1,698,805
Cash and cash equivalent for cash flow purposes	2,702,743	1,763,031	2,603,053	1,611,689
Less:				
Allowance for Impairment (note 5.2)	(11,373)	(34,604)	(11,373)	(34,604)
	2,691,370	**1,728,427**	**2,591,680**	**1,577,085**

5.1 Short term bank deposits have an average maturity period of three months, and are made depending on the cash requirement of the Company. The average interest rate of the deposits is 11.8% (2018: 12.7%). The carrying amounts reasonably approximate the fair value at the reporting date.

5.2 The movement in the impairment balance is as follows:

	GROUP		**COMPANY**	
In thousands of Naira	**31-Dec-19**	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
At 1 January	34,604	27,753	34,604	27,753
ECL impairment charge on transition	-	5,040	-	5,040
ECL impairment charge/ (reversal) for the year	(23,231)	1,811	(23,231)	1,811
At 31 December	11,373	34,604	11,373	34,604

6 Financial assets

Financial assets comprise of:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Amortised cost (see note (6a) below)	549,338	430,302	549,338	430,302
Fair value through other comprehensive income (see note (6b) below)	400,428	356,871	400,428	356,871
Fair value through profit or loss (see note (c) below)	435,121	425,036	435,121	425,036
	1,384,887	**1,212,209**	**1,384,887**	**1,212,209**
Current	549,338	430,261	549,338	430,261
Non current	835,549	781,948	835,549	781,948
	1,384,887	**1,212,209**	**1,384,887**	**1,212,209**

6(a) Amortised Cost

	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Goverment bond	6,901	6,490	6,901	6,490
Corporate bond	262,258	262,351	262,258	262,351
Treasury bills	148,540	40,907	148,540	40,907
Loans and receivables	138,811	129,061	138,811	129,061
	556,510	438,809	556,510	438,809
Expected credit loss charge	(7,172)	(8,507)	(7,172)	(8,507)
	549,338	**430,302**	**549,338**	**430,302**

6(b) Fair value through other comprehensive income

	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	356,871	-	356,871	-
Transfer from available for sale on transition to IFRS 9	-	169,401	-	169,401
Fair value gain on FVTOCI assets	43,557	187,470	43,557	187,470
At 31 December	400,428	356,871	400,428	356,871

(i) FVTOCI assets include investment in WAICA Reinsurance Plc at a cost $61,267 with an exchange rate of N385/$ and Sterling Assurance Limited

(ii)

Fair value through other comprehensive income	**1-Jan-19**	**Gain / Loss**	**31-Dec-19**
Nigeria Aluminium Extrusion Limited	24,657	11,534	36,191
Sterling Assurance Nigeria Limited	119,783	(8,796)	110,987
Montgomery Vaults Nigeria Limited	15,127	2,169	17,296
Capital Bancorp Ltd Ordinary Shares of N1.00 each	161,626	26,393	188,019
WAICA Reinsurance Plc (Ordinary Shares of $1.52 @N385)	35,679	12,257	47,936
TOTAL	**356,872**	**43,557**	**400,428**

6(c) Fair value through profit and loss

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	425,036	481,853	425,036	481,853
Additions during the year	25,653	24,852	25,653	24,852
Fair value loss	(15,568)	(81,669)	(15,568)	(81,669)
At 31 December	**435,121**	**425,036**	**435,121**	**425,036**

Changes in fair value of financial assets at fair value through profit or loss are recorded as net trading income on financial assets in the income statement. The fair value of all equity securities is based on their current bid prices on the Nigerian Stock Exchange.

6(d) Movement schedule of finanacial assets

In thousands of Naira

2019	**Amortised costs**	**FVOCI assets**	**FVTPL Assets**	**Total**
At 1 January	430,302	356,871	425,036	1,212,209
Additions	108,938	-	24,853	133,791
Maturity / redemption	(975)	-	-	(975)
Interest accrued	30,651	-	800	31,451
Interest received	(12,406)	-	-	(12,406)
Fair value gain /(loss)	-	43,557	(15,568)	27,989
Impact of expected credit loss charge	(7,172)	-	-	(7,172)
At December	**549,338**	**400,428**	**435,121**	**1,384,887**

2018	**Amortised costs**	**FVOCI assets**	**FVTPL Assets**	**Total**
At 1 January	483,720	169,401	481,853	1,134,974
Additions	74,141	-	34,816	108,957
Disposal	(22,105)	-	(7,717)	(29,822)
Redemption	(102,967)	-	(2,247)	(105,214)
Interest accrued	19	-	-	19
Interest received	6,001	-	-	6,001
Fair value gain/(loss)	-	187,470	(81,669)	105,801
Impact of expected credit loss impairment charge	(8,507)	-	-	(8,507)
At December	430,302	356,871	425,036	1,212,209

7 Trade receivables

Trade receivables comprise:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Due from agents	90,330	56,040	-	-
Due from brokers	12,653	24,654	12,653	24,654
Due from insurance companies	227	8	227	8
	103,210	80,702	12,880	24,662
Impairment allowance (see note (i) below)	(17,502)	(21,346)	-	(8,575)
	85,708	**59,356**	**12,880**	**16,087**

(i) Movement in impairment allowance

Allowance as at 1 January	21,346	35,089	8,575	12,142
Impairment reversals during the year	(3,844)	(13,743)	(8,575)	(3,567)
Allowance as at 31 December	17,502	21,346	-	8,575

The average credit period on trade receivables for the insurance company is 30 days. No interest is charged on outstanding trade receivables.
The premium outstanding for the company as at statement of position date represent balance due from brokers and insurance companies which has been fully received as at 31 January, 2020.

(ii) The age analysis of trade receivables as at the end of the year was as follows:

Gross premium Days	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
0 - 30 days	103,210	80,701	12,880	24,662
	103,210	80,701	12,880	24,662

TABLE OF AGED ANALYSIS ON TRADE RECEIVABLE AS AT 31 DECEMBER 2019
COMPANY

NUMBERS OF SCHEMES	0-30 DAYS	31 - 60 DAYS	61- 90 DAYS	GRAND TOTAL
				N'000
24	12,880	-	-	12,880
24				**12,880**

8 **Reinsurance assets**

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Reinsurance share of insurance liability-General business	128,749	169,891	128,749	169,891
Reinsurance share of insurance liability-Life business	212,921	50,599	212,921	50,599
Prepaid reinsurance reserve - General business	42,731	168,035	42,731	168,035
Minimum and deposit premium- General business	41,727	56,012	41,727	56,012
Claims recoverable from reinsurance brokers	74,303	76,908	74,303	76,908
	500,431	**521,445**	**500,431**	**521,445**
Impairment allowance (see note (c) below)	(27,068)	(31,297)	(27,068)	(31,297)
	473,363	**490,148**	**473,363**	**490,148**

(a) The Company conducted an impairment review of the reinsurance assets and arrived at an impairment of N27 million at year end. The Company has the right to set-off reinsurance assets against reinsurance liabilities on settlement. The carrying amounts disclosed above approximate the fair value at the reporting date.

(b) Reinsurance assets consist of the following

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Prepaid reinsurance	100,503	169,890	100,503	169,890
Reinsurance share of IBNR	225,144	89,716	225,144	89,716
Claim recoverable	105,989	174,530	105,989	174,530
Minimum and deposit premium prepaid	41,727	56,012	41,727	56,012
	473,363	**490,148**	**473,363**	**490,148**
i Movement in prepaid reinsurance				
At 1 January	169,890	92,670	169,890	92,670
Additions in the year	644,346	536,919	644,346	536,919
Amortised in the year-reinsurance expense	(713,733)	(459,699)	(713,733)	(459,699)
At 31 December	**100,503**	**169,890**	**100,503**	**169,890**
ii Movement in minimum and deposit premium				
At 1 January	56,012	43,009	56,012	43,009
Additions in the year	-	23,120	-	23,120
Amortised in the year- reinsurance expense	(14,285)	(10,117)	(14,285)	(10,117)
At 31 December	**41,727**	**56,012**	**41,727**	**56,012**

(c) Movement in impairment allowance

Allowance at 1 January	31,297	4,229	31,297	4,229
Impairment charge/ (writeback) during the year	(4,229)	27,068	(4,229)	27,068
Allowance for claim recoverable at 31 December	27,068	31,297	27,068	31,297

Notes to the financial statements

9 Deferred acquisition cost

(a) This represents commission on unearned premium relating to the unexpired tenure of risk.

In thousands of Naira

General business	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Deferred acquisition cost- Fire	11,787	16,941	11,787	16,941
Deferred acquisition cost- Gen. Accident	12,990	7,766	12,990	7,766
Deferred acquisition cost- Motor	7,682	6,476	7,682	6,476
Deferred acquisition cost- Marine	6,625	2,928	6,625	2,928
Deferred acquisition cost- Bond	35	269	35	269
Deferred acquisition cost- Oil & Gas	5,797	5,254	5,797	5,254
Deferred acquisition cost- Workmen's compensation	357	114	357	114
	45,273	39,748	45,273	39,748
Life Business	142,524	33,264	142,524	33,264
	187,797	**73,012**	**187,797**	**73,012**
Healthcare	6,983	-	-	-
	194,780	**73,012**	**187,797**	**73,012**
Current	194,780	73,012	187,797	73,012
Non- current	-	-	-	-
	194,780	**73,012**	**187,797**	**73,012**

(b) The movement in deferred acquisition costs is as follows:

At 1 January	73,012	77,805	73,012	77,805
Additions during the year	725,298	453,590	699,471	441,609
Amortisation during the year	(603,530)	(458,383)	(584,686)	(446,402)
At 31 December	**194,780**	**73,012**	**187,797**	**73,012**

10 Other receivables and prepayment

(a) Other receivables and prepayments comprise:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Prepayment	30,842	59,818	16,395	49,994
Stock and inventory	7,542	7,542	7,542	7,542
Dividend receivable	2,567	2,567	2,567	2,567
Staff Advances	31,552	25,685	31,552	25,685
Rent receivable (note a (i) below)	155,828	159,166	155,828	159,166
Receivable from former Wema Bank Group (note a (ii) below)	72,145	72,145	72,145	72,143
Intercompany receivables	-	-	34,221	33,000
Deposit for investments (note a (iii) below)	102,094	102,094	102,094	102,094
Other receivables (note a (iv) below)	87,179	228,815	87,179	228,939
Pre-incorporation cost on GNI Capital Management Limited (see note (v) below)	97,972	-	-	-
	587,721	657,832	509,523	681,130
Impairment allowance (note (b) below)	(443,280)	(390,127)	(443,280)	(390,127)
	144,441	**267,705**	**66,243**	**291,003**
Current	144,441	267,705	66,243	291,003
Non-current	-	-	-	-
	144,441	**267,705**	**66,243**	**291,003**

(i) Amount represents the rent receivable from tenants at the company's investment properties which is currently under litigation. Full impairment has been recognised for the amount as at year end.

(ii) The receivables from former Wema Bank group is made up of balances from Independent Securities, Wise Property Limited and Wema Secuirties Plc. Full impairment has been made for the account balance at the beginning of the year.

(iii) Deposit for investments represents investments of N96m in AIICO PFA, N5.8m in Energy Insurance Pool. Full impairment allowance has been made for this balance at the beginning of the year.

(iv) Other receivables include balances due from Allied Bank Plc and the withholding tax recoverable. Allowance has been made on the account balance.

(v) Amount represents the preincorporation costs incurred in setting up GNI Capital Management limited. The shares of the company are yet to be alloted as at period end.

(vi) Intercompany Receivables of N34,221 represents transactions that are carried out in the ordinary course of business with the Subsidiary.

(b) The movement in impairment allowance on other receivables and prepayments during the year was as follows:

In thousands of Naira	**Group 31-Dec-19**	**Group 31-Dec-18**	**Company 31-Dec-19**	**Company 31-Dec-18**
At 1 January	390,127	367,463	390,127	367,463
Addition during the year	53,153	36,399	53,153	36,399
Write back during the year	-	(13,735)	-	(13,735)
At 31 December	443,280	390,127	443,280	390,127

(c) *In thousands of Naira*

Description of Imparment Allowance	**Balance at 1 January 2019**	**Addition during the year**	**Balance at year end**
Prepayment	8,480	-	8,480
Stock and inventory	6,149	-	6,149
Dividend receivable	2,567	-	2,567
Staff Advances	18,226	-	18,226
Rent receivable	93,458	53,153	146,611
Deposit for investments	102,094	-	102,094
Receivable from former Wema Bank Group	72,145	-	72,145
Other receivable	87,008	-	87,008
At 31 December	390,127	53,153	443,280

11 Investment in subsidiary

In thousands of Naira	**Group 31-Dec-19**	**Group 31-Dec-18**	**Company 31-Dec-19**	**Company 31-Dec-18**
At 1 January	-	-	225,000	225,000
Additions	-	-	106,854	-
Impairment allowance	-	-	(42,596)	(42,596)
At 31 December	**-**	**-**	**289,257**	**182,404**

11(i) On 4 July 2013, the Group acquired 97.5% of the common stock of GNI Healthcare Limited (formerly, Gamma Health Nigeria Limited), to carry on the business of healthcare financing and insurance, healthcare maintenance organization services and health risk management. This subsidiary was incorporated in July 2012. In 2018, the company raised additional capital through private placement which reduced GNI Plc's shareholding in GNI Healthcare Limited to 79.4% from 97.5%.

11(ii) Movement in Investment in subsidiary

	At beginning	**Additions**	**Impairment**	**Closing balance**
GNI Healthcare Limited	225,000	-	(42,596)	182,404
GNI Capital Management Limited (note 11(iii))	-	106,854	-	106,854
	225,000	**106,854**	**(42,596)**	**289,257**

11(iii) In 2018, the group incorporated GNI Capital Mangement Limited. The entity's objective is to manage the Group's investments including Investment Properties. The movement in impairment allowance on investment in subsidiary during the year was as follows:

In thousands of Naira	**Group 31-Dec-19**	**Group 31-Dec-18**	**Company 31-Dec-19**	**Company 31-Dec-18**
At 1 January	-	-	42,596	20,187
Addition during the year	-	-	-	22,409
At 31 December	-	-	42,596	42,596

12 Investment properties

In thousands of Naira	**Group 31-Dec-19**	**Group 31-Dec-18**	**Company 31-Dec-19**	**Company 31-Dec-18**
At 1 January	4,863,492	4,791,817	4,863,492	4,791,817
Addition	83,887	-	83,887	-
Fair value gains	331,439	71,675	331,439	71,675
At 31 December	**5,278,818**	**4,863,492**	**5,278,818**	**4,863,492**

Notes to the financial statements

(a)	*In thousands of Naira*					
	PROPERTY	**1-Jan-19**	**Additions**	**Fair value gains /(losses)**	**Exchange difference**	**31-Dec-19**
1	GNI House, West Arbour, London	340,492	-	78,326		418,818
2	GNI House, 39/41 Martins Street	478,000	-	-	-	478,000
3	GNI House, Akure	347,000	-	10,000	-	357,000
4	GNI House, Abeokuta	230,000	-	5,000	-	235,000
5	GNI House, Wuse Abuja (note (i))	370,000	83,887	(83,887)	-	370,000
6	GNI Oregun WareHouse	538,000	-	312,000	-	850,000
7	GNI House, 47/57 Martins Street	2,560,000	-	10,000	-	2,570,000
	GRAND TOTAL	**4,863,492**	**83,887**	**331,439**	-	**5,278,818**

(i) The additional investment of N83m on the Wuse, Abuja property represents the cost of converting the residential property to an office building during the year.

(b) The items of investment properties are valued as shown below:

In thousands of Naira Investment properties location	**Status of Title**	**Group 31-Dec-19**	**Group 31-Dec-18**	**Company 31-Dec-19**	**Company 31-Dec-18**
GNI House, Alagbaka Road Akure	Perfected	357,000	347,000	357,000	347,000
GNI House, Along Onikolobo Road, Panseke, Abeokuta	Perfected	235,000	230,000	235,000	230,000
GNI House, 47/57 Martins street, Off Broad Street Marina Lagos (see note (c) below)	Perfected	2,570,000	2,560,000	2,570,000	2,560,000
GNI House, 39/41 Martins street, Off Broad Street Marina Lagos	Perfected	478,000	478,000	478,000	478,000
GNI House, No. 11 Malanje Street, Wuse Zone 4 Abuja	Perfected	370,000	370,000	370,000	370,000
Oregun Warehouse, Plot 13-17, Morrison Crescent Oregun Lagos	Perfected	850,000	538,000	850,000	538,000
GNI House, No. 13, West Arbour Street London E1 OPQ U.K	Perfected	418,818	340,492	418,818	340,492
		5,278,818	**4,863,492**	**5,278,818**	**4,863,492**

(c) The property at 47/57 Marina Street, Marina Lagos was gutted by fire on 4 November, 2013 which affected mostly 1st, 2nd and 3rd floors including the mezzanine floor. The carrying amount of the property increased from N2.560 billion to N2.570 billion as a result of increase of N10 million in the value of the land. The company has obtained approval for the renovation of the building from the Lagos State Physical Planning in year 2017. The claims received from the Insurers of the property has also been warehoused in a fund account and reported as a liability as at year end.

(d) The London property at 13, West Arbour street Stepney London, United Kingdom was valued 870,000 Pounds as at 31 December 2019 at N481.4 to ₦1.

(e) The property at 39/41 Martins Street was sold subsequent to year end for a total sum of Four Hundred and Eighty Million Naira (N480million).

(f) The fair value of investment properties was determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer, Ubosi Eleh & Co. (Estate Surveyors and Valuers) with FRC number FRC/2014/NIESV/0000000/3997 valued the properties on the basis of open market value as at 31 December 2019 and the valuation reports were signed by Ubosi Eleh with FRC number FRC/2013/NISEV/00000001493.

(g) The fair value measurement for the investment properties of N5.278 billion has been categorised as a Level 3 fair value based on the inputs into the valuation technique used.

(h) **Valuation technique and significant unobservable inputs**
The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
The fair values are determined by applying the direct market evidence comparative method of valuation to derive the open market value. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent time. References were made to prices of land and comparable properties in the neighbourhood. The data obtained were analysed and adjustment was made to reflect differences in site area and the actual location, quality of construction and off-site facilities.	-Prices per square meter -Rate of development in the area -Quality of the building. -Influx of people and/or businesses to the area	The estimated fair value would increase (decrease) if the rate of development in the area increases (decreases), quality of the building increases (decreases), influx of people and/or business to the area increases (decreases).

Notes to the financial statements

13 Intangible assets

(a) *In thousands of Naira*

	Group	Group	Company	
	Purchased Computer Software		Purchased Computer Software	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Cost:				
At January	302,501	229,382	302,501	199,382
Additions	49,166	103,119	49,166	103,119
At 31 December	351,667	332,501	351,667	302,501
Amortisation:				
At January	(233,721)	(229,382)	(233,721)	(199,382)
Amortisation charge	(48,103)	(34,339)	(48,103)	(34,339)
At 31 December	(281,824)	(263,721)	(281,824)	(233,721)
GNI Healthcare	4,400	-	-	-
Carrying amount	**74,243**	**68,780**	**69,843**	**68,780**

(i) The intangible assets of the Group is made up of purchased computer software.

	Group	Group	Company	
14 Right of Use (ROU) Asset	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Cost:				
At January	-	-	-	-
Reclassification on adoption of IFRS 16	102,152	-	102,152	-
Additions	-	-	-	-
At 31 December	102,152	-	102,152	-
Amortisation:				
At January	-	-	-	-
Amortisation charge	(10,215)	-	(10,215)	-
At 31 December	(10,215)	-	(10,215)	-
GNI Healthcare		-	-	-
Carrying amount	**91,937**	**-**	**91,937**	**-**

Notes to the financial statements

15 Group

2019 (In thousands of Naira)	LAND	BUILDINGS	FIXTURE & FITTINGS	COMPUTER EQUIPMENT	MOTOR VEHICLES	GENERATOR SETS	FURNITURE & EQUIPMENT	TOTAL
Cost / revalued amount								
At 1 January	457,048	464,446	43,028	123,569	439,205	105,214	124,032	1,756,542
Revaluation gains	21,999	23,485	-	-	-	-	-	45,484
Disposals	-	-	-	-	(11,125)	-	-	(11,125)
Additions	-	-	3,845	14,111	64,049	1,788	112	83,905
At 31 December 2019	**479,047**	**487,931**	**46,873**	**137,680**	**492,129**	**107,002**	**124,144**	**1,874,806**
Accumulated depreciation	**(3,525)**							
At 1 January	2,952	94,777	26,771	110,673	335,032	100,761	108,430	779,396
Reversal of prior year depreciation on land	(2,952)	-	-	-	-	-	-	(2,952)
Disposals	-	-	-	-	(7,600)	-	-	(7,600)
Charge for the year	-	11,740	2,094	9,393	43,051	3,163	5,720	75,160
At 31 December 2019	-	106,517	28,865	120,066	370,483	103,924	114,150	844,005
Net book value								
At 31 December 2019	**479,047**	**381,414**	**18,007**	**17,614**	**121,646**	**3,078**	**9,994**	**1,030,801**
At 31st December 2018	**457,048**	**369,670**	**16,257**	**12,897**	**104,172**	**4,453**	**15,602**	**980,098**

i. The Group had no capital commitments as at year end (31 December 2018: Nil)

ii. The Group's land and buildings were revalued by Ubosi Eleh & Co., estate surveyor and valued on 31 December 2019 using both Investment method and Comparative method of valuation to arrive at the open market value. A revaluation gain of N45.5 million has been recognised on the land and building for the year ended 31 December 2019 in the other comprehensive income (OCI).

iii. An impairment review was conducted and no impairment charge as required.

Company

2019 (In thousands of Naira)	LAND	BUILDINGS	FIXTURE & FITTINGS	COMPUTER EQUIPMENT	MOTOR VEHICLES	GENERATOR SETS	FURNITURE & EQUIPMENT	TOTAL
Cost / revalued amount								
At 1 January	414,999	351,446	35,776	118,144	415,966	105,214	124,067	1,565,612
Revaluation gains	15,000	2,000	-	-	-	-	-	17,000
Disposals	-	-	-	-	(11,125)	-	-	(11,125)
Additions	-	-	3,845	10,919	59,049	1,788	-	75,601
At 31 December	**429,999**	**353,446**	**39,621**	**129,063**	**463,890**	**107,002**	**124,067**	**1,647,088**
Accumulated depreciation								
At 1 January	-	81,053	26,771	106,990	322,555	100,761	103,792	741,922
Disposals	-	-	-	-	(7,600)	-	-	(7,600)
Charge for the year	-	8,979	2,094	7,775	38,839	3,163	4,805	65,654
At 31 December 2019	**-**	**90,032**	**28,865**	**114,765**	**353,794**	**103,924**	**108,597**	**799,977**
Net book value								
At 31 December 2019	**429,999**	**263,414**	**10,755**	**14,298**	**110,096**	**3,078**	**15,470**	**847,111**
At 31 December 2018	**414,999**	**270,394**	**9,005**	**11,154**	**93,410**	**4,453**	**20,275**	**823,690**

i. The Company had no capital commitments as at year end (31 December 2018: Nil)

ii. The Company's land and buildings were revalued by Ubosi Eleh & Co., estate surveyor and valued on 31 December 2019 using both Investment method and Comparative method of valuation to arrive at the open market value. A revaluation gain of N17 million has been recognised on the land and building for the year ended 31 December 2019 in other comprehensive income (OCI).

iii. An impairment review was conducted and no impairment was required.

16 Statutory deposit

This represents the Company's deposit with the Central Bank of Nigeria as at 31 December 2019, in compliance with the Insurance Act, CAP 117 LFN 2004. The amount is interest bearing and it comprises:

In thousands of Naira	**Group 31-Dec-19**	**Group 31-Dec-18**	**Company 31-Dec-19**	**Company 31-Dec-18**
General	300,000	300,000	300,000	300,000
Life	200,000	200,000	200,000	200,000
	500,000	**500,000**	**500,000**	**500,000**
Current	-	-	-	-
Non-current	500,000	500,000	500,000	500,000
	500,000	**500,000**	**500,000**	**500,000**

17 Insurance contract liabilities

In thousands of Naira				
Notified claims (note (a) below)	1,269,570	1,043,277	1,226,511	992,175
Claims incurred but not reported (note (a) below)	845,083	580,905	828,023	570,007
Outstanding claims	2,114,653	1,624,182	2,054,534	1,562,182
Unearned premiums (note (b) below)	1,754,303	706,402	1,706,665	658,568
Life insurance contract liabilities (note (d) below)	596,202	325,208	596,202	325,208
	4,465,158	**2,655,792**	**4,357,401**	**2,545,958**
Current	1,809,366	776,484	1,811,443	758,308
Non-current	2,655,792	1,879,308	2,545,958	1,787,650
	4,465,158	**2,655,792**	**4,357,401**	**2,545,958**

The gross liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. Where a shortfall is identified, an additional provision is made and the Company recognizes the deficiency in the income statement for the year. The Company's net liability for insurance contracts was tested for adequacy by EY Nigeria, a firm of certified actuaries with FRC number FRC/2012/00000000339. The valuation report was signed by O.O Okpaise with FRC number FRC/2012/NAS/00000000738.

A total of N22.595 million representing unearned reinsurance commission reported as part of insurance contract liabilities in the 2018 year end financial statements has now been reported separately for better presentation and disclosure.

(a) Claims reported and IBNR:

31-Dec-19

The claims reported are analysed below:

In thousands of Naira	**Reported outstanding claims 31-Dec-19**	**Provision for IBNR 31-Dec-19**	**Total claims 31-Dec-19**
General			
General accidents	103,979	20,566	124,545
Fire	37,350	33,088	70,438
Marine	59,112	24,421	83,533
Motor	8,522	18,158	26,680
Oil and gas	10,974	8,027	19,001
Employers' liability	-	4,139	4,139
	219,937	108,399	328,336
Life			
Group life	1,006,574	584,624	1,591,198
Individual life	-	135,000	135,000
	1,006,574	719,624	1,726,198
Sub Total	**1,226,511**	**828,023**	**2,054,534**
Healthcare	43,059	17,060	60,119
	1,269,570	**845,083**	**2,114,653**

31-Dec-18

The claims reported are analysed below:

In thousands of Naira	**Reported outstanding claims 31-Dec-18**	**Provision for IBNR 31-Dec-18**	**Total claims 31-Dec-18**
General			
General accidents	100,899	8,487	109,386
Fire	39,542	29,760	69,303
Marine	19,088	29,880	48,968
Motor	17,298	23,874	41,172
Oil and gas	34,854	16,691	51,545
Employers' liability	55,537	2,441	57,977
	267,218	111,133	378,352
Life			
Group life	724,957	376,857	1,101,814
Individual life	-	82,017	82,017
	724,957	458,874	1,183,831
Healthcare	51,102	10,898	62,000
	1,043,277	**580,905**	**1,624,182**

General *In thousands of Naira*	**Group 31-Dec-19**	**Group 31-Dec-18**	**Company 31-Dec-19**	**Company 31-Dec-18**
Gross provision for outstanding claims	219,937	267,218	219,937	267,218
Provision for IBNR	108,399	111,133	108,399	111,133
Provision for outstanding claims - closing	328,336	378,352	328,336	378,352
Provision for outstanding claims - opening	(378,352)	(593,644)	(378,352)	(593,644)
Decrease/(increase) in provision for outstanding claims	(50,016)	(215,292)	(50,016)	(215,292)

Life *In thousands of Naira*	**Group 31-Dec-19**	**Group 31-Dec-18**	**Company 31-Dec-19**	**Company 31-Dec-18**
Gross provision for outstanding claims	1,006,574	724,957	1,006,574	724,957
Provision for IBNR	719,624	458,874	719,624	458,874
Provision for outstanding claims - closing	1,726,198	1,183,831	1,726,198	1,183,831
Provision for outstanding claims - opening	(1,183,831)	(1,201,254)	(1,183,831)	(1,201,254)
Increase in provision for outstanding claims	542,367	(17,424)	542,367	(17,424)
Healthcare				
Gross provision for outstanding claims	43,059	51,102	-	-
Provision for IBNR	17,060	10,898	-	-
Provision for outstanding claims - closing	60,119	62,000		
Provision for outstanding claims - opening	(62,000)	(21,881)	-	-
Decrease in provision for outstanding claims	(1,881)	40,119		
Decrease/(increase) in provision for outstanding claims	**490,471**	**(192,597)**	**492,352**	**(232,716)**

S/N	NUMBER OF SCHEMES	0 - 90	91 - 180	181 - 270	271 - 365	366 AND ABOVE	GRAND TOTAL
1	185	117,742					**117,742**
2	305		311,651				**311,651**
3	579			263,961			**263,961**
4	211				173,636		**173,636**
5	324					359,521	**359,521**
							1,226,511

GENERAL BUSINESS

S/N	NUMBER OF SCHEMES	0 - 90	91 - 180	181 - 270	271 - 365	366 AND ABOVE	GRAND TOTAL
1	72	40,979					**40,979**
2	45		69,545				**69,545**
3	52			14,270			**14,270**
4	68				15,186		**15,186**
5	197					79,957	**79,957**
							219,937

LIFE BUSINESS

S/N	NUMBER OF SCHEMES	0 - 90	91 - 180	181 - 270	271 - 365	366 AND ABOVE	GRAND TOTAL
1	113	76,763					**76,763**
2	260		242,105				**242,105**
3	527			249,692			**249,692**
4	143				158,450		**158,450**
5	127					279,564	**279,564**
							1,006,574

Outstanding Claims in excess of 90 days relate to claims reported that were not yet fully documented and claims that were still passing through approval process as at 31 December 2019

(b) (i) Unearned premium comprises:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
General				
Fire	68,166	124,875	68,166	124,875
General accidents	75,371	78,900	75,371	78,900
Motor	88,169	81,195	88,169	81,195
Marine	33,839	19,024	33,839	19,024
Employer's liability	1,893	1,522	1,893	1,522
Engineering	-	-	-	-
Bond	176	2,858	176	2,858
Oil and Gas	29,013	26,860	29,013	26,860
	296,626	335,235	296,626	335,235
Life				
Group life fund	1,410,039	323,333	1,410,039	323,333
Individual life fund	-	-	-	-
	1,410,039	323,333	1,410,039	323,333
Healthcare	47,638	47,834	-	-
	47,638	47,834	-	-
	1,754,303	706,402	1,706,665	658,568

(ii) Unearned premium reserve UPR during the year was as follows

In thousands of Naira	General Business	Group Life	Healthcare	Combined
Unearned Premium	288,433	1,409,401	47,638	1,745,472
Additional UPR	8,193	638	-	8,831
At 31 December	296,627	1,410,039	47,638	1,754,303

(c) The movement in unearned premim reserve UPR during the year was as follows:

2019

In thousands of Naira	General	Group Life	Health Care	Combined
At 1 January	335,235	323,333	47,834	706,402
Increase/(decrease) provision in unearned premium reserve	(38,609)	1,086,706	(196)	1,047,901
At 31 December	296,626	1,410,039	47,638	1,754,303

2018

In thousands of Naira	General	Group Life	Health Care	Combined
At 1 January	320,044	358,986	45,304	724,334
Increase/(decrease) provision in unearned premium reserve	15,191	(35,653)	2,530	(17,932)
At 31 December	335,235	323,333	47,834	706,402

(d)

Life fund	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Individual life fund	94,017	70,096	94,017	70,096
Annuity	502,184	255,111	502,184	255,111
	596,201	325,207	596,201	325,208

(d)(i) The movement in life fund during the year was as follows:

2019

In thousands of Naira	Individual Life	Group Life	Annuity	Total
At 1 January	70,096	-	255,111	325,208
Payments made to policy holders in the year	(293,852)	-	(53,293)	(347,145)
Contributions during the year	263,833	-	204,536	468,369
Increase/(decrease) provision in life fund	53,940	-	95,830	149,770
At 31 December	94,017	-	502,184	596,201

2018

In thousands of Naira	Individual Life	Group Life	Annuity	Combined
At January	223,225	-	153,932	377,157
Payments made to policy holders in the year	(391,358)	-	(27,518)	(418,876)
Contributions during the year	292,547	-	133,165	425,712
Increase/(decrease) provision in life fund	(54,318)	-	(4,467)	(58,785)
At 31 December	70,096	-	255,111	325,208

18 Investment contract liabilities

(a) At amortised cost

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Deposit administration	439,863	443,317	439,863	443,317
Guaranteed interest (note (c) below)	12,160	11,619	12,160	11,619
	452,023	454,936	452,023	454,936
Individual deposit administration	377,669	377,669	377,669	377,669
Group deposit administration	74,354	77,266	74,354	77,267
	452,023	454,935	452,023	454,936
Current	-	-		-
Non-current	452,023	454,936	452,023	454,936
	452,023	454,936	452,023	454,936

(b) The movement in investment contract liabilities during the year was as follows

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	454,936	619,394	454,936	619,394
Additions during the year	-	-	-	-
Interest capitalised	12,160	-	12,160	-
Impact of actuarial valuation	(11,620)	-	(11,620)	-
Withdrawals	(3,453)	(164,458)	(3,453)	(164,458)
At 31 December	452,023	454,936	452,023	454,936

(c) Guranteed interest on investment contracts represents interest which accrues to the account of investment contract holders. All these contracts are designated a: financial liabilities and measured at amortised cost.

(d) **Investment Contract Revenue Account**

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Impact of actuariation valuation	(11,620)	-	(11,620)	-
Interest income	43,604	89,377	43,604	89,377
Interest expense capitalised	(12,160)	-	(12,160)	-
At 31 December	19,824	89,377	19,824	89,377

19 Deferred Reinsurance commission

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	**22,595**	**-**	**22,595**	-
Additions during the year	215,024	156,236	215,024	156,236
Amortised during the year	(243,474)	(133,641)	(243,474)	(133,641)
	17,307	**22,595**	**17,307**	**22,595**

A total of N22.595 million representing unearned reinsurance commission reported as part of insurance contract liabilities in the 2018 year end financial statements has now been reported separately for better presentation and disclosure.

20 Trade payable

Trade payable comprises liabilities due to agents, brokers and re-insurance companies

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Due to reinsurers	9,781	32,855	9,781	32,855

All trade payables are deemed as current

21 Retirement benefit obligation

This represents the balance of the Company's accruals for gratuity to be paid to its employees on exit from the Company based on its gratuity scheme which was discontinued in 2010. The gratuity scheme is solely funded by the Company. No valuation was carried out on this balance as the scheme was discontinued in 2010.

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January 2019	2,406	2,406	2,406	2,406
Payment during the year	(684)	-	(684)	-
At 31 December	**1,722**	**2,406**	**1,722**	**2,406**

22 Lease liability

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January 2019	-	-	-	-
Recognised on adoption of IFRS 16	27,133	-	27,133	-
At 31 December	**27,133**	**-**	**27,133**	**-**

23 Provisions and other payables

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Unearned income	-	29,305	-	29,305
Accrued Supervisory fees	6,434	319	6,434	319
Intercompany Payable	-	-	29,499	29,499
Payable to WEMA Bank Group	4,508	4,508	4,508	4,508
Pension payables	-	262	-	-
Withholding tax payable	6,566	1,102	6,566	1,102
Other accruals	-	57,178	-	51,761
Other payables (note (a) below)	111,725	61,070	112,484	61,070
Provision for claims and litigations	73,840	41,679	72,690	36,679
Claims fund (note (b) below)	152,669	152,669	152,083	152,083
Sundry creditors	145,572	519,398	145,439	519,398
Other creditors (note (c) below)	372,899	-	372,899	-
Rent received in advance	24,658	-	24,658	-
	898,870	**867,490**	**927,260**	**885,724**
Current	-	33,812	-	33,812
Non-current	898,870	833,678	927,260	851,912
	898,870	**867,490**	**927,260**	**885,724**

(a) In cluded in the balance above is insurance supervisory levy for the period under review
(b) Claims fund represents claims recovered from co-insurers on the fire affected property of the company at 47/49 Martins Street, Lagos Island, Lagos.
(c) This represents unclaimed cheques issued on various schemes as at the year end.

24 Deferred tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets and liabilities are attributable to the following:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Assets:				
Property, plant and equipment	-	(6,033)	-	(6,033)
Deferred tax assets	-	(6,033)	-	(6,033)
Liabilities:				
Investment properties	246,062	121,480	246,062	121,480
Property, plant and equipment	11,990	781	5,100	-
Deferred tax liabilities	258,052	122,261	251,162	121,480
Net Deferred tax liabilities/(assets)	**258,052**	**116,228**	**251,162**	**115,447**

Group

The movement in temporary differences recognised during the year ended 31 December 2019 is as follows

In thousands of Naira	Balance at 1 January	Recognised in profit or loss	Recognised in OCI	At 31 December
Property, plant and equipment	(182,779)	186,960	7,809	11,990
Tax adjustment	17,837	(17,837)	-	-
Unrelieved losses	(192,922)	192,922	-	-
Provision	(1,175)	1,175	-	-
Investment properties	475,267	(229,205)	-	246,062
	116,228	134,015	7,809	258,052

Company

The movement in temporary differences recognised during the year ended 31 December 2019 is as follows

In thousands of Naira	At 1 January	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December
Property, plant and equipment	(54,820)	54,820	5,100	5,100
Unrelieved losses	(162,549)	162,549	-	-
Provision	(1,175)	1,175	-	-
Investment properties	333,991	(87,929)	-	246,062
	115,447	130,615	5,100	251,162

Group

The movement in temporary differences recognised during the year ended 31 December 2018 is as follows

In thousands of Naira	At 1 January	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December
Property, plant and equipment	(167,054)	-	(15,725)	(182,779)
Tax Adjustment	17,837	-	-	17,837
Unrelieved losses	(317,187)	124,265	-	(192,922)
Provision	-	(1,175)	-	(1,175)
Investment properties	475,400	(133)	-	475,267
	8,996	122,957	(15,725)	116,228

Company

The movement in temporary differences recognised during the year ended 31 December 2018 is as follows

In thousands of Naira	At 1 January	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December
Property, plant and equipment	(39,095)	-	(15,725)	(54,820)
Unrelieved losses	(294,691)	132,142	-	(162,549)
Provision	-	(1,175)	-	(1,175)
Investment properties	334,124	(133)	-	333,991
	338	130,834	(15,725)	115,447

Unrecognized deferred tax assets

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Group has not recognised some deferred tax assets as the reoverability assessment carried reviewed that it is probable that taxable profit may not be available in the near future against which the Group can utilise benefits therefrom.

Below is the analysis of the unrecognised deferred assets as at 31 December 2019

Gross amounts	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Net unutilised capital allowances	586,471	541,448	584,455	546,306
Unrelieved losses	1,104,474	465,657	1,079,191	440,995
	1,690,945	1,007,105	1,663,646	987,301
Deferred tax impact				
Net unutilised capital allowances	175,941	162,434	175,337	163,892
Unrelieved losses	331,342	139,697	323,757	132,299
	507,284	302,132	499,094	296,190

25 Taxation

(a) Current income tax liabilities

The movement in this account during the year was as follows:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	190,323	150,196	184,568	145,870
Payments during the year	(2,700)	(11,687)	(2,400)	(11,696)
Current year tax expense (note (b) below)	9,469	51,814	7,653	50,394
At 31 December	**197,092**	**190,323**	**189,821**	**184,568**
Current	197,092	190,323	189,821	184,568
Non current	-	-	-	-
	197,092	**190,323**	**189,821**	**184,568**

(b) Tax expense for the year comprises:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Corporate income tax charge	-	-	-	-
Tertiary Education tax	413	5,773	-	5,773
Information Technology levy	2,198	4,452	2,151	4,452
Police Trust Fund	12	-	11	-
	2,623	10,225	2,162	10,225
Minimum tax	6,846	41,589	5,491	40,169
Charge for the year	9,469	51,814	7,653	50,394
Deferred tax charge	130,631	106,442	130,631	114,229
Total	**140,100**	**158,256**	**138,284**	**164,623**

i **Effective tax reconciliation**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

Group

In thousands of Naira	31-Dec-19		31-Dec-18	
Profit before tax	(215,121)	100%	(3,530)	100%
Tax using domestic tax rate	(64,536)	30%	(1,059)	30%
Non deductible expenses	(56,986)	26%	(47,828)	1355%
Non taxable income	44,724	-21%	5,773	-164%
Current year losses for which no deferred tax asset is recognised	207,429	-96%	149,556	-4236%
Police Trust Fund	12	0%	-	0%
Tertiary Education tax	413	0%	5,773	-164%
Minimum tax	6,846	-3%	41,589	-1178%
Information technology levy	2,198	-1%	4,452	-126%
	140,100	-65%	158,256	-4483%

ii **Effective tax reconciliation**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

Company

In thousands of Naira	31-Dec-19	%	31-Dec-18	%
Profit/(loss) before tax	(210,387)		(9,895)	100%
Tax using domestic tax rate	(63,116)	30%	(2,968)	30%
Non deductible expenses	(53,879)	26%	(52,665)	532%
Non taxable income	44,724	-21%	5,773	-58%
Tax effect of current year unrecognised temporary difference	202,902	-96%	168,541	-1703%
Police trust fund tax	11	0%	-	0%
Tertiary education tax	-	0%	5,773	-58%
Minimum tax	5,491	-3%	40,169	-406%
Information technology levy	2,151	-1%	4,452	-45%
	138,284	-95%	164,623	-1694%

26 Share Capital

Share capital comprises:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
(a) Authorized:				
Ordinary shares of 50k each:				
General business 7,000,000,000 units	3,500,000	3,500,000	3,500,000	3,500,000
Life business 4,000,000,000 units	2,000,000	2,000,000	2,000,000	2,000,000
Composite business 11,000,000 units	5,500,000	5,500,000	5,500,000	5,500,000
Issued and fully paid:				
Ordinary shares of 50k each:				
General business 2,585,984,380 units	1,292,982	1,292,982	1,292,982	1,292,982
Life business 1,241,500,000 units	620,760	620,760	620,760	620,760
Composite business 3,827,484,380 units	**1,913,742**	**1,913,742**	**1,913,742**	**1,913,742**

27 Share premium

Share premium comprises additional paid-in capital in excess of the par value. This reserve is not ordinarily available for distribution.

28 Contingency reserve

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	965,952	858,103	965,952	858,103
Transfer from retained earnings /(loss)	79,454	107,849	79,454	107,849
At 31 December	**1,045,406**	**965,952**	**1,045,406**	**965,952**

In compliance with Section 21 (1) of Insurance Act CAP I17 LFN 2004, the contingency reserve for non-life insurance business is credited with the greater of 3% of total premiums or 20% of the profits (whichever is greater).This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium. While for life business, the contingency reserves is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of minimum paid up capital.

29 Retained losses

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	(953,680)	(656,287)	(900,476)	(604,979)
ECL impairment charge on adoption of IFRS 9	-	(31,364)	-	(13,132)
Loss for the year	(355,856)	(158,181)	(348,671)	(174,516)
Transfer to contigency reserve (see note 28 above)	(79,454)	(107,849)	(79,454)	(107,849)
At 31 December	**(1,388,990)**	**(953,680)**	**(1,328,600)**	**(900,476)**

30 Fair value reserve

Fair value reserve represents gain on unquoted equites

Fair value reserve comprises *In thousands of Naira*	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	187,470	-	187,470	-
Fair value gain	43,556	187,470	43,556	187,470
At 31 December	**231,026**	**187,470**	**231,026**	187,470

31 Asset revaluation reserve comprises

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
At 1 January	627,088	614,600	576,070	568,150
Revaluation gain	45,484	13,368	17,000	8,800
Tax on revaluation of property	(11,209)	(880)	(5,100)	(880)
Non-controlling interest	(4,603)	(940)	-	-
At 31 December	**656,761**	**627,088**	**587,970**	**576,070**

32 Non-controlling interest (NCI) in Subsidiary

The following summarises the information relating to the group subsidiary that has material NCI

(a)

In thousands of Naira	31-Dec-19	31-Dec-18
NCI percentage	**20.57%**	**20.57%**
	N'000	**N'000**
Total Asset	414,492	390,095
Total Liabilities	(159,446)	(160,638)
Net Assets	255,046	229,457
Carrying amount of NCI	**52,463**	**49,364**
Revenue	260,578	201,361
Profit	3,085	(17,544)
Profit allocated to NCI	**635**	**(3,605)**

Summary of Subsidiary Cashflow for the period

(b)

In thousands of Naira	31-Dec-19	31-Dec-18
Cash generated from operations	(56,205)	43,978
Cash from Investing activities	4,552	(1,400)
Cash generated from financing activities	-	-
Net increase/(decrease) in cash and cash equivalent	**(51,653)**	**42,578**
Cash and cash equivalents at beginning of year	151,343	108765
Cash and cash equivalents at end of year	99,690	151,343

33 Gross premium written

Gross premiums comprise the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period.

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
General business				
Fire	239,743	330,874	239,743	330,874
General accident	300,762	245,700	300,762	245,700
Employers' liability	3,600	10,826	3,600	10,826
Engineering	38,500	22,682	38,500	22,682
Marine	364,738	133,546	364,738	133,546
Bond	410	5,828	410	5,828
Oil and gas	103,573	122,215	103,573	122,215
Motor	279,600	294,787	279,600	294,787
	1,330,926	1,166,459	1,330,926	1,166,458
Life business				
Individual Life	263,833	292,547	263,833	292,547
Group life	3,484,222	1,696,332	3,484,222	1,696,332
Annuity	204,536	133,165	204,536	133,165
	3,952,591	2,122,043	3,952,591	2,122,044
GNI Healthcare	254,025	203,891	-	-
Group premium written	**5,537,542**	**3,492,393**	**5,283,517**	**3,288,502**

33a(i) Net insurance premium revenue

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Short-term insurance contracts:				
– Gross premium	5,537,542	3,492,393	5,283,517	3,288,502
Changes in unearned premium	(1,047,705)	86,049	(1,047,901)	88,579
Changes in life fund (see note 17d)	(149,770)	271,384	(149,770)	271,384
Premium revenue arising from insurance contracts issued	4,340,067	3,849,826	4,085,846	3,648,465
Short-term reinsurance contract:				
– Reinsurance cost	(728,018)	(459,699)	(728,018)	(459,699)
Net premium revenue ceded to reinsurers on insurance contracts issued	(728,018)	(459,699)	(728,018)	(459,699)
Net insurance premium revenue	**3,612,049**	**3,390,127**	**3,357,828**	**3,188,766**

33a(ii) Movement in reinsurance expenses during the year was as follows:

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Reinsurance expense	650,530	397,522	650,530	397,522
Changes in reinsurance expense	77,488	62,177	77,488	62,177
At 31 December	728,018	459,699	728,018	459,699

33b Cash premium received

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Gross trade receivable at 1 January	80,702	164,117	24,662	105,650
Gross premium written during the year	5,537,542	3,492,393	5,283,517	3,288,502
Gross trade receivable at 31 December	(103,210)	(80,702)	(12,880)	(24,662)
Cash premium received	5,515,034	3,575,808	5,295,299	3,369,490

34 Commission income

In thousands of Naira				
– Insurance contracts	243,474	133,641	243,474	133,641

35 Net claims and benefits expenses

Insurance claims and loss adjustment expenses

In thousands of Naira

Gross benefits & claims paid	1,746,499	2,082,902	1,574,109	1,986,150
Gross changes in outstanding claims	490,471	(192,596)	492,352	(232,715)
	2,236,970	1,890,306	2,066,461	1,753,435
Recoverable from re-insurance	(314,425)	(121,070)	(314,425)	(121,070)
Net claims and benefits expenses	1,922,545	1,769,235	1,752,036	1,632,365

(i) Gross Change in outstanding claims	**Group 31-Dec-19**	**Group 31-Dec-18**	**Company 31-Dec-19**	**Company 31-Dec-18**
Movement in outstanding claims	226,293	(135,410)	234,336	(173,432)
Movement in IBNR	264,178	(57,187)	258,016	(59,284)
	490,471	(192,597)	492,352	(232,716)
(ii) Recoverable from re-insurance				
Reinsurance recovery	(247,538)	(42,872)	(247,538)	(42,872)
Movement in reinsurance share of Outstanding claims & IBNR	(66,887)	(78,198)	(66,887)	(78,198)
As at 31 December	(314,425)	(121,070)	(314,425)	(121,070)

36 Business acquisition expenses

In thousands of Naira

General Business	246,141	264,349	246,141	264,349
Life business	338,545	182,053	338,545	182,053
Health Insurance	18,844	11,981	-	-
	603,530	458,383	584,686	446,402

37 Maintenance cost

In thousands of Naira	**Group 31-Dec-19**	**Group 31-Dec-18**	**Company 31-Dec-19**	**Company 31-Dec-18**
Costs incurred for the maintenance of general insurance contracts	203,616	95,839	203,616	95,839
Costs incurred for the maintenance of life insurance contracts	82,051	45,405	82,051	45,405
	285,667	141,244	285,667	141,244

38 Investment income

In thousands of Naira

Dividend income	39,583	21,215	39,583	21,215
Interest income	280,012	247,641	269,106	234,256
Rental income	56,409	57,015	54,459	55,065
	376,004	325,871	363,148	310,536

(a) Interest received

In thousands of Naira

Interest income on investment	280,012	247,641	269,106	234,256
Interest income on investment contracts	43,604	89,377	43,604	89,377
Interest received during the year	323,616	337,018	312,710	323,633

(b) Rent received

In thousands of Naira

Opening balance of rent receivable at 1 January	159,166	139,914	155,828	139,914
Rental income for the year	56,409	57,015	54,459	55,065
Rent received in advance	24,658	-	24,658	-
Balance of rent receivable at 31 December	(155,828)	(159,166)	(159,166)	(155,828)
Rent received during the year	84,405	37,763	75,779	39,151

39 Net fair value gains/(losses) on assets measured at fair value through profit or loss

In thousands of Naira

Net fair value gains/(losses) on FVTPL financial assets	11,101	(78,845)	11,101	(78,845)
Fair value gains/(losses) on investment properties	331,440	(1,221)	331,440	(1,221)
	342,541	(80,066)	342,541	(80,066)

40 Other operating income

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Profit on disposal of asset	700	1,738	700	1,738
Foreign exchange gains	56,863	17,377	56,863	17,377
Gain on disposal on investments	-	693	-	693
Write back of impairment on other receivables	-	12,946	-	12,946
Other income	43,100	66,808	43,100	66,808
	100,663	99,562	100,663	99,562

40(i) Profit on disposal of asset

	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Cost of asset	(11,125)	(6,050)	(11,125)	(6,050)
Accummulated depreciation	7,600	6,050	7,600	6,050
Proceeds	4,225	1,738	4,225	1,738
Profit on disposal	700	1,738	700	1,738

40(ii) Exchange gains of N56.8million represents net fair value gains of investments and bank balances held in foreign currency (USD) and (Euro) as at 31 December 2019. The CBN exchange rates for United States Dollar and European Euro to Nigerian Naira as at year end were N385/$1 and N481.4/Euro.

40(iii) Included in other income above is the sum of N20 million premium received from a policy holder for a policy which expired in previous years. Also included is the sum of N20.3 million being provision made in previous years in respect of trade payable which is no longer required based on confirmation response received as at the year end

41 Management expenses

Management expenses comprise of:

(a) Employee benefit expense

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Wages and salaries	393,187	410,166	362,235	377,750
Pension costs – defined contribution plans	59,407	41,100	57,490	39,007
Other benefits	93,664	72,337	85,488	66,928
	546,258	523,603	505,213	483,685

(b) Other operating expenses

In thousands of Naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Depreciation	75,160	71,026	65,654	62,812
Amortisation of intangible assets	48,103	34,339	48,103	34,339
Amortisation of ROU assets	10,215	-	10,215	-
Auditor's remuneration	16,750	26,500	15,000	22,500
Bank charges	15,677	7,018	15,677	7,018
Directors' fees and expenses	27,999	20,690	21,262	16,092
Repairs & maintenance expense	40,108	57,403	38,776	55,562
Travel and representation	51,534	51,566	51,534	51,566
Advertising cost	44,633	24,475	44,633	24,474
Occupancy expenses	24,542	28,993	23,342	27,793
Motor vehicle running expenses	41,813	41,515	41,813	41,515
Fees and assessment	46,795	52,825	44,870	49,918
Office supply and stationery	20,667	11,119	20,667	11,119
Communication and postages	51,138	32,803	51,138	32,803
Legal & other charges	319,064	65,362	318,014	84,156
Professional Fees	379,164	130,250	379,164	107,750
Insurance expense	233,320	168,903	239,362	164,562
Other overhead & administrative expenses	40,811	183,869	16,855	170,705
	1,487,493	1,008,656	1,446,079	964,684
Management expenses	**2,033,751**	**1,532,259**	**1,951,292**	**1,448,369**

(c) Cashflow from other operating activities

In thousands of Naira

Other operating expenses	(1,487,493)	(1,008,656)	(1,446,079)	(964,684)
Adjustment for items not involving movement of cash:				
Changes in unearned premium and life fund	1,197,475	(357,433)	1,197,671	(359,963)
Interest expense capitalised on investment contract liability	12,160	-	12,160	-
Depreciation and amortization expense	133,478	105,365	123,972	97,151
Impairment loss	64,184	60,921	64,184	83,330
Exchange gain	-	(693)	-	(693)
Sundry loss /(income)	(43,100)	(66,808)	(43,100)	(66,808)
Fair value (gains)/losses on Investment properties and financial assets	(342,541)	80,066	(342,541)	80,066
(Decrease)/increase in trade payables	(23,074)	(903)	(23,074)	6,836
Changes in insurance contract liabilities- IBNR	(264,178)	57,187	(258,016)	59,284
Changes in investment contract liabilities	(11,620)	-	(11,620)	-
(Decrease)/increase in other receivable	(243,095)	509,458	(240,421)	536,122
Changes in outstanding claims	(226,293)	(135,410)	(234,336)	(173,432)
Changes in reinsurance share of insurance liabilities- IBNR and Outstanding claims	(66,887)	(78,198)	(66,887)	(78,198)
(Decrease)/increase in other payables	31,380	331,678	41,536	308,824
	(1,269,605)	(503,425)	(1,226,552)	(472,165)

(d) Net cash on deposit Administration contracts

In thousands of Naira

Withdrawals and maturities	(3,453)	(164,458)	(3,453)	(164,458)
	(3,453)	(164,458)	(3,453)	(164,458)

42 Impairment losses

In thousands of Naira

Allowance/(write back) of impairment - Life Business	3,218	(9,982)	3,218	(32,391)
Allowance/(write back) of impairment - General Business	(67,402)	(50,939)	(67,402)	(50,939)
Net impairment losses	(64,184)	(60,921)	(64,184)	(83,330)
Impairment (charge)/ reversal on cash and cash equivalents	23,231	(1,811)	23,231	(1,811)
Impairment (charge)/ reversal on financial assets	1,335	(8,507)	1,335	(8,507)
Bad debts reversal on trade receivables	-	21,346	-	3,567
Impairment (charge)/ reversal on reinsurance asset	4,229	(27,068)	4,229	(27,068)
Write off on reinsurance recoverable	(39,828)	-	(39,828)	-
Impairment charge on investment in subsidiary	-	(22,409)	-	(22,409)
Impairment charge on other receivables	(53,153)	(22,472)	(53,153)	(27,102)
	(64,184)	**(60,921)**	**(64,184)**	**(83,330)**

43 Losses per share

Basic diluted earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

	Group 31-Dec-19	**Group 31-Dec-18**	**Company 31-Dec-19**	**Company 31-Dec-18**
Losses attributable to equity holders (N'000)	(355,221)	(161,786)	(348,671)	(174,518)
Weighted average number of ordinary shares in issue ('000)	3,827,485	3,827,485	3,827,485	3,827,485
Basic loss per share (Kobo per share)	(9.28)	(4.23)	(9.11)	(4.56)

44 Employees, including executive directors earning more than N500,000 per annum received salaries in the following range:

	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
	Number	Number	Number	Number
N500,001 - N1,000,000	4	3	2	2
N1,000,001 - N1,500,000	18	20	17	19
N1,500,001 - N2,000,000	25	31	23	27
N2,000,001 - N2,500,000	17	19	16	18
N2,500,001 - N3,000,000	5	5	4	4
N3,000,001 - N3,500,000	11	12	10	11
N3,500,001 - N4,000,000	6	6	6	6
N4,000,001 - N4,500,000	3	4	3	4
N4,500,001 - N5,000,000	2	2	1	1
N5,000,001 - N5,500,000	3	3	3	3
N5,500,001 - N6,000,000	4	4	3	3
N6,000,001 and above	15	20	14	19
	113	**129**	**102**	**117**
			-	

(a) The average number of full time employees employed by the Group during the year was as follows:

	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
	Number	Number	Number	Number
Management staff	19	20	17	19
Senior staff	72	85	66	79
Junior staff	22	24	19	19
	113	**129**	**102**	**117**

(b) **Directors' remuneration:**

i Remuneration paid to the directors of the Group (excluding pension contribution and certain benefits) was as follows:

In thousands of Naira

	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Directors fees	17,061	17,061	15,747	15,747
Salaries	52,000	52,000	52,000	52,000
	69,061	**69,061**	**67,747**	**67,747**

ii The directors' remuneration shown above (excluding pension contributions and other allowances) includes:

In thousands of Naira

	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Chairman	4,579	4,579	4,579	4,579
Highest paid director	33,000	30,000	33,000	30,000

Other directors whose duties were wholly or mainly performed in Nigeria, received emoluments (excluding pension and other benefits) in the following ranges:

	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
	Number	Number	Number	Number
N1,400,001 - N1,500,000	-	-	-	-
N1,700,001 - N1,800,000	-	-	-	-
Above N1,800,000	3	3	3	3
	3	3	3	3

45 Actuarial valuation

(a) The latest available actuarial valuation of the life business was performed as at 31 December 2019. The book value of the life funds as at that date was nil over its net actuarial liabilities. The valuation of the Company's life business funds as at 31 December 2019 was carried out by HR Nigeria Limited (consultants and actuaries). The valuation was done on the following principles:

(b) For all Endowment, Term Assurance and Mortgage Protection policies, the gross premium method of valuation was adopted. Reserves were calculated via a monthly cash flow projection approach, taking into account future office premiums, expenses and benefit payments. Future cash flows were discounted back to the valuation date at the valuation rate of interest which is 12.5%.

(c) The reserve for individual deposit administration policies has been taken as the amount standing to the credit of the policyholder at the valuation.

(d) An unearned premium reserve was included for Group Life policies. An allowance was made for Incurred But Not Reported claims to take care of delay in reporting claims.

(e) For individual life policies, the valuation age has been taken as the Age Last Birthday at the valuation date. The outstanding premium paying term has been calculated as the year of maturity minus expired duration. In all cases, an allowance has been made for premiums due between the valuation date and the next policy anniversary.

(f) The valuation of the liabilities was made on the assumption that premiums have been credited to the accounts as they fall due, according to the frequency of the particular payment.

(g) No specific adjustment has been made for immediate payment of claims.

(h) No specific adjustment has been made for expenses after premiums have ceased in the case of limited payment policies.

(i) The UK's Mortality of Assured Lives table (A6770) was used in the valuation.

46 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one party controls both. The definition includes parents, associates, joint ventures and the Group's pension schemes, as well as key management personnel.

Transactions with key management personnel

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Group. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group.

Detailed below are the transactions the Group entered into with its related parties during the year.

In thousands of Naira		**2019 31-Dec**	**2018 31-Dec**
Sales of insurance contracts by GNI Healthcare Limited:	***Relationship***		
Premium	Great Nigeria Insurance Plc	6,357	-
Premium	Key Management Personnel	4,934	14,201
Receivables (expected from the company in the normal course of business)			
GNI Healthcare Limited	Subsidiary	29,499	29,499
Payables (incurred on behalf of the company in the normal course of business)			
GNI Healthcare Limited	Subsidiary	34,221	33,000
Key management personnel compensation for the year comprises:			
Short term employee benefit		1,722	14,113

47 Contravention of circulars, guidelines and regulations

The Group paid the following penalties during the year:

Nature of Contravention	**Penalty N**	**Regulatory body**	**Status**
Payment for penalties due on SEC returns	8,475,000	SEC	Paid

48 Subsequent events

COVID-19 Pandemic

On 11 March, 2020, the world Health Organization (WHO) decleared the coronavirus (COVID-19) outbreak a pandemic and both Federal and state government have taken restriction measures to contain its further spread by introducing lockdowns, closures of borders and travel restrictions, both local and international.

The Nigerian centre for Disease Control (NCDC) has confirmed COVID-19 cases in Nigeria and this has resulted in a lockdown in certain states. The pandemic has caused a significant reduction in social interactions and disruption in economic activities, while some public facilities have been shut down in a bid to reduce the spread of the virus.

On the assessment of our lines of business, the company still records adequate premium income on our various products despite the government lockdown of the economy. There is no material impact on the variabilty of our premium generationas the company has further initiated other medium of payments such as USSD short codes and enhanced customer service networks. The process of production re-assessment and redesigning is a continous process as the impact of the pandemic unfolds.

On the part of claims, the company has recorded lesser claims notification majorly in the line of our motor insurance, while travel insurance has also reduced due to the restrictions placed on both local and foreign travels. We are aware that the mode of business operation is likely going to change with time as product redesigning and pattern of claims notification are subjected to remodeling.

As at the date these financial statement were authorised for issue, the Directors were not aware of any material adverse effects on the financial statements as a result of covid-19 outbreak.

49 Litigations and claims

There were 11 suits involving the company which were pending before the courts out of which 5 were instituted by the company and 6 were instituted against the company. The total claims against the company is N108m while the total claim by the company is N57m. The directors having sought professional legal counsel are of the opinion that no significant liability will crystallize from this litigation and therefore no provision is deemed necessary for these legal claims.

Included in the cases above is a case involving the group, a bank and a customer. GNI had issued bond (guarantee) insurance policy worth N100 million to the customer for a contract financed through a loan facility from the bank in 2009. The customer had purportedly defaulted on the loan repayment and necessitated the bank to call in the bond guarantee from GNI. Due to disagreements between the group and the bank, a case was instituted by the bank at the Lagos State High Court against GNI. The judgement was delivered on 19 December 2019 and the sum of N150 million was awarded against the Group based on the tenure of the judgement. On 20 December 2019, the Group appealed the case at the Court of Appeal, Lagos on the grounds that the main contract with the customer had been varied as the facility was expended on another product other than the product stipulated in the contract document. The management of the Group sought legal opinion on the matter and, based on the solicitor's opinion, concluded that the Group had very good chances of success at the appeal court based on the facts of the case. In view of this, no provision has been made for the

50 Going concern assessment

The Company's solvency margin as a composite business as at 31 December 2019 was ₦2.066 billion (2018: ₦2.8 billion). This is ₦2.934 billion (2018: ₦2.2 billion) less than the required minimum solvency margin of ₦5 billion for composite business based on the National Insurance Commission (NAICOM) guidelines. Also, the Group had continued to make lossses for the last two years and had accumulated deficit of ₦1.3 billion as at 31 December 2019 (2018 : ₦953 million deficit). The directors acknowledge that uncertainty remains over the timing of meeting the solvency margin and the recapitalisation of the Company.

These conditions indicate the existence of material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. The continuation of the Company's operations is dependent upon future profitability, the ability of the Company to meet its regulatory capital requirement and to generate sufficient cash flows to meet its obligations as they fall due.

However to address the negative solvency margin, the directors have devised plans to realise about N1.6 billion in cash from the sale of some of the company's investment properties. Subsequent to year end, on 24th June 2020, the Company entered into a sale agreement to dispose one of the Company's investment properties for N480million. In addition, the directors have embarked on a recapitalization plan to position the Group for profitability in the future and be able to meet up with the new minimum capital requirement of N18billion, which becomes effective from 30 September 2021.

The Directors have reasonable expectation that based on the recapitalisation plan and their continued re-evaluation of the Company's capital requirements, the Company will continue to remain in business. These financial statements have therefore been prepared on the basis of accounting policies applicable to a going concern.

51 Financial Risk Management

(a) *Introduction and Overview*

This note presents information about the Group's exposure to different types of risks; the objectives, systems, policies and processes for identifying, measuring and managing risks; and the Group's management of capital. The Group's activities exposes it to a variety of risks, and those activities principally involve creation of financial assets and liabilities. Great Nigeria Insurance recognizes the role of responsible risk management practices in achieving her strategic vision of being one of the leading insurance companies in Nigeria. In light of this, the Group has a well established risk management framework and an experienced risk team. The Group's aim is therefore to achieve an appropriate balance between risk and return, and minimise potential adverse effects on the Group's financial performances. As part of the Group's investment strategy to reduce both insurance and financial risk, the Group matches its investments' duration with the expected duration of liabilities arising from insurance and investment contracts, by reference to the type of benefits payable to contract holders.

Risk management framework

The Group's risk management philosophy is premised on the belief that aggressive and yet guarded risk attitude will ensure sustainable growth in shareholders value and corporate reputation. Effective risk management is critical to any insurance Group for achieving financial soundness and stability. In view of this, aligning risk management to the Group's organizational structure and business strategy has become integral part of our business.

To this end, the Board and Management are committed to establishing and sustaining tested practices in risk management. Specifically, the Board has established a Risk Management Committee which is responsible for developing and monitoring the Group's risk management policies and practices. Also the Management recently established the Risk Management Unit, with responsibility to ensure that risk management processes are implemented in compliance with policies approved by the Board. The Risk Management Unit reports directly to Board's Risk Management committee. The Board of Directors determines the Group's goals in terms of risk by issuing a risk policy. The policy both defines acceptable levels of risk for day-to-day operations, as well as the willingness of the Group to incur risk, weighed against the expected rewards. The Group's risk management framework and governance structure are intended to provide comprehensive controls and ongoing management of the major risks inherent in its business activities. It is also intended to create a culture of risk awareness and personal responsibility throughout the Group.

The Group's risk management architecture is carefully crafted to balance corporate oversight with well-defined risk management functions which fall into one of three categories where risk must be managed: lines of business, governance and control and corporate audit. The Board of Directors and management of the Group are committed to constantly establishing, implementing and sustaining tested practices in risk management to match those of leading international insurance companies. We are convinced that the long-term sustainability of our Group depends critically on the proper governance and effective management of our business. As such, risk management occupies a significant position of relevance and importance in the Group.

The risk policy is detailed in the Enterprise Risk Management (ERM) Framework, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and managing these risks proactively in a cost effective manner. It is a top-level integrated approach to events identification and analysis for proper assessment, monitoring and identification of business opportunities. Specific policies are also in place for managing risks in the different risk areas of credit, market, liquidity, insurance, price and operational risks. The evolving nature of risk management practices and the dynamic character of the insurance industry necessitate regular review of the effectiveness of each enterprise risk management component. In light of this, the Group's ERM Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in either or both of the following ways: via continuous self-evaluation and monitoring by the risk management and compliance functions in conjunction with internal audit; and through independent evaluation by external auditors, examiners and consultants.

The Group's management has primary responsibility for risk management and the review of the ERM Framework and to provide robust challenge based on quantitative and qualitative metrics. All amendments to the Group's ERM Framework require Board approval. The risk management division is responsible for the enforcement of the Group's risk policy by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary.

(b) *Risk Management Philosophy, Culture, Appetite and Objectives*

Risk Management Philosophy and Culture

Risk management is at the core of the operating structure of the Group. We seek to limit adverse variations in earnings and capital by managing risk exposures within our moderate risk appetite. Our risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and the prudent management of liquidity.

Risk management is integral to the Group's decision-making and management process. It is embedded in the role of all employees via the organizational culture, thus enhancing the quality of strategic, capital allocation and day-to-day business decisions.

Great Nigeria Insurance Plc considers risk management philosophy and culture as the set of shared beliefs, values, attitudes and practices that characterize how the Group considers risk in everything it does, from strategy development and implementation to its day-to-day activities. In this regard, the Group's risk management philosophy is that a moderate and guarded risk attitude ensures sustainable growth in shareholder value and reputation.

Risk Appetite
Risk appetite is an articulation and allocation of the risk capacity or quantum of risk Great Nigeria Insurance Plc is willing to accept in pursuit of its strategy, duly set and monitored by the executive committee and the Board, and integrated into our strategy, business, risk and capital plans. Risk appetite reflects the Group’s capacity to sustain potential losses arising from a range of potential outcomes under different stress scenarios.

The Group defines its risk appetite in terms of both volatility of earnings and the maintenance of minimum regulatory capital requirements under stress scenarios. Our risk appetite can be expressed in terms of how much variability of return the Group is prepared to accept in order to achieve a desired level of result. It is determined by considering the relationship between risk and return. We measure and express risk appetite qualitatively and in terms of quantitative risk metrics. The quantitative metrics include earnings at risk (or earnings volatility) and, related to this, the chance of regulatory insolvency, chance of experiencing a loss and economic capital adequacy. These comprise our Group-level risk appetite metrics. In addition, a large variety of risk limits, triggers, ratios, mandates, targets and guidelines are in place for all the financial risks (eg credit, market and asset and liability management risks).

Risk Objectives
The broad risk management objectives of the Group are:
• To identify and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost;
• To protect against unforeseen losses and ensure stability of earnings;
• To maximize earnings potential and opportunities;
• To maximize share price and stakeholder protection;
• To enhance credit ratings and depositor, analyst, investor and regulator perception; and
• To develop a risk culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost effective actions

Risk Control Process
Risk control processes are identified and discussed in the quarterly risk report and Management Risk Committee meetings. Control processes are also regularly reviewed at Business Unit level and changes agreed with the Risk Officer.

Risk Categorization
Great Nigeria Insurance PLC Limited is exposed to an array of risks through its daily business activities and operations. The Group has identified and categorized its exposure to these broad risks as listed below:
(i) Credit risk
(ii) Insurance risk
(iii) Liquidity risk
(iv) Market risk
(v) Operational risk

(c) Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s investment portfolio and the reliance on reinsurers to make payment when certain loss conditions are met. . For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure. For risk management purposes, credit risk arising on trading assets is managed independently; and information thereon is disclosed below.

The Group's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the Group’s risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent to investment grade and above.

The following policies and procedures are in place to mitigate the Group’s exposure to credit risk:
(i) The Group’s enterprise risk management policy sets out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored, exposures and breaches are reported to the Group’s risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
(ii) Net exposure limits are set for each counterparty or Group of counterparties and industry segment (i.e. limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held).
(iii) The Group further restricts its credit risk exposure by entering into master netting arrangements with counterparties with which it enters into significant volumes of transactions. However, such arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with such balances is reduced in the event of a default, when such balances are settled on a net basis. The Group's reinsurance treaty contracts involve netting arrangements.
(iv) Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties’ limits that are set each year by the management and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment.

(v) The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long–term credit ratings and worthiness.

(vi) The credit risk in respect of customer balances incurred on non–payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

The table below shows the maximum exposure to credit risk for the Group's financial assets. The maximum exposure is shown gross, before the effect of mitigation.

In thousands of naira	**Group 31-Dec-19**	**Group 31-Dec-18**	**Company 31-Dec-19**	**Company 31-Dec-18**
Financial Instruments	1,384,887	1,702,256.00	1,384,887	1,702,256
Other receivables	144,441	157,590.00	66,243	169,821
Reinsurance assets	473,363	342,340.00	473,363	342,340
Trade receivables	85,708	52,509.00	12,880	16,264
Cash and cash equivalents	2,691,370	1,717,895.00	2,591,680	1,572,473
	4,779,770	**3,972,590**	**4,529,054**	**3,803,154**

Outlined below is the Group's exposure to credit risk arising from trade receivables

In thousands of naira	**Group 31-Dec-19**	**Group 31-Dec-18**	**Company 31-Dec-19**	**Company 31-Dec-18**
Gross Amount				
Neither past due nor impaired	-	-	-	-
12- month ECL Past due but not impaired	85,708	59,356	12,880	16,087
ECL Credit Impaired	17,502	21,346	-	8,575
Total	103,210	80,702	12,880	24,662
Impairment				
Neither past due nor impaired	-	-	-	-
12- month ECL Past due but not impaired	-	-	-	-
ECL Credit Impaired	17,502	21,346	-	8,575
Total	17,502	21,346	-	8,575
Carrying Amount	**85,708**	**59,356**	**12,880**	**16,087**

Credit quality and credit rating of financial assets

The Company's financial assets measured at fair value through profit or loss are not assessed for impairment. The Company's financial assets assessed for impairment are debt securities at amortised cost, debt securities at FVOCI and trade and other receivables.

31 December 2019

GROUP *In thousands of Naira*	**Gross amount**	**ECL impairment**	**amount**
12-month ECL	4,198,012	(36,046)	4,161,966
Lifetime ECL not credit impaired	-	-	-
Lifetime ECL credit impaired	-	-	-
	4,198,012	(36,046)	4,161,966

The following table presents an analysis of the credit quality of the Group's financial assets

31 December 2019 **GROUP** *In thousands of Naira*	**Cash and cash equivalents**	**Other financial assets ***	**Debt securities at FVOCI**	**Debt securities at amortised cost**	**Trade and other receivables**
AAA to BBB-	2,702,743	835,549	-	417,699	-
BB+ to B-	-	-	-	-	-
Unrated	-	-		138,811	103,210
Gross amount	2,702,743	835,549	-	556,510	103,210
Allowances for impairment:					
– 12-month ECL	(11,373)	-	-	(7,172)	(17,502)
– Lifetime ECL not credit impaired	-	-	-	-	-
– Lifetime ECL credit impaired	-	-	-	-	-
Total allowance for impairment	(11,373)	-	-	(7,172)	(17,502)
Carrying amount	2,691,370	835,549	-	549,338	85,708

*Other financial assets include other financial assets not impaired. These are debt securities at FVTPL and equity securities.

31 December 2019 **COMPANY** *In thousands of Naira*	**Gross amount**	**ECL impairment**	**amount**
12-month ECL	4,007,992	(18,544)	3,989,448
Lifetime ECL not credit impaired	-	-	-
Lifetime ECL credit impaired	-	-	-
	4,007,992	(18,544)	3,989,448

The following table presents an analysis of the credit quality of the Company's financial assets

31 December 2019 **COMPANY** *In thousands of Naira*	**Cash and cash equivalents**	**Other financial assets ***	**Debt securities at FVOCI**	**Debt securities at amortised cost**	**Trade and other receivables**
AAA to BBB-	2,603,053	835,549	-	417,699	-
BB+ to B-	-	-	-	-	-
Unrated	-	-		138,811	12,880
Gross amount	2,603,053	835,549	-	556,510	12,880
Allowances for impairment:					
– 12-month ECL	(11,373)	-	-	(7,172)	-
– Lifetime ECL not credit impaired	-	-	-	-	-
– Lifetime ECL credit impaired	-	-	-	-	-
Total allowance for impairment	(11,373)	-	-	(7,172)	-
Carrying amount	2,591,680	835,549	-	549,338	12,880

*Other financial assets include other financial assets not impaired. These are debt securities at FVTPL and equity securities.

Credit Definitions

Impaired trade receivables

Impaired trade receivables for which the Group determines that it is probable that it will be unable to collect the contractual payments according to the contractual terms of the agreement(s).

Past due but not impaired trade receivables

Trade receivables where contractual payments are past due (outstanding for more than 30 days) but the Group believes that impairment is not appropriate on the basis that the amounts owed have been received subsequently as at the Group's reporting date.

Neither past due or impaired

Trade receivables where contractual payments are not due and that the Group believes are not impaired. They have been outstanding for less than 30 days.

Allowances for impairment

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for Groups of homogeneous assets in respect of losses that have been incurred but have not been identified on receivables subject to individual assessment for impairment.

Impairment Model

Trade receivables, which technically falls under receivables is recognized at a fair value and subsequently measured at amortized cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. The historical loss rate model has been used in estimating the impairment of its receivables.

Reinsurance:
Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance for impairment. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

Money market investments:
The Group's investment portfolio is exposed to credit risk through its fixed income and money market instruments. The Group further manages its exposure to credit risk through counterparty risk via established limits as approved by the Board. These limits are determined based on credit ratings of the counterparty amongst other factors. All fixed income investments are measured for performance on a quarterly basis and monitored by management on a monthly basis. The credit risk exposure associated with money market investments is low.

The Group's counterparty exposure as at 31 December 2019 is represented below:

Group portfolio		
Counterparty	**Investment in money market**	**%**
Commercial Banks	2,448,348,677	98%
Investment House	12,357,323	2%

The Company's counterparty exposure as at 31 December 2019 is represented below:

Company portfolio		
Counterparty	**Investment in money market**	**%**
Commercial Banks	2,351,477,677	98%
Investment House	12,357,323	2%

The Group's counterparty exposure as at 31 December 2018 is represented below:

Group portfolio		
Counterparty	**Investment in money market**	**%**
Commercial Banks	1,790,247,694	98%
Investment House	36,369,755	2%

The Company's counterparty exposure as at 31 December 2018 is represented below:

Company portfolio		
Counterparty	**Investment in money market**	**%**
Commercial Banks	1,665,797,460	98%
Investment House	36,369,755	2%

Other receivables
Other receivables balances constitute other debtors, dividend and intergroup receivables. The Group has an internal system of assessing the credit quality of other receivables through established policies and approval systems. The Group constantly monitors its exposure to these receivables via periodic performance review. The Group further manages its exposure to credit risk through deduction of transactions at source and investment in blue-chip companies quoted on Nigerian Stock Exchange. The exposure to credit risk associated with other receivables is low.

(d) Insurance risks
The major risk confronting the Group in the arrear of insurance contracts are that of actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and later development of long–term claims. Flowing from the foregoing, our main focus is to ensure that sufficient assets are available to cover these liabilities

We have taken conscious efforts to mitigate our exposure to these inherent risks by diversifying across a large portfolio of insurance contracts and geographical areas. As part of risk management strategy, resourceful and efficient underwriting strategy guidelines and procedures are deployed and implemented. Besides, we have instituted mechanisms for structuring of coinsurance arrangements with friendly insurance Companies to ensure evenness of risks.

In addition there are well defined policies guidelines for ensuring adequate ceding out of risks to reinsurers as part of our risk mitigation programme. Businesses so ceded out to Reinsurer are placed on a proportional and non–proportional basis. While Proportional reinsurance are mainly quota–share reinsurance which is taken out, on original terms basis, to mitigate our overall exposure to risk in specific categories of risk underwriting businesses, Non–proportional reinsurances are principally excess–of–loss reinsurance intended to ameliorate our net exposure to large losses. Retention limits for the excess–of–loss reinsurance vary by product line.

Both the amounts of outstanding claims and recoverable from reinsurers are projected in comportment with the outstanding claims provision and are in accordance with the terms of reinsurance contracts. Despite have put in place the Group has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract.

Non-life insurance contracts

The Group principally issues the following types of general insurance contracts: fire, motor, general accidents, marine, bond, engineering, workmen compensation and special risks. Risks under non–life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from accidents. These risks do not vary significantly in relation to the location of the risk insured by the Group, type of risk insured and by industry. The risk exposure is mitigated by diversification across a large portfolio of insurance contracts.

(i) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of awards for the damages suffered as a result of road accidents. The Group manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Group has the right not to renew individual policies, it can impose excess or deductibles and it has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Group to pursue third parties for payment of some or all costs.

The reinsurance arrangements include excess and proportional coverage. The effect of such reinsurance arrangements is that the Group should not suffer total net insurance losses in any one year.

The Group has a specialized claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Group actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

Management assesses risk concentration per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from non-life insurance.

31-Dec-19

Product	Gross sum insured	Gross Re-Insured	Net sum insured
Fire	239,743,474	162,953,538	76,789,936
General Accident	339,261,640	187,383,215	151,878,425
Marine	364,737,894	160,955,469	203,782,425
Bond	410,462	83,724,708	(83,314,246)
Oil & Gas	103,573,324	32,992,331	70,580,993
Special risk	3,600,162	-	3,600,162
Motor	279,599,904	9,673,966	269,925,938
Total	**1,330,926,860**	**637,683,227**	**693,243,633**

31-Dec-18

Product	Gross sum insured	Gross Re-Insured	Net sum insured
Fire	330,872,317	200,594,267	130,278,050
General Accident	268,383,944	103,971,170	164,412,774
Marine	133,545,875	75,003,634	58,542,241
Engineering	10,826,352	-	10,826,352
Bond	5,828,374	928,528	4,899,846
Oil & Gas	122,215,430	41,155,071	81,060,359
Motor	294,786,588	14,906,215	279,880,373
Total	**1,166,458,880**	**436,558,885**	**729,899,995**

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

Claims on non-life insurance contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract. There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value and other recoveries. The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The reserves held for these contracts comprises a provision for IBNR, a provision for reported claims not yet paid and a provision for unearned premiums at the end of the reporting period.

(iii) Process used to decide on assumptions

For non-life insurance risks, the Group uses different methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the Discounted Inflation-adjusted Basic Chain Ladder and the Expected Loss Ratio methods adjusted for assumed experience to date.

Claims data was grouped into triangles by accident year or quarter and payment year or quarter. The choice between quarters or years was based on the volume of data in each segment. The claims paid data was sub – divided into large and additional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insufficient claim data, large and additional claims were projected together as removing large claims would reduce the volume of data in the triangles and compromise the credibility.

Discounted Inflation-adjusted Basic Chain Ladder method

Historical claims paid were grouped into 6 years cohorts – representing when they were paid after their underwriting year. These cohorts are called claim development years and the patterns for 6 years was studied. The historical paid losses are projected to their ultimate values for each underwriting year by calculating the loss development factors for each development year. The ultimate claims are then derived using the loss development factors and the latest paid historical claims.

The historical paid losses are inflated using the corresponding inflation index in each of the accident years to the year of valuation and then accumulated to their ultimate values for each accident year to obtain the projected outstanding claims. These projected outstanding claims are then further multiplied by the future inflation index from the year of valuation to the future year of payment of the outstanding claims.

The resulting claims estimated is discounted to the valuation date using a discount rate of 10% to allow for a margin of prudence.

The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development patterns. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year or quarter. i.e. IBNR = Ultimate claim amount minus paid claims till date minus claims outstanding .

Assumptions underlying the Discounted Inflation-adjusted Basic Chain Ladder method

This method assumes the following:

1. The future claims follows a trend pattern from the historical data
2. Payment patterns will be broadly similar in each accident year. Thus the proportionate increases in the known cumulative payments from one development year to the next used to calculate the expected cumulative payments for the future development periods.
3. The run off period is six (6) years and hence the method assumes no more claims will be paid after this.
4. That weighted past average inflation will remain unchanged into the future

Expected Loss Ratio method

This model assumes that the average delay in the payment of claims will continue into the future. Additionally, an estimate of the average ultimate loss ratio was assumed. The estimated average loss ratio was based on claims experience at the reporting date for accident years 2010, 2011 and 2012. For 3 of the classes of business namely Engineering, Workmen compensation, Bond and Oil & gas, there was very limited data. A Discounted Inflation-adjusted Basic Chain Ladder method was therefore inappropriate. The reserve was calculated as the expected average ultimate loss ratio for the assumed average delay period multiplied by earned premium for the assumed delay period minus current experience to the reporting date relating to the accident months that the delay affects.

Unearned premium provision was calculated using a time – apportionment basis. The same approach was taken for deferred acquisition cost as for the calculation of the UPR balance.

Sensitivity analysis

Sensitivity analysis is performed for possible movements in key assumptions with all other assumptions held constant, showing the impact the Company's insurance liabilities. The correlation of assumptions will have a significant effect in determining the ultimate liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions.

Non-Life Valuation Report as at 31st December, 2019
Sensitivity Analysis

Class of Business	Base	5% Development Ratio	-5% Development Ratio	1% Inflation Rate	-1% Inflation Rate	1% Discount Rate	-1% Discount Rate
Accident	124,545,460	137,279,503	111,811,417	125,975,023	123,130,766	123,597,231	125,518,923
Fire	70,438,006	81,110,479	59,684,139	71,035,141	69,845,964	69,823,631	71,067,086
Marine	83,037,632	95,447,140	72,356,434	83,434,792	82,642,824	82,785,617	83,294,849
Motor	26,680,282	32,705,172	20,573,562	26,899,907	26,462,252	26,468,545	26,896,833
Bond	495,359	563,520	427,198	495,359	495,359	495,359	495,359
Employers Liability*	4,138,580	4,294,636	3,982,523	4,138,580	4,138,580	4,138,580	4,138,580
Oil & Gas*	19,001,340	24,102,062	13,900,618	19,001,340	19,001,340	19,001,340	19,001,340
Total	**328,336,659**	**375,502,513**	**282,735,893**	**330,980,142**	**325,717,084**	**326,310,303**	**330,412,970**
Account outstanding	**219,937,013**	**219,937,013**	**219,937,013**	**219,937,013**	**219,937,013**	**219,937,013**	**219,937,013**
IBNR	108,399,646	**155,565,500**	**62,798,880**	**111,043,129**	**105,780,071**	**106,373,290**	**110,475,957**
Percentage change		**14.37%**	**-13.89%**	**0.81%**	**-0.80%**	**-0.62%**	**0.63%**

Non-Life Valuation Report as at 31st December, 2018
Sensitivity Analysis

Discounted IABCL

Class of Business	Base	5% Development Ratio	-5% Development Ratio	1% Inflation Rate	-1% Inflation Rate	1% Discount Rate	-1% Discount Rate
General Accident	164,422,701	171,928,180	149,865,086	167,411,236	161,496,672	161,782,621	167,158,657
Employers Liability	2,940,687	3,115,753	2,865,693	2,940,687	2,940,687	2,940,687	2,940,687
Fire	69,302,541	75,324,949	63,949,230	69,906,713	68,701,839	68,812,917	69,802,201
Marine	48,968,492	52,600,419	45,666,810	49,495,486	48,443,341	48,660,700	49,281,682
Motor	41,171,964	50,960,899	31,490,609	41,602,479	40,743,071	40,925,660	41,422,770
Oil & Gas	51,545,287	58,833,701	44,066,600	51,545,287	51,545,287	51,545,287	51,545,287
Total	378,351,672	412,763,902	337,904,029	382,901,889	373,870,897	374,667,873	382,151,283
Account outstanding	**267,218,265**	**267,218,265**	**267,218,265**	**267,218,265**	**267,218,265**	**267,218,265**	**267,218,265**
IBNR	111,133,407	145,545,637	70,685,764	115,683,624	106,652,632	107,449,608	114,933,018
Percentage change		**9.10%**	**-10.69%**	**1.20%**	**-1.18%**	**-0.97%**	**1.00%**

Insurance Risk
The claims development history of the Group at the reporting date was as follows:

General Accident

	Incremental Chain ladder-Yearly (₦'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	12,511	40,454	14,701	1,088	5,632	101	-	-	-	-	-
2008	28,108	29,264	2,049	7,273	1,148	1,689	1,447	5,082	-	-	-
2009	22,972	30,864	1,181	1,584	1,188	166	10,721	7,000	-	-	-
2010	4,311	21,959	2,980	1,729	9,615	14,376	3,040	-	-	1,924	-
2011	10,307	26,572	15,359	8,191	3,410	9,285	750	485	566	-	-
2012	13,724	62,406	29,327	24,413	2,717	768	340	-	-	-	-
2013	20,837	35,752	12,359	11,076	5,239	2,665	755	-	-	-	-
2014	22,204	46,696	14,346	7,624	323	8,416	-	-	-	-	-
2015	19,499	57,840	18,361	6,647	5,794	-	-	-	-	-	-
2016	25,822	15,540	5,886	826	-	-	-	-	-	-	-
2017	22,640	16,075	9,331	-	-	-	-	-	-	-	-
2018	12,286	6,241	-	-	-	-	-	-	-	-	-
2019	19,861	-	-	-	-	-	-	-	-	-	-

Fire

	Incremental Chain ladder-Yearly (₦'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	2,107	5,870	1,410	415	209	-	-	-	-	-	-
2008	1,048	3,426	676	1,638	-	-	-	-	-	-	-
2009	4,753	2,772	513	173	397	-	-	-	-	-	1,727
2010	8,765	10,842	337	163	-	-	-	-	-	-	-
2011	1,480	31,108	999	75	2	-	-	11	-	-	-
2012	13,040	35,136	7,355	2,454	1,776	1,367	-	2,888	-	-	-
2013	13,206	32,910	8,944	5,203	626	114	166	-	-	-	-
2014	15,561	24,678	15,257	2,530	6,204	373	-	-	-	-	-
2015	22,299	28,772	3,821	107	1,778	-	-	-	-	-	-
2016	31,230	24,949	6,672	642	-	-	-	-	-	-	-
2017	10,723	38,590	9,599	-	-	-	-	-	-	-	-
2018	15,173	22,821	-	-	-	-	-	-	-	-	-
2019	33,592	-	-	-	-	-	-	-	-	-	-

Motor

	Incremental Chain ladder-Yearly (₦'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	10,141	12,177	1,737	1,025	-	-	-	-	-	-	-
2008	28,883	19,518	8,321	358	2,259	-	-	-	-	-	-
2009	33,218	44,956	13,902	2,864	551	-	-	-	-	-	-
2010	38,600	28,009	1,581	1,905	-	-	-	2,216	-	-	-
2011	68,011	33,678	646	-	1,121	-	-	6	200	-	-
2012	51,657	22,791	162	1,063	-	-	-	-	-	-	-
2013	52,046	32,981	1,167	1,086	425	2,942	-	-	-	-	-
2014	47,395	45,226	782	-	-	-	-	-	-	-	-
2015	48,168	17,689	1,503	42	126	-	-	-	-	-	-
2016	31,121	31,493	4,171	-	-	-	-	-	-	-	-
2017	43,258	16,607	144	-	-	-	-	-	-	-	-
2018	34,596	14,402	-	-	-	-	-	-	-	-	-
2019	37,828	-	-	-	-	-	-	-	-	-	-

Marine

	Incremental Chain ladder-Yearly (₦'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	9	839	-	-	-	-	-	-	-	-	-
2008	4,957	-	-	-	-	-	-	-	-	-	-
2009	-	3,898	7,406	322	-	-	-	-	-	-	-
2010	1,488	3,377	184	-	-	-	-	-	-	-	-
2011	3,012	4,916	4,702	703	182	-	-	-	-	-	-
2012	4,343	13,435	182	661	-	-	-	-	-	-	-
2013	868	15,007	4,973	9	-	-	-	-	-	-	-
2014	6,531	2,798	14,025	127	-	-	-	-	-	-	-
2015	11,157	869	2,481	30	61	-	-	-	-	-	-
2016	11,927	1,107	3,972	8,105	-	-	-	-	-	-	-
2017	12,933	3,379	1,591	-	-	-	-	-	-	-	-
2018	13,872	16,809	-	-	-	-	-	-	-	-	-
2019	7,231	-	-	-	-	-	-	-	-	-	-

Cumulative Claims Development Pattern:

General Accident

	Cumulative Chain Ladder - Yearly (₦'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	49,193	187,393	231,487	234,407	248,105	248,324	248,324	248,324	248,324	248,324	248,324
2008	96,024	183,797	189,294	206,984	209,478	212,875	215,561	224,170	224,170	224,170	224,170
2009	68,901	151,702	154,575	158,015	160,403	160,711	178,872	188,880	188,880	188,880	190,607
2010	11,566	64,976	71,447	74,924	92,775	117,129	121,476	121,476	121,476	123,400	
2011	25,069	82,774	113,657	128,865	134,642	147,917	148,847	149,387	149,953		
2012	29,804	155,289	209,739	251,096	254,980	255,932	256,311	256,311			
2013	41,899	108,278	129,214	145,052	151,544	154,512	155,267				
2014	41,226	120,330	140,842	150,290	150,650	159,066					
2015	33,033	115,732	138,487	145,890	151,684						
2016	36,920	56,179	62,735	63,560							
2017	28,058	45,961	55,292								
2018	13,683	19,924									
2019	19,861										

Fire

	Cumulative Chain Ladder - Yearly (₦'000)										
Accident year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
2007	8,283	28,337	32,566	33,679	34,187	34,187	34,187	34,187	34,187	34,187	34,187
2008	3,580	13,857	15,670	19,653	19,653	19,653	19,653	19,653	19,653	19,653	19,653
2009	14,256	21,694	22,943	23,318	24,116	24,116	24,116	24,116	24,116	24,116	24,116
2010	23,513	49,883	50,615	50,943	50,943	50,943	50,943	50,943	50,943	50,943	
2011	3,600	71,155	73,163	73,302	73,305	73,305	73,305	73,318	73,318		
2012	28,318	98,969	112,624	116,780	119,319	121,013	121,013	123,902			
2013	26,553	87,657	102,808	110,247	111,023	111,150	111,316				
2014	28,892	70,697	92,512	95,648	102,558	102,931					
2015	37,775	78,913	83,648	83,767	85,545						
2016	44,653	75,573	83,003	83,644							
2017	13,290	56,268	65,867								
2018	16,898	39,719									
2019	33,592										

Motor

	Cumulative Chain Ladder - Yearly (N'000)										
Accident year	1	2	3	4	5	6	7	8	9	10	11
2007	39,875	81,475	86,686	89,437	89,437	89,437	89,437	89,437	89,437	89,437	89,437
2008	98,670	157,212	179,534	180,404	185,309	185,309	185,309	185,309	185,309	185,309	185,309
2009	99,630	220,236	254,050	260,270	261,378	261,378	261,378	261,378	261,378	261,378	261,378
2010	103,553	171,678	175,112	178,942	178,942	178,942	178,942	181,688	181,688	181,688	
2011	165,418	238,556	239,855	239,855	241,754	241,754	241,754	241,760	241,960		
2012	112,180	158,008	158,308	160,109	160,109	160,109	160,109	160,109			
2013	104,653	165,888	167,865	169,417	169,944	173,221	173,221				
2014	87,997	164,612	165,731	165,731	165,731	165,731					
2015	81,598	106,890	108,752	108,799	108,925						
2016	44,497	83,526	88,172	88,172							
2017	53,611	72,107	72,251								
2018	38,530	52,931									
2019	37,828										

Marine

	Cumulative Chain Ladder - Yearly (N'000)										
Accident year	1	2	3	4	5	6	7	8	9	10	11
2007	35	2,902	2,902	2,902	2,902	2,902	2,902	2,902	2,902	2,902	2,902
2008	16,933	16,933	16,933	16,933	16,933	16,933	16,933	16,933	16,933	16,933	16,933
2009	-	10,458	28,471	29,171	29,171	29,171	29,171	29,171	29,171	29,171	29,171
2010	3,993	12,207	12,607	12,607	12,607	12,607	12,607	12,607	12,607	12,607	
2011	7,326	18,001	27,455	28,760	29,068	29,068	29,068	29,068	29,068		
2012	9,431	36,446	36,783	37,903	37,903	37,903	37,903	37,903			
2013	1,746	29,609	38,034	38,046	38,046	38,046	38,046				
2014	12,126	16,867	36,920	37,078	37,078	37,078					
2015	18,901	20,144	23,218	23,251	23,312						
2016	17,053	18,424	22,848	30,953							
2017	16,028	19,791	21,383								
2018	15,449	32,258									
2019	7,231										

Life insurance contracts

Individual life insurance contracts offered by the Group include: whole life, term assurance, group life, credit life products, endowment assurances and immediate life annuity pensions.

Whole life and term assurance are conventional regular premium products where a lump sum benefit, either fixed or decreasing, is payable on death or permanent disability. Contracts with a deposit premium option acquire surrender values.

Immediate Life Annuity business offer regular income for life, guaranteed to be payable for a minimum period , in exchange for a lump sum or premium at retirement. The Group is exposed longevity and the re-investment risks. An asset-liability matching exercise is performed regularly to ensure that appropriate assets are held that match liabilities by nature, term, currency and cash-flow.
Other annuity products are similar to our endowment products in nature and don't carry any longevity risks.

To the extent that maturity values or investment returns are guaranteed, there is a risk that actual returns are lower than those expected/guaranteed.

Credit life products are variants of both the whole life and term assurance products for products sold through the banks. The death benefit cover is normally a decreasing term assurance policy linked to the outstanding debt with the bank at death.

Funeral products, the Family Benefit Plan and the Family Comfort Plan, offer a whole of life level benefit to cover funeral expenses for the insured members. The contract ceases on the first death. The Group's Life business provided death in service cover for employees and few contracts have also included cover for funeral.

There is a risk that expense will overrun as downward pressure on rates increases and the demand for better service increases. Also, brokers hold on to premiums for some time before remitting it to the insurers introducing default risk. There is also a risk that reinsurers will default on legitimate claims.

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Group wide reinsurance limits of N5m on any single life insured and N140m on all high risk individuals insured are in place.

The Group has the right to review its mortality and morbidity rates should experience worsen but may be undermined by increased competition.
The insurance risks described above can be exacerbated by the selective withdrawal or decision to pay reduced premiums by healthy lives assureds. As a result, the amount of insurance risk is also subject to contract holder behaviour.

For annuity contracts, the most significant factor is continued improvement in medical science and social conditions that would increase longevity and the risk that actual interest rate differs from that guaranteed.

The following tables show the concentration of life insurance by type of contract.

		31-Dec-19	
Types of Life Insurance contracts	**Gross Life insurance and investment contract liabilities**	**Life Insurance and Investment contract liabilities ceded to Reinsurance**	**Life Insurance and Investment contract Liabilities (Net)**
	N	**N**	**N**
Mortgage Protection	1,771,508	-	1,771,508
Endowments	74,203,459	-	74,203,459
Guaranteed annuity products	502,184,430	-	502,184,430
Deposit based products	395,710,891	-	395,710,891
Total life insurance liabilities	**973,870,288**	**-**	**973,870,288**

		31-Dec-18	
Types of Life Insurance contracts	**Gross Life insurance and investment contract liabilities**	**Life Insurance and Investment contract liabilities ceded to Reinsurance**	**Life Insurance and Investment contract Liabilities (Net)**
	N	**N**	**N**
Whole life			-
Term assurance	1,102,626,000	-	1,102,626,000
Endowments	852,303,000	(50,599,000)	801,704,000
Guaranteed annuity products	255,111,398		255,111,398
Deposit based products	77,266,848		77,266,848
Total life insurance liabilities	2,287,307,246	(50,599,000)	2,236,708,246

Sensitivity Analysis

Sensitivity analysis is performed for possible movements in key assumptions with all other assumptions held constant, showing the impact on the Group's insurance liabilities. The correlation of assumptions will have a significant effect in determining the ultimate liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions.

Key Assumptions

Material judgment is required in determining the liabilities and, in particular, in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable reserves are set aside to meet liabilities

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

Mortality and morbidity rates

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Group's experience.

An increase in rates will lead to a larger number of expected claims (and claims could occur sooner than anticipated), which will increase the reserve and reduce reported profits for the shareholders.

Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Group's experience.

An appropriate, but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type

An increase in longevity rates will lead to an increase in the expected number of annuity payments to be made, which will increase the reserve and reduce reported profits for the shareholders.

Investment return

The weighted average rate of return is derived based on a model portfolio that is assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments. An increase in investment return would lead to a reduction in reserves and an increase in reported profits for the shareholders.

Expenses

Operating expense assumption reflects the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expected expenditure thereby reducing reported profits for the shareholders.

Lapses and surrender rates

Lapses relate to the termination of risk policies or investment policies that have not acquired a value due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Group’s experience and vary by product type.

An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders to the unrecouped initial expenses.

Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on the long term risk free rate plus an adjustment for risk.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders with the exception of a perfectly matched annuity portfolio where both assets and liabilities will increase by the same magnitude.

Sensitivity of Liabilities to changes in long term valuation assumptions

31-Dec-19

N'000	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense inflation +2%	Expense inflation -2%	Mortality +5%	Mortality -5%
Individual Risk Reserves	596,202	561,767	632,812	605,270	585,188	622,147	592,343	598,849	591,621
Investment Linked Products	377,669	377,669	377,669	377,669	377,669	377,669	377,669	377,669	377,669
Group Life - UPR	1,409,401	1,409,401	1,409,401	1,409,401	1,409,401	1,409,401	1,409,401	1,409,401	1,409,401
Group Life - AURR	638	638	638	638	638	638	638	638	638
Group Life - IBNR	584,624	584,624	584,624	584,624	584,624	584,624	584,624	584,624	584,624
Group DA	74,354	74,354	74,354	74,354	74,354	74,354	74,354	74,354	74,354
Outsanding Claims	1,006,574	1,006,574	1,006,574	1,006,574	1,006,574	1,006,574	1,006,574	1,006,574	1,006,574
Additional reserves	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000	135,000
Reinsurance	(212,921)	(212,921)	(212,921)	(212,921)	(212,921)	(212,921)	(212,921)	(212,921)	(212,921)
Net liability	**3,971,540**	**3,937,105**	**4,008,150**	**3,980,608**	**3,960,526**	**3,997,485**	**3,967,681**	**3,974,187**	**3,966,959**
% change in Net Liability		**-0.87%**	**0.92%**	**0.23%**	**-0.28%**	**0.65%**	**-0.10%**	**0.07%**	**-0.12%**

Summary	**Base**	**Interest rate**	**Interest rate -**	**Expenses +10%**	**Expenses -10%**	**Expense**	**Expense**	**Mortality +5%**	**Mortality -5%**
Individual	1,108,870	1,074,436	1,145,481	1,117,938	1,097,857	1,134,816	1,105,012	1,111,517	1,104,290
Group	2,862,669	2,862,669	2,862,669	2,862,669	2,862,669	2,862,669	2,862,669	2,862,669	2,862,669
Net liability	**3,971,540**	**3,937,105**	**4,008,150**	**3,980,608**	**3,960,526**	**3,997,485**	**3,967,681**	**3,974,187**	**3,966,959**
% change in liability		**-0.87%**	**0.92%**	**0.23%**	**-0.28%**	**0.65%**	**-0.10%**	**0.07%**	**-0.12%**

---Sensitivities not applied to reinsurance for individual business due to immateriality
---The Mortality sensitivity tests have been applied in the opposite direction for the annuity business. For example Mortality +5% has ben tested as a 5% lightening of annuitant mortality
---All sensitivities were carried out independently

31-Dec-18

Sensitivity of Liabilities to changes in long term valuation assumptions

N'000	Base	VIR +1%	VIR -1%	Expenses +10%	Expenses -10%	Expense inflation +2%	Expense inflation -2%	Mortality +5%	Mortality -5%
Individual Risk Reserves	325,208	309,224	342,871	332,707	317,255	332,473	319,188	326,732	323,728
Investment Linked Products	377,669	377,669	377,669	377,669	377,669	377,669	377,669	377,669	377,669
Group Life - UPR	295,098	295,098	295,098	295,098	295,098	295,098	295,098	295,098	295,098
Group Life - AURR	28,235	28,235	28,235	28,235	28,235	28,235	28,235	28,235	28,235
Group Life - IBNR	376,857	376,857	376,857	376,857	376,857	376,857	376,857	376,857	376,857
Group DA	77,267	77,267	77,267	77,267	77,267	77,267	77,267	77,267	77,267
Additional reserves	82,017	82,017	82,017	82,017	82,017	82,017	82,017	82,017	82,017
Reinsurance	(50,599)	(50,599)	(50,599)	(50,599)	(50,599)	(50,599)	(50,599)	(50,599)	(50,599)
Net liability	**1,511,750**	**1,495,767**	**1,529,414**	**1,519,250**	**1,503,798**	**1,519,016**	**1,505,731**	**1,513,275**	**1,510,271**
% change in Net Liability		**-1.06%**	**1.17%**	**0.50%**	**-0.53%**	**0.48%**	**-0.40%**	**0.10%**	**-0.10%**
Summary	**Base**	**Interest rate +1%**	**Interest rate -1%**	**Expenses +10%**	**Expenses -10%**	**Expense Inflation +2%**	**Expense Inflation -2%**	**Mortality +5%**	**Mortality -5%**
Individual	784,893	768,910	802,557	792,393	776,941	792,159	778,873	786,418	783,414
Group	726,857	726,857	726,857	726,857	726,857	726,857	726,857	726,857	726,857
Net liability	**1,511,750**	**1,495,767**	**1,529,414**	**1,519,250**	**1,503,798**	**1,519,016**	**1,505,731**	**1,513,275**	**1,510,271**
% change in liability		**-1.1%**	**1.2%**	**0.5%**	**-0.5%**	**0.5%**	**-0.4%**	**0.1%**	**-0.1%**

All stresses were applied independently
Stresses not applied to individual reinsurance asset due to immateriality

(e) Liquidity risks

Liquidity risk is the risk of loss due to insufficient liquid assets to meet cash flow requirements or to fulfil its financial obligation once claims crystallize. In respect of catastrophe events there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The Group mitigates this risk by monitoring cash activities and expected outflows. The Group has no material commitments for capital expenditures and there is no need for such expenditures in the normal course of business. Claims payments are funded by current operating cash flow including investment income. The Group has no tolerance for liquidity risk and is committed to meeting all liabilities as they fall due.

The Group' s cash and short term investments make up about 55% of its investment portfolio. This highlights liquid marketable securities sufficient to meet its liabilities as at when due. Short term investments include treasury bills and term deposits with an original maturity of less than one year.

The following policies and procedures are in place to mitigate the Group’s exposure to liquidity risk:

- The liquidity risk policy sets out the assessment and determination of what constitutes liquidity risk for the Group. Compliance with the policy is monitored, exposures and breaches are reported to the Group’s risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.
- Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

The Group maintains a portfolio of highly marketable assets that can be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs to assist users in understanding how assets and liabilities have been matched.

The following table summarizes the maturity profile of the non–derivative financial assets and financial liabilities of the Group based on remaining undiscounted contractual obligations.

For insurance contracts liabilities and reinsurance assets, maturity profiles are determined based on estimated timing of net cash outflows from the recognised insurance liabilities. Unearned premiums and the reinsurers’ share of unearned premiums have been excluded from the analysis as they are not contractual obligations.

Repayments which are subject to notice are treated as if notice were to be given immediately.

Reinsurance assets have been presented on the same basis as insurance liabilities. The gross nominal inflow/(outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

Residual contractual maturities of financial assets and liabilities

The table below shows the undiscounted cash flows on the Group’s financial assets and liabilities and on the basis of their earliest possible contractual maturity. The Gross nominal inflow/ (outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

Group

31-Dec-19

In thousands of Naira	Carrying amount	Contractual cashflow	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years
Non- derivative financial assets							
Cash and cash equivalents	2,691,370	2,691,370	2,691,370	-	-	-	-
Trade receivables	85,708	85,708	85,708	-	-	-	-
Reinsurance assets	473,363	473,363	-	473,363	-	-	-
Other receivables and prepayment	144,441	144,441	72,221	72,221	-	-	-
Statutory Deposit	500,000	500,000	-	-	-	-	500,000
Total assets	**3,894,883**	**3,894,883**	**2,849,299**	**545,584**	**-**	**-**	**500,000**
Non- derivative financial liabilities							
Insurance contract liabilities	4,465,158	4,465,158	1,706,665	1,226,511	107,757	596,202	828,023
Investment contract liabilities	452,023	452,023	452,023	-	-	-	-
Trade payable	9,781	9,781	9,781	-	-	-	-
Other payable	898,870	898,870	898,870	-	-	-	-
Total liabilities	**5,825,832**	**5,825,832**	**3,067,339**	**1,226,511**	**107,757**	**596,202**	**828,023**
Gap (assets - liabilities)	(1,930,949)	(1,930,949)	(218,040)	(680,927)	(107,757)	(596,202)	(328,023)
Cumulative liquidity gap			(218,040)	(898,967)	(1,006,724)	(1,602,926)	(1,930,950)

Company

31-Dec-19

In thousands of Naira	Carrying amount	Contractual cashflow	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years
Non- derivative financial assets							
Cash and cash equivalents	2,591,680	2,591,680	2,591,680	-	-	-	-
Trade receivables	12,880	12,880	12,880	-	-	-	-
Reinsurance assets	473,363	473,363	-	131,693	128,749	212,921	-
Other receivables and prepayment	66,243	66,243	-	66,243	-	-	-
Statutory Deposit	500,000	500,000	-	-	-	-	500,000
Total assets	**3,644,167**	**3,644,167**	**2,604,560**	**197,936**	**128,749**	**212,921**	**500,000**
Non- derivative financial liabilities							
Insurance contract liabilities	4,357,401	4,357,401	479,314	653,610	784,332	871,480	1,568,665
Investment contract liabilities	452,023	452,023	-	452,023	-	-	-
Trade payable	9,781	9,781	9,781	-	-	-	-
Other payable	927,260	927,260	179,641	-	222,637	524,982	-
Total liabilities	**5,746,465**	**5,746,465**	**668,736**	**1,105,633**	**1,006,969**	**1,396,462**	**1,568,665**
Gap (assets - liabilities)	(2,102,298)	(2,102,298)	1,935,824	(907,698)	(878,220)	(1,183,541)	(1,068,665)
Cumulative liquidity gap			1,935,824	1,028,126	149,906	(1,033,635)	(2,102,300)

Group
31-Dec-18

In thousands of Naira	**Carrying amount**	**Contractual cashflow**	**0 - 3 months**	**3 - 6 months**	**6 - 12 months**	**1 - 5 years**	**Over 5 years**
Non- derivative financial assets							
Cash and cash equivalents	1,728,426	1,728,426	1,728,426	-	-	-	-
Trade receivables	59,356	59,356	59,356	-	-	-	-
Reinsurance assets	490,148	490,148	-	490,148			
Statutory deposit	500,000	500,000	-	-	-	-	500,000
Other receivables	267,704	267,704	-	267,704	-	-	-
Total assets	**3,045,634**	**3,045,634**	**1,787,782**	**757,851**	**-**	**-**	**500,000**
Non- derivative financial liabilities							
Insurance contract liabilities	2,678,387	2,678,387	-	-	2,678,387	-	-
Investment contract liabilities	454,936	454,936	-	454,936	-	-	-
Trade payable	32,855	32,855	-	32,855	-	-	-
Other payable	867,490	867,490	-	-	-	867,490	-
Total liabilities	**4,033,668**	**4,033,668**	**-**	**487,791**	**2,678,387**	**867,490**	**-**
Gap (assets - liabilities)	**(988,034)**	**(988,034)**	**1,787,782**	**270,061**	**(2,678,387)**	**(867,490)**	**500,000**
Cumulative liquidity gap			1,787,782	2,057,843	(620,544)	(1,488,034)	(988,034)

Company
2018-12-31

In thousands of Naira	Carrying amount	Contractual cashflow	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	Over 5 years
Non- derivative financial assets							
Cash and cash equivalents	1,577,084	1,577,084	1,577,084	-	-	-	-
Trade receivables	16,087	16,087	16,087	-	-	-	-
Reinsurance assets	490,148	490,148	-	-	490,148	-	-
Other receivables	291,003	291,003	291,003	-	-	-	-
Statutory deposit	500,000	500,000	-	-	-	-	500,000
Total assets	**2,874,322**	**2,874,322**	**1,884,175**	**-**	**490,148**	**-**	**500,000**
Non- derivative financial liabilities							
Insurance contract liabilities	2,568,553	2,568,553	282,541	385,283	462,340	513,711	924,678
Investment contract liabilities	454,936	454,936	-	454,936	-	-	-
Trade payables	32,855	32,855	32,855	-	-	-	-
Other payables	885,724	885,724	-	885,724	-	-	-
Total liabilities	3,942,068	3,942,068	315,396	1,725,942	462,340	513,711	924,678
Gap (assets - liabilities)	**(1,067,746)**	**(1,067,746)**	**1,568,778**	**(1,725,942)**	**27,808**	**(513,711)**	**(424,678)**
Cumulative liquidity gap			1,568,778	(157,164)	(129,356)	(643,067)	(1,067,746)

(f) Market risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (foreign currency risk), market interest rates (interest rate risk) and market prices (price risk).

The Group’s enterprise risk management policy sets out the assessment and determination of what constitutes market risk . Compliance with the policy is monitored and exposures and breaches are reported to the Group Risk Committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholder's liabilities and that assets are held to deliver income and gains for policyholders which are in line with expectations of the policyholders.

(g) Foreign currency risk

Foreign Exchange risk is the exposure of the Group’s financial condition to adverse movements in exchange rates. The Group is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency.

The Group’s principal transactions are carried out in Naira and its exposure to foreign exchange risk arise primarily with respect to transactions done in other foreign currencies: UK pound sterling, Euro and US dollar.

The Group’s financial assets are primarily denominated in the same currencies as its insurance contract liabilities. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance contract liabilities are expected to be settled.

The Board of Directors defines its risk tolerance levels and expectations for foreign exchange risk management and ensures that the risk is maintained at prudent levels. Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum. The Group's exposure to foreign exchange risk is low.

The carrying amounts of the Group’s foreign currency denominated assets and liabilities are as follows:

Group

31-Dec-19

	US Dollar N’000	UK Pound Sterling N’000	Euro N’000	Total N’000
Cash and cash equivalents	457,236	-	430,716	887,952
Investment property	418,818	-	-	418,818

Company

31-Dec-19

	US Dollar N’000	UK Pound Sterling N’000	Euro N’000	Total N’000
Cash and cash equivalents	457,236	-	430,716	887,952
Investment property	418,818	-	-	418,818

Group

31-Dec-18

	US Dollar N’000	UK Pound Sterling N’000	Euro N’000	Total N’000
Cash and cash equivalents	49,065	-	9,435	58,500
Investment property	340,492	-	-	340,492

Company

31-Dec-18

	US Dollar N’000	UK Pound Sterling N’000	Euro N’000	Total N’000
Cash and cash equivalents	49,065	-	9,435	58,500
Investment property	340,492	-	-	340,492

Foreign currency sensitivity analysis

The following table details the Group’s sensitivity to a 10% increase and decrease in foreign currency rates against the Naira. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. For each sensitivity scenario, the impact of change in a single factor is shown, with other assumptions or variables

The following tables show the effect on the profit as at 31st December 2018 from N155/$ closing rate and as at 31st December 2019 from N385/$ closing rate respectively.

Group
31-Dec-19

	US Dollars N'000	Euro N'000	Pound Sterling N'000	Total N'000
10% increase	87,605	-	43,072	130,677
10% decrease	(87,605)	-	(43,072)	(130,677)
Impact of increase on:				
Pre-tax Profit	87,605	-	43,072	130,677
Shareholders' Equity	61,324	-	30,150	91,474
Impact of decrease on:				
Pre-tax Profit	(87,605)	-	(43,072)	(130,677)
Shareholders' Equity	(61,324)	-	(30,150)	(91,474)

Company
31-Dec-19

	US Dollars N'000	Euro N'000	Pound Sterling N'000	Total N'000
10% increase	87,605	-	43,072	130,677
10% decrease	(87,605)	-	(43,072)	(130,677)
Impact of increase on:				
Pre-tax Profit	87,605	-	43,072	130,677
Shareholders' Equity	61,324	-	30,150	91,474
Impact of decrease on:				
Pre-tax Profit	(87,605)	-	(43,072)	(130,677)
Shareholders' Equity	(61,324)	-	(30,150)	(91,474)

Group
31-Dec-18

	US Dollars N'000	Euro N'000	Pound Sterling N'000	Total N'000
10% increase	38,956	-	944	39,899
10% decrease	(38,956)	-	(944)	(39,899)
Impact of increase on:				
Pre-tax Profit	38,956	-	944	39,899
Shareholders' Equity	27,269	-	660	27,929
Impact of decrease on:				
Pre-tax Profit	(38,956)	-	(944)	(39,899)
Shareholders' Equity	(27,269)	-	(660)	(27,929)

Company
31-Dec-18

	US Dollars N'000	Euro N'000	Pound Sterling N'000	Total N'000
10% increase	38,956	-	944	39,899
10% decrease	(38,956)	-	(944)	(39,899)
Impact of increase on:				
Pre-tax Profit	38,956	-	-	38,956
Shareholders' Equity	27,269	-	-	27,269
Impact of decrease on:				
Pre-tax Profit	(38,956)	-	-	(38,956)
Shareholders' Equity	(27,269)	-	-	(27,269)

(h) Interest rate risks

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

Exposure to this risk primarily results from timing differences in the repricing of assets and liabilities as they mature (fixed rate instruments) or contractually repriced (floating rate instruments).

The Group monitors this exposure through periodic reviews of the assets and liability position. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio and insurance provisions are modelled and reviewed. The overall objective of these strategies is to limit the net change in value of assets and liabilities arising from interest rate movements

While it is more difficult to measure the interest sensitivity of insurance liabilities than that of the related assets, to the extent that such sensitivities are measurable then the interest rate movements will generate asset value changes that substantially offset changes in the value of the liabilities relating to the underlying products. The Group is also exposed to the risk of changes in future cash flows from fixed income securities arising from the changes in interest rates.

Sensitivity analysis on financial assets

As part of the Group's investment strategy, in order to reduce both insurance and financial risk, the Group matches its investments to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets whose fair values are recorded in the income statement) and equity (that reflects adjustments to profit before tax and changes in fair value of financial assets whose fair values are recorded in the statement of changes in equity).

The correlation of variables will have a significant effect in determining the ultimate fair value and/or amortised cost of financial assets, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear. 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

In thousands of naira	Group 31-Dec-19	Group 31-Dec-18	Company 31-Dec-19	Company 31-Dec-18
Financial instruments				
Cash and cash equivalents	2,691,370	1,728,427	2,591,680	1,577,085
Financial assets:				
Amortised cost	549,338	430,302	549,338	430,302
	3,240,709	2,158,729	3,141,019	2,007,387

Price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), 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 Group is exposed to equity price risks arising from equity investments primarily from investments not held for unit-linked business. The shares included in financial assets represent investments in listed securities that present the Company with opportunity for return through dividend income and capital appreciation.

(i) Operational Risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks and the adequacy of controls and procedures to address the risks
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

Compliance with the Group's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

52 Capital Management Policies, Objectives and Approach

The Group has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

Great Nigeria Insurance's operations are also subject to regulatory requirements within the jurisdictions in which it operates. The minimum paid up capital requirement as specified by National Insurance Commission (NAICOM) for life insurance business in Nigeria is N2 billion, N3 billion for Non-life insurance business, N5 billion for composite insurance business and N10 billion for Reinsurance business and insurers are also mandated to maintain 10% of this paid up capital with the Central Bank as Statutory Deposit. In addition, quarterly and annual returns must be submitted to NAICOM on a regular basis. The National Health Insurance Scheme (NHIS) has set a minimum capital of N200 million for regional Health Maintenance Organizations (HMOs).

The regulations prescribed by NAICOM not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., solvency margin) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseen liabilities as these arise.

In reporting the Great Nigeria Insurance's solvency status, solvency margin are computed using the rules prescribed by the National Insurance Commission (NAICOM). The margin of solvency, according to NAICOM is defined as total admissible assets less total liabilities. This shall not be less than either 15% of net premium or the minimum paid up share capital whichever is higher. Great Nigeria Insurance's capital management policy for its business is to hold sufficient capital to cover the statutory requirements based on the NAICOM regulations, including any additional amounts required by the regulators.

Approach to capital management

The Group seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders.

Great Nigeria Insurance's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular basis and taking appropriate actions to influence the capital position of the Group in the light of changes in economic conditions and risk characteristics. An important aspect of the Group's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Group is focused on the creation of value for shareholders.
The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The Group has developed a framework to identify the risks and quantify their impact on the economic capital. The framework estimates how much capital is required to reduce the risk of insolvency to a remote degree of probability. The framework has also been considered in assessing the capital requirement.

The Group's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory and to best utilize capital allocations.

The Insurance Act 2003 (Section 24) prescribed that an insurer shall in respect of its business other than life insurance business, maintain a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria.

The solvency margin, which is determined as the excess of admissible assets over total liabilities shall not be less than 15% of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid up capital, whichever is greater.

The Company's solvency margin position is as follows:

		31-Dec-19	31-Dec-18
Admissible Assets		**N'000**	**N'000**
Financial assets:			
Cash and cash equivalents		1,658,188	1,577,085
Financial assets (quoted and unquoted stock)		1,384,887	1,212,209
Trade receivables		12,880	16,087
Reinsurance assets		473,363	490,148
Deferred acquisition cost		187,797	73,012
Other receivables and prepayments		31,552	25,685
Investment in subsidiaries		289,257	182,404
Land and building and Investment properties		3,287,469	2,645,621
Intangible assets		69,843	68,780
Statutory deposit		500,000	500,000
Other property and equipment		153,698	138,297
Total Admissible Assets	A	**8,048,934**	**6,929,328**

LESS ADMISSIBLE LIABILITIES			
Trade payables		9,781	32,855
Gratuity payable		1,722	2,406
Deferred reinsurance commission		17,307	22,595
Provision and other payables		927,260	885,724
Insurance contract liabilities		4,357,401	2,545,958
Investment contract liabilities		452,023	454,936
Lease Liability		27,133	-
Current Income Tax Liabilities		189,821	184,568
Total Admissible Liabilities	B	**5,982,448**	**4,129,042**
Solvency Margin (A-B)		**2,066,486**	**2,800,286**
Higher of:			
Gross Premium Income		4,085,846	3,648,464
Less: Reinsurance premium		(728,018)	(459,699)
Net Premium		**3,357,828**	**3,188,765**
15% of Net Premium		**503,674**	**478,315**
Minimum Paid-up Capital		**5,000,000**	**5,000,000**
The higher thereof:			
Solvency margin below minimum paid up capital		**(2,933,514)**	**(2,199,714)**

53 Valuation basis

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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. Fair values are determined at prices quoted in active markets. In our environment, such price information is typically not available for all instruments and the company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions could generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. The Group has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

The Group's accounting policy and basis of fair value measurements are disclosed under notes 3

Fair value measurements recognised in the statement of financial position.

The table below analyses financial instruments measured at fair value at the end of the year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Group

31-Dec-19

In thousands of Naira	*Notes*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Equity securities - Assets at FVTPL	6	435,121	-	-	435,121
Total financial assets measured at fair value		**435,121**	**-**	**-**	**435,121**

Group

31-Dec-18

In thousands of Naira	*Notes*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Equity securities - Assets at FVTPL	6	425,036	-	-	425,036
Total financial assets measured at fair value		**425,036**	**-**	**-**	**425,036**

Company

31-Dec-19

In thousands of Naira	*Notes*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Equity securities - Assets at FVTPL	6	435,121	-	-	435,121
Total financial assets measured at fair value		**435,121**	**-**	**-**	**435,121**

31-Dec-18

In thousands of Naira	*Notes*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets					
Equity securities - Assets at FVTPL	6	425,036	-	-	425,036
Total financial assets measured at fair value		**425,036**	**-**	**-**	**425,036**

There are no financial instruments measured in level 3 of the fair value hierarchy, hence no reconciliation of level 3 fair value hierarchy has been presented

Financial instruments not measured at fair value

No fair value disclosures are provided for cash and cash equivalents, loans and receivables, trade receivables, other receivables, bank borrowings, trade payables, provision and other payables and finance lease obligations that are measured at cost because their carrying amount reasonably approximate their fair value.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and current balances with banks. The carrying amounts of current balances with banks is a reasonable approximation of fair value which is the amount receivable on demand.

Trade receivables and Other receivables

The carrying amounts of trade receivables and other receivables are reasonable approximation of their fair values which are receivable on

Bank borrowings, Trade payables, Provision and other payables and Finance lease obligations

The carrying amounts of bank borrowings, trade payables, provision and other payables and finance lease obligations are reasonable approximation of their fair values which are repayable on demand.

54 Financial assets and liabilities

Accounting classification measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities.

Group

31-Dec-19 *In thousands of Naira*	Notes	**Fair value through P/L**	**Amortised Cost**	**Fair value through OCI**	**Other financial liabilities at amortised cost**	**Total carrying amount**	**Fair value**
Financial assets							
Cash and cash equivalents	5		2,691,370	-	-	2,691,370	2,691,370
Financial assets	6	435,121	549,338	400,428	-	1,384,887	1,384,887
Trade receivables	7	-	85,708	-	-	85,708	85,708
Reinsurance assets	8	-	74,303	-	-	74,303	74,303
Other receivables excluding prepayments	11	-	356,813	-	-	356,813	356,813
		435,121	3,757,533	400,428	-	4,593,082	4,593,082
Financial liabilities							
Insurance contract liabilities	17	-	-	-	4,465,158	4,465,158	4,465,158
Investment contract liabilities	18	-	-	-	452,023	452,023	452,023
Trade payable	19	-	-	-	9,781	9,781	9,781
Provision and other payables	21	-	-	-	898,870	898,870	898,870
		-	-	-	5,825,832	5,825,832	5,825,832

The carrying amount of these financial assets and liabilities are reasonable approximation of their fair values.

Group

31-Dec-18 *In thousands of Naira*	Notes	**Fair value through P/L**	**Amortised Cost - Debt Instrument**	**Fair value through OCI**	**Other financial liabilities at amortised cost**	**Total carrying amount**	**Fair value**
Financial assets							
Cash and cash equivalents	5		1,577,085	-	-	1,577,085	1,577,085
Financial assets	6	425,036	430,302	356,871	-	1,212,209	1,642,511
Trade receivables	7	-	59,356	-	-	59,356	59,356
Reinsurance assets	8	-	76,908	-	-	76,908	76,908
Other receivables excluding prepayments	11	-	495,919	-	-	495,919	495,919
		425,036	2,639,570	356,871	-	3,421,477	3,851,779
Financial liabilities							
Insurance contract liabilities	17	-	-	-	2,678,387	2,678,387	2,678,387
Investment contract liabilities	18	-	-	-	454,936	454,936	454,936
Trade payable	19	-	-	-	32,855	32,855	32,855
Provision and other payables	21	-	-	-	867,490	867,490	867,490
Deposit for shares	22	-	-	-	-	-	-
		-	-	-	4,033,668	4,033,668	4,033,668

The carrying amount of these financial assets and liabilities are reasonable approximation of their fair values.

Company

31-Dec-19 *In thousands of Naira*	Notes	**Fair value through P/L**	**Amortized cost**	**Fair value through OCI**	**Other financial liabilities at amortised cost**	**Total carrying amount**	**Fair value**
Financial assets							
Cash and cash equivalents	5	-	2,591,680	-	-	2,591,680	2,591,680
Financial assets	6	435,121	549,338	400,428		1,384,887	1,384,887
Trade receivables	7	-	12,880	-	-	12,880	12,880
Reinsurance assets	8	-	473,363	-	-	473,363	473,363
Other receivables excluding prepayments	11	-	391,034	-	-	391,034	391,034
		435,121	4,018,296	400,428	-	4,853,845	4,853,845
Financial liabilities							
Insurance contract liabilities	17	-	-	-	4,357,401	4,357,401	4,357,401
Investment contract liabilities	18	-	-	-	452,023	452,023	452,023
Trade payable	19	-	-	-	9,781	9,781	9,781
Provision and other payables	21	-	-	-	927,260	927,260	927,260
		-	-	-	5,746,465	5,746,465	5,746,465

The carrying amount of these financial assets and liabilities are reasonable approximation of their fair values.

Company

Dec-18 In thousands of Naira	Notes	**Fair value through P/L**	**Amortised Cost - Debt Instrument**	**Fair value through OCI**	**Other financial liabilities at amortised cost**	**Total carrying amount**	**Fair value**
Financial assets							
Cash and cash equivalents	5	-	1,577,084	-	-	1,577,084	1,577,084
Financial assets	6	425,036	430,302	356,871	-	1,212,209	1,212,209
Trade receivables	7	-	16,087	-	-	16,087	16,087
Reinsurance assets	8	-	490,148	-	-	490,148	490,148
Finance lease receivable	10	-	-	-	-	-	-
Other receivables excluding prepayments	11	-	529,043	-	-	529,043	529,043
		425,036	3,042,664	356,871	-	3,824,572	3,824,572
Financial liabilities							
Insurance contract liabilities	17	-	-	-	2,568,553	2,568,553	2,568,553
Investment contract liabilities	18	-	-	-	454,936	454,936	454,936
Trade payable	19	-	-	-	32,855	32,855	32,855
Provision and other payables	21	-	-	-	885,724	885,724	885,724
		-	-	-	3,942,068	3,942,068	3,942,068

The carrying amount of these financial assets and liabilities are reasonable approximation of their fair values.

55 Segment information

Segment information is presented in respect of the Company's business segments which represents the primary segment reporting format and is based on the Company's management and reporting structure.

No geographical segment information has been provided in these financial statements as there is only one geographical segment.

Business segments charge and earn interest among themselves on a transfer pricing arrangement to reflect the of assets and liabilities.

Business Segments

The Company operates the following main business segments:

Non-life (General) Business - Includes general insurance transactions with individual and corporate customers

Life Business - Includes life insurance policies with individual and corporate customers.

Asset Management - Includes portfolio management services

The segment information provided by the Management Underwriting Investment Committee for the reporting segments for the year ended 31 December 2019

	Non-life		**Life**		**GNI Healthcare**		**Asset Management**	**Group**		**Company**	
In thousands of Naira	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Gross premium earned	1,369,536	1,196,801	2,704,150	2,451,663	260,578	201,361	-	4,327,907	3,849,825	4,073,686	3,648,464
Insurance premium ceded to re-insurer	(637,683)	(436,559)	(90,334)	(23,140)	-	-	-	(728,018)	(459,699)	(728,018)	(459,699)
Net insurance premium revenue	731,853	760,242	2,613,816	2,428,523	260,578	201,361	-	3,599,889	3,390,126	3,345,668	3,188,765
Fee income	141,170	105,644	79,143	27,997	-	-	-	220,312	133,641	220,312	133,754
Investment income	143,204	128,745	219,944	374,590	12,856	15,335	-	376,004	518,670	363,148	503,335
Other operating income	367,643	34,659	98,723	64,866	-	-	-	466,366	99,562	466,366	99,562
Net income	1,383,870	1,029,290	3,011,625	2,895,976	273,434	216,696	-	4,662,572	4,141,999	4,395,495	3,925,416
Profit on investment contract	-	-	46,822	3,981	-	-	-	46,822	3,981	46,822	3,981
Insurance benefits and claims	265,267	27,444	1,635,722	1,735,693	170,509	136,871	-	2,071,498	1,900,008	1,900,990	1,761,137
Insurance claims recovered from re-insure	(119,501)	(113,348)	(29,453)	(17,424)	-	-	-	(148,953)	(130,772)	(148,953)	(130,772)
Net insurance benefits and claims	145,767	(85,904)	1,606,270	1,718,269	170,509	136,871	-	1,922,545	1,769,236	1,752,036	1,630,365
Expenses on the acquisition and maintenance of insurance contracts	449,757	360,187	420,596	227,458	18,844	11,981	-	889,197	789,898	870,353	587,645
Other expenses	1,162,480	968,452	767,842	466,124	79,181	75,753	8,882	2,018,385	1,510,329	1,930,322	1,434,576
Reportable segment profit/(loss)	(374,134)	(213,445)	263,739	484,125	4,901	(7,909)	(8,882)	(114,375)	72,536	(157,216)	272,830
Reportable segment profit/ (loss)	(374,134)	(213,408)	263,739	488,106	4,901	(7,909)	(8,882)	(114,375)	72,536	(157,216)	272,830
Profit before tax	(374,134)	(213,408)	263,739	488,106	4,901	(7,909)	(8,882)	(114,375)	72,536	(157,216)	274,698
Depreciation and amortisation	(44,741)	(53,942)	(46,273)	(43,210)	(8,754)	(8,214)	-	(99,769)	(105,366)	(91,014)	(97,152)
Income tax expenses	(131,290)	(132,765)	(6,994)	(32,737)	(1,816)	(1,420)	-	(140,100)	(166,922)	(138,284)	(165,502)
Total assets	5,278,679	5,015,743	9,241,581	8,097,870	414,492	390,095	97,972	11,850,223	10,249,259	11,802,797	10,103,943
Total liabilities	3,747,810	2,963,966	5,212,244	4,296,226	159,446	160,511	106,854	6,222,412	4,348,658	6,242,591	4,250,522
Net assets	1,530,869	2,051,777	4,029,337	3,801,644	255,046	229,584	8,882	5,627,811	5,900,601	5,560,206	5,853,421

56 ASSET AND LIABILITY MANAGEMENT (COMPANY)
HYPOTHECATION OF ASSETS AS AT 31 DECEMBER 2019
In thousands of Naira

	Non Life			Life					
	Shareholder's fund	**Policy holder's Fund**	**Others**	**Shareholder's fund**	**Policy holder's Fund**	**Annuity Fund**	**Deposit Administration**	**Others**	**TOTAL**
TOTAL	**3,097,713**	**1,028,942**	**1,143,046**	**2,253,396**	**2,964,880**	**502,184**	**452,023**	**351,634**	**11,793,817**
INVESTMENTS:									
Fixed Assets:									
Real Estate	693,414	-		-	-	-	-	-	**693,414**
Office Equipment's	-	-		-	-	-	-	-	**-**
Computer Equipment	13,363	-		935	-	-	-	-	**14,298**
Generator set	3,070	-		8	-	-	-	-	**3,078**
Furniture and Equipment	6,990	-		8,481	-	-	-	-	**15,470**
Motor Vehicles	77,917	-		32,178	-	-	-	-	**110,095**
Fixture and Fittings	7,800	-		2,955	-	-	-	-	**10,755**
Others (see (a) below)	341,116		242,336	724,624	-473,363	146,079	210,530		**1,191,322**
Other Investments :									
Mortgage Loans		-	-	-	-	-	-	-	**-**
Statutory Deposit	300,000	-	-	200,000	-	-	-	-	**500,000**
Government Bonds	-	6,901	-	-	-	-	-	-	**6,901**
Corporate bonds and debentures	-	104,414	-	-	157,396	148,470	-	(69.00)	**410,210**
Loans and advances	-	-	-	78,077	-	-	-	54,150	**132,227**
Unquoted Securities	47,935		-	114,548	-	-	-	237,945	**400,428**
Quoted Securities	-	200,308	-	-	234,813	-	-	-	**435,121**
Bank Placements	-	515,320		-	1,821,344	207,636	47,381.00	-	**2,591,681**
Investment Properties	1,606,108	202,000	900,710	1,091,590	1,224,690		194,112	59,608	**5,278,818**
TOTAL	**3,097,712**	**1,028,942**	**1,143,046**	**2,253,396**	**2,964,880**	**502,184**	**452,023**	**351,634**	**11,793,817**

LIABILITIES									
Investment contract Liability		624,963		**590,117**	**2,640,137**	**502,185**			**4,357,401**
Insurance contract Liability							**452,023**		**452,023**
Deferred reinsurance cost	17,307								**17,307**
Trade payables	4,387			5,394					**9,781**
Retirement benefit obligation	1,722								**1,722**
Lease liability	27,133								**27,133**
Provisions and other payables	263,863			663,397					**927,260**
Deferred tax liabilities	245,442			5,720					**251,162**
Current income tax liabilities	49,642			140,179					**189,821**
	609,497	**624,963**	**-**	**1,404,806**	**2,640,137**	**502,185**	**452,023**	**-**	**6,233,610**
TOTAL	**2,488,216**	**403,979**	**1,143,046**	**848,589**	**324,744**	**-**	**-**	**351,634**	**5,560,207**

(a) Give details

Others	GEN. BUSINESS	LIFE
Intangible assets	35,401	34,442
Deferred Acquisition Expenses	45,273	142,524
Reinsurance Assets/ Tax liab	260,442	212,921
Premium Debtors	9,531	3,350
Right of Use (ROU)	91,937	-
Investment in subsidiary	99,770	189,488
Other Receivables and Prepaym	41,098	25,145
	583,452	**607,870**

ASSET AND LIABILITY MANAGEMENT (COMPANY)
HYPOTHECATION OF ASSETS AS AT 31 DECEMBER 2018
In thousands of Naira

	Non Life			**Life**					
	Shareholder's fund	**Policy holder's Fund**	**Others**	**Shareholder's fund**	**Policy holder's Fund**	**Annuity**	**Deposit Administration**	**Others**	**TOTAL**
TOTAL	**2,383,203**	**1,871,656**	**402,183**	**1,411,844**	**1,577,260**	**255,111**	**454,936**	**947,835**	**10,103,943**
INVESTMENTS:									
Fixed Assets:									
Real Estate	685,393	-		-	-	-	-	-	685,393
Computer Equipment	9,828	-		1,325	-	-	-	-	11,153
Generator set	4,437	-		16	-	-	-	-	4,453
Furniture and Equipment	10,390	-		9,884	-	-	-	-	20,275
Motor Vehicles	72,411	-		21,000	-	-	-	-	93,411
Fixture and Fittings	7,267	-		1,737	-	-	-	-	9,004
Others (see (a) below)	287,778	-	402,183	190,707	-	24,289	224,536	-	1,127,491
Other Investments :									
Statutory Deposit	300,000	-	-	200,000	-	-	-	-	500,000
Government Bonds	-	6,549	-	-	40,848	-	-	-	47,397
Corporate bonds and debentures	-	104,947	-	-	33,394	63,778	60,232	-	262,351
Loans and advances	-	-	-	61,884	-	-	10,004	48,643	120,531
Unquoted Securities	35,679	-	-	38,141	78,863	-	-	204,188	356,871
Quoted Securities	-	234,329	-	-	125,707	65,000	-	-	425,036
Bank Placements	-	553,062	-	-	921,978	102,045	-	-	1,577,085
Investment Properties	1,330,723	972,769	-	887,149	1,330,467	182,220	160,164	-	4,863,492
TOTAL	**2,741,905**	**1,871,656**	**402,183**	**1,411,844**	**2,531,257**	**437,331**	**454,936**	**252,831**	**10,103,943**

(a) Give details

Others	**GEN. BUSINESS**	**LIFE**
Intangible assets	-	68,781
Deferred taxation	6,033	-
Deferred Acquisition Expenses	39,750	33,264
Reinsurance Assets/ Tax liab	439,548	50,599
Premium Debtors	159	15,929
Investment in subsidiary	-	182,404
Other Receivables and Prepayments	202,492	88,532
Total	**687,982**	**439,509**

Other National Disclosures

Value Added Statement
for the year ended 31 December 2019

	Group 31-Dec-19 ₦'000	%	Group 31-Dec-18 ₦'000	%	Company 31-Dec-19 ₦'000	%	Company 31-Dec-18 ₦'000	%
Gross premium (Local)	5,537,542		3,492,393		5,283,517		3,288,502	
Bought in materials and services								
- Local	(5,010,535)		(2,759,105)		(4,800,971)		(2,609,711)	
Value added	527,007	100	733,288	100	482,546	100	678,791	100
Distribution of value added								
To government								
Taxation	133,254	25	158,256	22	132,793	28	164,623	24
To employees								
Employee cost	546,258	104	523,603	71	505,213	105	483,684	71
Retained in the business								
Depreciation	75,160	14	71,026	10	65,654	14	62,812	9
Amortisation	48,103	9	34,339	5	48,103	10	34,339	5
To contingency reserve	79,454	15	107,849	15	79,454	16	107,849	16
To retained losses	(355,221)	-67	(161,786)	-22	(348,671)	(72)	(174,516)	(26)
Value added	527,007	100	733,288	100	482,546	100	678,791	100

Five-Year financial summary

In thousands of Naira

	Group		Company				
	2019	2018	2019	2018	2017	2016	2015
Statement of financial position							
Assets							
Cash and cash equivalents	2,691,370	1,728,427	2,591,680	1,577,085	1,656,765	1,572,473	2,655,803
Financial assets	1,384,887	1,212,209	1,384,887	1,212,209	1,119,717	1,702,256	1,135,760
Trade receivable	85,708	59,356	12,880	16,087	105,650	16,264	23,746
Reinsurance assets	473,363	490,148	473,363	490,148	478,023	342,340	437,554
Deferred acquisition cost	194,780	73,012	187,797	73,012	77,805	52,762	108,104
Finance lease receivable	-	-	-	-	-	-	21,192
Other receivables and prepayment	144,441	267,704	66,243	291,003	294,652	169,821	166,450
Investment in subsidiary	-	-	289,257	182,404	204,813	183,556	187,527
Investment property	5,278,818	4,863,492	5,278,818	4,863,492	4,791,817	4,565,408	4,522,983
Right of Use (ROU) Assets	91,937	-	91,937	-	-	-	-
Intangible assets	74,243	68,780	69,843	68,780	-	2,144	61,053
Property, plant and equipment	1,030,801	980,098	847,111	823,690	787,405	756,180	782,902
Statutory deposit	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Deferred tax asset	-	6,033	-	6,033	6,033	6,033	6,033
Total assets	11,950,348	10,249,259	11,793,817	10,103,943	10,022,681	9,869,237	10,609,107
Insurance contract liabilities	4,465,158	2,678,387	4,357,401	2,568,553	2,851,085	2,379,460	2,813,013
Investment contract liabilities	452,023	454,936	452,023	454,936	619,394	789,499	726,262
Deferred Reinsurance Cost	17,307	22,595	17,307	22,595			
Trade Payables	9,781	10,260	9,781	10,260	33,758	41,992	30,297
Gratuity payable	1,722	2,406	1,722	2,406	2,406	2,406	3,097
Provisions and other payables	898,870	867,490	927,260	885,724	518,115	579,368	464,563
Lease Liability	27,133	-	27,133	-	-	-	-
Short term Borrowings	-	-	-	-	-	519,893	
Deferred tax liabilities	258,052	122,261	251,162	121,480	6,371	4,840	2,782
Current income tax liabilities	197,092	190,323	189,821	184,568	145,870	126,501	187,253
Total liabilities	6,327,138	4,348,658	6,233,611	4,250,522	4,176,999	4,443,959	4,227,267
Net assets	5,623,210	5,900,601	5,560,206	5,853,421	5,845,682	5,425,278	6,381,840
Financed by:							
Issued and paid up capital	1,913,742	1,913,742	1,913,742	1,913,742	1,913,742	1,913,742	1,913,742
Share premium	3,110,664	3,110,664	3,110,664	3,110,664	3,110,664	3,110,664	3,110,664
Contingency reserve	1,045,406	965,952	1,045,406	965,952	858,105	796,149	750,537
Retained earnings	(1,386,852)	(953,680)	(1,328,602)	(900,477)	(604,979)	(949,649)	(428,950)
Fair value reserve	231,026	187,470	231,026	187,470			
Assets revaluation reserve	656,761	627,089	587,970	576,070	568,150	554,372	535,847
NCI	52,463	49,364	-	-	-	-	-
Shareholders' fund	5,623,210	5,900,601	5,560,206	5,853,421	5,845,682	5,425,278	5,881,840
Statement of comprehensive income							
Gross premium written	5,537,542	3,492,393	5,283,517	3,288,502	2,876,620	2,124,553	3,077,846
Investment & other income	476,667	425,433	463,811	410,098	581,816	452,243	381,368
Profit/(loss) before taxation	(215,121)	(3,530)	(210,387)	(9,895)	450,494	(444,589)	283,467
Taxation	(133,254)	(116,667)	(132,793)	(124,454)	(43,870)	(30,498)	254,960
Profit/(loss) after taxation	(355,221)	(161,786)	(348,671)	(174,518)	406,624	(475,087)	538,427
Earnings per share-basic	(9.28)	(4.23)	(9.11)	(4.56)	10.62	(12.41)	14.07
Earnings per share-diluted	(9.28)	(4.23)	(9.11)	(4.56)	10.62	(12.41)	14.07