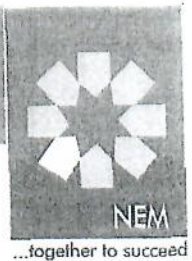


NEM Insurance Plc.



NEM INSURANCE PLC

FINANCIAL FORECAST FOR THE PERIOD ENDING

31ST DECEMBER, 2021

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@nem-insurance.com

Dr. Fidelis Ayeboe (Chairman), Tope Smart (Group Managing), Yakasai Ahmed (Independent), Yinka Aletor (Non-Executive), Ede Dafinone (Non-Executive), Abisola Giwa-Osagie (Deputy Managing), Stella Omorara (Executive)


•NIGERIA •GHANA


National Insurance Commission RIC No- 028(G)

NEM INSURANCE PLC
STATEMENT OF FINANCIAL POSITION FORECAST -
31ST DECEMBER, 2021

ASSETS	NOTES	N'000
Cash and Cash equivalents	3	7,840,668
Financial Assets		
Fair value through profit or loss	4	5,677,416
Fair value through other comprehensive Income	4	91,076
Amortised cost	4	7,669,391
Trade receivables	5	919,994
Reinsurance Assets	6	5,673,158
Deferred Acquisition costs	7	1,826,848
Other receivables and prepayments	8	514,721
Investment in Associates	9	162,741
Investment in Subsidiary	10	100,000
Investment Property	11	2,883,611
Statutory Deposit	12	320,000
Intangible Asset	13	10
Property Plant and equipment	14	3,789,769
DeferredTax Asset	20	285,025
Total Assets		37,754,428
LIABILITIES		
Insurance contract liability	15	12,179,925
Trade Payables	16	754,488
Other payables	17	1,493,049
Retirement benefit obligations	18	78,960
Income tax liability	19	776,145
Deferred tax Liabilit	20a	105,000
		15,387,567
Share capital	21	5,016,477
Statutory contingency reserves	23	6,543,381
Retain earnings	24	9,110,711
FVOCI reserves	25	(44,196)
Asset revaluation reserve	26	1,669,341
Total equity		22,295,714
Other reserve - Employees' benefit	27	71,147
Total equity		22,366,861
Total Equity and Liabilities		37,754,428

The financial forecast was approved on 3rd September, 2021 and signed :


 Mr. Tope Smart (GMD/CEO)
 FRC/2013/CIIN/00000001331


 Mr. Idowu Semowo (CFO)
 FRC/2013/ICAN/00000001466

NEM INSURANCE PLC**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****FORECAST FOR THE PERIOD ENDING 31ST DECEMBER, 2021**

INCOME	NOTES	N'000
Gross Written Premium	30	25,500,000
Increase in unearned premium	32.1	<u>(2,016,938)</u>
Premium income		23,483,062
Reinsurance expenses	33	<u>(5,669,860)</u>
Net Premium income		17,813,202
Fees and commission received	34	<u>1,499,875</u>
Net underwriting income		19,313,077
Claims expenses	35	(6,322,952)
Underwriting expenses	36	<u>(6,058,650)</u>
Underwriting income		6,931,475
Investment income	37	1,050,000
Fair value gain		24,000
Profit/loss on disposal of PPE		5,000
Share of profit in Associate		-
Other income		<u>47,825</u>
Total Income		8,058,300
Management expenses		(3,497,602)
Impairment provision- ECL-Fixed deposit		<u>(2,104)</u>
Profit before taxation		4,558,594
Income taxes		<u>(455,859)</u>
Profit After taxation		4,102,735
Other comprehensive income		-
Retained Profit for the period		4,102,735
Retained Profit brought forward		6,981,489

NEM INSURANCE PLC
REVENUE ACCOUNT FORECAST FOR THE PERIOD ENDING 31ST DECEMBER, 2021

	MOTOR	MARINE	FIRE	GENERAL ACCIDENT	OIL & GASS	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000
INCOME						
Direct Business Premium	7,578,000	2,020,800	6,820,200	4,799,400	4,041,600	25,260,000
Reinsurance Inward	72,000	19,200	64,800	45,600	38,400	240,000
Gross Premium	7,650,000	2,040,000	6,885,000	4,845,000	4,080,000	25,500,000
Reinsurance Outward	1,700,958	453,589	1,530,862	1,077,273	907,178	5,669,860
Premium Written	5,949,042	1,586,411	5,354,138	3,767,727	3,172,822	19,830,140
Decrease in Provision or Unexpired Risk	-	-	-	-	-	-
Net Premium	5,949,042	1,586,411	5,354,138	3,767,727	3,172,822	19,830,140
Deduct.	605,081	161,355	544,573	383,218	322,710	2,016,938
Increase in Unexpired Risk	5,343,961	1,425,056	4,809,565	3,384,508	2,850,112	17,813,202
Premium Earned	346,125	131,857	445,018	313,161	263,714	1,499,875
Commission Received	5,690,086	1,556,913	5,254,583	3,697,669	3,113,826	19,313,077
Net Income						
	(2,652,300)	(707,280)	(2,387,070)	(1,679,790)	(1,414,560)	(8,841,000)
Direct Claims Paid	(25,200)	(6,720)	(22,680)	(15,960)	(13,440)	(84,000)
Inward Reinsurance Claims Paid	(863,747)	(8,816)	(661,553)	(164,786)	(367,098)	(2,066,000)
Increase in Prov. For Outstanding Claims	(3,541,247)	(722,816)	(3,071,303)	(1,860,536)	(1,795,096)	(10,991,000)
Total Expenses						
	1,400,414	373,444	1,260,373	886,929	746,888	4,668,048
RECOVERIES FROM EXPENSES						
Outward Reinsurance Recoveries	1,400,414	373,444	1,260,373	886,929	746,888	4,668,048
Decrease in Prov. For Outstanding Claims	(2,140,833)	(349,373)	(1,810,930)	(973,606)	(1,048,211)	(6,322,952)
Claims Incurred						
	(1,062,029)	(283,208)	(955,826)	(672,618)	(566,415)	(3,540,096)
UNDERWRITING EXPENSES						
Acquisition	(755,566)	(201,484)	(680,010)	(478,525)	(402,969)	(2,518,554)
Maintenance	(1,817,595)	(484,692)	(1,635,836)	(1,151,144)	(969,384)	(6,058,650)
Net Income after claims incurred and Underwriting Expenses						
	1,731,658	722,849	1,807,817	1,572,920	1,096,232	6,931,475

NEU INSURANCE PLC

STATEMENT OF CHANGES IN EQUITY FORECAST FOR THE PERIOD ENDING 31ST DECEMBER, 2021

	Issued Share Capital	Contingency Reserves	Gratuity Valuation	FVOCI at revaluation Reserve	FVOCI at revaluation Reserve	Retain Earnings	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At January 1, 2021	5,016,477	5,722,834	71,147	(44,196)	1,094,475	6,981,489	18,842,226
Profit for the year	-	-	-	-	-	4,102,735	4,102,735
Transfer to Contingency reserves	-	820,547	-	-	-	(820,547)	-
						(250,000)	(250,000)
Other Comprehensive Income							
Actuarial gain on defined benefit plan		-	-			(902,966)	(902,966)
Changes in valuation of Building					574,866		574,866
						-	-
AS AT 31ST DECEMBER, 2021	5,016,477	6,543,381	71,147	(44,196)	1,669,341	9,110,711	22,366,861

NEM INSURANCE PLC**STATEMENT OF CASH FLOW FORECAST FOR THE PERIOD ENDING 31ST DEC, 2021**

	N'000
Premium received from policy holders	25,500,000
Deposit premium	-
Reinsurance premium paid	(5,669,860)
Fees and commission received	1,499,875
Direct Claims paid	(8,841,000)
Claims paid on behalf of co-assurance company	(1,454,604)
Claims received from reinsurers	4,668,048
Claims received from co-assurance companies	142,685
Commission paid	(3,540,096)
Maintenance Expenses paid	(2,518,554)
Cash paid to and on behalf of employees	(1,430,072)
Other operating expenses paid	(3,497,602)
Company income tax paid	455,859
	<hr/> 5,314,680
Cash flows from Investing activities	
Purchase of FVTPL	(1,611,954)
Short term	(1,475,907)
Amortised	-
Proceed on disposal of FVTPL	-
Purchase of financial asset at amortised cost	(1,581,889)
Investment income received	1,050,000
Acquisition of PPE	(278,604)
Proceed from PPE	550
Net cash flow from investing activities	<hr/> (3,897,804)
Cash flow from financing activities	
Dividend paid	(902,966)
Net cash flow from financing activities	<hr/> 513,910
Cash and cash equivalent at the beginning - 1st January	<hr/> 7,326,758
Cash and cash equivalent at the end-	<hr/> 7,840,668

NEM INSURANCE PLC

Note 14 PROPERTY PLANT AND EQUIPMENT FORECAST

	Land N'000	Building N'000	Machinery & Equipment N'000	Motor Vehicle N'000	Furniture & Fittings N'000	Office Equipment N'000	Total N'000
At 1st January 2021	417,900	2,197,100	138,958	746,338	440,725	435,454	4,376,475
Additions	-	-	-	138,598	24,000	116,006	278,604
Revaluation	-	884,409	-	-	-	-	884,409
Disposal	-	-	(5,000)	(55,793)	-	-	(60,793)
At 31st December, 2021	417,900	3,081,509	133,958	829,143	464,725	551,460	5,478,695
Depreciation/Amortisation							
At 1st January 2021	-	43,942	121,809	385,332	410,139	356,516	1,317,738
Charge for the year	-	61,630	13,396	165,829	46,473	110,292	397,619
Depreciation on Disposal	-	-	(1,035)	(25,397)	-	-	(26,432)
At 31st December, 2021	-	105,572	134,170	525,764	456,611	466,808	1,688,926
Net Book Value							
At 31st December, 2021	417,900	2,975,937	(212)	303,379	8,114	84,652	3,789,769

NEM INSURANCE PLC
NOTES TO THE FINANCIAL FORECAST

3. CASH AND CASH EQUIVALENTS	N'000
Cash - Petty cash	3,263
Balances with banks	148,753
Placement with financial institutions	7,690,757
	<u>7,842,772</u>
Allowance for credit loss	(2,104)
Total Cash and Cash equivalents	<u>7,840,668</u>

Short-term deposits are made for varying periods averaging between 1- 90days depending on the immediate cash requirements of the Company . All deposits are subject to an average interest rate of 2.5%. The carrying amounts disclosed above reasonably appropriate fair value at the reporting date.

Expected credit loss	(2,104)
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4. Financial Assets

	N'000
Fair value through profit or loss	5,677,416
Fair value through other comprehensive income	91,076
Financial asset at amortised cost	7,669,391
	<u>13,437,883</u>
a. Fair value through profit or loss	
Balance at the beginning of the year	4,479,121
Reclassified from FVOCI	-
Purchases	1,198,295
Fair value loss/ gains	-
Disposal	-
Balance at the end of the year.	<u>5,677,416</u>

Management valued the company's quoted investments at the market value which is reasonable measurement of fair value since the prices of the shares are quoted in an active market . The instruments are measured and evaluated on a fair value basis and the fair value is determined by reference to published prices quotations in an active market .

b. Fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income (FVOCI) comprise: Equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise as FVOCI.

The components	N'000
Equity	
Opening	81,318
Addition	9,758
Fair value gain	
Balance	<u>91,076</u>

bi Equity securities

Fair value	1,626
CSCS	39,400
WAMCO	50,050
MTN	<u>91,076</u>

c. Fair value at amortised cost	N'000
Bonds	3,635,696
Deposit & Treasury Bill	4,033,696
	<u>7,669,391</u>
i. Balance as at 1st January 2021	2,909,773
Addition during the year	744,310
Disposal	
Total	<u>3,654,082</u>
Allowance for credit loss	<u>(18,387)</u>
Balance at year end	<u>3,635,696</u>
ii Financial Asset at armortized cost	
Balance as at January 1st, 2021	3,869,072
Addotion during the year	209,000
Disposal	
Total	<u>4,078,072</u>
ECL Computation	<u>(44,376)</u>
Total	<u>4,033,696</u>

5. Trade receivables

	N'000
Premium receivables	919,994
Company observed the policy of No Premium, No cover instituted by National Insurance Commission strictly but recorgnized thirty days credit notes by Brokers only.	

6 . Reinsurance Assets	N'000
Reinsurance share of UPR	1,657,789
Reinsurance share of IBNR	755,106
Reinsurance share of outstanding Claims	1,746,516
Prepaid Reinsurance expense	-
Reinsurance share of Claims paid	1,130,456
Co assurance receivable	383,290
Reinsurance debtors	-
	<u>5,673,158</u>

Reinsurance assets are subject to Acturial Valuation by EY- a professional valuers. This is usually done yearly and is the year end. The next one will be by the end of this year

7. DEFERRED ACQUISITION COST	N'000
Balance at the beginning	840,694
Commission paid during the year	4,526,250
Amortised acquisition during the year.	<u>(3,540,096)</u>
Balance at the year end	<u>1,826,848</u>

8. Prepayment and other receivables	N'000
Rent	75,038
Withholding tax receivable	91,011
Stock brokers	3,200
Other receivables	345,472
	<u>514,721</u>

9. Investment in Associate	N'000
Balance at the beginning of the year	412,741
Addition during the year	-
Impairment	(250,000)
Balance at the year end	<u>162,741</u>

This represents 40% share of NEM in RegencyNEM in Ghana

10. Investment in Subsidiary	N'000
NEM Asset Management Ltd	100,000
100% interest in NEM Asset Management Ltd.	

11. Investment Property	N'000
Balance at the beginning of the year	1,617,609
Addition during the year	900,000
Reclassified from PPE	-
Revaluation gain	366,002
Balance at the year end	<u>2,883,611</u>

This is building under construction which has now been completed and even rented out to generate rental income for the company. Since this is not put into use by the company but rented out to generate income, it must be reclassified from PPE to Investment property.

12. Statutory Deposit	N'000
Deposit with the Central Bank of Nigeria in accordance with the provisions of Insurance Act, 2003	320,000

15. Insurance Contract Liability	N'000
Outstanding Claims reserve	3,950,626
Incurred but not reported IBNR	2,209,561
Total Outstanding claims	6,160,187
Unearned premium reserve	6,019,738
	<u>12,179,925</u>

16. Trade Payable	N'000
Due to reinsurance broker - AON	328,911
Due to reinsurance broker - SCIB	136,091
Premium Deposit	289,486
	<u>754,488</u>
17. Other Payables	N'000
Accruals	199,434
Unclaimed Dividend	728,297
Other creditors	120,000
Deferred acquisition income	445,317
	<u>1,493,049</u>
18. Retirement Benefit obligation⁷	N'000
Amount reconisid in statement of financial position	78,960
This is valued yearly by EY also	-
	<u>78,960</u>
19. Taxation	N'000
Per financial position	670,286
Income tax for the year	455,859
Paid during the year	(350,000)
Balance at the year end	<u>776,145</u>
20. Deferred tax asset	N'000
Balance at the beginning of the year	278,925
Change during the year	6,100
Balance at the year end	<u>285,025</u>
20a. Deferred tax liability	N'000
Balance at the beginning of the year	105,000
Change during the year	-
Revaluation Surplus	-
Balance at the year end	<u>105,000</u>
21. Issued Share Capital	N'000
Authorised Share Capital	
10,400,000 ordinary shares of 50k each	<u>5,200,000</u>

Ordinary share capital issued and fully paid.
10,032,955,956 ordinary shares of 50k each

5,016,477

-
<u>5,016,477</u>

23. Statutory contingency reserve	N'000
Balance at the beginning	5,722,834
Transfer from revenue	820,547
Balance at the year end	<u>6,543,381</u>
Statutory contingency reserve is the higher of 3% of total premium or 20% of profit after tax	

24. Retain earnings	N'000
Balance at the beginning	6,981,489
Profit for the year	4,102,735
Transfer to contingency reserve	(820,547)
Impairment	(250,000)
Dividend	(902,966)
Balance at the year end	<u>9,110,711</u>
	<u>3,282,188</u>

25. FVOCI reserve	N'000
Balance at the beginning	(44,196)
Addition during the year	
Balance at the year end	<u>(44,196)</u>

26. Asset revaluation reserve	N'000
Balance at the beginning	1,094,475
Accumulated depreciation	-
Revaluation amount -gain - Head office 2021 revaluatio	574,866
Transfer to deferred tax liability	-
Balance at the year end	<u>1,669,341</u>

The revaluation of our Head Office Building shall be done by Jide Taiwo and the estimate was derived from a rough

27. Other reserves- Employee benefit	N'000
Balance at the beginning	71,147
Addition during the year	-
Balance at the year end	<u>71,147</u>

28. Direct premium	N'000
Motor	7,578,000
Marine	2,020,800
Fire	6,820,200
General Accident	4,799,400
Oil and Gass	4,041,600
Agric	-
	<u>25,260,000</u>

29. Reinsurance Inward	N'000
Motor	72,000
Marine	19,200
Fire	64,800
General Accident	45,600
Oil and Gass	38,400
	<u>240,000</u>
30. Gross Written premium	N'000
Direct premium	25,260,000
Reinsurance Inward	240,000
	<u>25,500,000</u>
31. Unexpired Risk	4,002,800
Opening Balance	N'000
Motor	1,200,840
Marine	320,224
Fire	1,080,756
General Accident	760,532
Oil and Gass	640,448
	<u>4,002,800</u>
32. Unexpired Risk	N'000
Closing Balance	6,019,738
Motor	(1,805,921)
Marine	(481,579)
Fire	(1,625,329)
General Accident	(1,143,750)
Oil and Gass	(963,158)
	<u>(6,019,738)</u>
32.1 Increase in unexpired risks	N'000
Opening	4,002,800
Closing	(6,019,738)
	<u>(2,016,938)</u>
32.1a Breakdown of the (Increase)/Decrease	N'000
Motor	(605,081)
Marine	(161,355)
Fire	(544,573)
General Accident	(383,218)
Oil and Gass	(322,710)
	<u>(2,016,938)</u>

33 Reinsurance expenses	N'000
Motor	1,700,958
Marine	453,589
Fire	1,530,862
General Accident	1,077,273
Oil and Gass	907,178
	<u>5,669,860</u>

34 Fees and commission Received	N'000
Motor	346,125
Marine	131,857
Fire	445,018
General Accident	313,161
Oil and Gass	263,714
	<u>1,499,875</u>

35 Claim expenses	N'000
Motor	(2,140,833)
Marine	(349,373)
Fire	(1,810,930)
General Accident	(973,606)
Oil and Gass	(1,048,211)
	<u>(6,322,952)</u>

36 Underwriting expenses	N'000
Acquisition expenses	3,540,096
Maintenance expenses	2,518,554
	<u>6,058,650</u>

36.1 Underwriting expenses	N'000
Motor	1,817,595
Marine	484,692.00
Fire	969,384.00
General Accident	1,635,836
Agric	-
Oil and Gass	1,151,144
	<u>6,058,650</u>

Gross Premium	N'000
Motor	7,650,000
Marine	2,040,000

Fire	6,885,000
General Accident	4,845,000
Oil and Gass	4,080,000
Agric	-
	<u>25,500,000</u>

36.2 Acquisition expenses

	N'000
Motor	956,250
Marine	408,000
Fire	1,377,000
General Accident	969,000
Oil and Gass	816,000
Agric	-
	<u>4,526,250</u>
Changes in Deferred commission	<u>(986,154)</u>
	3,540,096

Acquisition Expenses	<u>3,540,096</u>
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Breakdown of Acquisition expense	<u>3,540,096</u>
Motor	1,062,029
Marine	283,208
Fire	955,826
General Accident	672,618
Oil and Gass	566,415
Agric	-
	<u>3,540,096</u>
	2,518,554

36.3 Maintenance expenses

	N'000
Motor	755,566
Marine	201,484
Fire	680,010
General Accident	478,525
Oil and Gass	402,969
	<u>2,518,554</u>

36.4 Commission Expenses

Motor	956,250
Marine	408,000
Fire	1,377,000
General Accident	969,000
Oil and Gass	816,000
Agric	-
	<u>4,526,250</u>
Changes in Deferred commission	<u>(986,154)</u>
	3,540,096

Salaries of technical staff	<u>232,016</u>
Motor	69,605

Marine	18,561
Fire	44,083
General Accident	62,644
Oil & Gas	37,123
	<u>232,016</u>

37. Investment Income	N'000
	<u>1,050,000</u>

38. Other Income	N'000
Rental income	47,825
	<u>47,825</u>