

**Guinea Insurance Plc
Management Accounts**

31 March, 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 31 March, 2021		JAN - MAR. 2021	JAN - MAR. 2020
In thousands of Naira		31/03/2021	31/Mar/20
	Notes		
Gross premium written	1	345,494	207,076
Movement in unearned premium	1	(50,876)	48,155
Gross premium income	1	294,617	255,231
Reinsurance expenses	2	(96,501)	(50,163)
Net premium income		198,117	205,052
Fees and commission income on reinsurance	3	22,482	23,053
Net underwriting Income		220,598	228,105
Claims expenses	4	(40,222)	(89,794)
Underwriting expenses	5	(80,957)	(47,159)
Underwriting profit		99,419	91,153
Investment Income	6	5,799	47,659
Fair value gains on investment properties	7	-	-
Other operating income/(loss)	8	192	67
Revaluation loss		-	-
Impairment (charge)/reversal	9 (a)	(0)	-
Finance cost	10	-	-
Other operating expenses	9	(166,623)	(162,699)
Profit/(Loss) before taxation		(61,213)	(23,820)
Income tax (expense)/credit	11	-	-
Profit/(Loss) after taxation		(61,213)	(23,820)
Other comprehensive income			
Items within OCI that may be reclassified to the profit or loss:			-
Gain/(loss) on available-for-sale financial assets	14	7,353	(6,133)
Related tax			
Remeasurement gains on defined benefit			
Items within OCI that will not be reclassified to the profit or loss:			-
Revaluation gains on land and building	15	23,786	-
Total other comprehensive income		31,139	(6,133)
Total comprehensive profit for the year, net of tax		(30,074)	(29,953)
Contingency Reserve		10,365	6,212
Earnings/(Loss) per share - Basic and Diluted (kobo)	13	(1)	(0)

The statement of significant accounting policies and the accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
As At 31st March, 2020

In thousands of Naira		31/03/2021	31/Dec/20
	Note		
Assets			
Cash and cash equivalents	16	432,087	680,541
Financial assets:			
Available-for-sale financial assets	17	268,488	216,015
Held to maturity	18	1,040,889	1,037,334
Trade receivables	19	(0)	5,226
Reinsurance assets	19	404,427	349,730
Deferred acquisition costs	20	75,121	53,319
Other receivables and prepayments	21	60,501	72,683
Investment properties	22	78,000	78,000
Intangible Asset	24	6,876	10
Property and equipment	25	860,299	778,933
Statutory deposit	26	333,654	333,654
Total assets		3,560,342	3,605,444
Liabilities			
Insurance contract liabilities	27	940,915	844,540
Trade payables	28	-	-
Other payables and accruals	29	140,846	132,396
Employee benefit obligations	31	1,864	4,316
Current tax payable	24.1	85,756	90,809
Deferred tax liabilities	24.2	107,368	107,368
Deposit for shares	32	151,400	151,400
Total liabilities		1,428,149	1,330,829
Equity			
Issued share capital	33.2	3,070,000	3,070,000
Share premium	34	337,545	337,545
Contingency reserve	35	561,688	518,878
Accumulated losses	36	(1,976,814)	(1,759,222)
Available-for-sale reserve and others		74,087	65,512
Other reserves		65,688	41,902
Total equity		2,132,193	2,274,615
Total liabilities and equity		3,560,342	3,605,444

These financial statements were approved by the Board of Directors on 26th April, 2021 and signed on behalf of the Board of directors by:

(0)



Ademola Abidogun
Managing Director/Chief Executive Officer
FRC/2016/CIIN/00000014549



Pius Edobor
Executive Director, Finance
FRC/2013/ICAN/00000004638

STATEMENTS OF CHANGES IN EQUITY
for the period ended 31 March, 2021

In thousands of Naira	Issued share capital	Accumulated Losses	Share premium	Contingency reserve	AFS Reserves	Asset revaluation	Defined benefit	Total equity
As at 1 January 2021	3,070,000	(1,905,237)	337,545	551,323	66,734	41,902	0	2,162,267
Loss for the year	-	(61,213)	-	-	-	-	-	(61,213)
Other comprehensive income:								
Reversal of prior year fair value loss								
Fair value changes on AFS	-	-	-	-	7,353	23,786	-	31,139
Revaluation gain on PPE								
Employee defined benefit								
Income tax impact on OCI								
Total comprehensive income for the year	-	(61,213)	-	-	7,353	23,786	-	(30,074)
Transactions with owners, recorded directly in equity								
Transfer to contingency reserve	-	(10,365)	-	10,365	-	-	-	-
Reclassification	-	-	-	-	-	-	(0)	(0)
	-	(10,365)	-	10,365	-	-	(0)	(0)
As at 31 March, 2020	3,070,000	(1,976,814)	337,545	561,688	74,087	65,688	-	2,132,193
for the Period ended 31 March, 2021								
In thousands of Naira								
As at 1 January 2021	3,070,000	(925,446)	337,545	480,144	143,593	-	0	3,105,836
Profit for the year	-	(795,042)	-	-	-	-	-	(795,042)
Transfer to contingency reserve								
Other comprehensive income:								
Reversal of prior year fair value loss								
Fair value changes on AFS					(78,080)			(78,080)
Revaluation gain on PPE						41,902		41,902
Reclassification								
Income tax impact on OCI								
Total comprehensive income for the year	-	(795,042)	-	-	(78,080)	41,902	-	(831,220)
Transactions with owners, recorded directly in equity								
Transfer to contingency reserve	-	(38,734)	-	38,734	-	-	-	-
	-	(38,734)	-	38,734	-	-	-	-
As at 31 March, 2021	3,070,000	(1,759,222)	337,545	518,878	65,513	41,902	0	2,274,615

STATEMENT OF CASH FLOWS
for the period ended 31 March, 2021

In thousands of Naira		31/03/2021	31/Dec/20
Operating activities:	Note		
Premium received	40.1	350,720	1,289,385
Commission received	40.2	18,568	82,250
Commission paid	20	(49,553)	(199,473)
Reinsurance premium paid	40.3	(314,762)	(465,077)
Gross claim paid	40.4	(77,354)	(204,762)
Reinsurance recoveries	40.4	228,710	54,744
Payments to employees	40.5	(72,191)	(346,664)
Other operating cash payments	40.6	(77,270)	(567,741)
Other income received	40.8	21	458
Tax paid	24.1	-	(113,140)
Net cash flow from operating activities		6,889	(470,020)
Investing activities:			
Investment income received	40.7	5,799	210,059
Purchase of property and equipment	25	(106,294)	(44,109)
Proceed from sale of property and equipment		-	2,518
Purchase/sales of financial assets		(154,847)	(864,083)
Proceed/(purchase) of investment properties		-	1,100,000
Net cash flows from investing activities		(255,342)	404,385
Financing activities:			
Deposit for shares	32	-	-
Interest repayment on finance lease		-	-
principal repayment on finance lease		-	-
Net cash flows from financing activities		-	-
Net increase in cash and cash equivalents		(248,454)	(65,634)
Effect of exchange rate changes on cash and cash equivalent		-	-
Cash and cash equivalents at 1 January		680,541	746,176
Cash and cash equivalents at 31 December, 2020		432,087	680,542

GUINEA INSURANCE PLC
SOLVENCY MARGIN COMPUTATION
for the period ended 31 March, 2021

Solvency Margin 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, which ever is greater. The table below shows the computation of the company's solvency margin ratio for the period ended 31 March, 2021.

	31 March 2021		31/12/2020	
	TOTAL =N=000	INADMISSIBLE =N=000	ADMISSIBLE =N=000	ADMISSIBLE =N=000
Assets				
Cash and cash equivalents	432,087	-	432,087	671,661
Financial assets	-			
Available-for-sale financial assets	268,488		268,488	263,233
Held to maturity	1,040,889		1,040,889	886,042
Trade receivables	(0)		(0)	-
Reinsurance assets	404,427		404,427	300,328.31
Deferred acquisition costs	75,121		75,121	62,931.57
Other receivables and prepayments	60,501	43,815	16,687	4,243.84
Investment properties	78,000	-	78,000	85,000.00
Intangible Asset	6,876	4,732	-	-
Property, plant and equipment	860,299	-	860,299	842,229
Statutory deposit	333,654	-	333,654	333,654
Total assets	3,560,342	48,546	3,509,652	3,449,322
Liabilities and Equity				
Insurance contract liabilities	940,915		940,915	902,593
Financial liabilities				
Trade payables	-		-	-
Provisions	-	-	-	-
Other payables and accruals	140,846		140,846	134,002
Employee benefit obligations	1,864		1,864	1,743
Current tax payable	85,756		85,756	87,057
Deposit for shares	151,400		151,400	151,400
Deferred tax liabilities	107,368	107,368	-	-
Total liabilities	1,428,149	107,368	1,320,781	1,276,794
Solvency Margin	2,132,194		2,188,871	2,172,528
Required Solvency	3,000,000		3,000,000	3,000,000
Deficit	(867,806)		(811,129)	(827,472)

CHIEF FINANCE OFFICER

Managing Director/CEO

1	Gross premium income In thousands of Naira	31/Mar/21	31/Mar/20
	Gross premium written	345,494	147,535
	Movement in unearned premium (see note 28.4)	<u>(50,876)</u>	<u>25,773</u>
		<u>294,617</u>	<u>173,309</u>

(a)	Gross Premium Income Movement In thousands of Naira	Gross premium written 31/Mar/21	Movement in unearned premium (see note 31/Mar/21	Gross premium income 31/Mar/21
	Motor	107,188	34,221	72,967
	Fire	69,701	(2,692)	72,393
	Marine and aviation	9,722	(4,256)	13,979
	General Accident	75,034	(6,770)	81,804
	Oil and Gas	83,848	30,374	53,474
		<u>345,494</u>	<u>50,876</u>	<u>294,617</u>

1.1	Changes In unearned Premium per class of insurance business	Unearned Premium As At	Increase/ (Decrease) in Unearned	Unearned Premium As At
		01/01/2020 N'000	N'000	31/03/2021 N'000
	Motor	143,801	34,221	178,022
	Fire	98,888	(2,692)	96,094
	Marine & Aviation	13,300	(4,256)	9,044
	Miscellaneous General Accident	108,692	(6,770)	101,922
	Oil and Gas	41,253	30,374	71,627
		<u>405,935</u>	<u>50,876</u>	<u>456,709</u>

		Unearned Premium As At	Increase/ (Decrease) in Unearned	Unearned Premium As At
		01/01/2019 N'000	N'000	31/12/2019 N'000
	Motor	76,078	67,723	143,801
	Fire	52,955	45,933	98,888
	Marine & Aviation	10,967	2,334	13,300
	Miscellaneous General Accident	93,642	15,050	108,692
	Oil and Gas	25,297	15,957	41,253
		<u>258,938</u>	<u>146,997</u>	<u>405,935</u>

2	Re-insurance expenses	31/Mar/21	31/Mar/20
	Gross premium ceded to reinsurers	162,215	0
	Movement in reinsurance expense	<u>(65,714)</u>	<u>50,163</u>
	Reinsurance expense for the year	<u>96,501</u>	<u>50,163</u>

	Breakdown of the reinsurance ceded is stated below;	31/12/2020	31/12/2019
	General Accident	106,645	105,332
	Fire	106,703	101,963
	Marine	10,749	12,595
	Motor	7,647	31,455
	Oil & Gas	102,658	103,451
		<u>334,402</u>	<u>354,796</u>

3	Fees and commission income	31/Mar/21	31/Mar/20
	Commission received on treaty reinsurance	13,549	14,115
	Commission received on facultative reinsurance	8,895	7,712
	Over-riding commission received.	<u>38</u>	<u>51</u>
		<u>22,482</u>	<u>21,878</u>

4	Claims expenses	-		
			<u>31/Mar/21</u>	<u>31/Mar/20</u>
	Claims paid during the year		77,354	21,376
	Movement in outstanding claims		(8,059)	103,198
	Movement in IBNR		<u>(26,932)</u>	<u>(64,517)</u>
	Total claims incurred for the year		42,364	60,057
	Recoveries from reinsurers		-	(14,669)
	Movement in reinsurance share of outstanding claims		-	(72)
	Movement in reinsurance share of outstanding claims IBNR		<u>(2,142)</u>	<u>0</u>
			<u><u>40,222</u></u>	<u><u>45,316</u></u>
5	Underwriting expenses	-		
		Note	<u>31/Mar/21</u>	<u>31/Mar/20</u>
	Aquisition cost (see note 21 and see (a) below)		41,101	25,795
	Underwriting cost		<u>39,856</u>	<u>5,057</u>
			<u><u>80,957</u></u>	<u><u>30,852</u></u>
6	Investment income	-		
			<u>31/Mar/21</u>	<u>31/Mar/20</u>
	Rental income from land and building		1,550	-
	Dividend income on AFS equity		336	-
	Interest income on statutory deposit with CBN		526	8,424
	Interest income on fixed deposit		812	3,814
	Interest income on treasury bills		<u>2,575</u>	<u>19,756</u>
			<u>5,799</u>	<u>31,994</u>
	Gain from sale of investment property		-	-
			<u><u>5,799</u></u>	<u><u>31,994</u></u>

7 Net fair value gains

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Mar/20</u>
(a) Fair value gains on investment properties	-	7,000
	<u>-</u>	<u>7,000</u>

8 Other operating income

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Mar/20</u>
Recoveries from other receivables	21	50
Revaluation (loss)/gain on building (See note 25)	-	-
Realized forex gains/(loss)	-	-
Gain/(loss) from disposal of company's	114	17
Unrealized forex gains	57	-
Sundry Income /(loss)	-	-
	<u>192</u>	<u>67</u>

9 Other operating expenses

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Mar/20</u>
Depreciation and amortization	11,631	14,044
Auditors' remuneration	1,250	3,225
Staff cost	69,738	78,524
Legal and professional fees	5,863	4,884
Rent and Rates	4,172	3,153
Administrative expenses (see note 9c)	73,970	58,870
	<u>166,623</u>	<u>162,699</u>

Administrative expenses include car repairs and maintenance, ICT expenses, office

(a) Impairment (charge)/reversal

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Mar/20</u>
Available for sale financial asset		
Other receivables (see note 22.1)	-	-
Reinsurance Assets	(0)	-
	<u>(0)</u>	<u>-</u>

(b) Staff cost

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Mar/20</u>
Wages and salaries	66,782	77,368
Defined benefit plan cost	(0)	(0)
Pension costs	2,956	1,155
	<u>69,738</u>	<u>78,524</u>

(c) Administrative expenses (see note 9c)

In thousands of Naira

	<u>31/Mar/21</u>	<u>31/Mar/20</u>
OFFICE MAINTAINANCE	543	858
CAR PETROL & DIESEL	4,570	5,066
CAR REPAIRS & MAINTENANCE	2,361	3,168
BOOKS AND PERIODCLS	-	-
HMO EXPENSES	3,709	585
OFFICE CONSBLS AND STAT'RY	1,044	267
POSTAGE & COURIER SERVICES	344	1,455
EQUIPMENT REPAIRS & MAINTAINANCE	1,093	2,017
TELEPHONE, TELEX & FAX	1,643	268
TRANSPORT EXPENSES	386	1,548
TOUR & TRAVEL	2,128	1,077
OFFICE EXPENSES	933	-
ELECTRICITY & ENERGY	136	357
ENTERTAINMENT EXPENSES	205	3,886
ICT EXPENSES	5,879	1,210
PRINTING	1,867	3,426
OFFICE SERVICE CHARGE	3,446	1,874
TRANSPORT EXPENSE UBER	1,564	-
DIRECTORS REMUNERATION	-	4,450
DIRECTORS EXPENSES	1,978	-
ANNUAL GENERAL MEETING	144	141
SUBSCRIPTION	228	949
ADVERTISING	1,557	10,112
CORPORATE GIFTS	10,277	-
DONATION & CONTRIBUTIONS	-	-
STATUTORY LEVY	11,803	391
NAICOM & ASSOCIATED DUES	546	-
BANK CHARGES	2,159	-
NIGERIA INSURANCE ASSOCIATION - NIA	-	-
INDUSTRIAL TRANING FUND - ITF	2,713	-
VAT	-	-
INSURANCE	1,705	18
STAMP DUTY	61	5,214
CONTRACTORS - OUTSOURCED STAFF	4,850	58,870
	<u><u>73,970</u></u>	<u><u>117,739</u></u>

Office running expenses includes car repairs and maintenance, ICT expenses and office mainten

10 Finance cost

In thousands of Naira

	<u>31/Mar/21</u>	<u>31/Mar/20</u>
	-	-
	-	-
	<u><u>-</u></u>	<u><u>-</u></u>

This represent interest charged on motor vehicles purchased on fianance lease.

11 Current tax**11.1 Charge for the year**

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Mar/20</u>
Recognised in profit or loss		
Income tax	-	-
Minimum tax	-	-
Tertiary education tax	-	-
NITDA	-	-
Prior year under provision	-	-
	-	-
Deferred tax (credit)/charge (see note 24.2)	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

11.2 Reconciliation of effective tax rate

In thousands of Naira	31/Mar/21		31/Mar/20	
	Tax rate	Amount	Tax rate	Amount
	%		%	
Profit/(loss) before tax		<u>(61,213)</u>		<u>(801,642)</u>
Income tax using the domestic corporation tax rate	30%	-	30%	-
Non-deductible expenses	0%	-	0%	-
Minimum tax		-		-
Tax exempt income	0%	-	0%	-
Impact of Industry tax law	0%	-	0%	-
Unrelieved loss	0%	-	0%	-
Changes in estimates related to prior years	0%	-	0%	-
	<u>30%</u>	<u>-</u>	<u>30%</u>	<u>-</u>

12 Dividends paid and proposed

No dividend was proposed or paid by the Company for the period ended December 31, 2020 (2019: nil).

13 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the year outstanding at the reporting date. There are no potential diluted shares

	<u>31/Mar/21</u>	<u>31/Mar/20</u>
Profit attributable to ordinary shareholders (N'000)	(61,213)	46,941
	Unit	Unit
Weighted average number of ordinary shares issued ('000)	6,140,000	6,140,000
There were no dilutive shares during the year		
Basic and diluted earnings per ordinary share (Kobo)	<u>(1.00)</u>	<u>0.76</u>
14 Net unrealized (loss)/gains on available-for-sale financial assets		
In thousands of Naira	<u>31/Mar/21</u>	<u>31/Mar/20</u>
Unrealised (loss)/gains on available-for-sale financial assets	7,353	(3,950)
Reclassification adjustments to gains included in profit or loss	<u>7,353</u>	<u>(3,950)</u>
	<u><u>7,353</u></u>	<u><u>(3,950)</u></u>
15 Net unrealized (loss)/gains on ppe - land & building		
In thousands of Naira	<u>31/Mar/21</u>	<u>31/Mar/20</u>
Unrealised (loss)/gains on ppe - land & building	23,786	-
Reclassification adjustments to gains included in profit or loss	<u>23,786</u>	<u>-</u>
	<u><u>23,786</u></u>	<u><u>-</u></u>

16 Cash and cash equivalents

In thousands of Naira

	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Cash and cash equivalent comprises :		
Cash in Hand	0	0
Balance held with banks in Nigeria	402,483	661,137
Placements	29,605	10,525
	<u>432,087</u>	<u>671,662</u>

Representing:

Policyholder's fund	280,687	520,262
Shareholder's fund	151,400	151,400
	<u>432,087</u>	<u>671,662</u>

Placements comprise deposits with maturity periods of less than 90 days from the value date of the instruments. All placements are subject to an average variable interest rate of 2.0% (2019: 8.0%) obtainable in the market.

The carrying amounts disclosed above reasonably approximate fair value at the

17 Available-for-sale financial assets comprises:

In thousands of Naira

	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Available-for-sale financial assets	268,488	262,202
	<u>268,488</u>	<u>262,202</u>

17.1 Available-for-sale financial assets comprises:

In thousands of Naira

	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Equity securities		
Quoted (see (a) below)	62,074	55,788
Unquoted (see (b) below)	209,582	209,582
Impairment loss	(3,168)	(3,168)
Treasury bills	-	-
	<u>268,488</u>	<u>262,202</u>

(a) Quoted Equities:

In thousands of Naira

	<u>31/Mar/21</u>	<u>31/Dec/20</u>
At 1 January	54,721	53,500
Fair value gain/(loss) (see note 38)	7,353	2,288
	<u>62,074</u>	<u>55,788</u>

(b) Unquoted Equities:

In thousands of Naira

	<u>31/Mar/21</u>	<u>31/Dec/20</u>
At 1 January	209,582	209,582
Addition through rights issue	-	-
Fair value gain (see note 38)	-	-
	<u>209,582</u>	<u>209,582</u>

Classification

	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Current	-	-
Non-current	268,488	262,202
	<u>268,488</u>	<u>262,202</u>

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements.

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have less than three month's maturity such as demand deposits and those without specified maturity such as statutory deposit, other receivables and other payables, the carrying amounts approximate to their fair value.

Determination of fair value and fair values hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- ▶ Level 1: Quoted (unadjusted) prices in active markets for identical assets
- ▶ Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly, and
- ▶ Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

18 Held to maturity financial assets

In thousands of Naira

	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Held to maturity financial assets	1,040,889	886,042
	<u>1,040,889</u>	<u>886,042</u>

18 Held to maturity financial assets comprises:

Treasury bills

	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Treasury bills	1,040,889	886,042.26
	-	-
	<u>1,040,889</u>	<u>886,042</u>

18 Classification

Current

Non-current

	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Current	1,040,889	886,042
Non-current	-	-
	<u>1,040,889</u>	<u>886,042</u>

19 Trade receivables

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Gross insurance receivables	-0	-
Impairment allowance	-	-
	<u>(0)</u>	<u>-</u>

The carrying amounts disclosed above approximate fair value at the reporting date. Impairment allowance involves all trade receivables aged over 30 days.

19.2 Impairment of trade receivables are as follows

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Insurance companies	-	2,623
Broker	-	7,275
	<u>-</u>	<u>9,898</u>

Impairment allowance involves all trade receivables aged over 30 days.

Classification	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Current	-0	0
Non-current	-	-
	<u>-0</u>	<u>0</u>

19 Reinsurance asset

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Prepaid reinsurance	157,347	124,408
Reinsurance share of paid claims	130,839	146,489
Reinsurance share of outstanding claims	85,782	126,521
Reserve for IBNR (see note (a))	30,458	28,316
	<u>404,427</u>	<u>425,734</u>

Prepaid reinsurance represents the unexpired risk on premium ceded to reinsurer

Classification	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Current	404,427	425,734
Non-current	-	-
	<u>404,427</u>	<u>425,734</u>

-

20 Deferred acquisition cost

This represent the unexpired portion of the commission paid to brokers and agents at the reporting date.

	Fire	Motor	General accident	Marine and aviation	Total
In thousands of Naira					
As at 1 January 2021	20,405	17,738	25,905	2,621	66,669
Additional Acquisition cost for the year	14,072	14,122	19,730	1,630	49,553
Amortization for the year (see note 5)	(7,586)	(9,178)	(21,789)	(2,548)	(41,101)
As at 28 Feb, 2021	26,892	22,682	23,845	1,702	75,121
2021					
Current	26,892	22,682	23,845	1,702	75,121
Non-current	-	-	-	-	-
	26,892	22,682	23,845	1,702	75,121
2020					
Current	15,580	17,585	17,546	2,608	53,319
Non-current	-	-	-	-	-
	15,580	17,585	17,546	2,608	53,319

0

21 Other receivables and prepayment

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Due from Insurance Company	-	-
Prepaid staff expense	8,001	4,244
Accrued interest on statutory deposit	7,860	10,491
Deposit for computerization	93,880	93,880
Withholding tax receivable	9,284	9,279
Prepayments	38,230	34,536
	<u>157,255</u>	<u>152,430</u>
Impairment charged on other receivables (see note 22.1)	(96,754)	(96,754)
	<u><u>60,501</u></u>	<u><u>55,676</u></u>

22.1 Movement on impairment

As 1 January	(96,754)	(96,754)
Impairment (charge)/reversal during the year	-	-
	<u><u>(96,754)</u></u>	<u><u>(96,754)</u></u>

22 Investment properties

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Reconciliation of carrying amount		
At 1 January	78,000	78,000
Disposal	-	-
Fair value adjustment (see note 7)	-	7,000
	<u><u>78,000</u></u>	<u><u>85,000</u></u>

Investment properties are stated at fair value, which has been determined based on valuations performed by Ubsi Eleh & Co.(FRCN/2014/NIESV/0000003997), accredited independent valuers,The valuer is a specialist in valuing these types of investment properties. The determination of fair value ofthe investment property was supported by market evidence. The modalities and process of valuationutilized extensive analysis of market data and other sectors specific peculiarities corroborated with available data derived from previous experiences.

Valuations are performed on an annual basis and the fair value gains and losses were recorded within the profit or loss.

22.1 Description of valuation techniques used and key inputs to valuation on investment

The valuation of the properties is based on the price for which comparable land and properties are being exchanged hands on or are being marketed for sale. (investment method) By nature, detailed information on concluded transactions is difficult to come by. We have therefore relied on past transactions and recent adverts in deriving the value of the subject properties. At least, eight properties were analysed and compared with the subject property.

There are no restrictions on the reliability of investment property or the remittance of income and proceeds of disposal. The Company has no contractual obligations to purchase, construct or develop investment property or for repairs or enhancement.

Valuation

			2020	2019
Location of Investment property			N'000	N'000
S/N		NIESVA Reg. No		
1	5, Primate Adejobi Crescent, Anthony Village, Lagos	ESV A-576	78,000	78,000
			78,000	78,000

Description of valuation techniques used and key inputs to valuation on investment properties. The valuation of the properties is based on the price for which comparable land and properties are being exchanged hands on or are being marketed for sale. (Open Market Basis Approach)

S/N	Location of Investment property		Significant unobservable input	
-----	---------------------------------	--	--------------------------------	--

By nature, detailed information on concluded transactions is difficult to come by. Therefore reliance was placed on past transactions and recent adverts in deriving the value of the subject properties. At least, eight properties were analysed and compared with the subject property.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties.

Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long term vacancy rate.

SENSITIVITY OF UNOBSERVABLE INPUTS

Investment properties

There are no restrictions on the reliability of investment property or the remittance of income and proceeds of disposal. The Company has no contractual obligations to purchase, construct or develop investment property

During the reporting period ended 31 December 2020, there were no transfers between level 1 and 2 and in and out of level 3.

Fair value disclosure on investment properties is as follows:

Fair value

	Total
Date of valuation - 31 December, 2020	31/Mar/21
Investment property	78,000
Date of valuation - 31 December, 2020	
Investment property	78,000

Description of valuation techniques used and key inputs to valuation on investment properties

Under the open market basis the current cost of reconstructing the existing structure together with improvement in today's market, adequately depreciated to reflect its physical wear and tear, age, functional and economical obsolescence plus site value in its existing use as at the date of inspection. The duration of the cash flows and specific timing of inflows are determined by event such as rent reviews, lease renewals and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by the agreement at the time of letting out the property. Periodic cash flow is typically estimated as gross income less non recoverable expense, collection losses, lease incentives, maintenance cost, agent and commission cost, and other operating and management expenses.

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Rental income derived from investment properties	-	-
Direct operating expenses (including repairs & maintenance)	-	-
Profit arising from investment properties carried at fair value	<u>-</u>	<u>-</u>

23 Current Tax Liability

The movement on tax payable account during the year is as follows:

24.1 Current tax payable

In thousands of Naira

	<u>31/Mar/21</u>	<u>31/Dec/20</u>
At 1 January	85,756	89,508
Payments during the year	-	(6,456)
Charge for the year (see note 11.1)	-	2,704
	<u>85,756</u>	<u>85,756</u>

24.2 Deferred tax liabilities

In thousands of Naira

	<u>31/Mar/21</u>	<u>31/Dec/20</u>
At 1 January	107,368	107,368
Charge to profit or loss for the year (see note 11.2)	-	-
Recognized in OCI	-	-
	<u>107,368</u>	<u>107,368</u>

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 10% (2019: 10%) on investment properties and 30% (2019: 30%) on other items.

24 Intangible Asset

In thousands of Naira

	<u>31/Mar/21</u>	<u>31/Dec/20</u>
At 1 January	86,929	86,929
Additions	2,144	5,383
Amounts recorded in the income statement	<u>-</u>	<u>-</u>
	<u>89,073</u>	<u>92,312</u>
Accumulated amortisation and impairment:		
At 1 January	86,650	86,650
Amortization	247	744
	<u>86,897</u>	<u>87,394</u>
Carrying amount:		
At 30 November,		
The intangible assets are non-current.	<u>6,876</u>	<u>4,918</u>

25 Property, Plant and equipment

In thousands of Naira Cost/Revalued Amount	Motor Vehicles	Building	Land	Computer Equipment	Office Furniture and Fittings	Work in progress	Total
At 1 January 2021	204,087	634,983	205,000	116,352	114,067	-	1,274,489
Additions	33,720	(109,983)	70,500	1,285	790	-	(3,689)
Revaluation surplus		-	500				500
Elimination adjustment							-
Revaluation loss (see note ****)							-
Impairment		-					-
Reclassification					-	-	-
Disposals	-	-	-	-	-	-	-
As At 31 MARCH, 2021	<u>237,807</u>	<u>525,000</u>	<u>276,000</u>	<u>117,637</u>	<u>114,857</u>	<u>-</u>	<u>1,271,300</u>
Accumulated depreciation							
At 1 January 2021	182,216	71,437	-	111,345	100,031	-	465,029.11
Depreciation for the period	2,641	6,640		942	1,161	-	11,383.95
	184,857	78,077	-	112,287	101,192	-	476,413
Reclassification					-		
Elimination adjustment							-
Disposals	-	(65,412)		-	-		(65,412)
As At 31 MARCH, 2021	<u>184,857</u>	<u>12,665</u>	<u>-</u>	<u>112,287</u>	<u>101,192</u>	<u>-</u>	<u>411,001</u>
Carrying amount							
As At 31 MARCH, 2021	<u>52,949</u>	<u>512,335</u>	<u>276,000</u>	<u>5,350</u>	<u>13,665</u>	<u>-</u>	<u>860,299</u>
As at 31 DECEMBER, 2020	<u>22,046</u>	<u>525,000</u>	<u>276,000</u>	<u>5,007</u>	<u>13,991</u>	<u>-</u>	<u>842,044</u>

All categories of property and equipment are initially recorded at cost. Subsequently, land and building are measured using revaluation model. The elimination adjustment shows the netting-off of accumulated depreciation against the carrying amount (previous revalued amount) in order to show the net book value as at the day of revaluation.

25.1 A valuation was conducted by Ubosi Eleh & Co. (FRC/2013/NIESV/00000001493). They have relevant recognized professional qualification and experience in the property being valued. The property was valued using the OMV basis as at 31 December 2020. The valuation method is the comparable method.

- (a) There were no impairment losses on any class of asset during the year (2019: Nil)
- (b) There were no capitalized borrowing costs (2019: Nil)
- (c) There were no lien on encumbrances on any asset
- (d) All classes of property and equipment were non-current
- (e) Land and buildings are measured using revaluation model and elimination

26 Statutory deposit

This represents the amount deposited with the Central Bank of Nigeria as at December 31, 2020 (November 30, 2019: ₦333,654,000) in accordance with Section 10 (3) of Insurance Act 2003. Interest income was earned at an average rate of 10% per annum (2019: 12.39%) and this has been included within investment income.

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Statutory deposit	<u>333,654</u>	<u>333,654</u>

27 Insurance contract liabilities

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Provision for reported claims by policyholders	392,538	407,374
Provisions for claims incurred but not reported (IBNR)	<u>91,668</u>	<u>118,599</u>
Outstanding claims provisions	484,206	525,973
Provision for unearned premiums (see note 28.4)	<u>456,709</u>	<u>387,814</u>
	<u><u>940,915</u></u>	<u><u>913,787</u></u>

The cash and cash equivalents as described in note 16 serves as a cash cover for the insurance contract

28 Trade payables

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
This represents the amount payable to insurance companies on facultative placements	-	-
	<u>-</u>	<u>-</u>

Trade payables are recognised when due. These include amount due to agents, brokers and insurance and reinsurance contract holders. Trade payables are measured on initial recognition at the fair value of the consideration received and subsequently measured at amortized cost.

The company has the right to set-off reinsurance payables against the amount due from reinsurers and brokers in line with the agreement between both parties. Trade payables includes reinsurance liabilities which are primarily premiums payable on reinsurance contracts entered into by the company and are recognised as at when incurred. Commissions payable to the brokers also form part of trade payables.

Trade payables are derecognized when the obligation under the liability is settled, cancelled or expired.

29 Other payables and accruals

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Accrued expenses	35,782	46,302
Deferred revenue (see note 31)	14,756	3,347
Deferred commission income	32,241	28,327
Statutory payables	1,864	-
Other payables	<u>56,204</u>	<u>54,419</u>
	<u><u>140,846</u></u>	<u><u>132,396</u></u>
Due within 12 months	140,846	132,396
Due after 12 months	-	-
	<u><u>140,846</u></u>	<u><u>132,396</u></u>

Other payables represent outstanding PAYE, NSITF, ITF, NHF, union dues, withholding tax, VAT, travel

29.1 insurance, stale cheque, unclaimed dividend and other creditors.

30 Deferred Revenue

In thousands of Naira

	<u>31/Mar/21</u>	<u>31/Dec/20</u>
At 1 January	3,151	3,347
Deferred rental income	13,155	8,654
Amount released to the income statement	<u>(1,550)</u>	<u>(8,850)</u>
	<u>14,756</u>	<u>3,151</u>

Rental income arising from rent on properties is accounted for on a straight line basis over the rent terms and is included in investment income.

31 Employee benefit obligations**Defined benefit****Employee Benefit**

In thousands of Naira

	<u>31/Mar/21</u>	<u>31/Dec/20</u>
End of service benefit plan (see note (a) below)	1,743	4,316
Defined benefit plan	<u>120</u>	<u>(2,573.0)</u>
	<u>1,864</u>	<u>1,743</u>
Classified as;		
Current	1,864	1,743
Non-Current	<u>-</u>	<u>-</u>
	<u>1,864</u>	<u>1,743</u>

The end of service benefit plan qualify as a defined benefit obligation and was actuarially determined at year end upto December 31, 2017. This obligation has been settled fully in the year 2018. The balance of N1,743,000 standing in the account as at December 31, 2020 represents the defined benefits plan for staff.

32 SHAREHOLDING STRUCTURE

S/N	COMPANY NAME	ADDRESS	HOLDING UNITS	% HOLDING
1	Chrome Oil Services Limited	5, Idowu Taylor Street Victoria Island, Lagos	2,798,514,210	46
2	Nimek Investments Limited	Plot 228B, Muri Okunola Street Victoria Island, Lagos	1,288,252,777	21

Mr. Anthony Achebe and Simon Bolaji represent the interests of Chrome Oil Services Limited while Mr. Emeka Uzoukwu represents the interest of Nimek Investments Limited.

Rules Governing Free Float Requirements.

In accordance with Rule 2.2 - Rules governing Free Float Requirement:
Guinea Insurance Plc complies with the Exchange's Free Float Requirement.

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule). Guinea Insurance Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders with respect to their dealing in the Company's shares. The policy undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

32 Deposit for shares

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Deposit for shares	151,400	151,400
	<u>151,400</u>	<u>151,400</u>

Deposit for shares represents funds from three parties for subscription to the equity shares of the Company.

33 Share capital and reserve**33.1 Authorised and issued share capital**

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
Authorised share capital	<u>4,000,000</u>	<u>4,000,000</u>
8.0 billion Ordinary shares of N0.50k each		

33.2 Issued and fully paid

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
At 1 January	3,070,000	3,070,000
Issued during the period	-	-
Issued and fully paid	<u>3,070,000</u>	<u>3,070,000</u>

34 Share premium

In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
At 1 January	337,545	337,545
Share premium	<u>337,545</u>	<u>337,545</u>

0

35 Statutory contingency reserve

In accordance with the Insurance Act of Nigeria, a contingency reserve is credited with the greater of 3% of total premium or 20% of profit of general insurance business and 1% of total premium or 10% profit for life business. This shall accumulate until it reach the amount of greater of minimum paid up capital or 50% of net premium.

In thousands of Naira	31/Mar/21	31/Dec/20
At 1 January	551,323	518,878
Transfer from accumulated losses	<u>10,365</u>	<u>32,445</u>
	<u>561,688</u>	<u>551,323</u>
36 Accumulated Losses		
In thousands of Naira	31/Mar/21	31/Dec/20
At 1 January	(1,905,237)	(1,759,222)
Loss for the year	(61,213)	(113,569)
Transfer to contingency reserve	(10,365)	(32,445)
Transfer from employee benefit reserves	-	-
	<u>(1,976,814)</u>	<u>(1,905,237)</u>
37 Available-for-sale Financial Assets		
In thousands of Naira	31/Mar/21	31/Dec/20
At 1 January	66,734	65,513
Reversal of prior year fair value loss		
Fair value changes - Quoted Equity	5,254	1,221
Fair value changes - Unquoted Equity (See (a) below)	-	-
	<u>71,988</u>	<u>66,734</u>
38 Employment benefit reserve		
At the beginning of the period	0	-
For the period	-	-
Reclassification	(0)	-
	<u>-</u>	<u>-</u>

A valuation of the Company's unquoted equity was conducted by Pedabo (FRC/2013/ICAN/00000000904). They have relevant recognized professional qualification and experience.

Asset revaluation

At the beginning of the period	41,902	41,902
For the period	-	-
Fair value changes - Unquoted Equity (See (a) below)	<u>41,902</u>	<u>41,902</u>

39 Reconciliation of Statement of Cash flow In thousands of Naira	<u>31/Mar/21</u>	<u>31/Dec/20</u>
40.1 Premium received		
Gross written premium per income statement	345,494	1,081,507
Decrease/(increase) in insurance receivables	5,226	5,226
Impairment of insurance receivable charged during the year	-	-
	<u>350,720</u>	<u>1,086,733</u>
40.2 Commission received		
Decrease/(Increase) in deferred commission income (see note **)	(3,914)	(3,295)
Fees and commission income per income statement (see note 3)	22,482	80,484
	<u>18,568</u>	<u>77,190</u>
40.3 Reinsurance premium paid		
Reinsurance premium per income instatement	(281,823)	(319,483)
Change in trade payables (see note **)	-	-
Decrease/(increase) in reinsurance asset	(32,939)	(15,816)
	<u>(314,762)</u>	<u>(335,299)</u>
40.4 Gross claims paid net of recoveries		
Claims incurred	-	146,489
Gross claims paid per income statement	(77,354)	(271,589)
	<u>(77,354)</u>	<u>(125,100)</u>
Analysis of recoveries on claims paid		
Cash claim recoveries	30,107	49,805
Claims receivables on claims paid	(30,107)	96,684
	<u>-</u>	<u>146,489</u>
40.5 Payments to employees		
Employee benefits expenses	(69,738)	(320,046)
(Decrease)/Increase in employee benefit obligations	(2,453)	(2,573)
	<u>(72,191)</u>	<u>(322,619)</u>
40.6 Other operating cash payments		
Other Operating expenses	(73,970)	(262,509)
Less: Non Cash Items		
Decrease/(Increase) in other receivables and prepayments	12,181	17,007
Increase/(Decrease) in other payables	8,450	3,566
(Increase)/Increase in insurance payables	-	-
Decrease/(Increase) in other financial liabilities	-	-
Change in statutory deposit	-	-
	<u>(53,338)</u>	<u>(241,937)</u>
40.7 Investment income received		
Rental income from land and building	1,550	8,850
Dividend income on AFS equity	336	8,752
Interest income on statutory deposit with CBN	526	20,384
Interest income on fixed placement	812	13,128
Interest income on treasury bills	2,575	53,713
	<u>5,799</u>	<u>104,826</u>
40.8 Other income received		
Sundry Income	21	47
Recoveries from other receivables	-	-
Sundry Income	-	-
	<u>21</u>	<u>47</u>