

Coronation Insurance Plc

Unaudited Interim Financial Statements

the period ended 31 March 2021

Consolidated and Separate Statements of Financial Position

		Group	Group	Company	Company
		2021	2020	2021	2020
		31-Mar	31-Dec	31-Mar	31-Dec
		N'000	N'000	N'000	N'000
	Notes				
ASSETS					
Cash and cash equivalents	8	6,118,215	2,451,541	3,431,529	881,053
Financial assets at fair value through OCI	9	10,381,718	13,853,007	1,349,096	3,068,439
Trade receivables	10	174,207	231,957	28,557	135,659
Reinsurance assets	11	5,036,556	5,229,630	3,449,649	3,695,450
Deferred acquisition cost	12	712,013	401,698	391,427	272,416
Other receivables & prepayments	13	1,459,772	893,347	1,070,198	784,785
Investment property	14	80,480	80,480	80,480	80,480
Investment in associates	15	10,753,720	11,004,719	5,423,440	5,423,440
Investment in subsidiaries	16	-	-	9,259,506	9,259,506
Intangible assets	17	833,087	806,200	348,974	360,850
Property and equipment	18	3,372,741	3,452,240	3,138,980	3,199,994
Right of use asset	19	188,520	152,119	-	-
Deferred tax asset	25	305,986	305,986	305,986	305,986
Statutory deposit	20	704,718	687,391	300,000	300,000
TOTAL ASSETS		40,121,731	39,550,315	28,577,820	27,768,057
LIABILITIES					
Insurance contract liabilities	21	12,916,690	12,155,420	7,776,084	7,730,857
Investment contract liabilities	22	1,017,342	1,120,229	-	-
Trade payables	23	281,171	399,324	133,699	385,683
Other payables	24a	1,627,707	1,265,598	2,042,208	960,625
Lease liability	24b	87,755	83,361	-	-
Current income tax	26	256,551	245,612	109,006	103,727
TOTAL LIABILITIES		16,187,215	15,269,545	10,060,998	9,180,892
EQUITY					
Equity attributable to owners					
Share capital	27	11,995,952	11,995,952	11,995,952	11,995,952
Share premium	28	4,921,883	4,921,883	4,921,883	4,921,883
Contingency reserves	29	3,401,879	3,293,529	2,812,279	2,723,639
Other reserves	30	867,965	1,942,567	832,416	983,692
Retained earnings	31	2,746,837	2,126,839	(2,045,708)	(2,038,000)
TOTAL EQUITY		23,934,516	24,280,770	18,516,822	18,587,166
TOTAL LIABILITIES AND EQUITY		40,121,731	39,550,315	28,577,820	27,768,057

These financial statements were approved by the board of directors (BOD) on 27th April 2021 and signed on behalf of the board of directors by the directors listed below:



Mutiu Sunmonu
FRC/2014/IODN/00000006187
Chairman



Adeyinka Adekoya
FRC/2016/CIIN/00000013893
Managing Director

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

Coronation Insurance Plc

Consolidated Statements of Profit or Loss For the period ended 31st March 2021

(All amounts in Naira thousands unless otherwise stated)

	Note	GROUP				COMPANY			
		2021	2020	2021	2020	2021	2020	2021	2020
		3 Months Mar	3 Months Mar	YTD Mar	YTD Mar	3 Months Mar	3 Months Mar	YTD Mar	YTD Mar
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Gross written premium	1a	5,228,398	4,108,679	5,228,398	4,108,679	2,954,690	2,358,102	2,954,690	2,358,102
Movement in Unearned premium	1b	(1,768,410)	(153,051)	(1,768,410)	(153,051)	(843,088)	452,814	(843,088)	452,814
Gross premium income		3,459,988	3,955,628	3,459,988	3,955,628	2,111,603	2,810,916	2,111,603	2,810,916
Reinsurance expenses	1c	(1,142,886)	(1,688,374)	(1,142,886)	(1,688,374)	(798,272)	(1,371,814)	(798,272)	(1,371,814)
Net premium Income	1	2,317,103	2,267,254	2,317,103	2,267,254	1,313,330	1,439,103	1,313,330	1,439,103
Fees and commission income	3	228,154	433,157	228,154	433,157	150,625	291,523	150,625	291,523
Net underwriting income		2,545,257	2,700,411	2,545,257	2,700,411	1,463,956	1,730,626	1,463,956	1,730,626
Claims Paid	2a	(1,638,535)	(1,145,751)	(1,638,535)	(1,145,751)	(907,463)	(656,469)	(907,463)	(656,469)
Movement in Outstanding Claims	2b	244,607	(357,748)	244,607	(357,748)	388,273	(386,827)	388,273	(386,827)
Claims expense recoverable	2c	141,300	745,974	141,300	745,974	(80,986)	576,974	(80,986)	576,974
Net claims expenses	2	(1,252,627)	(757,525)	(1,252,627)	(757,525)	(600,175)	(466,321)	(600,175)	(466,321)
Underwriting expenses	4	(536,781)	(647,247)	(536,781)	(647,247)	(384,716)	(443,310)	(384,716)	(443,310)
Total underwriting expenses		(1,789,408)	(1,404,772)	(1,789,408)	(1,404,772)	(984,891)	(909,631)	(984,891)	(909,631)
Total underwriting profit		755,849	1,295,639	755,849	1,295,639	479,064	820,995	479,064	820,995
Investment income	5a	559,819	286,721	559,819	286,721	145,250	123,586	145,250	123,586
Other operating income	6	368,272	139,850	368,272	139,850	242,989	12,060	242,989	12,060
Total investment and other income		928,091	426,571	928,091	426,571	388,239	135,646	388,239	135,646
Net income		1,683,940	1,722,209	1,683,940	1,722,209	867,303	956,641	867,303	956,641
Employee benefit expenses	8	(282,711)	(266,963)	(282,711)	(266,963)	(149,828)	(169,767)	(149,828)	(169,767)
Other operating expenses	7	(1,075,781)	(1,256,008)	(1,075,781)	(1,256,008)	(631,263)	(677,353)	(631,263)	(677,353)
Total operating expenses		(1,358,491)	(1,522,971)	(1,358,491)	(1,522,971)	(781,091)	(847,121)	(781,091)	(847,121)
Operating profit		325,449	199,238	325,449	199,238	86,212	109,520	86,212	109,520
Share of Profit of Associate	5d	342,545	255,078	342,545	255,078				
Profit before tax		667,994	454,316	667,994	454,316	86,212	109,520	86,212	109,520
Income tax		(19,753)	(93,061)	(19,753)	(93,061)	(5,279)	(77,269)	(5,279)	(77,269)
Profit after tax		648,242	361,255	648,242	361,255	80,933	32,252	80,933	32,252
Other Comprehensive Income, net of tax:									
Net fair value gain on financial asset		(293,936)	-	(293,936)	-	(151,275)	-	(151,275)	-
Share of Other Comprehensive Income of Associate	5e	(593,544)	48,507	(593,544)	48,507	-	-	-	-
Total Other Comprehensive Income		(887,480)	48,507	(887,480)	48,507	(151,275)	-	(151,275)	-
Total comprehensive income/loss		(239,239)	409,762	(239,239)	409,762	(70,343)	32,252	(70,343)	32,252
Basic Earning Per Share (Kobo)		(0)	(0)	3.16	(0)	(0)	(0)	(2.76)	(2)

Consolidated Statements of Changes in Equity - Group
For the period ended 31 March 2021

(All amounts in Naira thousands unless otherwise stated)

	Share capital	Share premium	Other reserves	Contingency reserves	Retained earnings	Total equity
Balance at 1 January 2021	11,995,952	4,921,883	1,942,567	3,293,529	2,126,839	24,280,771
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	-	-	648,242	648,242
Other comprehensive income			(887,480)			(887,480)
Total other comprehensive income/(loss) for the year			(887,480)	-	648,242	(239,239)
Total comprehensive income/(loss) for year	11,995,952	4,921,883	1,055,087	3,293,529	2,775,081	24,041,532
Transactions with equity holders, recorded directly in equity:						
Shares issued during the year - Rights issue	-	-	-	-	-	-
Interim appropriation account					100,520	100,467
Adjustment in opening balance			(187,070)	(20,413)		(207,483)
Share issue costs	-	-	-	-	-	-
Transfer to contingency reserves	-	-	-	128,763	(128,763)	-
Total transactions with owners	-	-	(187,070)	108,350	(28,243)	(107,016)
Balance at 31 March 2021	11,995,952	4,921,883	867,964	3,401,879	2,746,837	23,934,516

Statement of Changes in Equity - Company
For the period ended 31 March 2021

(All amounts in Naira thousands unless otherwise stated)

	Share Capital	Share premium reserves	Other reserves	Contingency reserves	Retained earnings	Total equity
Balance at 1 January 2021	11,995,952	4,921,883	983,691	2,723,639	(2,037,999)	18,587,166
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	-	-	80,933	80,933
Other comprehensive income			(151,275)			(151,275)
Total other comprehensive income/(loss) for the year	-	-	(151,275)	-	80,933	(70,343)
Total comprehensive income/(loss) for year	11,995,952	4,921,883	832,416	2,723,639	(1,957,066)	18,516,823
Transactions with equity holders, recorded directly in equity:						
Shares issued during the year - Rights issue	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-
Transfer to contingency reserves	-	-	-	88,641	(88,641)	-
Total transactions with owners	-	-	-	88,641	(88,641)	-
Balance at 31 March 2021	11,995,952	4,921,883	832,416	2,812,279	(2,045,708)	18,516,823

Consolidated Statements of Changes in Equity - Group
For the period ended 31 March 2020
(All amounts in Naira thousands unless otherwise stated)

	Share capital	Share premium reserves	Other reserves	Contingency reserves	Retained earnings	Total equity
Balance at 1 January 2020	6,691,369	6,194,983	1,003,026	2,832,197	1,812,020	18,533,595
<i>Total comprehensive income for the year</i>						
Profit for the year	-	-	-	-	361,254	361,254
Other comprehensive income			48,507			48,507
	-	-	48,507	-	361,254	409,761
	6,691,369	6,194,983	1,051,533	2,832,197	2,173,274	18,943,357
Other comprehensive income						
Shares issued during the year - Rights issue	5,304,583	(1,273,100)	-	-	-	4,031,483
Foreign currency translation difference			138,413			138,413
Transfer to contingency reserves	-	-	-	84,758	(84,758)	-
Total other comprehensive income for the year	5,304,583	(1,273,100)	138,413	84,758	(84,758)	4,169,896
Total comprehensive income for the year	11,995,952	4,921,883	991,989	2,916,955	2,286,510	23,113,253

**Statement of Changes in Equity -Company
For the period ended 31 March 2020**

(All amounts in Naira thousands unless otherwise stated)

	Share Capital	Share premium reserves	Other reserves	Contingency reserves	Retained earnings	Total equity
Balance at 1 January 2020	6,691,369	6,194,983	689,358	2,374,532	(1,305,926)	14,644,316
Profit for the period					32,252	32,252
Other comprehensive income						
Total comprehensive income/(loss) for the year						
Total comprehensive income/(loss) for the year	6,691,369	6,194,983	689,358	2,374,532	(1,273,674)	14,676,568
Transactions with equity holders, recorded directly in equity:						
Shares issued during the year - Rights issue	5,304,583	(1,273,100)	-	-	-	4,031,483
Transfer to contingency reserves	-	-	-	70,743	(70,743)	-
Total transactions with owners	5,304,583	(1,273,100)	-			4,031,483
Balance at 31 March 2020	11,995,952	4,921,883	689,358	2,445,275	(1,344,418)	18,708,050

Statement of cash flows for the year ended 31 March 2021

	Group 2021 31-Mar N'000	Group 2020 31-Mar N'000	Company 2021 31-Mar N'000	Company 2020 31-Mar N'000
Operating activities				
Premiums received	5,286,147	4,108,679	3,061,793	2,358,102
Fees and commission received	275,295	433,157	150,625	291,523
Fees and commission paid	(416,595)	(628,802)	(349,669)	(443,310)
Reinsurance premiums paid	(1,142,886)	(1,786,242)	(798,272)	(1,371,814)
Gross claims paid to policy holders	(1,638,535)	(1,145,751)	(907,463)	(656,469)
Reinsurance recoveries on claims	102,563	462,303	80,986	576,974
Payments to employees	(282,711)	(266,963)	(185,899)	(169,767)
Other operating cash payments	(1,868,770)	(1,156,396)	(703,620)	(678,945)
Other operating cash receipts	411	253,335	411	6,730
Receipts from Investment contract	251,127	-	-	-
Payments to Investment contract	(506,574)	-	-	-
Tax paid	-	(80,158)	-	(80,158)
Net cash generated from operating activities	59,472	193,161	348,891	(167,133)
Cash flows from investing activities				
Disposal of deposit for shares	-	-	-	-
Purchases of property and equipment	(32,503)	-	(18,535)	-
Purchases of intangible assets	(66,037)	-	(31,740)	-
Proceeds from sale of property and equipment	-	-	-	-
Purchases of investment in associates and subsidiaries	-	(4,058,668)	-	(4,566,231)
Purchases of investment securities	(2,388,520)	-	(409,000)	-
Proceeds from redemption of investment securities	5,685,376	2,708,610	2,619,531	3,331,322
Purchases of investment properties	-	1,300	-	1,300
Proceeds from sale of investment properties	-	-	-	-
Rental income received	-	600	-	600
Dividend income received	-	6,758	-	6,758
Interest income received	410,094	279,363	42,031	109,108
Net cash used in investing activities	3,608,410	(1,062,037)	2,202,287	(1,117,143)
Cash flows from financing activities				
Proceeds from issue of shares	-	3,898,591	-	3,898,591
Dividend paid	-	-	-	-
Net cash used in financing activities	-	3,898,591	-	3,898,591
Cash and cash equivalents at beginning of year	2,451,541	3,517,250	881,053	2,838,176
Net increase in cash and cash equivalents	3,667,883	3,029,715	2,551,178	2,614,316
Cash and cash equivalent at end of year	6,119,424	6,546,965	3,432,231	5,452,492

Summary of Cash and cash equivalents

For the purposes of the statement of cash flow, cash and cash equivalents is as follows:

	Group 2021 31-Mar N'000	Group 2020 31-Mar N'000	Company 2021 31-Mar N'000	Company 2020 31-Mar N'000
Cash at bank and in hand	4,998,623	569,281	2,832,718	253,749
Money market placements	1,120,801	1,549,056	599,513	1,133,522
Treasury bills less than 90 days maturity	-	4,428,627	-	4,065,221
	6,119,424	6,546,965	3,432,231	5,452,492

1. Reporting entity

Coronation Insurance Plc (formerly Wapic Insurance Plc) (“Wapic” or “the Company”) together with its subsidiaries (collectively “the Group”) is a public liability company domiciled in Nigeria with operations in Nigeria and Ghana. Coronation Insurance Plc (formerly Wapic Insurance Plc) was incorporated on 14 March 1958 as a private limited liability Company under the name of West African Provincial Insurance Company Limited. It became a public limited liability company in 1990 when the Company’s shares were listed on the Nigerian Stock Exchange. The Group secured a life insurance business license from National Insurance Commission (NAICOM) in 2000, and became a composite insurance business. The Group separated the life business and transferred the related assets and liabilities to its subsidiary, Intercontinental Life Assurance Limited (now Coronation Life Assurance Limited (formerly Wapic Life Assurance Limited)), on 1 March 2007 through which it continues to provide life assurance services. Coronation Insurance Ghana Limited (formerly Wapic Insurance Ghana Limited), a wholly owned subsidiary of Coronation Insurance Plc (formerly Wapic Insurance Plc), was incorporated on 21 January 2008 to carry on general insurance business in Ghana from 19 February 2008. The address of the Group’s corporate office is 119, Awolowo Road, Ikoyi. The Group is principally engaged in the business of underwriting life and non-life insurance risks and also issues a diversified portfolio of investment contracts products to provide its customers with asset management solutions for their savings and target investment plans.

Going concern

These financial statements have been prepared on the going concern basis. The Group and Company has no intention or need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the Group and Company due to sufficient capital adequacy ratio, healthy solvency margin and projected liquidity, based on historical experience that short-term obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the Group and Company is carried out to ensure that there are no going concern threats to the operation of the Group and Company.

2. Basis of preparation

(a) Statement of compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS), in the manner required by Companies and Allied Matters Act of Nigeria, the Insurance Act of Nigeria, relevant National Insurance Commission (NAICOM) guidelines and circulars and the Financial Reporting Council of Nigeria Act (FRCN Act), to the extent that these laws are not in conflict with the requirement of IFRS.

The financial statements were authorised for issue by the directors on 12 April 2021.

(b) Functional and presentation currency

The financial statements are presented in Nigerian currency (Naira) which is the Group’s functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand.

(c) Basis of measurement

The financial statements have been prepared on a historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value;
- financial instruments at fair value through other comprehensive income are measured at fair value;
- investment properties are measured at fair value;
- land and building are carried at revalued amount; and
- Insurance liabilities are measured at present value of future cashflows.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 4 of the financial statements.

(e) Regulation

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

- i) section 22 (1b) requires maintenance of contingency reserves for life business at specified rates as set out under note 3.12 to cover fluctuations in securities and variation in statistical estimates;
- ii) 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;

iii) section 10(3) requires insurance companies in Nigeria to deposit 10 per centum of the minimum paid up share capital with the Central Bank of Nigeria.

iv) section 25 (1) requires an insurance company operating in Nigeria to invest and hold investments in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer.

v) the requirement to provide 10 per cent for outstanding claims in respect of claims incurred but not reported at the end of the year under review under section 20 (1b). However, claims incurred but not reported liabilities have been estimated in line with accounting policy 3.12 to comply with IFRS;

vi) the requirement for additional provision of 25 per cent of net premium to general reserve fund under section 22 (1a) as actuarial valuations on life insurance liabilities are currently carried out on a yearly basis in line with IFRS.

Section 59 of the Financial Reporting Council of Nigeria Act, (FRCN Act) provides that in matters of financial reporting, if there is any inconsistency between the FRCN Act and other Acts which are listed in section 59(1) of the FRCN Act, the FRCN Act shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the FRCN Act has promulgated IFRS as the national financial reporting framework of Nigeria. Consequently, the provisions of section 20(1b) and 22(1a) of the National Insurance Act, which conflict with the provisions of IFRS have not been adopted:

i) the requirement to provide 10 per cent for outstanding claims in respect of claims incurred but not reported (IBNR) at the end of the year under review under section 20 (1b);

ii) the requirement for additional provision of 25 per cent of net premium to general reserve fund under section 22 (1a).

(f) Reporting period

The statement of financial position has been prepared for a 12 month period.

(g) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these financial statements.

Standards and interpretations effective for the first time for 31 December 2020 year end

(i) Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

(ii) Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark- based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

(iii) Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the Group.

(iv) Conceptual Framework for Financial Reporting issued on 29 March 2018

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to, the Group.

(v) Amendments to IFRS 16 COVID-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

Standards and interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 01 January 2021 or later periods:

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

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendments to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

(ii) IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) which was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

The Group does not expect to adopt the new standard before 1 January 2022.

(iii) Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

(iv) Reference to the Conceptual Framework IV Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group.

(v) Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the consolidated financial statements of the Group.

(vi) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Group.

(vii) IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments is not applicable to the Group.

(viii) IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

(ix) Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred. Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognised. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognised in profit or loss.

The practical expedient is required for entities applying IFRS 4 that are using the exemption from IFRS 9 (and, therefore, apply IAS 39) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Permitted changes include redefining the hedged risk to reference an RFR and redefining the description of the hedging instruments and/or the hedged items to reflect the RFR. Entities are allowed until the end of the reporting period, during which a modification required by IBOR reform is made, to complete the changes. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognise hedge ineffectiveness.

Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR. The cash flow hedge reserve is released to profit or loss in the same period or periods in which the hedged cash flows based on the RFR affect profit or loss.

For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero. This relief applies when the exception to the retrospective assessment ends.

The amendments provide relief for items within a designated Company of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued. As items within the hedged Company transition at different times from IBORs to RFRs, they will be transferred to sub-Companies of instruments that reference RFRs as the hedged risk.

As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform. The phase two reliefs cease to apply once all changes have been made to financial instruments and hedging relationships, as required by IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. The relief allows entities upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months.

IFRS 7 Financial Instruments: Disclosures includes the following:

- How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform
- Disaggregated by each significant IBOR benchmark, quantitative information about financial instruments that have yet to transition to RFRs
- If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes

Effective for annual periods beginning on or after 1 January 2021

3 Significant accounting policies

Except for the changes explained above, the significant accounting policies set out below have been consistently applied to all periods presented in these financial statements.

3.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, call deposits and short term highly liquid financial assets with original maturities of three months or less from the acquisition date, which 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.

For the purpose of cashflow, cash and cash equivalents comprise of cash in hand and bank, short term bank deposits and treasury bills with a maturity of 90 days or less.

3.2 (a) Financial instruments*Recognition and derecognition*

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instrument.

Regular-way purchases and sales of financial assets are recognised on settlement date which is the date on which the Group parts with or receives economic resources for the purchase or sale of the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

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 re-pledge 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 of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. Income and expense will not be offset in profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

*i) Financial assets**(a) Classification*

The Group's financial assets include cash and short term deposits, loan and other receivables, staff loans, quoted and unquoted equity instruments, treasury bills and bonds. The Group classifies its financial assets in the following categories:

- Amortised cost
- Fair value through other comprehensive income (FVOCI) and
- Fair value through profit or loss (FVTPL)

Classification of debt instruments

Management classifies its financial assets into any of the asset categories above on the basis of both:

- The Group's business model for managing the financial assets.
- The contractual cash flows characteristics of the financial assets.

1. Business Model Assessment

The business model assessment is one of the two steps to classify financial assets. The business model assessment of the Group's financial instruments is performed at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Judgment is needed to determine the level of aggregation to which the business model assessment is applied. That determination is made on the basis of how the Group manages its business, it is not made at the level of an individual asset, rather the Group performs this assessment at a higher level of aggregation which is at a portfolio level.

If cash flows are realised in a way that is different from the Group's expectations at the date that the Group assessed the business model (for example, if the Group sells more or fewer financial assets than it expected when it classified the assets), this does not:

- give rise to a prior period error in the Group's financial statements (as defined in IAS 8 Accounting policies, changes in accounting estimates and errors)
- change the classification of the remaining financial assets held in that business model (i.e., those assets that the Group recognised in prior periods and still holds), as long as the Group has considered all relevant information that was available at the time that it made the business model assessment.

However, when the Group assesses the business model for newly originated or newly purchased financial assets, it considers information about how cash flows were realised in the past, along with all other relevant information. Where there was a change in the way that cash flows are realised, then this will affect the classification of new assets recognised in the future.

Hold-to-collect business model

Where the Group's objective is to hold the asset (or portfolio of assets) to collect the contractual cashflows, the asset (or portfolio of assets) are classified under the 'hold to collect' business model. Financial assets that are held within this business model are measured at amortised cost (provided the asset also meets the contractual cash flow test – see below). Such assets are managed to realise cash flows by collecting contractual payments over the life of the instrument.

In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, the Group considers the frequency and value of sales in prior periods, the timing of the sale of assets, the reasons for those sales, and the Group's expectations about future sales activity.

In accordance with IFRS 9, sales in themselves do not determine the business model and cannot be considered in isolation. However, information about past sales and expectations about future sales provide evidence related to how the Group's stated objective for managing the financial assets is achieved and, specifically, how cash flows are realised.

Hold-to-collect contractual cash flows and sell

Where the Group's objective is to hold a group of financial assets to collect the contractual cashflows and then to sell those financial assets, the portfolio of assets are classified under the 'hold to collect and sell' business model. The FVOCI measurement category is mandatory for portfolios of financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (provided the asset also meets the contractual cash flow test).

Collecting contractual cash flows and selling are fundamental to achieving the objective of the business model.

Compared to the business model with an objective to hold financial assets to collect contractual cash flows, this business model will typically involve greater frequency and value of sales. This is because selling financial assets is integral to achieving the business model's objective rather than only incidental to it. There is no threshold for the frequency or value of sales that can or must occur in this business model.

Other business models

IFRS 9 requires financial assets to be measured at fair value through profit or loss (FVTPL) if they are not held within either a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

A business model that results in measurement at FVTPL is where the financial assets are held for trading or where the assets are managed on a fair value basis. In each case, the Group manages the financial assets with the objective of realising cash flows through the sale of the assets. The Group makes decisions based on the assets' fair values and manages the assets to realise those fair values.

2. The contractual cash flows assessment – the Solely Payments of Principal and Interest (SPPI) test

This assessment aims to identify whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The SPPI test is based on the premise that it is only when the variability in the contractual cash flows arises to maintain the holder's return in line with a 'basic lending arrangement' that the application of the effective interest method provides useful information about the uncertainty, timing and amount of the financial asset's contractual cashflows.

The effective interest method is essentially to spread interest revenue or expense over time. Amortised cost or FVOCI measurement is only appropriate for simple cash flows that have low variability such as those of loans and receivables and debt securities.

Classification of equity instruments

Investment in equity instruments are always measured at fair value. The Group has elected to irrevocably designate non-trading equity instruments at FVOCI as permitted by IFRS 9. Equity investments that are held for trading (including all equity derivative instruments such as warrants and rights issues) are required to be classified at fair value through profit or loss.

The Group may acquire an investment in an equity instrument that is not held for trading. At initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to present changes in fair value in other comprehensive income rather than profit or loss.

Amounts presented in OCI are not subsequently transferred to profit or loss, even on derecognition. However, the cumulative gain or loss may be transferred within equity. Equity investments are not subject to any impairment requirements.

Dividends from such investments should be recognised in profit or loss when the right to receive payment is probable and can be measured reliably, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income.

(b) Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

i) Amortised Cost

Financial instruments are measured at amortised cost, using the effective interest rate method.

The amortised cost of a financial asset or financial 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 of any difference between that initial amount and the maturity amount, and for financial assets, adjusted for any impairment allowance.

The impairment loss is reported as a deduction from the carrying value of the loan (using an allowance account) and recognised in profit or loss as 'impairment charges'.

Effective interest rate method

The effective interest method is a method used in calculating the amortised cost of a financial asset or financial liability and in the allocation and recognition of the interest income or expense in profit or loss over the relevant period.

The effective interest method differs from the straight-line method in that the amortisation under the effective interest method reflects a constant return on the carrying amount of the asset or the liability. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts, over the expected life of the financial instrument to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. It is the internal rate of return of the financial asset or liability for that period.

ii) Fair value through Other Comprehensive Income

For the Group's investment in debt instruments measured at FVOCI, all movements in fair value should be taken through other comprehensive income except for the recognition of impairment losses, interest revenue in line with the effective interest rate method, foreign exchange gains and losses arising on derecognition of the asset which are recognised in the profit or loss.

Therefore, fair value changes will be split in the interest income on an effective interest basis (which are posted to profit or loss) and fair value gains or losses (which are posted to other comprehensive income).

All equity investments held by the Group are required to be measured at fair value through profit or loss. However, the Group can make the irrevocable election to present in other comprehensive income changes in the fair value of an investment in an equity instrument that is not held for trading. Where the Group elects the irrevocable option, amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss. Nevertheless, the Group may transfer the cumulative gain or loss within equity. Dividends on such equity instruments are recognised in profit or loss in 'Dividend income' when the Group's right to receive payment is established.

The Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

iii) Fair value through profit or loss

These assets and liabilities are measured at fair value, with the unrealised gains and losses arising from changes in fair value included directly in profit or loss and are reported as 'Net gains/ (losses) on financial instruments classified as held for trading'

The carrying value of trading positions in financial instruments includes accrued interest. Fair value changes recognised through profit or loss in the statement of comprehensive income on such instruments includes items such as interest and dividends, if related to those trading positions.

(d) Impairment of financial assets

The Group will assess on a forward looking basis, the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts.

No impairment is recognised on equity investments. This is because the fair value changes would incorporate impairment gains or losses if any.

General Approach

Under the general approach, at each reporting date, the Group recognises a loss allowance based on either 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk on the financial instrument since initial recognition. The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis or when a loan becomes credit impaired respectively.

Staging

Stage 1: On origination, a financial asset (provided that it is not a purchased or originated credit impaired asset) will be in stage 1 of the general model for expected credit losses. Financial assets that have not had a significant increase in credit risk since initial recognition or that (upon assessment and option selected by the Group) have low credit risk at the reporting date remain in stage 1.

For these assets, 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12 months.

Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date and this option is taken by the Group) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised and interest revenue is still calculated on the gross carrying amount of the asset.

Lifetime ECL are the ECL that result from all possible default events over the maximum contractual period during which the Group is exposed to credit risk. ECL are the weighted average credit losses, with the respective risks of a default occurring as the weights.

The Group, when determining whether the credit risk on a financial instrument has increased significantly, considers reasonable and supportable (both historical and forward-looking) information available, in order to compare the risk of a default occurring at the reporting date with the risk of a default occurring at initial recognition of the financial instrument.

Stage 3: This includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECLs are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance). This is done by applying the EIR in subsequent reporting periods to the amortised cost of the financial asset.

When the Group has no reasonable expectations of recovering the financial asset, then the gross carrying amount of the financial asset can be directly reduced in its entirety via a write off. A write-off constitutes a derecognition event.

Simplified approach

The simplified approach does not require the Group to track the changes in credit risk, but, instead, requires the Group to recognise a loss allowance based on lifetime ECLs at each reporting date, right from origination.

The Group recognizes lifetime ECLs at each reporting period for trade receivables or other receivables that result from transactions within the scope of IFRS 15 and that do not contain a significant financing component.

Measurement of expected credit losses

The standard defines credit loss 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 (i.e., all cash shortfalls), discounted at the original EIR

ECLs are a probability-weighted estimate of credit losses over the expected life of the financial instrument (i.e., the weighted average of credit losses with the respective risks of a default occurring as the weights).

When measuring ECLs, in order to derive an unbiased and probability-weighted amount, the Group should evaluate a range of possible outcomes. This involves identifying possible scenarios that specify:

- a. The amount and timing of the cash flows for particular outcomes
- b. The estimated probability of these outcomes
- c. Exposure at default (EAD): The EAD estimates the percentage of exposure the Group might lose if the borrower defaults.

Probability of default (PD)**12 Month PDs**

12 month PD is the probability of a loan defaulting within the next 12 months. 12-month PD estimates are required to calculate 12-month ECLs for accounts classified as Stage 1. These PD estimates also form the basis of the lifetime PD curves, which are required to calculate lifetime ECLs for accounts classified as Stage 2. 12 Months PD is used computed using the Group's data

Lifetime PDs

Lifetime PD curves are required to calculate expected credit losses for Stage 2 and Stage 3 accounts. Ideally, lifetime PD curves should be developed based on internal default data. However, the Group does not have sufficient history of internal default data to build credible curves so it has derived lifetime PD curves using S & P's "2017 Annual Sovereign Default Study and Rating Transition".

Loss given default (LGD)

LGD is the share of an asset that is lost when a borrower defaults. The recovery rate is defined as 1 minus the LGD, the share of an asset that is recovered when a borrower defaults. Loss given default is facility-specific because such losses are generally understood to be influenced by key transaction characteristics such as the presence of collateral and the degree of subordination.

Exposure at default (EAD)

EAD is equal to the current amount outstanding at the expected point of default in case of fixed exposures like staff loans and investment securities. This is derived using the original carrying amount, interest rate and tenor of the facility.

3.3 Other receivables and prepayments

Other receivables are measured at amortised cost less accumulated impairment losses while prepayment are carried at cost less accumulated impairment losses.

3.4 Reinsurance assets and reinsurance liabilities

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 assets and liabilities have been set out under note 3.17 (e).

3.5 Deferred acquisition cost

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.

3.6 Investment property

Investment property comprises investment in land or buildings held primarily to earn rental income or capital appreciation or both.

Investment property is initially recognized at cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes cost of day to day servicing of an investment property. Investment property is subsequently 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 with regard to recent market transactions for similar properties in the same location.

Fair values are reviewed annually by independent valuer, registered with the Financial Reporting Council (FRC) of Nigeria as well as holding a recognized and relevant professional qualification and with relevant experience in the location and category of investment property being valued. Subsequent expenditure on investment property is capitalized only if future economic benefit will flow to the Group; otherwise they are expensed as incurred.

Investment properties are disclosed separately from the property and equipment used for the purposes of the business.

The Group separately accounts for a dual purpose property as investment property if it occupies only an insignificant portion. Otherwise, the portion occupied by the Group is treated as property and equipment.

3.7 Intangible assets*Software*

Recognition of software acquired is only allowed if it is probable that future economic benefits attributable to this intangible asset will flow to the Group.

Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortization and any accumulated impairment losses. Maintenance costs should not be included.

Internally developed software is capitalized when the Group has the intention and demonstrates the ability to complete the development and use of the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalized costs include all costs directly attributable to the development of the software. Internally developed software is stated at capitalized cost less accumulated amortization and impairment.

Subsequent expenditure on software assets is capitalized 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 the statement of 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 since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. Software has a finite useful life with the estimated useful life of software being five years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Upon disposal of software or when no future economic benefits are expected to flow from its use, such software are derecognise from the books. Gains or losses arising on disposal of assets are determined by comparing proceeds with their carrying amounts and are recognised in profit or loss in the year of derecognition.

3.8 Property and equipment*Recognition and measurement*

All items of property and equipment except land and buildings are initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Land and buildings are initially recognised at cost and subsequently carried at revalued amounts, being fair value at the date of revaluation less subsequent accumulated depreciation and impairment losses, if any.

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

The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised net within other income in profit or loss.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit and loss account during the financial period in which they are incurred.

Subsequent costs on replacement parts on an item of property are recognized in the carrying amount of the asset and the carrying amount of the replaced or renewed component is derecognized.

Depreciation

Depreciation is calculated on property and equipment on a straight line basis to write down the cost of each asset to its residual value over its estimated useful life. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

No depreciation is charged on items of property and equipment until they are available for use.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Depreciation is computed as follows:

Land	-	Over the lease period
Buildings	-	Over 50 years
Office equipment	-	Over 5 years
Computer hardware	-	Over 3 years
Furniture and fittings	-	Over 5 years
Motor vehicles	-	Over 4 years

Revaluation of land and building

Land and building is valued on an open market basis by qualified property valuers at least once every 3 years if there are evidences of significant changes in the carrying value.

When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the statement of profit or loss.

When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that property. However, to the extent that it exceeds any surplus, it is recognised as an expense in the statement of profit and loss.

Derecognition

An item of property and equipment is derecognised when it is disposed of or where no future economic benefits are expected from its use or disposal. Gains and losses arising on derecognition are calculated as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss as other income. Where a revalued asset is disposed or scrapped, the revaluation reserve balance in respect of that asset is transferred as a reserve reclassification from other reserves to retained earnings.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are considered to be impaired when there exist any indication that the asset's recoverable amount is less than the carrying amount, it is then assessed for impairment to determine the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are carried at the lowest levels for which they are separately identifiable cash flows (cash generating units). Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the impairment loss was recognised. 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 amortization, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

3.9 Statutory deposit

These deposits represent bank balances required by the insurance regulator of the Group to be placed with the Central Bank of Nigeria (and the Central bank of Ghana for its subsidiary) and are based on 10% of the statutory minimum capitalisation. These deposits are not available for day to day use and are stated at amortised cost.

3.10 Share capital, dividend on ordinary shares, earnings per share, retained earnings & revaluation reserve

(i) Share capital

The Group classifies ordinary shares 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.

(ii) 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.

(iii) 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.

Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued. A diluted earnings per share is determined where appropriate.

(iv) Diluted Earnings per share

The Group determines diluted earnings per share based on profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for effect of all dilutive potential ordinary shares

(v) Retained earnings/(deficit)

This account accumulates net profits or losses from operations.

(vi) Revaluation reserve

Revaluation reserve represents the fair value differences on the revaluation of items of property, plant and equipment as at the balance sheet date. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income and accumulated in revaluation reserve. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an assets carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss, however, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in respect of an item of property, plant and equipment is transferred to retained earnings when the asset is derecognised. This involves transferring the whole of the surplus when the asset is retired or disposed and some of the surplus are transferred to retained earnings as the asset is used by the entity. The amount of the surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's original cost. Transfers from revaluation reserve to retained earnings are not made through profit or loss.

3.11 Life insurance contract liabilities

The recognition and measurement of insurance contracts have been set out under note 3.17. Insurance contracts.

The reserves include Incurred But Not Reported (IBNR), Unearned Premium Reserve (UPR) and Life fund and these liabilities arising from life insurance contracts are determined as follows:

(a). Life fund

This is made up of liabilities on life policies in force as determined by qualified actuaries at the reporting date. Surplus or deficit arising from the periodic valuation of the life insurance contracts are recognised in profit and loss.

(b). Reserving methodology and assumptions

Data segmentation

The data used for reserving is segmented into the 2 classes as follows:

Individual business

Group business

Valuation and assumptions

The valuation for both the individual business and Group business utilises various assumptions which include:

- the valuation age is taken as Age Last Birthday at the valuation date;
- the period to maturity is taken as the full term of the policy less the expired term.
- full credit is given to premiums due between valuation date and the end of the premium paying term.

For all individual risk business, the gross premium method of valuation was used.

Reserves were calculated via a cashflow projection approach, taking into account future office premiums, expenses and benefit payments. Future cashflows were discounted back to the valuation date at the valuation rate of interest.

An unexpired premium reserve (UPR) was included for Group life business after allowing for acquisition expenses at a ratio of 15% of premium. The UPR is tested against an Additional Unexpired Risk Reserve (AURR) for adequacy and an AURR may also be held to allow for any inadequacies in the UPR for meeting claims in respect of the unexpired period. The claim rates underlying the AURR were based on pooled historical scheme claims experience. Allowance was made for IBNR (Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims. This was based on a loss ratio approach, which uses historical claims experience to estimate the expected claims, from which the IBNR portion is determined.

3.12 Contingency reserves

The Group maintains contingency reserves in accordance with the provisions of the Nigerian Insurance Act to cover fluctuations in securities and variations in statistical estimates. For life business, the reserve is calculated at the rate equal to the higher of 1% of gross premiums and 10% of net profit while for Non-Life business, the reserve is calculated at the rate equal to the higher of 3% of gross premiums and 2% of net profit.

3.13 Liability adequacy test

The 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 statement of profit or loss. Insurance contract liabilities are subject to liability adequacy testing on an annual basis. The method of valuation and assumptions used, the cash flows considered and the discounting and aggregation practices adopted have been set out as part of note 3.11.

The recognition of liability for investment contracts have been set out under note 3.18. Reserve for investment contract liabilities have been taken as the amount standing to the credit of the policy holders at the valuation date.

3.14 Trade and other payables

Trade 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 is less than one year, discounting is omitted.

Other payables:

Other payables are initially recognised at fair value and subsequently measured at amortised cost.

3.15 Provisions

A provision is recognized if, as a result of a past event, the Company 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 at a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

3.16 Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of the asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax is realizable or the deferred income tax liability is payable.

Deferred income tax assets are recognised to the extent that it is possible that future profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilized.

3.17 Insurance contracts

The Group enters into 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.

Life insurance contracts are issued to indemnify the insured life, the dependent or other thirdparty in the event of death, permanent disability, loss of job or on survival to maturity of the contract with the sums assured. These contracts insure events associated with human life (for example, death or survival) over a long duration.

In addition, the Group has short term life insurance contracts which protect the policyholders from the consequences of events (such as death or disability) over usually an annual period. 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 or the beneficiary.

Recognition and measurement*(a) Gross premium written*

Premiums and annuity considerations written and/or receivable under life insurance contracts are stated gross of commission and recognised when due. Premium written relates to risks assumed during the period.

(b) Claims expenses

Claims and benefits relating to life insurance contracts are recognised as expense on notification. The measurement of life insurance contract liabilities has been set out under note 3.11. Claims expenses are expenses related to the settlement of insurance risk obligations.

(c) Claims expenses recoverable

Claims expenses recoverable are amounts recoverable on the gross claims expenses. This is estimated in manner consistent with the outstanding claims provision and claims incurred associated with the policies and are in accordance with the related insurance contract. They are measured at their carrying amount less impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. If there is objective evidence of impairment, the Group reduces the carrying amount of its insurance assets to its recoverable amount and recognizes the impairment loss in profit or loss as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

(d) Deferred income

Deferred income represents a portion of commission received on reinsurance contracts which are booked during the financial year and are deferred based on the tenor of the underlying contracts. It is calculated by applying the reinsurance commission income ratio of prepaid reinsurance to reinsurance cost.

(e) Reinsurance contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the definition requirements for insurance contracts are reclassified as reinsurance contracts. Insurance contracts entered into by the Group under which the contract holder is another insurer are covered as insurance contracts.

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contracts. Reinsurance liabilities are primarily premiums payable for the reinsurance contracts and are recognised as an expense when due. The Group had the right to set-off re-insurance payables against the amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

Reinsurance expense represents outward reinsurance premiums and are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed.

(f) 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 proportionate basis, or another suitable basis for uneven risk contracts.

3.18 Income tax

Income tax comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

3.19 Investment contracts

Investment contracts are those contracts that transfer financial risks with no significant insurance risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The Group enters into investment contracts with guarantee returns and other businesses of savings nature. Those contracts are recognised as liabilities and are measured at amortised cost at amount payable at each reporting date. The Group does not have contracts with discretionary participating features.

Individual deposit-based business comprises the various Wapic Trust, Wapic Gold, Wapic Cash and Wapic Val policies and their reserve comprises of the amount standing to the credit of the policyholders (account balance) at the valuation date. The life cover element (and corresponding risk premiums where applicable) was unbundled from the deposit components and reserves were calculated using a gross premium cash flow approach as described above. The rate of return applied on the policyholders balance are also in accordance with the terms and conditions of each product.

3.20 Fees and commission income

Fees and commissions are recognized on ceding business to the re-insurer and undertaking policy administration for collectively administered policies. Commission are earned and credited to profit or loss over the period the service is provided.

3.21 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 are recognized as expense when incurred, with the exception of acquisition costs which are recognized on a time apportionment basis in respect of risk.

3.22 Income recognition**(i) Gross premium income**

Gross written premiums recognised for assumed insurance risks during the year are amortised over the period of the insurance contract. The gross premiums written are recognised as gross premiums income by adjusting for the movement in the unearned premiums reserves for insurance risks brought forward from the last year at the beginning of the year and the required unearned premiums reserves for the outstanding insurance risks at the end of the year. The recognised gross premiums income represent the earned portion of all insurance contracts in force during the year both from preceeding years and the current year.

(ii) Fees and commission income

Fees and commission income are recognised on the commission and policy admin fees received in respect of businesses ceded out to reinsurance companies and other insurance companies and fees earned from other related financial services during the period.

(iii) Investment income

Investment income comprise interest income earned on short-term deposits, rental income, and income earned on trading of securities including all realized and unrealized fair value changes, dividends and foreign exchange differences. Investment income, other than interest income, is recognised at fair value and on an accrual basis.

Interest income is recognised in the profit or loss as it accrues and is calculated 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 recognised as an adjustment to the effective interest rate of the instrument.

(iv) Other operating income

Other operating income comprises of profit from sale of property and equipment, interest income earned on staff loans and net foreign exchange gain. Interest income is recognised in the profit or loss as it accrues and is calculated using the effective interest rate method.

(v) Dividend income

Dividend is recognized when the Group's right to receive the dividend has been established. The right to receive dividend is established when the dividend has been duly declared.

3.23 Employee benefits**Short-term benefits**

Short-term employee benefit obligations include wages, salaries and other benefits which the Group has a present obligation to pay, as a result of employees' services provided up to the reporting date. The accrual is calculated on an undiscounted basis, using current salary rates.

A provision 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 as a result of past service provided by the employee and the obligation can be estimated reliably. These expenses are recognised in the profit or loss for the related period.

Post employment benefits

The Group operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2014. Under the defined contribution scheme, the Group pays fixed contributions of 10% to a separate entity – Pension Fund Administrators; employees also pay a minimum fixed percentage contribution of 8% to the same entity. Once the contributions have been paid, the Group retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Group's obligations are recognized in the profit and loss.

Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntarily redundancy if it is probable that the offer will be accepted and the number of acceptances can be estimated. Benefits falling due more than 12 months after reporting sheet date are discounted to present value.

3.24 Foreign currency transactions

The Nigerian Naira is the Group's functional and reporting currency. Foreign currency transactions are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the reporting sheet date; the resulting foreign exchange gain or loss is recognized in profit or loss.

Unrealized exchange differences on non-monetary financial assets (investments in equity instruments) are a component of the change in their entire fair value and are recognised in equity (translation reserve). For a non-monetary financial asset held for trading or designated at fair value through profit or loss, unrealized exchange differences are recognized in profit or loss. For non-monetary financial investments available-for-sale, unrealized exchange differences are recorded in other comprehensive income and transfer to equity when the asset is sold or becomes impaired.

3.25 Management and other operating expenses

Management and other operating expenses are expenses other than claims and underwriting expenses. They include depreciation expenses and other operating expenses. They are recognised on an accrual basis.

3.26 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments. Significant geographical regions have been identified as the secondary basis of reporting.

3.27 Dividends

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 paid to shareholders are subject to withholding tax deduction at the appropriate rate. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

3.28 Leases

The Company leases several assets including buildings and land. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension options. The lease period ranges from 1 year to 40 years. The lease agreements do not impose any covenants; however, leased assets may not be used as security for borrowing purposes. Contracts may contain both lease and non-lease components. The Company has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities

At commencement date of a lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:- fixed payments (including in-substance fixed payments), less any lease incentives receivable- variable lease payment that are based on an index or a rate- amounts expected to be payable by the Company under residual value guarantees- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period in which the event or condition that triggers the payment occurs. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The lease term refers to the contractual period of a lease.

Right of use Assets

Right-of-use assets are measured at cost comprising the following: - the amount of the initial measurement of lease liability- any lease payments made at or before the commencement date less any lease incentives received- any initial direct costs, and- restoration costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Extension and termination options

Extension and termination options are included in the property leases. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company.

Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are recognised on profit or loss on a straight-line basis over the period of the lease.

3.29 Contingent liabilities

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 Group or the Group 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 crystallise.

3.30 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 profit or loss.

3.31 Related party

Related parties refers to persons or entities that are related to the entity preparing the financial statements. At every reporting date, the Group discloses every transaction it had carried out during the period with its related parties.

4 Critical accounting estimates and judgments

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities. The underlying judgments of the selection and disclosure of the Group's critical accounting policies and estimates, and the application of these policies and estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

(i) Determination of fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy 3.2(b). Further disclosures on the Group's valuation methodology have been made on note 6 (Fair value hierarchy). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(ii) Actuarial valuation of insurance contracts liabilities

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 technique called the Basic Chain Ladder (BCL).

The main assumption underlying these techniques 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 analyzed 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.

For Life Insurance contracts, the liabilities are estimated using appropriate and acceptable base tables of standard mortality according to the type and nature of the insurance contracts. Assumptions such as expenses inflation, valuation interest rate, mortality and claims experience are considered in estimating the required reserves for individual life contracts fund and the incurred but not reported claims under the Group life and non-life insurance contracts. The sensitivities to various valuation index for the life business is included under note 5 (Sensitivity Analysis).

(iii) Expected Credit Loss

The determination of Expected Credit Loss on financial assets requires the use of techniques as described in accounting policy 3.2(a). Further disclosures on the Company's valuation methodology have been made on note 3.2(d) (impairment). Determination of expected credit loss requires varying degrees of judgement on the probability at default, loss given default, uncertainty of forward looking information and other risks affecting the specific instrument.

Coronation Insurance Plc.
Statement of Financial Position as at 31 March 2021

	GROUP	COMPANY
	March 2021	March 2021
	N'000	N'000
1 Net Premium Income		
Gross Written Premium (Note 1a)	5,228,398	2,954,690
Unearned Premium (Note 1b)	(1,768,410)	(843,088)
Reinsurance Cost (Note 1c)	(1,142,886)	(798,272)
Net Premium Income	<u><u>2,317,103</u></u>	<u><u>1,313,330</u></u>
a Analysis of Gross Written Premium		
Motor	696,273	287,025
Fire	310,011	212,453
General Accident	491,990	399,534
Marine	115,498	109,607
Aviation	-	-
Engineering	714,304	691,898
Oil & Energy	1,248,922	1,248,922
Bond	5,250	5,250
Group Life	974,753	-
Individual Life	20,669	-
Bancassurance Premium	100,191	-
Co-Assurance Premium	550,538	-
	<u><u>5,228,398</u></u>	<u><u>2,954,690</u></u>
b Analysis of Unearned Premium		
Motor	(240,471)	(103,100)
Fire	(108,538)	(99,421)
General Accident	(91,852)	(51,308)
Marine	(20,729)	(25,629)
Aviation	-	-
Engineering	51,245	38,639
Oil & Energy	(598,299)	(598,299)
Bond	(3,969)	(3,969)
Group Life	(755,797)	-
Individual Life	-	-
Sub Total	<u><u>(1,768,410)</u></u>	<u><u>(843,088)</u></u>
c Analysis of Reinsurance Expenses		
Motor	(69,183)	(35,735)
Fire	(182,932)	(124,731)
General Accident	(105,476)	(68,968)
Marine	(40,156)	(36,275)
Aviation	-	-
Engineering	(449,228)	(434,863)
Oil & Energy	(96,515)	(96,515)
Bond	(1,185)	(1,185)
Group Life	(38,729)	-
Individual Life	(9,446)	-
Facultative Outward Group Life	(173,611)	-
Co-assurance Premium (Outward)	(40,797)	-
Movement in Prepaid reinsurance cost - Group life	64,259	-
Movement in Prepaid reinsurance cost - Individual life	115	-
Sub Total	<u><u>(1,142,886)</u></u>	<u><u>(798,272)</u></u>

2	Claims Expenses Incurred		
	Gross Claims Paid (Note 2a)	(1,638,535)	(907,463)
	Movement in Outstanding Claim (Note 2b & 2c)	244,607	388,273
	Claims Recoverable (Note 2d & 2e & 2f&e2)	(102,563)	(80,986)
	Net Claims Expenses	(1,496,491)	(600,175)
a	<i>Analysis of Gross Claims Paid</i>		
	Motor	(226,833)	(125,796)
	Fire	(147,647)	(146,414)
	General Accident	(334,854)	(317,535)
	Marine	(12,738)	(12,738)
	Aviation	(801)	(801)
	Engineering	(73,327)	(63,815)
	Oil & Energy	(240,363)	(240,363)
	Bond	-	-
	Group Life	(595,653)	-
	Individual Life	(6,320)	-
	Sub Total	(1,638,535)	(907,463)
b	<i>Analysis of Movement in Outstanding Claims</i>		
	Motor	(54,958)	(24,073)
	Fire	80,028	168,854
	General Accident	190,887	185,729
	Marine	(10,352)	(8,341)
	Aviation	-	-
	Engineering	100,576	104,823
	Oil & Energy	(136,415)	(136,415)
	Bond	-	-
	Group Life	62,180	-
	Individual Life	-	-
	Sub Total	231,946	290,578
c	<i>Analysis of Movement in Outstanding Claims IBNR</i>		
	Motor	90,708	90,708
	Fire	50,875	50,875
	General Accident	72,843	72,843
	Marine	5,354	5,354
	Aviation	26,518	26,518
	Engineering	42,951	42,951
	Oil & Energy	(191,553)	(191,553)
	Bond	-	-
	Group Life	(85,034)	-
	Individual Life	-	-
	Total	12,661	97,695
d	<i>Analysis of Reinsurance Recovery</i>		
	Motor	28,917	16,508
	Fire	53,038	52,575
	General Accident	212,885	204,184
	Marine	7,896	7,896
	Aviation	435	435
	Engineering	11,229	2,513
	Oil & Energy	0	0
	Bond	-	-
	Group Life	(35,347)	-
	Individual Life	-	-
	Sub Total	279,053	284,110

e Analysis of Movement in Outstanding Claims Recoverables		
Motor	4,776	203
Fire	18,763	(41,463)
General Accident	(217,475)	(212,422)
Marine	(3,276)	(6,045)
Aviation	-	-
Engineering	(63,149)	(62,168)
Oil & Energy	2,372	2,372
Bond	-	-
Group Life	(109,773)	-
Individual Life	-	-
Total	<u>(367,762)</u>	<u>(319,522)</u>

f Analysis of Movement in Outstanding Claims IBNR Recoverables		
Motor	4,350	(8,063)
Fire	40,970	41,753
General Accident	(37,049)	(36,140)
Marine	(2,226)	(2,226)
Aviation	(855)	(855)
Engineering	(42,319)	(40,128)
Oil & Energy	85	85
Bond	-	-
Group Life	23,188	-
Individual Life	-	-
Total	<u>(13,854)</u>	<u>(45,573)</u>

e Analysis of Movement in Paid Claims Recoverables		
Group Life - Outstanding claims	-	-
Group Life - Paid Claim- Treaty Recoveries	-	-
Individual Life	-	-
Non- Life	-	-
Total	-	-

3 Fees and Commission Income		
Motor	11,520	8,250
Fire	43,500	26,205
General Accident	32,667	21,450
Marine	14,011	12,750
Aviation	-	-
Engineering	66,532	61,877
Oil & Energy	19,983	19,983
Bond	111	111
Group Life	13,555	-
Coinsurance Commission Reciverables	38,278	-
Individual Life	970	-
Policy admin fee income	885	-
Coinsurance Commission Reciverables	3,672	-
Deferred fees and commission cost - Group	(17,532)	-
Deferred fees and commission cost - Individual	3	-
Total	<u>228,154</u>	<u>150,625</u>

4 Underwriting Expenses		
Motor	64,017	22,543
Fire	21,337	9,230
General Accident	87,424	76,269
Marine	12,038	11,348
Aviation	-	-
Engineering	133,998	131,720
Oil & Energy	133,606	133,606
Bond	-	-
Maintenance expenses	78,546	-
Maintenance expenses- Investment Link products	-	-
Bancassurance Commission	12,612	-
Group Life	149,481	-
Individual Life	-	-
Deferred acquisition cost	(157,374)	-
Total	535,686	384,716
5a Investment income		
Interest income	413,094	42,030
Interest on statutory deposit	5,647	3,430
Dividend income from equity investment	-	-
Dividend income from Associate	-	-
Rental income	-	-
Gain/(loss) on disposal of investment property	-	-
Net FV Gain /Loss on Financial Asset	-	-
	418,742	45,461
Net realised (loss)/gain on financial assets	99,788	99,788
Total	518,530	145,249
5b Fair Value Gain/ Loss through profit or loss		
Equity	1	1
Investment Property	-	-
	1	1
5c Fair Value Gain/ Loss through other comprehensive income		
Equity securities	(1,735)	-
Fixed income securities	(292,202)	(151,275)
Property and equipment revaluation gain/(loss)	-	-
ECL on FVOCI (reclassification)	-	-
	(293,936)	(151,275)
5d Share of Profit of Associate		
Coronation Merchant Bank	338,851	-
Coronation Securities Ltd	3,695	-
	342,545	-

5e Share of Other Comprehensive income of Associate

Coronation Merchant Bank	(593,544)	-
Coronation Securities Ltd	-	-
	(593,544)	-

5f Profit on deposit administered contracts

Income:		
Investment income	32,408	-
Other income	-	-
	32,408	-
Less: expenses		
Guaranteed interest	-	-
Policy admin expenses	-	-
Other expenses	-	-
	32,408	-

6 Other Operating Income

Rental income from property Investment	-	7,119
Gain/(loss) on sale of properties and equipments	3,696	-
Foreign exchange gain/(loss)	362,379	234,303
Recoverables from Reinsurance	1,115	1,115
Sundry income	1,081	451
	368,272	242,989

7 Operating Expenses

Other staff related expenses	112,944	74,466
Professional Fees	265,925	117,798
Corporate Strategy	-	-
Corporate Branding	68,185	41,687
Office Expenses	190,181	93,476
Depreciation	117,256	79,550
Amortization of Intangible assets	39,150	39,037
Repairs & Maintenance	36,689	(240)
Running Cost	68,746	64,904
Board Expenses	69,714	66,441
Transport and travels expenses	1,441	1,022
Annual dues	47,701	32,940
Other Expenses	3,901	-
Audit expenses	21,861	8,063
Telephone and postages	16,816	6,461
Electricity and water	9,393	4,295
Printing and stationery	5,879	1,362
Impairment on Financial assets	-	-
Impairment on Other assets	-	-
	1,075,781	631,263

8 Employee Benefit Expense		
Staff Cost	229,294	127,239
Employee Benefit - Below Market Staff Loans	-	-
Pension Cost-Define Contribution Plan	-	-
Directors Emoluments	53,417	22,590
	282,711	149,828
9 Cash and Cash equivalents		
Cash at hand	45,639	-
Cash and call Balance with local banks	4,952,984	2,832,718
Money Market Placement	1,120,801	599,513
Interest Receivable on Fixed Deposit	-	-
ECL	(1,209)	(702)
	6,118,215	3,431,529
10 Financial Assets		
Held to Maturity (HTM)/ Amortised cost (Note 10a)	2,039,739	409,000
Available for Sale (AFS) / FVOCI (Note 10c)	8,344,750	942,868
	10,384,490	1,351,868
<i>Impairment (ECL)</i>	<i>(2,772)</i>	<i>(2,772)</i>
	10,381,718	1,349,096
a Analysis of HTM Securities		
- Bonds and Notes	1,732,393	409,000
Interest Receivable on Bonds	-	-
Carrying amount at amortised cost	1,732,393	409,000
b Analysis of HFT Securities		
- Quoted/ Listed Equities	-	-
- Fair value adjustment	-	-
Carrying amount	-	-
c Analysis of AFS Securities		
Unquoted/ Unlisted Equities	331,030	245,665
Quoted Equities	16	16
Fixed Income Securities	-	-
- Government bond	3,668,384	221,862
- Corporate eurobond	1,965,606	-
- Treasury bills	891,102	475,324
Carrying amount	6,856,139	942,868

11 Trade Receivables		
Due from Brokers/Agents/Insurance companies	833,108	199,215
	833,108	199,215
Less: Impairment on Trade Receivables	(658,901)	(170,658)
Total	174,207	28,557
Movement in Impairment Allowance		
At start of period	658,901	170,658
Reclassification of provision	-	-
Recoveries during the year	-	-
Write-off during the period	-	-
Exchange difference	-	-
At end of period	658,901	170,658
12 Reinsurance Assets		
Reinsurance Share of IBNR	381,029	147,139
Reinsurance Recoverables from OCR	2,778,828	2,348,944
Recoverable from Paid Claims	481,880	7,632
Reinsurance share of AURR	-	-
Reinsurance assets - Prepaid reins (MDP)	103,896	103,896
Prepaid Reinsurance Asset	1,293,457	842,744
	5,039,089	3,450,355
Less: Impairment allowance	(2,534)	(706)
Total	5,036,556	3,449,649
13 Deferred Acquisition Cost		
Balance brought forward	600,932	372,952
Addition during the period	577,077	503,727
Amortised during the year	(465,996)	(485,253)
Balance carried forward	712,013	391,427
14 Other Receivables and Prepayments		
Intercompany receivables	-	108,532
Other Debtors	1,688,876	1,190,087
Deposit for Shares	555,354	555,354
Staff Debtors	33,019	33,019
Prepaid expenses	720,219	315,099
Current income tax asset	33,394	-
Other receivables - Related: Dividend Rec Subs	40,879	40,879
	3,071,741	2,242,970
Impairment Allowance	(1,611,969)	(1,172,772)
	1,459,772	1,070,198

14b Right of Use Asset

Right of use asset	188,520	-
Accumulated depreciation of right of use asset	-	-
	188,520	-

Provision		
At start of period	(1,172,763)	(1,172,763)
Reclassification	-	-
Movements during the period	6,807	(9)
At end of period	(1,165,956)	(1,172,772)

****Breakdown of Other Debtors**

Profund Securities	21,785	21,785
WHT Tax Credit Note Received	28,762	28,762
Summit Finance Limited	3	3
Tropics Finance Limited	728,106	728,106
Triumph Bank Limited	238,194	238,194
Oil View Estate - Olushola Oyinloye	4,000	4,000
Oil Veiw Estate - Okorafor Ebenezer	23,000	23,000
Interest Receivable on Statutory Deposit	4,501	4,501
Receivable from Etuna in Respect of Close Estate	78,434	78,434
Withholding Tax Receivable	41,351	41,351
Expense Recoverable	8,630	8,630
Other Debtors - Others	512,110	13,321
	1,688,876	1,190,087

15 Investment in associates

Coronation Merchant Bank Limited/Coronation Securities Limited		
- Opening balance	11,004,719	5,423,440
- Additions/(disposals)	-	-
- Interim audit adjustment:	-	-
Share of profit during the year	-	-
Share of other comprehensive income during the year	-	-
- Dividend received during the year	-	-
- Withholding Tax receivable on dividend received	-	-
- Share of profit during the period	342,545	-
- Share of other comprehensive income during the period	(593,544)	-
	10,753,720	5,423,440

16 Investment in subsidiaries

Coronation Insurance Ghana Limited	-	1,460,915
Exchange gain/loss	-	-
Coronation Life Assurance Limited	-	7,798,591
	-	9,259,506

17 Investment Properties

Investment Property (Note 16a)	80,480	80,480
Investment Property W.I.P (Note 16b)	-	-
	80,480	80,480

a Investment Properties

- Ocean Garden Lekki Epe	76,000	76,000
- Magboro Estate	4,480	4,480
	80,480	80,480

18a Property, Plant & Equipment		
Cost	5,826,092	5,045,930
Accumulated Depreciation	(2,453,352)	(1,906,950)
Net Book Value	3,372,741	3,138,980
19 Intangible Assets		
Cost	1,473,161	937,972
Accumulated Depreciation	(640,074)	(588,998)
Net Book Value	833,087	348,974
20 Statutory deposit		
At start of period	704,718	300,000
Additions during the period	-	-
Exchange Difference	-	-
At end of period	704,718	300,000
21 Trade Payables		
Reinsurance	133,699	133,699
Coinsurance/Brokers	147,472	-
	281,171	133,699
22 Provisions & Other Payables		
Premium Deposit	5,442	-
Commission payables	29,070	-
Reinsurance Commission Received in advance	238,695	190,814
Accrued expenses	857,074	537,251
Other tax payables	161,084	134,323
Policy deposits and unclaimed bank items	(145,950)	-
Staff loan deduction	4,838	-
NSITF	974	-
Provident Fund	597	-
Sundry Creditors	730,082	559,893
Impairment of payable on United Steel	67,384	-
Bank Overdraft	-	-
Transist/Unclaimed Bank Items	421,330	421,330
Customers Deposits	(734,035)	(734,035)
Total	1,636,586	1,109,577
22b Right of Use Liability		
Rent Received in Advance	87,755	968,228
Accumulated Amortization of right of use Liability	-	(35,597)
Right of Use Liability	87,755	932,632
**Breakdown of Sundry Creditors		
Other creditors - Withholding tax liability	8,971	8,971
Other creditors - PAYE	84,966	84,966
Other creditors - VAT	40,386	40,386
Other creditors - Fixed assets creditors	-	-
Other creditors - Expense payable	-	-
Other creditors - Unclaimed dividend/Others	113,769	113,769
Other creditors - Others	479,539	309,349
Stale cheques	1,502	1,502
Unclaimed bank deposits	949	949
	730,082	559,893

23 Deferred Income Tax		
<i>Deferred Tax Assets (Note 23a)</i>	305,986	305,986
<i>Deferred Tax Liabilities (Note 23b)</i>	-	-
Total	305,986	305,986
a Deferred Tax Assets		
At start of period	305,986	305,986
<i>Exchange difference</i>	-	-
Charge for the period	-	-
Revaluation of property & equipment	-	-
At end of period	305,986	305,986
24 Current Income Tax liabilities		
At start of period	236,798	103,727
Exchange difference	-	-
Charge for the period	27,562	5,279
Payments during the period	0	(0)
Acquisition through business integration	-	-
At end of period	264,360	109,006
Tax Charge for the Year		
Company Income Tax Charge	22,282	-
Interim & Full Year Appropriation Adjustment	-	-
Minimum tax	5,279	5,279
Education tax	-	-
Under/(over) provision from prior year	-	-
Information Technology Development Levy	-	-
National fiscal stabilisation levy	-	-
<i>Total Charge for the period</i>	27,562	5,279
Deferred tax liability/(assets)charge for the period	-	-
Income tax expense	27,562	5,279
25 Insurance Contract Liabilities		
a Claims payable	23,391	-
b Claims reported and loss adjustment expenses (Note 25a)	5,781,980	4,031,733
c Outstanding claims IBNR (Note 25b)	2,002,656	1,143,221
d Unearned Premium (Note 25c)	4,822,040	2,601,130
e Life Fund (Note 25d)	286,623	-
Total	12,916,690	7,776,084
a Outstanding claims		
Motor	733,495	79,821
Fire	907,648	763,918
General accident	443,859	403,695
Marine	1,620,769	1,600,031
Aviation	18,024	18,024
Engineering	350,168	323,423
Oil and Energy	838,321	838,321
Bond	4,500	4,500
Life business: - Group Life	865,196	-
- Individual Life	-	-
Total	5,781,980	4,031,733

b Outstanding claims IBNR		
Motor	36,302	36,302
Fire	147,032	147,032
General accident	55,437	55,437
Marine	42,428	42,428
Aviation	18,901	18,901
Engineering	274,134	274,134
Oil and Energy	566,550	566,550
Bond	2,436	2,436
Life business: - Group Life:	-	-
- Opening	859,435	-
Interim Audit Adjustment	-	-
- Movement during the year	(85,205)	-
	1,917,451	1,143,221
c Unearned Premium		
Motor	930,754	335,875
Fire	332,022	203,015
General Accident	615,724	511,467
Marine	149,697	137,272
Aviation	-	-
Engineering	372,174	340,389
Oil and Energy	1,067,863	1,067,863
Bond	5,250	5,250
Group Life:	-	-
UPR	-	-
- Opening	592,759	-
- Movement during the year	755,797	-
	4,822,040	2,601,130
d Life fund		
At start of year	-	-
Opening fund reconciliation adjustment	283,173	-
Interim Audit Adjustment	-	-
Transfer from revenue account	1,094	-
At the end of year	284,267	-
26 Investment Contract Liabilities		
At start of period	1,017,342	-
Additions	-	-
Withdrawals	-	-
Guarantee interest	-	-
Guarantee interest - Interim Audit Adjustment	-	-
Guarantee interest - Full Year Audit Adjustment	-	-
Release of surplus reserves	-	-
Opening fund reconciliation adjustment	-	-
At end of period	1,017,342	-
26.1 Group Deposit Administration - Investment Contract		
At start of period	54,472	-
Additions	-	-
Withdrawals	-	-
Guaranteed interest	-	-
At end of period	54,472	-

26.2 Individual Deposit Administration - Investment Contract

At start of period	962,870	-
Additions	-	-
Withdrawals	-	-
Guaranteed interest	-	-
At end of period	962,870	-

27 Share capital

	Number	Number
Authorised:	30,000,000,000	30,000,000,000
Issued:	23,991,679,506	23,991,679,506

Issued and fully paid:

At start of the year	11,995,952	11,995,952
Movements	-	-
At end of year	11,995,952	11,995,952

28 Share premium

At start of the year	4,921,883	4,921,883
Movements	-	-
At end of year	4,921,883	4,921,883

29 Contingency reserve

At start of period	3,293,529	2,723,639
Exchange Gain/Loss on Cedi Opening Balance	112,474	-
Full Year Appropriation Adjustment	(132,887)	-
Appropriation from profit and loss accounts	128,763	88,641
At end of year	3,401,879	2,812,279

30 Other reserves

At start of period	1,942,567	983,691
Revaluation reserve	(293,989)	(151,275)
Adjustment in opening balance	(187,070)	-
Share of Associate other comprehensive income	(593,544)	-
At end of year	867,965	832,416

31 Retained earnings

At start of the year	2,126,839	(2,038,000)
Interim & Full Year Appropriation Adjustment	100,520	-
Transfer from profit or loss	639,362	80,933
Transfer to contingency reserve	(128,763)	(88,641)
Share of Associate profit at start of year	-	-
Dividend paid during the year	-	-
Movement in Share of Associate profit during the year	-	-
Transfer to revaluation Reserve	-	-
At end of year	2,737,958	(2,045,708)