

**CONSOLIDATED HALLMARK INSURANCE PLC  
AND SUBSIDIARY COMPANIES**

**COMPANY RC:168762**

**INTERIM FINANCIAL STATEMENT**

**FOR THE PERIOD ENDED 30 JUNE 2021**

**INDEX**

Statement of Accounting Policies

Statement of Financial Position

Statement of Comprehensive Income

Revenue Accounts

Statement of Cash Flows

Notes on the Accounts

Additional Information/Disclosure Requirement

## **General Information;**

### **The Group**

The group comprises of Consolidated Hallmark Insurance Plc (the company) and its subsidiaries - CHI Capital Limited, Hallmark Health Services Limited, CHI Microinsurance Limited (in formation) and Grand Treasurers Limited. CHI Capital Limited has one wholly owned subsidiary 'CHI Support Services Limited'.

### **Company Information:**

Consolidated Hallmark Insurance Plc (formerly Consolidated Risk Insurers Plc) was incorporated on 2 August 1991 and domiciled in Nigeria. The address of the company registered office is 266 Ikorodu road Lagos (formerly plot 33d Bishop Aboyade Cole Street, Victoria Island, Lagos).

The Company changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc following its merger with Hallmark Assurance Plc and The Nigerian General Insurance Company Limited in line with the consolidation reform of the National Insurance Commission (NAICOM) announced in 2005. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.

These consolidated and separate financial statements have been authorized for issue by the Board of Directors on **30 July 2021**.

## **Securities Trading Policy**

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

**CONSOLIDATED HALLMARK INSURANCE PLC AND SUBSIDIARY COMPANIES  
INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2021**

Hypothetical Case on Free Float Computation								
Directors	Direct	Indirect	Total	June 30, 2020	Direct	Indirect	Total	June 30, 2021
	As at June 2020	As at June 2020	As at June 2020	% of Holding	As at June 2021	As at June 2021	As at June 2021	% of Holding
Issued Share Capital			8,130,000,000	100%			10,840,000,000	100%
Mr. Obinna Ekezie	-	467,283,121	467,283,121	5.75%	-	526,537,893	526,537,893	4.86%
Mrs. Adebola Odukale	-	1,079,980,650	1,079,980,650	13.28%		1,151,979,358	1,151,979,358	10.63%
Mr. Eddie Efekoha	704,840,451	345,999,075	1,050,839,526	12.93%	1,040,000,000	586,798,809	1,626,798,809	15.01%
Mrs. Ngozi Nkem	260,000,000	638,118,755	898,118,755	11.05%	277,333,333	659,326,671	936,660,004	8.64%
Dr. Layi Fatona		1,360,811,437	1,360,811,437	16.74%		2,818,442,750	2,818,442,750	26.00%
			<b>4,857,033,489</b>	<b>59.74%</b>	<b>1,317,333,333</b>	<b>5,743,085,481</b>	<b>7,060,418,814</b>	<b>65.13%</b>
<b>Directors' Shareholdings (direct and indirect), excluding directors with substantial interests</b>								
Mr. Babatunde Daramola	14,375,615		14,375,615	0.18%	26,834,481		26,834,481	0.25%
Mrs. Mary Adeyanju	21,731,666		21,731,666	0.27%	33,953,777		33,953,777	0.31%
Prince Ben Onuora	21,372,259		21,372,259	0.26%	43,655,598		43,655,598	0.40%
			57,479,540	0.71%			104,443,856	0.96%
<b>Other Influential Shareholdings</b>			-				-	
<b>Free Float in Units and Percentage</b>			3,215,486,971	39.55%			3,675,137,330	33.90%
<b>Free Float in Value</b>			1,607,743,485.50				1,837,568,665	
(A) CONSOLIDATED HALLMARK INSURANCE Plc with a free float percentage of 33.90% as at 30 June 2021, is compliant with The Exchange's free float requirements for companies listed on the Main Board.								
(B) CONSOLIDATED HALLMARK INSURANCE Plc with a free float value of N1,837,568,665 as at 30 June 2021, is compliant with The Exchange's free float requirements for companies listed on the Main Board.								

## Principal Activities

Consolidated Hallmark Insurance Plc is a General Business and Special Risks Insurance underwriting firm fully capitalized in line with statutory requirements of the industry regulatory body – National Insurance Commission. The company underwrites Aviation, Oil and Gas, Marine Cargo and Hull and other non – life insurance underwriting including Motor, Fire and Special Perils, Goods-in-transit, Engineering Insurance and General Accident insurance businesses.

The Company identifies prompt claims payment as a means to achieving customer satisfaction and therefore emphasizes prompt claims payment in its operations. The company also invests its available funds in interest bearing and highly liquid instruments to generate adequate returns to meet its claims obligations.

The Company is a public limited company incorporated and domiciled in Nigeria. Its shares are listed on the floor of the Nigerian Stock Exchange and have its registered office at Consolidated Hallmark House, 266, Ikorodu Road, Lagos.

### **Going concern assessment**

These consolidated financial statements have been prepared on a going concern basis. The group has neither intention nor need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the group and there are no going concern threats to the operations of the group.

### **Assessment of Impact of Covid 19 on Going Concern**

The effect of Covid 19 was not too pronounced on the performance of the Group at the end of the Quarter two 2021, The company has fully adjusted to a mix of staff working from the office and some working remotely. The Marketing and Operations staff have fully resumed.

### **Subsidiaries;**

#### **CHI Microinsurance Limited**

CHI Microinsurance Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc, incorporated in 2016 and licensed by NAICOM in 2021 to provide Life microinsurance services. Microinsurance is a financial arrangement to protect low-income people against specific perils in exchange for regular premium payment proportionate to the likelihood and cost of risk involved.

#### **CHI Capital Limited**

CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of consumer leasing and corporate support services. CHI Capital Limited incorporated CHI Support Services Limited in 2014 with 100% shareholdings.

#### **Grand Treasurers Limited**

Grand Treasurers Limited was indirect subsidiary of Consolidated Hallmark Insurance up to November 2019 before the Board of CHI Capital limited transferred Her holding 100% to the Parent (Consolidated Hallmark Insurance Plc).

Grand Treasurers Limited is now a direct subsidiary of the Consolidated Hallmark Insurance Plc. The business of the company is consumer lending, lease financing and other finance company business.

CHI Support Services Limited is a company incorporated under the Companies and Allied Matters Act CAP C20 LFN 2004, as a limited liability company in 2014 and authorised by the Nigerian Communication Commission to provide the service of tracking vehicles. CHI Support Services was incorporated in Nigeria.

#### **Hallmark Health Services Ltd**

Hallmark Health Services Ltd is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. Incorporated in 2017. It is envisioned to be a leading health insurance company to meet the need for quality health maintenance services providing affordable and lasting health care plan for all Nigerians

## **Statement of Significant Accounting Policies**

The following are the significant accounting policies adopted by the Group in the preparation of its consolidated financial statements. These policies have been consistently applied to all year's presentations, unless otherwise stated

### **1. Basis of presentation:**

#### **1.1 Statement of compliance with IFRS**

These financial statements are the separate and consolidated financial statement of the company and its subsidiaries (together, "the group"). The group's financial statements for the period ended 30<sup>th</sup> of June 2021 have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standard Board ("IASB"), and interpretations issued by IFRS's interpretation committee (IFRIC) and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011.

These are the Group's financial statements for the period ended 30 June 2021, prepared in accordance with IFRS 10 - Consolidated Financial Statements.

#### **1.1.2 Application of new and amended standards**

The accounting policies adopted are consistent with those of the previous financial year despite the adoption of IFRS. For the preparation of these Financial Statements, the following new, revised or amended requirements are mandatory for the first time for the financial period beginning 1 January 2019.

#### **IFRIC 23 — Uncertainty over Income Tax Treatments**

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

Effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

#### **IFRS 16 — Leases**

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

Effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted, if IFRS 15, Revenue from Contracts with Customers, has also been applied.

#### **IFRS 9 - Financial instruments**

IFRS 9 introduces a new approach for classification and measurement of financial instruments, a more forward looking Impairment methodology and a new general hedge accounting requirement.

## **Classification and Measurement**

IFRS 9 requires financial assets to be classified into one of three measurement categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by collecting both contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest.

Financial assets not meeting either of these two business models; and all equity instruments (unless designated at inception to fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss. An entity may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. The Group has undertaken an assessment to determine the potential impact of changes in classification and measurement of financial assets. Our assessment revealed that the adoption of IFRS 9 is unlikely to result in significant changes to existing asset measurement bases. IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk shall be presented in Other Comprehensive Income.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk shall be presented in Other Comprehensive Income.

The hedge accounting requirements in IFRS 9 are optional. If certain eligibility and qualification criteria are met, hedge accounting allows an entity to reflect risk management activities in the financial statements by matching gains or losses on financial hedging instruments with losses or gains. The amendments had no material effect on the Group's Financial Statements.

## **Impairment Methodology**

The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantees not measured at fair value through profit or loss.

IFRS 9 replaces the existing 'incurred loss' impairment approach with an Expected Credit Loss ('ECL') model, resulting in earlier recognition of credit losses compared with IAS 39. Expected credit losses are the unbiased probability weighted average credit losses

**Statement of Significant Accounting Policies (Cont'd)**

determined by evaluating a range of possible outcomes and future economic conditions. The ECL model has three stages. Entities are required to recognise a 12 month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39.

The requirement to recognise lifetime ECL for assets which have experienced a significant increase in credit risk since origination, but which are not credit impaired, does not exist under IAS 39. The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument, not the change in the amount of expected credit losses. Reasonable and supportable forward looking information will also be used in determining the stage allocation. In general, assets more than 30 days past due, but not credit impaired, will be classed as stage 2.

IFRS 9 requires the use of more forward looking information including reasonable and supportable forecasts of future economic conditions. Reporting entities will be required to develop the capability to model a number of economic scenarios and capture the impact on credit

losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight needs to be established around the process.

An assessment of the ECL in the Group's balance sheet reflects an increase in the provisions for credit losses. However, this increase does not have a significant impact on regulatory capital and invariably the Capital adequacy due to the Group's strong earnings and retention capacity over the years.

The Group conducted an initial predominance assessment and having met the criteria for exemption, the Board opted for temporary exemption option (deferral approach). The result of the predominance assessment using 2015 financial report as stated in IFRS 4 amended 2016 section 20D of the standard is stated below;

The carrying amount of its liabilities arising from insurance contracts and insurance connected liabilities for the group sum up to N4.16billion as at 31 Dec 2018 (31 Dec 2017 : N3.85billion), Company N4.10billion (31 Dec 2017: 3.85billion) which is greater than 80 per cent of the total carrying amount of all its liabilities as at 31 Dec 2018 and 31 Dec 2017 respectively ;

The Company is registered with CAC to carryout insurance activities and its activities are predominantly connected with insurance contracts.



**CONSOLIDATED HALLMARK INSURANCE PLC AND SUBSIDIARY COMPANIES**  
**INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2021**

**Statement of Significant Accounting Policies (Cont'd)**

Predominance Assessment Using 2015 Financial Report	Group		Company	
	Carrying amount	Insurance Liabilities	Carrying amount	Insurance Liabilities
<b>Insurance Liabilities</b>				
Insurance Contract Liabilities	2,218,670,079	2,218,670,079	2,218,670,079	2,218,670,079
Trade Payables	112,060,913	112,060,913	112,060,913	112,060,913
Other Payables and Provision	163,568,360	-	171,540,123	-
Retirement Benefit Obligations	184,444	-	4,430	-
Income Tax Liabilities	120,730,104	93,162,912	93,162,912	93,162,912
Deferred tax liabilities	140,289,268		139,693,165	
	<b>2,755,503,168</b>	<b>2,423,893,904</b>	<b>2,735,131,622</b>	<b>2,423,893,904</b>
Predominance ratio		88%		89%

The impact assessment of IFRS 9 on the Group's financial assets as December 31, 2017 which is the reporting date that immediately precedes January 1, 2018, i.e. the effective implementation date of the standard and that of the year 2018 & 2019 after the deferral of IFRS 9 are stated below;

**Group**

2017 Impact analysis on Financial Assets	2017 GROUP		Impact
	IAS 39	IFRS 9	
Financial Assets;			
-At fair value through profit or loss	<b>170,256,830</b>	<b>170,256,830</b>	-
-Loans and receivables(Amortised Cost)	<b>408,385,061</b>	<b>402,769,036</b>	5,616,025
-Available for sale assets(FVOCI)	<b>60,950,000</b>	<b>74,189,168</b>	(13,239,168)
-Held to maturity(Amortised Cost)	<b>2,260,597,511</b>	<b>2,223,744,982</b>	36,852,529
Trade receivables	<b>234,852,324</b>	<b>233,208,358</b>	1,643,966.27
	<b>3,135,041,727</b>	<b>3,104,168,375</b>	<b>30,873,352</b>

**Company**

Financial Assets;	2017 COMPANY		Impact
	IAS 39	IFRS 9	
-At fair value through profit or loss	<b>161,850,795</b>	<b>161,850,795</b>	-
-Loans and receivables(Amortised Cost)	<b>248,623,854</b>	<b>224,426,679</b>	24,197,175
-Available for sale assets(FVOCI)	<b>60,950,000</b>	<b>74,189,168</b>	(13,239,168)
-Held to maturity(Amortised Cost)	<b>2,260,597,511</b>	<b>2,243,156,862</b>	17,440,649
Trade receivables	<b>150,356,282</b>	<b>149,905,213</b>	451,069
	<b>2,882,378,442</b>	<b>2,853,528,717</b>	<b>28,849,725</b>



## **Statement of Significant Accounting Policies (Cont'd)**

### **1.1.3 Standards and Interpretations Issued but not yet Effective**

#### **IAS 1 — Presentation of Financial Statements**

IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

IAS 1 has been revised to incorporate a new definition of "material" and IAS 8 has been revised to refer to this new definition in IAS 1.

The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

#### **IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors**

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information.

Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.

The amendment is effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

#### **IFRS 17 — Insurance Contracts**

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2022. The IASB also tentatively decided to defer the fixed expiry date for the temporary exemption to IFRS 9 in IFRS 4 by one year so that all insurance entities must apply IFRS 9 for annual periods on or after January 1, 2022.

The Group is assessing the potential impact of the new standard which will be effective for annual reporting periods beginning on or after 1 January 2022.

## **Statement of Significant Accounting Policies (Cont'd)**

### **IFRS 3 — Business Combinations**

IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.

#### **1.2 Basis of measurement**

These financial statements are prepared on the historical cost basis except for the following:

- Available-for-sale financial assets are measured at fair value.
- Investment property is measured at fair value.
- Assets held for trading are measured at fair value

#### **1.3 Functional and presentation currency**

The financial statements are presented in the functional currency, Nigeria naira which is the Group's functional currency.

#### **1.4 Consolidation**

The Group financial statements comprise the financial statements of the company and its subsidiaries, CHI Capital Limited, Hallmark Health Services Limited and CHI Microinsurance Limited, all made up to 30 September, each year. The financial statements of subsidiaries are consolidated from the date the group acquires control, up to the date that such effective control seizes.

Subsidiaries are all entities (including structured entities) over which the Group exercise control. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

- (1) Power over the investee
- (2) Exposure, or rights, to variable returns from its involvement with the investee, and
- (3) The ability to use its power over the investee to affect the amount of the investor's returns.

The subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Subsidiaries are measured at cost less impairment in the separate financial statement.

#### **1.5 Use of estimates and judgments**

The Group makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgement are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and

**Statement of Significant Accounting Policies (Cont'd)**

assumption. The annual accounting basis is used to determine the underwriting result of each class of insurance business written.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amount of asset and liabilities within the next financial year are discussed below:

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

The estimation of the ultimate liability arising from claims made under insurance contracts is 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 company will ultimately pay for such claims. The uncertainty arises because all events affecting the ultimate settlement of the claims have not taken place and may not take place for some time. Changes in the estimate of the provision may be caused by receipt of additional claim information, changes in judicial interpretation of contract, or significant changes in severity or frequency of claims from historical records. The estimates are based on the company's historical data and industry experience. The ultimate claims liability computation is subjected to a liability adequacy test by an actuarial consultant using actuarial models.

**(b) Impairment of available-for-sale equity financial assets**

The Group determines that available-for-sale equity financial assets are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the group evaluates among other factors, the normal volatility in share price, the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow. Impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and financing and operational cash flows.

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those that sourced them.

## **Statement of Significant Accounting Policies (Cont'd)**

All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The group adopts costs less impairment to determine the fair value of its available for sale financial assets whenever observable market data exist for this asset.

### **(c) Impairment of trade receivables**

The Group adopted the policy of no premium no cover and the trade receivables outstanding as at the reporting period are premium receivable within 30 days that are due from brokers. The trade receivable was further subjected to impairment based on management judgement. Internal models were developed based on company's specific collectability factors and trends to determine amounts to be provided for impairment of trade receivables. Efforts are made to assess significant debtors individually based on information available to management and where there is objective evidence of impairment they are appropriately impaired. Other trade receivables either significant or otherwise that are not specifically impaired are grouped on a sectorial basis and assessed based on a collective impairment model that reflects the company's debt collection ratio per sector.

### **(d) Deferred acquisition costs (DAC)**

Commissions that vary with and are related to securing new contracts and renewing existing contracts are capitalised as an intangible asset under Deferred Acquisition Costs (DAC). The amount of commission to be deferred is directly proportional to the time apportionment basis of the underlying premium income to which the acquisition cost is directly related.

### **(e) Income taxes**

The Group periodically assesses its liabilities and contingencies related to income taxes for all years open to audit based on the latest information available. For matters where it is probable that an adjustment will be made, the Group records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

## **2. Segment reporting**

An operating segment is a component of the Group engaged in business activities from which it can earn revenues whose operating results are reviewed regularly by the Group's Executive Management in order to make decisions about resources to

### **Statement of Significant Accounting Policies (Cont'd)**

be allocated to segments and assessing segments performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is the Executive Management.

### **3. Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, deposits with a maturity of three months or less and other short-term highly liquid investments that are readily convertible into known amounts of cash. For the purpose of reporting cash flows, cash and cash equivalents include cash on hand; bank balances, fixed deposits and treasury bills within 90days.

#### **3.1 Financial assets**

The Group classifies its financial assets into the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired. At initial recognition, the Group classifies its financial assets in the following categories:

##### **3.1.1 Financial assets at fair value through profit or loss**

A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which are classified as long-term. Assets where there is a ready and liquid quoted market, which are acquired for the purpose of short-term trade, and where mark-to-market valuations are possible on every trading day, are trading assets. Assets do not fall under this category merely because there is a market for the asset – the entity must have acquired the asset for short term trading intent.

##### **3.1.2 Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. The Group's loans and receivables comprise loans issued to corporate entities, individual and/or staff of the Group. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method less a provision for impairment.



## **Statement of Significant Accounting Policies (Cont'd)**

### **3.1.3 Available-for-sale investments**

These are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices or that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. The Group's available-for-sale assets comprise investments in equity securities (other than those qualifying as cash equivalents).

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. In cases where the fair value of an unlisted equity cannot be measured reliably, the instruments are carried at cost less impairment. Gains or losses arising from remeasurement are recognized in other comprehensive income except for exchange gains and losses on the translation of debt securities, which are recognized in the consolidated statement of income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of income. Available-for-sale investments are classified as non-current, unless an investment matures within twelve months, or management expects to dispose of it within twelve months.

Dividends on available-for-sale equity instruments are recognized in the statement of income as dividend income when the Group's right to receive payment is established.

### **3.1.4 Held-to-maturity financial assets**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity other than:

- those that the Group upon initial recognition designates as at fair value through profit or loss;
- those that the Group designates as available for sale; and
- those that meet the definition of loans and receivables.

Held-to-maturity investments are initially recognized at cost and subsequently measured at amortized cost. Interests on held-to-maturity investments are included in the income

statement and are reported as 'Interest and similar income. In the event of an impairment, it is being reported as a deduction from the carrying value of the investment and recognised in the income statement as 'Net gains/ (losses) on investment securities'

## **3.2 Reclassifications**

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single



### **Statement of Significant Accounting Policies (Cont'd)**

event that is unusual and highly unlikely to recur in the near-term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories, if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification. Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

### **3.3 Impairment of assets**

#### **3.3.1 *Financial assets carried at amortized cost***

The Group assesses at each end of the reporting period whether there is objective evidence that a financial asset or company of financial assets is impaired. A financial asset or company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or company of financial assets that can be reliably estimated. Objective evidence that a financial asset or company of assets is impaired includes observable data that comes to the attention of the Group about the following events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in payments;
- It is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or observable data indicating that there is a measurable decrease in the estimated future cash flow from a company of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Group, including: adverse changes in the payment status of issuers or debtors in the Group; or national or local economic conditions that correlate with defaults on the assets in the Group.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

### **Statement of Significant Accounting Policies (Cont'd)**

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity investments carried at amortized cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

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

### **3.3.2 Assets classified as available for sale**

The Group assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a company of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is an objective evidence of impairment resulting in the recognition of an impairment loss. In this respect, a decline of 20% or more is regarded as significant, and a period of 12 months or longer is considered to be prolonged. If any such quantitative evidence exists for available-for-sale financial assets, the asset is considered for impairment, taking qualitative evidence into account.

The cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was

### **Statement of Significant Accounting Policies (Cont'd)**

recognised in profit or loss, the impairment loss is reversed through the income statement.

#### **3.3.3 Impairment of non-financial assets**

The Group assesses annually whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. Where it is impossible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset is allocated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount an impairment loss is recognized immediately in profit or loss, unless the asset is carried at a revalued amount, in which case the impairment loss is recognized as revaluation decrease.

#### **3.3.4 Impairment of other non-financial assets**

Assets that have an indefinite useful life – for example, land – are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

### **4. Leases**

This is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

- Company as lessee: Lessees are required to recognize a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.

The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of

**Statement of Significant Accounting Policies (Cont'd)**

property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.

- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications. □ Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases. Company as lessor:
- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.

**Statement of Significant Accounting Policies (Cont'd)**

- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease.
- In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

**Sale and leaseback transactions:**

In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.

If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16.

If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognize the transferred asset and recognizes a financial liability equal to the transfer proceeds. The buyer-lessor recognizes a financial asset equal to the transfer proceeds. The effective date of the standard is for years beginning on or after January 1, 2019. The company is adopting the standard for the first time in the 2019 annual report and financial statements. The impact of this standard is not material on the financial statements.

**5. Trade receivables**

Trade receivables are recognized when due. These include amounts due from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the income statement. The Company first assesses whether objective evidence of impairment exists individually for receivables that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the receivable in a group of receivables with similar credit risk characteristics and collectively assesses them for impairment using the model that reflects the company's historical outstanding premium collection ratio per sector.

**Statement of Significant Accounting Policies (Cont'd)**

**6. Reinsurance assets and liabilities**

These are contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company, and which also meets the classification requirements for insurance contracts held as reinsurance contracts. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included in insurance contracts.

The benefits to which the Company is entitled under its reinsurance contracts are recognized as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as long 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 accordance with the terms of each reinsurance contract.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Company's property or casualty insurance contracts.

Where the premium due to the reinsurer differs from the liability established by the Company for the related claim, the difference is amortized over the estimated remaining settlement period.

The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortized cost. The impairment loss is calculated following the same method used for these financial assets

**7. Deferred acquisition costs**

Acquisition costs comprise mainly of agent's commission. These costs are amortized and deferred over the terms of the related policies to the extent that they are considered to be recoverable from unearned premium.

**8. Other receivables and prepayments**

Receivables are stated at their original invoiced value, as the interest that would be recognized from discounting future cash receipts over the short credit period is not considered to be material. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue receivables is recognized as it accrues.

**9. Deposit for shares (assets)**

Where the company invested in the equities of other entities and the necessary allotment of shares or share certificates have not been received by the company, such investment shall be treated as deposit for shares. At initial recognition, it

**Statement of Significant Accounting Policies (Cont'd)**

would be treated at cost and at subsequent recognition, it would be recognized at cost less impairment (if any).

**10. Investment in subsidiaries**

Subsidiaries are entities controlled by the parent. In accordance with IAS 10, control exists when the parent has:

- I. Power over the investee
- II. Exposure, or rights, to variable returns from its involvement with the investee; and
- III. The ability to use its power over the investee to affect the amount of investor's returns.

Investments in subsidiaries are reported at cost less impairment (if any).

**11. Offsetting financial instruments**

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

**12. Intangible assets**

Intangible assets acquired separately are shown at historical cost less accumulated amortization and impairment losses. Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible asset unless such lives

are indefinite. These charges are included in other expenses in profit or loss. Intangible assets with an indefinite useful life are tested for impairment annually.

Amortization periods and methods are reviewed annually and adjusted if appropriate.

The class of the intangible assets recognised by the company and its amortisation rates are as follows:

	Rate
Computer software	15%

**13. Property and equipment**

**13.1 Recognition and Measurement**

All property and equipment are stated at historical cost less accumulated depreciation less accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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 are charged to the income statement during the financial period in which they are incurred.



**Statement of Significant Accounting Policies (Cont'd)**

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	-	2%
Furniture & fittings	-	15%
Computers	-	15%
Motor vehicles	-	20%
Office equipment	-	15%

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, these are included in the income statement in operating income.

The Group reviews the estimated useful lives of property and equipment at the end of each reporting period.

**13.2 Reclassification to investment property**

When the use of a property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in income statement to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in the revaluation reserve in equity.

Any loss is recognized in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognized immediately in income statement.

**14. Statutory Deposit**

Statutory deposit represents 10% of the paid-up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, 2003. Statutory deposit is measured at cost.

**15. Insurance Contracts Liabilities**

In accordance with IFRS 4, the company has continued to apply the accounting policies it applied in accordance with Pre-changeover Nigerian GAAP subject to issue of Liability adequacy test (note 14.4). Balances arising from insurance



**Statement of Significant Accounting Policies (Cont'd)**

contracts primarily includes unearned premium, provisions for outstanding claims and adjustment expenses, re-insurers share of provision for unearned premium and outstanding claims and adjustment expenses, deferred acquisition costs, and salvage and subrogation receivables.

**15.1 Reserves for unearned premium**

In compliance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

**15.2 Reserves for outstanding claims**

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

**15.3 Reserves for unexpired risk**

A provision for additional unexpired risk reserve (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve (UPR)".

**15.4 Liability adequacy test**

At each reporting date, the company performs a liability adequacy test through an Actuary on its insurance contract liabilities less deferred acquisition costs to ensure the carrying amount is adequate, If the estimate shows the carrying amount of liabilities is inadequate, any deficiency is recognized as an expense to the income statement initially by writing off the deferred acquisition expense and subsequently by recognizing an additional claims liability for claims provisions.

**16. Retirement benefits obligations**

**16.1 Defined contribution plan**

The Group runs a defined contribution plan in line with the Pension Reform Act Amended 2014. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The rate of contribution by the Group and its employee is 10% and 8% respectively of basic salary, housing and transport allowance. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Under the defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Statement of Significant Accounting Policies (Cont'd)**

**17. Deposit for shares (liability)**

Where the shareholders deposited for the equity of the entity and the necessary allotment of shares or share certificates have not been issued by the company due to authorization and approval from regulatory bodies, such deposit shall remain a liability until the allotment is done, when the obligation is converted into equity.

**18. Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets. Equity instruments issued are recorded at the value of proceeds received, net of costs directly attributable to the issue of the instruments. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

**19. Share premium**

Share premium is the excess amount over the par value of the shares. This is classified as equity when there is no obligation to transfer cash or other assets. The proceeds received are recorded as net of costs. This reserve is not ordinarily available for distribution.

**20. Contingency reserve**

In compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premiums, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

**21. Statutory reserve**

In line with Central Bank of Nigeria guideline, Finance companies in Nigeria are required to transfer a minimum of 15% of its profit before tax to statutory reserve until the reserve fund equals the Paid-up Capital and a minimum of 10% thereafter. This applies to Grand Treasurers Limited, a subsidiary within the group.

**22. Dividend distribution**

Dividend distribution to the Group's shareholders is recognized as a deduction in the revenue reserve in the year in which the dividend is approved by the Company's shareholders.

**23. Revenue recognition**

**23.1 Premium**

Written premium for non-life (general insurance) business comprises the premiums on contract incepting in the financial year. Written premium are stated at gross of commissions payable to intermediaries. Unearned premiums are those portions of the premium, which relates to periods of risks after the balance sheet date. Unearned premiums are prorated evenly over the term of the insurance policy. The portion of the premium related to the unexpired portion of the policy at the end of the fiscal year is reflected in the unearned premium.

**Statement of Significant Accounting Policies (Cont'd)**

**a) Gross premium**

Gross premium is recognized at the point of attachment of risk to a policy before deducting cost of reinsurance.

**b) Gross premium earned**

Gross premium earned is the written premium recognized after adjusting for the unearned portion of the premium.

**a) Unearned premium**

This is the portion of the gross premium on the insurance contract, determined on a contract by contract basis, which is deemed to be relating to the risk for period not falling within the current accounting year. This is carried forward to the next accounting period as unearned premium.

**b) Net premium**

Net premium represents gross premium earned less reinsurance costs.

**c) Reinsurance premium**

Reinsurance premium is the ceding to a reinsurance part of a risk or liability accepted in order to ensure greater and reduced liability on the part of the company. The outward reinsurance premium relating to earned premiums are recognized as outflow in accordance with the reinsurance services received.

**23.2 Reinsurer's share of unearned premium**

Reinsurer's share of unearned premium is recognized as an asset using principles consistent with the company's method for determining the unearned premium liability.

**24. Expenses**

**a) Reinsurance cost**

This represents the outward reinsurance premium paid to reinsurance companies less the unexpired portion as at the end of the current accounting year.

The reinsurance cost is charged to the underwriting revenue account while the unexpired portion is shown as prepaid reinsurance costs, on asset, on the balance sheet.

**b) Reinsurance recoveries**

Reinsurance recoveries represents that portion of claims paid or payable on risks ceded out to reinsurance companies on which recoveries are received or receivable from the reinsurer.

The recoveries are applied to reduce the gross claims incurred on the underwriting revenue account.

**c) Prepaid reinsurance cost**

This is the unexpired reinsurance cost determined on a time apportionment basis and is reported under other asset on the balance sheet.

**Statement of Significant Accounting Policies (Cont'd)**

**d) Gross claims paid**

This is the direct claims payments during the year plus reinsurance claims paid, if any.

**e) Gross claims incurred**

The is made up of claims and claims handling expenses paid during the financial year after adjusting for the movement in the provision for outstanding claims and claims incurred but not reported (IBNR).

**a) Net claims incurred**

This is gross claims incurred after adjusting for reinsurance claims recoveries. All claims paid and incurred are charged against the underwriting revenue account as expense when incurred. Reinsurance recoveries are recognized when the company records the liability for the claims. Anticipated reinsurance recoveries on claims are disclosed separately as assets.

**f) Management expenses**

Management expenses are expenses other than claims, investments and underwriting expenses. They include salaries, depreciation charges and other administrative but non-operating expenses. They are accounted for on an accrual basis and are charged to the profit and loss account in the year in which they were incurred.

**Provision for unpaid claims and adjustment expenses**

Individual loss estimates are provided on each claim reported. In addition, provisions are made for adjustment expenses, changes in reported claims, and for claims incurred but not reported, based on past experience and business in force. The estimates are regularly reviewed and updated, and any resulting adjustments are included in the current income.

**25. Salvage and subrogation recoverable**

In the normal course of business, the company obtains ownership of damaged properties, which they resell to various salvage operators. Unsold property is valued at its estimated net realizable value.

Where the company indemnifies policyholders against a liability claim, it acquires the right to subrogate its claims against other parties. These claims are reflected at amounts expected to be received from the subrogated parties net of related costs.

**26. Fees and commission income**

Fees and commissions consist primarily of reinsurance commission and other contract fees. All other fee and commission income is recognized as services are provided.

## **Statement of Significant Accounting Policies (Cont'd)**

### **27. Investment income**

Investment income consists of dividend, interest income. Dividends are recognized only when the group's right to payments is established.

#### **27.1 Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the assets carrying amount.

#### **27.2 Other operating income**

Other operating income is made up of rent income, profit on disposal of fixed assets, profit or loss on disposal of investment, exchange gain or loss and other line of income that are not investment income.

#### **27.3 Realized gains and losses**

The realized gains or losses on the disposal of an investment is the difference between proceeds received, net of transaction costs and its original or amortized costs as appropriate.

### **28. Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

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 an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for. Deferred income tax is determined using 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 asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

**Statement of Significant Accounting Policies (Cont'd)**

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

**29. Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

**30. Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the reporting date, unsettled monetary assets and liabilities are translated into the Group's functional currency by using the exchange rate in effect at the year-end date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the group's functional currency are recognized in the consolidated income statement.

**31. Unclaimed dividend**

Unclaimed dividend are amounts payable to shareholders in respect of dividend previously declared by the Group which have remained unclaimed by the shareholder in compliance with section 385 of the Companies and Allied Matters Act (Cap C20) laws of the Federation of Nigeria 2004. Unclaimed dividends are transferred to general reserves after twelve years.

**32. Earnings per share**

The Group presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of shares outstanding during the year.

**Statement of Significant Accounting Policies (Cont'd)**

**33. Borrowings**

These are financial liabilities that mature within 12 months of the balance sheet date. Borrowings inclusive of transaction cost are recognized initially at fair value. Borrowings are subsequently stated at amortized cost using the effective interest rate method; any difference between proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest rate method.

**ADDITIONAL NOTES TO THE ACCOUNT**

**1. Accounting Policy Changes**

There was no change in the accounting Policy of the Group during the quarter ended 30 June 2021

**2. Seasonality or Cyclicity of Operations**

The business of Insurance is not subject to seasonality or cyclicity.

**3. Unusual items**

There were no unusual or exceptional items during the period.

**4. Changes in estimates**

The budget estimates for the period and the quarter had not changed.

**5. Issuance, Repurchases, and Repayment of debts and equity securities**

The Group did not have debt security and did not issue, repurchase or repay equity securities during the period.

**6. Segment information**

The Accounts of the Group is not affected by IAS 14 on segment accounting.

**7. Significant Events after the end of the interim Period**

There were no significant events after the end of the interim report materially affecting the report of the period.

**8. Business Combination**

The Accounts of the Group is not affected by accounting for business combination.

**9. Long Term Investment**

The Group's long term investment amounted to N 1,191,737,470 as at the quarter ended 30 June 2021.

**10. Restructuring and Reversals of Restructuring Provisions**

The account for the quarter did not contain restructuring provision or its reversal.

**11. Discontinuing Operation**

This did not apply to the Group.

**12. Correction of Prior Period Errors**

This did not apply to the Group.

**13. Write Down of Inventory to Net Realizable Value**

The Inventory of the Group was not written down to NRV during the period.

**14. Impairment loss of Property, Plant, Equipment, Intangible and other assets and reversal of such impairment loss**

Depreciation charge on Property, Plant, Equipment during the period was: ₦ 65,803,162.90.

Write off on Recapitalization Cost during the period was Nil

There was no reversal of impairment loss during the period.

**15. Litigation Settlement**

There were no litigation settlements during the period.

**16. Any debt default or any breach of a debt covenant that has not been corrected subsequently**

There was no debt default or breach of debt covenant during the period.

**17. Acquisitions and disposals of Property, Plant and Equipment**

Acquisition of Property, Plant and Equipment during the period was: ₦ 54,648,286.82

Disposal of Property, Plant and Equipment during the period was: ₦ 18,060,744.54

**18. Commitments to Purchase Property, Plant and Equipment**

There are no commitments to Purchase Property, Plant and Equipment during the period.



# CONSOLIDATED HALLMARK INSURANCE PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 JUNE 2021

	Notes	Group	
		30 JUNE 2021 N	31 December 2020 N
<b>Assets</b>			
Cash and cash equivalents	2.0	3,434,431,027	3,173,916,076
<b>Financial assets:</b>			
-At fair value through profit or loss	3.1	1,037,340,650	778,767,398
-Loans and receivables	3.2	1,456,054,881	947,576,589
-Available for sale assets	3.3	72,348,451	72,348,451
-Held to maturity	3.4	2,669,987,280	2,629,694,266
Finance lease receivables	5.0	201,382,656	86,247,031
Trade receivables	6.0	529,218,242	607,688,316
Reinsurance assets	7.0	3,730,399,998	3,018,080,617
Deferred acquisition cost	8.0	354,511,097	355,066,148
Other receivables & prepayments	9.0	209,537,594	129,353,111
Leasehold properties	11.	8,202,173	9,968,479
Intangible Assets	11.0	32,347,088	36,574,657
Investment properties	12.0	1,191,737,470	1,042,487,470
Property and equipment	13.0	1,010,417,349	1,021,572,225
Statutory deposits	14.0	402,000,000	402,000,000
<b>Total assets</b>		<b>16,339,915,956</b>	<b>14,311,340,834</b>
<b>Liabilities</b>			
Insurance contract liabilities	15.0	6,265,390,747	5,208,233,152
Trade payables	16.0	35,895,873	13,972,733
Borrowing	17.0	98,920,172	5,013,052
Other payables and provision	18.0	511,989,109	221,056,870
Retirement benefit obligations	19.0	3,586,159	4,129,526
Income tax liabilities	21.2	488,177,040	359,459,121
Deferred tax liabilities	22.0	177,878,284	177,878,284
<b>Total liabilities</b>		<b>7,581,837,384</b>	<b>5,989,742,738</b>
<b>Equity and reserves</b>			
Issued and paid up share capital	23.1	5,420,000,000	5,420,000,000
Share Premium	24.0	168,933,834	168,933,834
Contingency reserve	25.1	2,311,734,730	2,136,621,663
Statutory reserve	25.2	57,375,685	45,964,378
Retained earnings	26.0	800,034,323	550,078,221
<b>Total equity and reserves</b>		<b>8,758,078,572</b>	<b>8,321,598,096</b>
<b>Total liabilities and equity and reserves</b>		<b>16,339,915,956</b>	<b>14,311,340,834</b>

The consolidated financial statements were approved by the Board of Directors on 30 July, 2021



Obinna Ekezie  
Chairman  
FRC/2017/IODN/00000017485



Eddie A. Efekoha  
Managing Director  
FRC/2013/CIIN/00000002189



Babatunde Daramola  
Chief Financial Officer  
FRC/2012/ICAN/00000000564

# CONSOLIDATED HALLMARK INSURANCE PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JAN 1ST - JUNE 2021

	Notes	Group			
		30 JUNE 2021 N	APR- JUN. 2021 N	30 JUNE 2020 N	APR- JUN. 2020 N
<b>Gross premium written</b>		<b>6,085,350,250</b>	<b>2,565,411,311</b>	5,334,751,706	2,221,039,151
Gross premium income	27.00	5,775,907,443	2,546,455,385	5,061,679,594	2,255,842,507
Reinsurance premium expenses	28.00	(2,453,858,197)	(1,478,461,075)	(2,133,513,568)	(1,144,791,837)
<b>Net premium income</b>		<b>3,322,049,247</b>	<b>1,067,994,311</b>	2,928,166,026	1,111,050,670
Fee and commission income	29.00	34,659,024	36,042,504	229,310,664	145,510,012
<b>Net underwriting income</b>		<b>3,356,708,270</b>	<b>1,104,036,814</b>	3,157,476,691	1,256,560,682
Claims expenses	30a	(2,317,140,820)	(1,402,062,363)	(1,058,772,138)	(539,688,792)
Claims recoveries from reinsurers	30b	1,284,084,577	1,067,126,999	61,161,030	46,441,150
<b>Claims incurred</b>		<b>(1,033,056,243)</b>	<b>(334,935,364)</b>	(997,611,108)	(493,247,642)
Underwriting expenses		(1,048,232,073)	(411,904,884)	(1,056,516,354)	(448,823,464)
<b>Underwriting profit</b>		<b>1,275,419,955</b>	<b>357,196,567</b>	1,103,349,228	314,489,576
Investment income	32.00	573,089,054	288,327,491	444,526,625	220,094,169
Other operating income	33.00	129,047,828	109,818,149	67,540,202	661,574
Impairment (charge)/write back	34.00	(15,099,163)	(13,282,745)	(3,051,957)	(148,340)
Net fair value gains on financial assets at fair value through profit or loss	35.00	(116,620,058)	(55,233,455)	2,056,927	38,556,035
Management expenses	36.00	(1,240,714,637)	(531,169,757)	(1,169,991,415)	(475,493,801)
<b>Profit before taxation</b>		<b>605,122,980</b>	<b>155,656,250</b>	444,429,609	98,159,212
Income tax expense	21.10	(168,642,503)	(10,626,998)	(149,032,907)	(12,272,079)
<b>Profit after taxation</b>		<b>436,480,477</b>	<b>145,029,252</b>	295,396,703	85,887,134
<b>Total comprehensive income for the year</b>		<b>436,480,477</b>	<b>145,029,252</b>	295,396,703	85,887,134
<b>Profit attributable to:</b>		-	-	-	-
Equity holders of the parents'		436,480,477	145,029,252	295,396,703	85,887,134
<b>Profit transferred to revenue reserve</b>		<b>436,480,477</b>	<b>145,029,252</b>	295,396,703	85,887,134
Basic and diluted earnings per share (Kobo)	37.00	5.37		3.34	

## CONSOLIDATED HALLMARK INSURANCE PLC

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2021

The Group	Issued share capital N	Share Premium	Contingency reserves N	Statutory reserve N	Retained earnings N	Total equity N
At 1 January 2020	4,065,000,000	155,264,167	1,855,299,252	36,863,982	501,268,212	6,613,695,612
Changes in equity for 2020:						
Profit for the period	-	-	-	-	271,759,398	271,759,398
<b>Other comprehensive income for the period</b>	-	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	-	-	271,759,398	271,759,398
Transactions with owners:						
Transfer within reserves	-	-	154,925,005	7,205,554	(162,130,560)	-
Addition	-	-	-	-	-	-
Dividends relating to prior periods paid during the march	-	-	-	-	-	-
Non-controlling interest arising on business combination	-	-	-	-	-	-
Contribution by and to owners of the business	-	-	154,925,005	7,205,554	(162,130,560)	-
At June 2020	<u>4,065,000,000</u>	<u>155,264,167</u>	<u>2,010,224,257</u>	<u>44,069,536</u>	<u>610,897,050</u>	<u>6,885,455,010</u>
At 1 January 2021	<u>5,420,000,000</u>	<u>168,933,834</u>	<u>2,136,621,663</u>	<u>45,964,378</u>	<u>550,078,221</u>	<u>8,321,598,095</u>
Changes in equity for 2021:						
Profit for the period	-	-	-	-	436,480,477	436,480,477
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	436,480,477	436,480,477
Transactions with owners:						
Transfer within reserves	-	-	175,113,067	11,411,307	(186,524,375)	-
Addition	-	-	-	-	-	-
Dividends relating to prior periods paid during the march	-	-	-	-	-	-
Non-controlling interest arising on business combination	-	-	-	-	-	-
Contribution by and to owners of the business	-	-	175,113,067	11,411,307	(186,524,375)	-
At June 2021	<u><b>5,420,000,000</b></u>	<u><b>168,933,834</b></u>	<u><b>2,311,734,730</b></u>	<u><b>57,375,685</b></u>	<u><b>800,034,323</b></u>	<u><b>8,758,078,572</b></u>

# CONSOLIDATED HALLMARK INSURANCE PLC

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2021

	Notes	Group	
		30 JUNE 2021 N	30 JUNE 2020 N
<b>Cash flows from operating activities</b>			
Premium received from policy holders	6.1	6,163,820,324	5,040,912,513
Reinsurance receipts in respect of claims		622,265,697	581,229,557
Commission received	29	67,159,624	229,310,664
Other operating receipts	33	129,047,828	67,540,202
Cash paid to and on behalf of employees	36a	(413,466,434)	(420,320,185)
Reinsurance premium paid	16	(2,482,435,557)	(1,589,834,191)
Claims paid	30a	(1,587,429,958)	(1,306,247,446)
Commission expenses	8	(721,027,893)	(793,297,474)
Maintenance expenses	31	(320,111,279)	(288,218,880)
Other operating cash payments		(576,184,403)	(853,014,972)
Company income tax paid	21.2	(39,924,584)	(103,849,566)
<b>Net cash (used in)/ from operating activities</b>		<b>841,713,364</b>	<b>564,210,220</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment	13	(54,648,287)	(57,406,437)
Purchase of intangible asset	11	(628,571)	(15,148,248)
Fair value change and additions to investment properties	12	(231,250,000)	(1,921,000)
Proceeds from sale of Investment properties		90,000,000	-
Increase in investment in subsidiaries	10.	-	-
Proceeds from sale of property and equipment	13	3,806,929	546,182
Purchase of financial assets		(1,316,723,122)	(1,942,765,846)
Proceeds from sale of financial assets		439,696,008	1,667,414,681
Dividend received	32	77,481,600	21,631,915
Rental Income received	32	2,054,000	2,018,000
Interest received	32	493,553,455	420,876,710
<b>Net cash from investing activities</b>		<b>(496,657,990)</b>	<b>95,245,957</b>
<b>Cash flows from financing activities</b>			
Proceeds on private placemant		-	-
Proceeds from borrowing	20.1 & 24	93,849,334	2,000,000
Payment on borrowing (principal & Interest)	17	57,786	(5,153,022)
Refund of excess on right issue	17	-	-
Dividend paid	17	-	-
<b>Net cash used in financing activities</b>		<b>93,907,120</b>	<b>(3,153,022)</b>
<b>Increase in cash and cash equivalents</b>		<b>438,962,495</b>	<b>656,303,156</b>
Cash and cash equivalents at beginning		3,088,191,455	1,810,591,031
<b>Cash and cash equivalent at the end</b>	2	<b>3,527,153,950</b>	<b>2,466,894,187</b>

The accompanying notes form an integral part of this statement of cash flows.

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

### 1. Corporate information

#### 1.1 The Group

The group comprises of Consolidated Hallmark Insurance Plc and its subsidiaries - CHI Capital Ltd, CHI Micro-Insurance Ltd, Grand Treasurers Limited and Hallmark Health Services Ltd. CHI Capital Ltd also has a wholly owned subsidiary, CHI Support Services Ltd.

#### 1.2 The Company

Consolidated Hallmark Insurance Plc (formerly Consolidated Risk Insurers Plc) was incorporated on 2 August 1991. The Company changed its name from Consolidated Risk Insurers Plc to Consolidated Hallmark Insurance Plc following its merger with Hallmark Assurance Plc and The Nigerian General Insurance Company Limited in line with the consolidation reform of NAICOM announced in 2006. Consolidated Hallmark Insurance Plc came into effect from 1 March 2007.

#### 1.3 Principal activities

During the year under review, the Group engaged in general insurance business and maintained offices in major cities in Nigeria with Corporate headquarters at 266 Moshood Abiola way (formerly Ikorodu Road), Lagos. The principal activities of the subsidiaries are portfolio management, short term lending, equipment leasing and provision of Health management services.

	Group		Company	
	30 JUNE 2021 N	December 2020 N	30 JUNE 2021 N	December 2020 N
<b>2. Cash and cash equivalents</b>				
Cash in hand	12,317,092	10,950,034	12,317,092	10,950,034
Balance with banks	750,819,622	830,541,720	233,638,063	246,595,444
Call deposits	1,262,350	6,733,226	1,262,350	6,733,226
Fixed deposits (Note 2.1)	2,762,754,887	2,418,414,019	2,733,524,407	2,003,757,758
	<u>3,527,153,950</u>	<u>3,266,638,999</u>	<u>2,980,741,912</u>	<u>2,268,036,461</u>
Impairment charge (Note 2.2)	(92,722,923)	(92,722,923)	(92,722,923)	(92,722,923)
	<u>3,434,431,027</u>	<u>3,173,916,076</u>	<u>2,888,018,989</u>	<u>2,175,313,538</u>

2.1 The Fixed deposits have a short term maturity of 30-90 days and the effect of discounting is immaterial.

#### 2.2 Impairment charge

At 1 January	92,722,593	92,722,593	92,722,593	-
Written off in the year	-	-	-	92,722,593
Provision no longer required (Note 29)	-	-	-	-
<b>At June 2021</b>	<u>92,722,593</u>	<u>92,722,593</u>	<u>92,722,593</u>	<u>92,722,593</u>

The impairment charge of N92,722,593 resulted from a fixed deposit of N100million with a mortgage bank in 2018 that went into a default in 2019 and had to be impaired in line with standard accounting practice and regulatory requirement. The company has taken necessary steps to recover the fund, including an ongoing court process and there is a positive indication that the fund will be recovered.

### 3. Financial assets

At fair value through profit or loss (Note 3.1)	1,037,340,650	778,767,398	1,026,088,049	772,258,498
Loans and receivables measured at amortised cost (Note 3.2)	1,456,054,881	947,576,589	205,899,669	211,045,461
Available for sale (Note 3.3)	72,348,451	72,348,451	70,148,451	70,148,451
Held to maturity (Note 3.4)	2,669,987,280	2,629,694,266	2,509,364,940	2,629,694,266
	<u>5,235,731,262</u>	<u>4,428,386,705</u>	<u>3,811,501,109</u>	<u>3,683,146,676</u>

#### Movement in Financial Assets

Opening	4,428,386,705	4,197,638,009	3,683,146,676	3,632,940,135
Addition	1,316,723,122	3,621,794,202	471,095,284	3,045,233,034
Disposal	(511,244,740)	(3,780,713,162)	(297,760,025)	(3,417,441,302)
Interest Capitalised	156,101,516	348,883,834	156,101,516	348,883,834
Impairment (loss)/gain	(15,099,163)	(31,537,233)	-	-
Fair value gains/(loss)	(139,136,178)	72,321,055	(201,082,342)	73,530,975
Closing	<u>5,235,731,262</u>	<u>4,428,386,705</u>	<u>3,811,501,109</u>	<u>3,683,146,676</u>

#### 3.1 At fair value through profit or loss

At 1 January	719,660,969	355,678,006	711,035,894	344,852,931
Additions	456,815,859	366,182,963	454,911,893	366,182,963
Disposals	-	(2,200,000)	-	-
	<u>1,176,476,828</u>	<u>719,660,969</u>	<u>1,165,947,787</u>	<u>711,035,894</u>
Fair value gains/(loss) (Note 35a)	(139,136,178)	59,106,429	(139,859,738)	61,222,604
<b>At June 2021</b>	<u>1,037,340,650</u>	<u>778,767,398</u>	<u>1,026,088,049</u>	<u>772,258,498</u>
Current	1,037,340,650	778,707,398	1,026,088,049	772,258,498
Non Current	-	-	-	-

Financial assets at fair value through profit or loss of the group represents investment where there is a ready and liquid quoted market, which are acquired for the purpose of short-term trade, and where mark-to-market valuations are possible on every trading day. Assets under this category have been acquired by management with the intent of short term trading.

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

	Group		Company	
	30 JUNE 2021 N	December 2020 N	30 JUNE 2021 N	December 2020 N
<b>3.2 Loans and receivables</b>				
Staff loans (Note 3.2.1a)	193,428,278	211,045,461	193,428,278	211,045,461
Loan issued to corporate individuals (Note 3.2.1b)	1,262,626,603	736,531,128	12,471,391	-
	<b>1,456,054,881</b>	<b>947,576,589</b>	<b>205,899,669</b>	<b>211,045,461</b>
Current	1,427,684,317	879,951,759	102,699,639	125,430,626
Non Current	28,370,563	67,624,831	103,200,030	85,614,835
<b>3.2.1a Staff loans</b>				
At 1 January	211,045,461	253,829,118	211,045,461	253,829,118
Addition	3,712,000	6,944,132	3,712,000	6,944,132
Repayment	(21,329,183)	(49,727,789)	(21,329,183)	(49,727,789)
	<b>193,428,278</b>	<b>211,045,461</b>	<b>193,428,278</b>	<b>211,045,461</b>
<b>3.2.1b Loan issued to corporate / individuals</b>				
At 1 January	859,784,377	503,095,920	-	95,872,269
Addition	695,572,924	634,718,433	12,471,391	60,357,265
Bad debts written off	-	(69,402,989)	-	-
Repayment	(167,661,032)	(208,626,986)	-	(86,826,546)
	<b>1,387,696,269</b>	<b>859,784,377</b>	<b>12,471,391</b>	<b>69,402,989</b>
Impairment on loans issued to corporate and individuals (Note 3.2.4)	(125,069,666)	(123,253,249)	-	(69,402,989)
<b>At the end</b>	<b>1,262,626,603</b>	<b>736,531,128</b>	<b>12,471,391.36</b>	<b>0</b>
<b>3.2.2 Analysis by performance:</b>				
Performing (Note 3.2)	1,456,054,881	947,576,589	205,899,669	211,045,461
Non-performing (Note 3.2.4)	125,069,666	123,253,249	-	69,402,989
	<b>1,581,124,547</b>	<b>1,070,829,838</b>	<b>205,899,669</b>	<b>280,448,450</b>
<b>3.2.3 Analysis by maturity:</b>				
Due within one year	1,427,684,317	879,951,758	102,699,639	125,430,626
Due within one - five years	153,440,230	190,878,080	103,200,030	85,614,835
Due after five years	-	-	-	69,402,989
	<b>1,581,124,547</b>	<b>1,070,829,838</b>	<b>205,899,669</b>	<b>280,448,450</b>
<b>Movement in impairment - loans and receivables :</b>				
At 1 January	123,253,249	161,119,004	-	69,402,989
Addition (Note 34)	1,816,417	31,537,233	-	-
Impairment written off	-	(69,402,989)	-	(69,402,989)
Provision no longer required (Note 34)	-	-	-	-
<b>At the end</b>	<b>125,069,666</b>	<b>123,253,249</b>	<b>-</b>	<b>-</b>
<b>3.3 Available for sale assets</b>				
At 1 January	72,348,451	70,148,451	70,148,451	70,148,451
Addition	-	2,200,000	-	-
Exchange gains	-	-	-	-
Impairment on available for sale	-	-	-	-
<b>At the end</b>	<b>72,348,451</b>	<b>72,348,451</b>	<b>70,148,451</b>	<b>70,148,451</b>
Current	-	-	-	-
Non Current	72,348,451	72,348,451	70,148,451	70,148,451

Available for sale assets are the unquoted equity securities of the group and are measured at cost because their fair value could not be reliably measured. At period end there is no indication of impairment.

Available for sale equities is analysed as follows:

	No. of shares	Cost per unit	Total Cost
Planet Capital Limited (Formerly Strategy and Arbitrage Limited)	2,925,501	N1	2,000,000
Energy & Allied Insurance Pool Nigeria limited			58,950,000
25,000 UNITS OF IPWA STOCKS	25,000	0.50	12,500
MTECK Communication Ltd	10,094,452		9,185,951
	<b>13,044,953</b>		<b>70,148,451</b>

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

The Company is exposed to financial risk through its financial assets (investments and loans). The key focus of financial risk management for the Company is to ensure that the proceeds from financial assets are sufficient to fund its obligations arising from its insurance operations. The most important components of financial risk (market risk) arises from open positions in interest rate, fluctuations in stock prices, inflation, all of which are exposed to general and specific market movement and/or conditions. Investments above ninety-one (91) days are classified as part of financial assets of the Company. All financial instruments are initially recorded at transaction price. Subsequent to initial recognition, the fair values of financial instruments are measured at fair values that are quoted in an active market. When quoted prices are not available, fair value are determined by using valuation techniques that refer as far as possible to observable market data. These are compared with similar instruments where market observable prices exist.

	Group		Company	
	30 JUNE 2021 N	31 December 2020 N	30 JUNE 2021 N	December 2020 N
<b>3.4 Held to maturity assets</b>				
At 1 January	2,629,694,266	3,189,220,145	2,629,694,266	2,949,948,726
At initial recognition - additions	160,622,340	2,611,748,674	-	2,611,748,674
	<b>2,790,316,606</b>	5,800,968,819	<b>2,629,694,266</b>	5,561,697,400
Disposal	(276,430,842)	(3,268,303,680)	(276,430,842)	(3,029,032,261)
Interest received	-	(251,854,707)	-	(251,854,707)
Amortised interest	156,101,516	348,883,834	156,101,516	348,883,834
<b>At the end</b>	<b>2,669,987,280</b>	2,629,694,266	<b>2,509,364,940</b>	2,629,694,266
<b>a) Held to maturity assets are analysed as follows:</b>				
Debts securities				
Listed	2,669,987,280	2,629,694,266	2,509,364,940	2,629,694,266
Unlisted	-	-	-	-
<b>At the end</b>	<b>2,669,987,280</b>	2,629,694,266	<b>2,509,364,940</b>	2,629,694,266
Current	0	340,163,934	0	340,163,934
Non-current	2,669,987,280	2,289,530,332	2,509,364,940	2,289,530,332
	<b>2,669,987,280</b>	2,629,694,266	<b>2,509,364,940</b>	2,629,694,266
<b>b) At the reporting date, no held to maturity assets were past due or impaired</b>				
NIGERIAN AVIATION HANDLING CO FIXED RATE BOND SERIES2 NOV 27,2020	-	-	-	-
FCMB NGN SERIES 2 BOND 2015/2020	-	-	-	-
FCMB NGN SERIES 3 BOND 2016/2023	61,128,056	56,851,001	61,128,056	56,851,001
C&I LEASING SERIES 1 BOND 2018/2023	25,861,648	29,303,395	25,861,648	29,303,395
LAPO MFB SERIES 2 BOND 2020/2025	206,594,101	206,594,101	206,594,101	206,594,101
DANGOTE BOND SERIES 1 2020/2025	108,240,072	108,270,125	108,240,072	108,270,125
AXXELA SERIES 1 BOND 2020/2027	101,332,055	101,332,055	101,332,055	101,332,055
FGN BOND (2020/2050) CORDROS	215,596,218	215,654,604	215,596,218	215,654,604
FGN BOND (2020/2050) CORDROS	116,241,215	116,173,128	116,241,215	116,173,128
FGN BOND (2020/2050) PLANET CAPITAL	432,517,106	425,642,284	432,517,106	425,642,284
FGN BOND (2020/2024) MERISTEM	102,385,067	101,905,302	102,385,067	101,905,302
FGN BOND (2020/2035) PLANET CAPITAL	248,588,879	244,616,317	248,588,879	244,616,317
FGN BOND (2020/2037) PLANET CAPITAL	334,605,877	326,192,176	334,605,877	326,192,176
8.625% FBN EUROBOND (2020/2050) FIRST ALLY	385,253,951	356,995,844	385,253,951	356,995,844
COMMERCIAL PAPER (Note 4)	-	340,163,934	-	340,163,934
ACCESS BANK COMMERCIAL PAPER	-	-	-	-
TREASURY BILLS 9.5% APRIL 28,2021 MERISTEM	50,790,929		50,790,929	
WEALTH MANAGEMENT LTD - 364 DAYS				
TREASURY BILLS 9.75% APRIL 28,2021 APEL ASSET LIMITED - 364 DAYS	120,229,767		120,229,767	
Subsidiary treasury bills	160,622,339	-	-	-
<b>At the end</b>	<b>2,669,987,280</b>	2,629,694,266	<b>2,509,364,940</b>	2,629,694,266
<b>4.0 Commercial Paper</b>				
These are commercial papers issued by institutions with a minimum credit rating of bbb quoted on The Nigerian Stock Exchange or/and FMDQ.				
<b>5. Finance lease receivables</b>				
At 1 January	109,262,041	123,967,520	-	-
Addition	134,861,770	158,460,731	-	-
Repayment	-	(173,166,210)	-	-
Gross investment	244,123,811	109,262,041	-	-
Unearned income	-	-	-	-
Net investment (Note 5.1)	244,123,811	109,262,041	-	-
Impairment on finance lease receivables (Note 5.2)	(42,741,155)	(23,015,010)	-	-
<b>At the end</b>	<b>201,382,656</b>	86,247,031	-	-
<b>5.1 Current</b>	<b>131,436,168</b>	109,262,041	-	-
Non-current	112,687,643	-	-	-

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

### Analysis by performance

Performing	201,382,656	86,247,031	-	-
Non-performing	42,741,155	23,015,010	-	-
	<u>244,123,811</u>	<u>109,262,041</u>	<u>-</u>	<u>-</u>

### Analysis by maturity

Due within one year	131,436,168	109,262,041	-	-
Due between one - five years	112,687,643	-	-	-
	<u>244,123,811</u>	<u>109,262,041</u>	<u>-</u>	<u>-</u>

### 5.2 Movement in impairment - finance lease receivables:

At 1 January	23,015,010	13,969,021	-	-
Charge for the year	19,726,145	9,045,989	-	-
<b>At the end</b>	<u>42,741,155</u>	<u>23,015,010</u>	<u>-</u>	<u>-</u>

### 6. Trade receivables

Due from insurance companies	(190,305,881)	251,473,770	(190,305,881)	251,473,770
Due from insurance brokers and agents	575,026,363	229,556,770	575,026,363	229,556,770
	<u>384,720,482</u>	<u>481,030,540</u>	<u>384,720,482</u>	<u>481,030,540</u>
Hmo receivable	144,497,760	126,657,776	-	-
	<u>529,218,242</u>	<u>607,688,316</u>	<u>384,720,482</u>	<u>481,030,540</u>
Current	529,218,242	607,688,316	384,720,482	481,030,540
Non-current	-	-	-	-

### 6.1 Movement in Trade receivables

Opening	607,688,316	293,747,996	481,030,540	199,899,308
Gross Premium written	6,085,350,250	9,775,797,397	5,837,984,107	9,377,413,707
Premium received	(6,163,820,324)	(9,461,857,077)	(5,934,294,165)	(9,096,282,475)
Closing receivables	<u>529,218,242</u>	<u>607,688,316</u>	<u>384,720,482</u>	<u>481,030,540</u>

### Age Analysis of Trade receivable

> =1Day <= 30 Days	499,515,111	587,985,185	355,017,351	451,327,409
> =31Days <= 90 Days	14,055,081	14,055,081	14,055,081	14,055,081
Above 90 Days	15,648,050	5,648,050	15,648,050	15,648,050
	<u>529,218,242</u>	<u>607,688,316</u>	<u>384,720,482</u>	<u>481,030,540</u>

Group		Company	
30 JUNE	December	30 JUNE	December
2021	2020	2021	2020
N	N	N	N

### 7. Reinsurance Assets

Prepaid reinsurance (Note 7.1a & 7.1b)	897,866,444	847,365,944	897,866,444	847,365,944
Reinsurers share of claims (Note 7.3)	2,832,533,554	2,170,714,673	2,832,533,554	2,170,714,673
<b>At the end</b>	<u>3,730,399,998</u>	<u>3,018,080,617</u>	<u>3,730,399,998</u>	<u>3,018,080,617</u>
Current	3,730,399,998	3,018,080,617	3,730,399,998	3,018,080,617
Non-current	-	-	-	-
Prepaid reinsurance	870,694,494	820,193,994	870,694,494	820,193,994
Prepaid minimum and deposit	27,171,950	27,171,950	27,171,950	27,171,950
Reinsurance share of outstanding claims	2,023,193,491	1,200,949,611	2,023,193,491	1,200,949,611
Reinsurance share of IBNR	515,552,275	515,552,274	515,552,275	515,552,274
Reinsurance receivable on claims paid	293,787,788	454,212,788	293,787,788	454,212,788
Total	<u>3,730,399,998</u>	<u>3,018,080,617</u>	<u>3,730,399,998</u>	<u>3,018,080,617</u>

The Company assesses its reinsurance assets for impairment. If there is objective evidence that the reinsurance assets are impaired, the Company reduces the carrying amount of the reinsurance assets to its recoverable amount and recognizes that impairment loss in the income statement. The Company has a reinsurance agreement with African Reinsurance Corporation, and Continental Reinsurance Plc. Based on the financial position and performance during the period under review, they are solvent and had never defaulted on their obligations. Consequently, there are no indications of impairment as at the reporting date.



# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

	Group		Company	
	30 JUNE 2021 N	December 2020 N	30 JUNE 2021 N	December 2020 N
<b>7.1a Prepaid Reinsurance</b>				
Fire	146,867,453	138,349,104	146,867,453	138,349,104
General accident	165,228,471	155,645,178	165,228,471	155,645,178
Motor	1,104,743	1,040,668	1,104,743	1,040,668
Marine	69,071,682	65,065,507	69,071,682	65,065,507
Bond	12,210,811	11,502,581	12,210,811	11,502,581
Engineering	81,112,466	76,407,923	81,112,466	76,407,923
Aviation	88,650,453	83,508,704	88,650,453	83,508,704
Oil & gas	306,448,414	288,674,329	306,448,414	288,674,329
	<b>870,694,494</b>	<b>820,193,994</b>	<b>870,694,494</b>	<b>820,193,994</b>
<b>7.1b Prepaid Minimum Deposit</b>				
Fire	11,542,500	11,542,500	11,542,500	11,542,500
General accident	1,540,000	1,540,000	1,540,000	1,540,000
Motor	4,275,000	4,275,000	4,275,000	4,275,000
Marine	2,451,000	2,451,000	2,451,000	2,451,000
Engineering	7,363,450	7,363,450	7,363,450	7,363,450
	<b>27,171,950</b>	<b>27,171,950</b>	<b>27,171,950</b>	<b>27,171,950</b>
Prepaid reinsurance	<b>897,866,444</b>	<b>847,365,944</b>	<b>897,866,444</b>	<b>847,365,944</b>
<b>7.2 a Reinsurers Share of Claims</b>				
Fire	1,800,614,093	910,744,124	1,800,614,093	910,744,124
General accident	235,275,624	203,317,452	235,275,624	203,317,452
Motor	34,043,019	34,043,019	34,043,019	34,043,019
Marine	98,991,429	116,697,364	98,991,429	116,697,364
Bond	6,538,397	6,544,397	6,538,397	6,544,397
Engineering	77,129,478	159,001,803	77,129,478	159,001,803
Aviation	70,071,266	70,071,266	70,071,266	70,071,266
Oil & gas	216,082,460	216,082,460	216,082,460	216,082,460
	<b>2,538,745,766</b>	<b>1,716,501,885</b>	<b>2,538,745,766</b>	<b>1,716,501,885</b>
<b>7.2b Reinsurers share of paid claims</b>				
Fire	17,206,125	17,206,125	17,206,125	17,206,125
General accident	226,494,440	226,494,440	226,494,440	226,494,440
Motor	7,060,000	7,060,000	7,060,000	7,060,000
Marine	9,505,771	9,505,771	9,505,771	9,505,771
Bond	225,563	225,563	225,563	225,563
Engineering	33,295,889	33,295,889	33,295,889	33,295,889
Aviation	-	160,425,000	-	160,425,000
Oil & gas	-	-	-	-
	<b>293,787,788</b>	<b>454,212,788</b>	<b>293,787,788</b>	<b>454,212,788</b>
<b>7.3 Reinsurance Assets:</b>				
<b>Movement in prepaid reinsurance:</b>				
At 1 January	847,365,944	1,025,729,471	847,365,944	1,025,729,471
Additions during the year (Note 28)	2,504,358,697	3,513,496,175	2,504,358,697	3,513,496,175
	<b>3,351,724,640</b>	<b>4,539,225,646</b>	<b>3,351,724,640</b>	<b>4,539,225,646</b>
Amortization during the year (Note 28)	(2,453,858,197)	(3,691,859,703)	(2,453,858,197)	(3,691,859,703)
At the end	<b>897,866,443</b>	<b>847,365,944</b>	<b>897,866,443</b>	<b>847,365,944</b>
<b>Movement in claims recoverable:</b>				
At 1 January	2,170,714,673	1,662,816,336	2,170,714,673	1,662,816,336
Additions during the period	1,284,084,577	1,778,804,248	1,284,084,577	1,778,804,248
	<b>3,454,799,250</b>	<b>3,441,620,584</b>	<b>3,454,799,250</b>	<b>3,441,620,584</b>
Amortization during the period	(622,265,696)	(1,270,905,911)	(622,265,696)	(1,270,905,911)
At the end	<b>2,832,533,554</b>	<b>2,170,714,673</b>	<b>2,832,533,554</b>	<b>2,170,714,673</b>
<b>8. Deferred Acquisition Cost</b>				
At 1 January	355,066,148	360,563,251	344,817,850	349,815,691
Acquisition cost during the period	721,027,893	1,316,132,467	707,049,586	1,305,884,169
Less: Amortisation during the period (Note 31)	(721,582,944)	(1,321,629,570)	(711,334,646)	(1,310,882,010)
<b>At the end</b>	<b>354,511,097</b>	<b>355,066,148</b>	<b>340,532,790</b>	<b>344,817,850</b>
Current	354,511,097	355,066,148	340,532,790	344,817,850
Non-current	-	-	-	-

Deferred acquisition cost represent commissions on unearned premium relating to the unexpired risk. The movement in the deferred acquisition cost during the year is as shown above.

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

	Group		Company	
	30 JUNE 2021 N	December 2020 N	30 JUNE 2021 N	December 2020 N
<b>8.1 Deferred Acquisition Cost Analysis</b>				
Fire	61,509,921	62,614,809	61,509,921	62,614,809
General accident	60,876,096	61,969,599	60,876,096	61,969,599
Motor	74,447,572	75,784,856	74,447,572	75,784,856
Marine	25,162,168	25,614,150	25,162,168	25,614,150
Bond	12,967,736	12,967,736	12,967,736	12,967,736
Engineering	26,363,758	26,363,758	26,363,758	26,363,758
Aviation	16,556,596	16,853,998	16,556,596	16,853,998
Oil & gas	62,648,944	62,648,944	62,648,944	62,648,944
<b>Company Total</b>	<b>340,532,790</b>	<b>344,817,850</b>	<b>340,532,790</b>	<b>344,817,850</b>
<b>HMO Deferred acquisition</b>	<b>13,978,307</b>	<b>10,248,299</b>		
<b>Group Total</b>	<b>354,511,097</b>	<b>355,066,149</b>	<b>340,532,790</b>	<b>344,817,850</b>
<b>9. Other Receivables and Prepayments</b>				
Staff advances & prepayment	104,152,624	35,554,032	104,152,624	35,554,032
Account receivables **	30,115,816	17,638,265	31,707,233	72,117,239
Intercompany Receivables	-	-	230,436,719	213,683,342
Withholding tax credit	31,263,489	26,361,774	31,263,489	26,361,774
Prepayments (Note 9.1)	44,005,665	49,799,040	31,603,933	40,533,483
	209,537,594	129,353,111	429,163,997	388,249,870
Impairment allowance (Note 34)	-	-	-	-
	209,537,594	129,353,111	429,163,997	388,249,870
Current	209,537,594	129,353,111	429,163,997	388,249,870
Non-current	-	-	-	-
** Included in Account receivable is =N=12.5 being the balance of the amount deposited with lead underwriters for the purpose of settling claims based on MOU signed at the inception of the policies. The amount =N=12.5 million is the balance as at 31st December 2019.				
<b>9.1 Prepayments</b>				
Prepaid rent	34,767,468	38,916,648	22,365,737	30,091,300
Other prepayments	9,238,196	10,442,183	9,238,196	10,442,183
	44,005,665	49,358,832	31,603,933	40,533,483
Current	44,005,665	49,358,832	31,603,933	40,533,483
Non-current	-	-	-	-
<b>10. Investment in Subsidiaries</b>				
CHI Capital (Note 10.1a)	-	-	130,000,000	130,000,000
Chi Microinsurance Limited (10.1b)			200,000,000	200,000,000
Grand Treasurers Limited			764,225,000	764,225,000
Hallmark Health Services Limited (10.1c)			500,000,000	400,000,000
	-	-	1,594,225,000	1,494,225,000
	<b>Grand Treasurers Limited</b>	<b>CHI Capital Limited</b>	<b>Hallmark Health Services Limited</b>	<b>Chi Microinsurance Limited</b>
<b>Movement in Investment in subsidiaries</b>				
Opening	764,225,000	130,000,000	400,000,000	200,000,000
Addition	-	-	100,000,000	-
Disposal	-	-	-	-
Closing	764,225,000	130,000,000	500,000,000	200,000,000

In the year 2020, the Board approved and invested additional Capital of N464.225m into Grand Treasurers Limited. In the year 2019, the Board of CHI Capital transferred its holding in Grand Treasurers Limited to the parent (Consolidated Hallmark Insurance Plc). the Board approved additional investment of N350million into Hallmark Health Services Ltd by increasing the paid up capital to N400million. Also, an approval was

## CONSOLIDATED HALLMARK INSURANCE PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

- 10.1a** CHI Capital Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. It carries on the business of consumer leasing. In 2019, CHI Capital Limited transferred its 100% interest in Grand Treasurers Limited to Consolidated Hallmark Insurance Plc. Grand Treasurers Ltd is a CBN licensed finance company, acquired by CHI Capital Ltd in December 2010 with the purpose of carrying on financing activities. CHI Capital Limited also owns 100% interest in CHI Support Services Limited which is into the business of vehicle tracking.
- 10.1b** CHI Microinsurance Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. The group incorporated CHI Microinsurance Limited in the year 2016 and is still in the process of getting NAICOM licence to further deepen its market share on general insurance business.
- 10.1c** Hallmark Health Services Limited is a fully owned subsidiary of Consolidated Hallmark Insurance Plc. The group incorporated Hallmark Health Services Limited towards the end of the year 2017 and is in the process of obtaining National Health Insurance Scheme licence to operate in health Insurance sector.

	CHI PLC	CHI Capital Limited	CHI Microinsurance	Hallmark Health Ltd	Grand Treasurers Ltd	Elimination	Total
	N	N	N	N		N	N
<b>Condensed result of consolidated entities - 2021</b>							
<b>10.2 Condensed Financial Position</b>							
<b>Assets</b>							
Cash and cash equivalents	2,888,018,989	11,054,373	11,569,573	499,884,782	23,903,311	-	3,434,431,027
Financial assets	3,811,501,110	12,612,600	160,622,339	-	1,250,995,212	-	5,235,731,261
Deposit for shares	-	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	204,497,684	(3,115,028)	201,382,656
Trade receivables	384,720,482	-	-	144,497,760	-	-	529,218,243
Reinsurance assets	3,730,399,998	-	-	-	-	-	3,730,399,998
Deferred acquisition cost	340,532,790	-	-	13,978,307	-	-	354,511,097
Other receivables and prepayment	429,163,997	28,349,965	-	20,878,584	14,300,919	(283,155,871)	209,537,594
Investment in subsidiaries	1,594,225,000	-	-	-	-	(1,594,225,000)	-
Investment properties	1,008,076,470	93,661,000	-	90,000,000	-	-	1,191,737,470
Leasehold properties	-	-	-	8,202,173	-	-	8,202,173
Intangible Assets	27,059,693	-	-	1,698,686	3,588,709	-	32,347,088
Property and equipment	957,476,979	-	-	19,181,388	33,758,983	-	1,010,417,349
Statutory deposits	300,000,000	-	102,000,000	-	-	-	402,000,000
<b>Total assets</b>	<b>15,471,175,508</b>	<b>145,677,939</b>	<b>274,191,913</b>	<b>798,321,679</b>	<b>1,531,044,818</b>	<b>(1,880,495,900)</b>	<b>16,339,915,955</b>
<b>Liabilities</b>							
Insurance contract liabilities	6,047,380,606	-	-	218,010,140	-	-	6,265,390,747
Trade payables	35,895,873	-	-	-	-	-	35,895,873
Borrowing	-	-	-	-	98,920,172	-	98,920,172
Provision and other payables	355,645,470	6,094,234	29,991,804	152,612,742	253,915,759	(286,270,900)	511,989,109
Staff retirement benefit	2,336,234	-	-	-	1,249,926	-	3,586,160
Tax liabilities	382,165,502	7,829,346	-	3,976,782	94,205,410	-	488,177,040
Deffered tax	173,040,130	-	-	-	4,838,154	-	177,878,284
Share capital	5,420,000,000	130,000,000	200,000,000	500,000,000	764,225,000	(1,594,225,000)	5,420,000,000
Share Premium	168,933,834	-	-	-	-	-	168,933,834
Statutory reserve	2,311,734,730	-	-	-	57,375,686	-	2,369,110,416
Retained earnings	574,043,128	1,754,359	44,200,109	(76,277,985)	256,314,712	-	800,034,323
<b>Total liabilities and equity</b>	<b>15,471,175,506</b>	<b>145,677,940</b>	<b>274,191,913</b>	<b>798,321,679</b>	<b>1,531,044,818</b>	<b>(1,880,495,900)</b>	<b>16,339,915,955</b>

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

	CHI PLC N	CHI Capital N	CHI Microinsurance N	Hallmark Health Services LTD N	Grand Treasurers Limited N	Elimination N	Total N
<b>10.2 Condensed result of consolidated entities - 2021</b>							
<b>Condensed profit and loss</b>							
Underwriting profit	1,203,658,077	-	1,310,688	70,451,190	-	-	1,275,419,955
Investment income	318,206,811	4,603,700	8,350,920	21,008,629	220,918,994	-	573,089,054
Other operating income	110,011,056	643,603	-	46,345	18,346,825	-	129,047,828
<b>Total operating income</b>	<b>1,631,875,944</b>	<b>5,247,303</b>	<b>9,661,608</b>	<b>91,506,164</b>	<b>239,265,818</b>	<b>-</b>	<b>1,977,556,837</b>
Impairment charge value	-	-	-	-	(15,099,163)	-	(15,099,163)
gains/(los)	(116,760,058)	-	-	-	140,000	-	(116,620,058)
Management expenses	(1,038,357,700)	(828,417)	(8,279,211)	(82,488,003)	(110,761,307)	-	(1,240,714,637)
<b>Profit before taxation</b>	<b>476,758,185</b>	<b>4,418,886</b>	<b>1,382,397</b>	<b>9,018,161</b>	<b>113,545,349</b>	<b>-</b>	<b>605,122,980</b>
Taxation	(128,286,726)	-	-	(2,885,812)	(37,469,965)	-	(168,642,503)
<b>Profit after taxation</b>	<b>348,471,459</b>	<b>4,418,887</b>	<b>1,382,397</b>	<b>6,132,349</b>	<b>76,075,384</b>	<b>-</b>	<b>436,480,476</b>

	CHI PLC N	CHI Capital Limited N	CHI Microinsurance N	Hallmark Health Ltd N	Grand Treasurers Ltd N	Elimination N	Total N
--	--------------	-----------------------------	----------------------------	-----------------------------	------------------------------	------------------	------------

Condensed result of consolidated entities - 2019

### 10.2 Condensed Financial Position

	CHI PLC N	CHI Capital Limited N	CHI Microinsurance N	Hallmark Health Ltd N	Grand Treasurers Ltd N	Elimination N	Total N
<b>Assets</b>							
Cash and cash equivalents	1,062,065,613	12,238,383	14,087,703	407,490,645	221,986,096	-	1,717,868,439
Financial assets	3,632,940,135	9,418,820	239,271,420	-	515,481,972	(199,474,338)	4,197,638,009
Deposit for shares	-	-	-	-	-	-	-
Finance lease receivables	-	-	-	-	123,800,587	(13,802,089)	109,998,499
Trade receivables	199,899,308	-	-	93,848,688	-	-	293,747,996
Reinsurance assets	2,688,545,807	-	-	-	-	-	2,688,545,807
Deferred acquisition cost	349,815,691	-	-	10,747,561	-	-	360,563,251
Other receivables and prepayment	313,691,585	26,752,230	-	22,783,416	17,842,105	(172,012,370)	209,056,966
Investment in subsidiaries	1,030,000,000	-	-	-	-	(1,030,000,000)	-
Investment properties	750,105,470	93,661,000	-	-	-	-	843,766,470
Inventories	-	-	-	-	-	-	-
Intangible Assets	24,620,360	-	-	1,466,667	-	-	26,087,027
Property and equipment	939,322,976	-	-	29,754,346	25,473,505	-	994,550,828
Statutory deposits	300,000,000	-	-	-	-	-	300,000,000
<b>Total assets</b>	<b>11,291,006,944</b>	<b>142,070,433</b>	<b>253,359,123</b>	<b>566,091,322</b>	<b>904,584,265</b>	<b>(1,415,288,797)</b>	<b>11,741,823,290</b>
<b>Liabilities</b>							
Insurance contract liabilities	3,923,826,888	-	-	181,256,871	-	-	4,105,083,759
Trade payables	54,241,112	-	-	-	-	-	54,241,112
Borrowing	-	-	-	-	209,922,874	(199,474,338)	10,448,536
Provision and other payables	343,406,713	4,556,385	25,000,000	72,643,021	124,257,991	(185,814,459)	384,049,650
Staff retirement benefit	6,690,086	-	-	-	600,533	-	7,290,620
Tax liabilities	355,578,462	7,829,347	-	-	73,019,003	-	436,426,812
Deferred tax	125,749,035	-	-	-	4,838,154	-	130,587,188
Share capital	4,065,000,000	130,000,000	200,000,000	400,000,000	300,000,000	(1,030,000,000)	4,065,000,000
Share Premium	155,264,167	-	-	-	-	-	155,264,167
Statutory reserve	1,855,299,252	-	-	-	36,863,982	-	1,892,163,234
Retained earnings	405,951,229	(315,299)	28,359,123	(87,808,570)	155,081,729	-	501,268,212
<b>Total liabilities and equity</b>	<b>11,291,006,943</b>	<b>142,070,433</b>	<b>253,359,123</b>	<b>566,091,322</b>	<b>904,584,266</b>	<b>(1,415,288,797)</b>	<b>11,741,823,290</b>

### 10.2 Condensed result of consolidated entities - 2020

<b>Condensed profit and loss</b>							
Underwriting profit	1,081,652,989	-	1,310,688	20,385,551	-	-	1,103,349,228
Investment income	287,276,361	-	8,350,920	13,280,553	135,618,791	-	444,526,625
Other operating income	59,795,035	139,711	-	11,000	7,594,456	-	67,540,202
<b>Total operating income</b>	<b>1,428,724,385</b>	<b>139,711</b>	<b>9,661,608</b>	<b>33,677,104</b>	<b>143,213,247</b>	<b>-</b>	<b>1,615,416,055</b>
Impairment charge	-	-	-	-	(3,051,957)	-	(3,051,957)
Net fair	4,052,382	(1,995,455)	-	-	-	-	2,056,927
Management expenses	(1,042,202,966)	(30,693)	(6,164,936)	(51,458,823)	(70,133,998)	-	(1,169,991,415)
<b>Profit before taxation</b>	<b>390,573,801</b>	<b>(1,886,437)</b>	<b>3,496,672</b>	<b>(17,781,720)</b>	<b>70,027,292</b>	<b>-</b>	<b>444,429,609</b>
Taxation	(125,372,878)	-	-	-	(23,660,029)	-	(149,032,907)
<b>Profit after taxation</b>	<b>265,200,923</b>	<b>(1,886,437)</b>	<b>3,496,672</b>	<b>(17,781,720)</b>	<b>46,367,263</b>	<b>-</b>	<b>295,396,702</b>

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

	Group		Company	
	30 JUNE 2021 N	31 December 2020 N	30 JUNE 2021 N	31 December 2020 N
<b>11.0 Intangible assets</b>				
Cost				
At 1 January	74,117,939	52,669,875	62,487,520	48,901,607
Addition	628,571	21,448,064	-	13,585,913
Reclassification	-	-	-	-
30 JUNE	<b>74,746,511</b>	<b>74,117,939</b>	<b>62,487,520</b>	<b>62,487,520</b>
Accumulated amortization				
At 1 January	37,543,283	26,582,849	32,007,107	24,281,248
Addition	4,856,140	10,960,433	3,420,720	7,725,859
30 JUNE	<b>42,399,423</b>	<b>37,543,283</b>	<b>35,427,827</b>	<b>32,007,107</b>
Carrying amount				
30 JUNE	<b>32,347,088</b>	<b>36,574,657</b>	<b>27,059,693</b>	<b>30,480,413</b>

### 11.0 Leasehold properties

	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
Costs					
At 1 January	3,912,175	6,913,742	9,300,000	520,000	20,645,917
Additions					-
Disposals/movement					-
30 JUNE	<b>3,912,175</b>	<b>6,913,742</b>	<b>9,300,000</b>	<b>520,000</b>	<b>20,645,917</b>
Accumulated depreciation					
At 1 January	1,758,871	3,108,343	5,576,438	233,786	10,677,438
Depreciation charge as	291,002	514,269	922,356	38,679	1,766,306
Disposals					
30 JUNE	<b>2,049,873</b>	<b>3,622,611</b>	<b>6,498,795</b>	<b>272,466</b>	<b>12,443,744</b>
Carrying value					
30 JUNE	<b>1,862,302</b>	<b>3,291,131</b>	<b>2,801,205</b>	<b>247,534</b>	<b>8,202,173</b>
At 31 December 2019	2,153,304	3,805,399	3,723,562	286,214	9,968,479

### 12 Investment Properties

At 1 January	1,042,487,470	843,766,470	948,826,470	750,105,470
Addition	231,250,000	198,721,000	141,250,000	198,721,000
Disposal/transfer (Note 12.1b)	(82,000,000)	-	(82,000,000)	-
Fair value change	-	-	-	-
30 JUNE	<b>1,191,737,470</b>	<b>1,042,487,470</b>	<b>1,008,076,470</b>	<b>948,826,470</b>

#### Investment Properties

Investment properties are made up of buildings and properties held by the company to earn rentals or for capital appreciation or both and are accounted for in line with International Accounting Standard (IAS) 40. Some of these properties retained the title of one of the legacy companies making up Consolidated Hallmark Insurance Plc. There is no dispute as to the title of Consolidated Hallmark Insurance Plc to these properties. However, in line with NAICOM requirement, provided below is the list of these properties and status of efforts to change their name to Consolidated Hallmark Insurance Plc.

- 12.1 The company property at Plot 3 Sea Gate Estate valued for =N=56,550,000 as at July 2019 was disposed during the year for =N=95,000,000 net of commission and fees.

S/N	TYPE OF ASSET	ADDRESS	AMOUNT N	CURRENT TITLE	STATUS ON CHANGE OF TITLE
<b>Company</b>					
1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	206,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo State	229,000,000	Consolidated Hallmark Insurance Plc.	Title now changed from Hallmark Assurance Plc to the name of Consolidated Hallmark Insurance Plc.
3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	104,105,470	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	141,921,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
5	Building	Rivers State Housing Estate, Abuloma PH	48,000,000	Consolidated Hallmark Insurance Plc.	Title over this property has been transferred to Consolidated Hallmark
6	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,000,000	Hallmark Assurance Plc (Legacy Company)	The Company had paid all required fees to the Federal Housing Authority
7	Building	Romax Homes Estate by Harris drivet beside VGCI Ikota, Lekki Lagos	120,750,000		
8	Building	3UNIT OF 4 BEDROOM TERRACE AT WESTEND IKOTA	135,300,000		
			<b>1,008,076,470</b>		
<b>CHI Capital Limited</b>					
	Land	Thomas estate Ajah Lagos	93,661,000	CHI Capital Limited	Already exist in the name of CHI Capital
	<b>Total</b>		<b>1,191,737,470</b>		

## CONSOLIDATED HALLMARK INSURANCE PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

#### Movement on Investment Properties

12.1b	S/N	TYPE OF ASSET	ADDRESS	Opening	Addition	Disposal/transfer	Increase (decrease) in Fairvalue	Total
		<b>Company</b>						
	1	Building	Plot A/5 Pocket Layout (Clerk Quarters) Owerri, Imo State.	206,000,000	-	-	-	206,000,000
	2	Building	219, 220 and 221, Akukwe Street, Works Layout, Owerri, Imo	229,000,000	-	-	-	229,000,000
	3	Building	No. 30, East Street, Rivers Layout Aba, Abia State.	104,105,470		-	-	104,105,470
	4	Building	Plot 33, Chief Ogbonda Layout, Rumuogba, Port Harcourt.	141,921,000	-	-	-	141,921,000
	5	Building	Jacob's Arena Plot 4, close4, road 4, Westend EstateIkota., Lagos		135,300,000			135,300,000
	6	Building	Rivers State Housing Estate, Abuloma PH	48,000,000	-	-	-	48,000,000
	7	Land	Plot 14, 1(W) Road, First Avenue, Lugbe Estate, Abuja.	23,000,000	-	-	-	23,000,000
	8	Building	Romax Homes Estate by Harris drivet beside	196,800,000	5,950,000	(82,000,000)	-	120,750,000
				<b>948,826,470</b>	<b>141,250,000</b>	<b>(82,000,000)</b>	<b>-</b>	<b>1,008,076,470</b>
		<b>CHI Capital Limited</b>						
	8	Building	Romax Homes Estate by Harris drivet beside	-	90,000,000	-	-	90,000,000
			Thomas estate Ajah Lagos	<b>93,661,000</b>				93,661,000
		<b>Total</b>		<b>1,042,487,470</b>	<b>90,000,000</b>	<b>(82,000,000)</b>	<b>-</b>	<b>1,191,737,470</b>

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

### 13.0 Property and Equipment 2021

#### 13.1a The group

	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
<b>Costs</b>							
At 1 January	286,099,948	541,339,722	109,826,225	150,813,178	597,564,001	249,252,148	1,934,895,222
Additions during the period	-	-	926,805	950,774	43,580,731	9,189,977	54,648,287
Disposals during the period	-	-	(638,380)	(5,177,364)	(12,245,000)	-	(18,060,745)
<b>30 JUNE</b>	<b>286,099,948</b>	<b>541,339,722</b>	<b>110,114,650</b>	<b>146,586,588</b>	<b>628,899,731</b>	<b>258,442,125</b>	<b>1,971,482,764</b>
<b>Accumulated depreciation</b>							
At 1 January 2021	-	150,547,122	88,279,357	122,568,163	341,805,022	210,123,333	913,322,997
Depreciation charge for the period	-	5,368,904	4,112,266	3,637,163	46,235,641	6,449,190	65,803,163
Disposals in the period	-	-	(638,380)	(5,177,364)	(12,245,000)	-	(18,060,745)
<b>30 JUNE</b>	<b>-</b>	<b>155,916,026</b>	<b>91,753,242</b>	<b>121,027,962</b>	<b>375,795,663</b>	<b>216,572,523</b>	<b>961,065,415</b>
<b>Accumulated impairment losses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying value</b>							
<b>30 JUNE</b>	<b>286,099,948</b>	<b>385,423,696</b>	<b>18,361,408</b>	<b>25,558,627</b>	<b>253,104,069</b>	<b>41,869,602</b>	<b>1,010,417,349</b>
At 1 January 2021	286,099,948	390,792,600	21,546,868	28,245,015	255,758,979	39,128,815	1,021,572,225

Some fixed assets were professionally re-valued as at 31 December 2006, by Messrs Adegboyega Sanusi & Co.(FRC/2013/NIESV/00000001757) on the basis of open market values. These values were incorporated in the books at that date. The surplus arising on the revaluation over the written down values was treated in the NGAAP financial statements as fixed assets revaluation reserve. However, in compliance with IFRS (i.e. IAS 16) the revalued amount was taken as deemed cost at transition date and the revaluation reserve was transferred to revenue reserve.

In the year ended 31 December 2011, the landed property of CHI Capital Limited were professionally re-valued at N84 million by Messrs Adegboyega Sanusi & Co. Estate Surveyors & Valuers on the basis of open market value between a willing seller and buyer. The sum of N65,495,775 was then recognised as revaluation reserve in the financial statements.

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2021

Property and Equipment								
13.1b	The group	Land	Building	Office Equipment	Furniture & Fittings	Motor Vehicles	Computer Equipment	Total
	2020	N	N	N	N	N	N	N
	At 1 January	286,099,948	541,339,722	104,916,000	142,158,254	524,541,736	230,159,488	1,829,215,148
	Additions in the year	-	-	4,910,225	9,237,855	112,594,698	19,430,776	146,173,554
	Transfer from Investment Property	-	-	-	-	-	-	-
	Disposals in the year	-	-	-	(582,931)	(39,572,433)	(338,116)	(40,493,480)
	December	<u>286,099,948</u>	<u>541,339,722</u>	<u>109,826,225</u>	<u>150,813,178</u>	<u>597,564,001</u>	<u>249,252,148</u>	<u>1,934,895,222</u>
Accumulated depreciation								
	At 1 January 2020	-	139,690,665	81,808,948	115,302,649	309,424,674	201,977,509	848,204,444
	Depreciation charge for the period	-	10,856,457	6,470,408	7,848,445	71,950,001	8,170,557	105,295,867
	Disposals in the period	-	-	-	(582,930)	(39,569,652)	(24,733)	(40,177,315)
	December	<u>-</u>	<u>150,547,122</u>	<u>88,279,357</u>	<u>122,568,163</u>	<u>341,805,022</u>	<u>210,123,333</u>	<u>913,322,997</u>
	Accumulated impairment losses	-	-	-	-	-	-	-
Carrying value								
	December	<u>286,099,948</u>	<u>390,792,600</u>	<u>21,546,868</u>	<u>28,245,015</u>	<u>255,758,979</u>	<u>39,128,816</u>	<u>1,021,572,225</u>
	At 1 January 2020	<u>286,099,948</u>	<u>401,649,057</u>	<u>23,107,052</u>	<u>26,855,605</u>	<u>215,117,063</u>	<u>28,181,979</u>	<u>981,010,704</u>



# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

### 13.2a Property and Equipment 2021 The company

	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
<b>Costs</b>							
At 1 January	286,099,948	541,339,722	108,926,630	154,710,665	524,028,579	244,588,152	1,859,693,696
Additions			926,805	950,774	35,000,000	9,189,977	46,067,556
Transfer from Investment Property(12.1a)							-
Disposals			(638,380)	(5,177,364)	(12,245,000)	-	(18,060,745)
<b>30 JUNE</b>	<b>286,099,948</b>	<b>541,339,722</b>	<b>109,215,055</b>	<b>150,484,075</b>	<b>546,783,579</b>	<b>253,778,129</b>	<b>1,887,700,507</b>
<b>Accumulated depreciation</b>							
At 1 January	-	150,547,122	88,370,298	124,394,753	322,858,963	209,936,715	896,107,852
Depreciation charge for the period	-	5,368,904	3,254,627	3,929,474	35,024,026	4,599,390	52,176,421
Disposals			(638,380)	(5,177,364)	(12,245,000)		(18,060,745)
<b>30 JUNE</b>	<b>-</b>	<b>155,916,026</b>	<b>90,986,545</b>	<b>123,146,863</b>	<b>345,637,989</b>	<b>214,536,105</b>	<b>930,223,528</b>
<b>Carrying value</b>							
<b>30 JUNE</b>	<b>286,099,948</b>	<b>385,423,696</b>	<b>18,228,510</b>	<b>27,337,213</b>	<b>201,145,590</b>	<b>39,242,024</b>	<b>957,476,979</b>
At 31 December 2020	286,099,948	390,792,600	20,556,332	30,315,913	201,169,615	34,651,437	963,585,844

Some items of property and equipment were professionally re-valued as at 31 December 2006, by Messrs Adegboyega Sanusi & Co..(FRC/2013/NIESV/00000001757) on the basis of open market values. These values were incorporated in the books at that date. The surplus arising on the revaluation over the written down values was treated in the NGAAP financial statements as revaluation surplus. However, in compliance with IFRS (i.e IAS 16) the revalued amount was taken as deemed cost at transition date and the surplus on revaluation was transferred to retained earnings.

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2021

Property and Equipment (Cont'd)

2020

The company

	Land N	Building N	Office Equipment N	Furniture & Fittings N	Motor Vehicles N	Computer Equipment N	Total N
<b>At 1 January</b>	286,099,948	541,339,722	106,016,405	149,071,996	462,251,011	226,779,614	1,771,558,696
Additions			2,910,225	6,221,600	101,350,000	18,146,654	128,628,480
Transfer from Investment Property(12.1a)		-					-
Disposals			-	(582,931)	(39,572,433)	(338,116)	(40,493,480)
<b>December</b>	<u>286,099,948</u>	<u>541,339,722</u>	<u>108,926,630</u>	<u>154,710,665</u>	<u>524,028,579</u>	<u>244,588,152</u>	<u>1,859,693,696</u>
<b>Accumulated depreciation</b>							
At 1 January	-	139,690,665	81,911,134	117,080,520	291,704,211	201,849,191	832,235,721
Depreciation charge for the period	-	10,856,457	6,459,163	7,897,164	70,724,410	8,112,257	104,049,452
Disposals				(582,930)	(39,569,652)	(24,733)	(40,177,314)
<b>December</b>	<u>-</u>	<u>150,547,122</u>	<u>88,370,298</u>	<u>124,394,753</u>	<u>322,858,963</u>	<u>209,936,715</u>	<u>896,107,852</u>
<b>Carrying value</b>							
<b>December</b>	<u>286,099,948</u>	<u>390,792,600</u>	<u>20,556,332</u>	<u>30,315,913</u>	<u>201,169,615</u>	<u>34,651,437</u>	<u>963,585,844</u>
At 31 December 2019	<u>286,099,948</u>	<u>401,649,057</u>	<u>24,105,271</u>	<u>31,991,476</u>	<u>170,546,800</u>	<u>24,930,423</u>	<u>939,322,976</u>

**CONSOLIDATED HALLMARK INSURANCE PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2021**

**13.3 Right-of-Use of Assets (Leased Assets)**

	Furniture & Fittings ₹	Motor Vehicles ₹	Office Equipment ₹	Computer Equipment ₹	Total ₹
<b>Cost</b>					
Costs					
At 1 January	3,912,175	6,913,742	9,300,000	520,000	20,645,917
Additions					-
<b>Disposals/movement</b>					-
	<b>3,912,175</b>	<b>6,913,742</b>	<b>9,300,000</b>	<b>520,000</b>	<b>20,645,917</b>
Accumulated depreciation					
<b>At 1 January</b>	1,758,871	3,108,343	5,576,438	233,786	10,677,438
Depreciation charge as at 31st January 2021	144,697	255,714	458,630	19,233	878,274
Disposals	1,903,568	3,364,056	6,035,068	253,019	11,555,712
Carrying value					
<b>As At 31 March 2021</b>	<b>2,008,607</b>	<b>3,549,686</b>	<b>3,264,932</b>	<b>266,981</b>	<b>9,090,205</b>
At 31 December 2020	2,153,304	3,805,399	3,723,562	286,214	9,968,479

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

	Group		Company	
	2021 N	2020 N	2021 N	2020 N
<b>14. Statutory deposits</b>	<b>300,000,000</b>	300,000,000	<b>300,000,000</b>	300,000,000
Microinsurance	<b>102,000,000</b>	102,000,000		
	<b>402,000,000</b>	402,000,000	<b>300,000,000</b>	300,000,000

This represents the amount deposited with the Central Bank of Nigeria as at 31 March 2021.

### 15. Insurance contract liabilities

Reserve for outstanding claims (Note 15.1)	<b>3,532,705,135</b>	2,802,994,272	<b>3,528,579,431</b>	2,798,868,569
Unearned premium reserve (Note 15.2)	<b>2,732,685,612</b>	2,405,238,880	<b>2,518,801,175</b>	2,215,471,204
	<b>6,265,390,747</b>	5,208,233,152	<b>6,047,380,606</b>	5,014,339,773

#### 15.1 Reserve for outstanding claims - 2021

	Group			Company		
	Outstanding Claim N	Provision for IBNR N	Gross Reserve N	Outstanding Claim N	Provision for IBNR N	Gross Reserve N
Fire	1,887,165,602	116,553,854	2,003,719,456	1,887,165,602	116,553,854	2,003,719,456
General accident	278,073,064	86,240,820	364,313,883	278,073,064	86,240,820	364,313,883
Motor	156,007,871	125,287,692	281,295,563	156,007,871	125,287,692	281,295,563
Marine	145,581,802	22,320,715	167,902,516	145,581,802	22,320,715	167,902,516
Bond	10,035,000	13,692,867	23,727,867	10,035,000	13,692,867	23,727,867
Engineering	55,101,967	60,097,129	115,199,096	55,101,967	60,097,129	115,199,096
Aviation	66,223,092	67,846,999	134,070,090	66,223,092	67,846,999	134,070,090
Oil & gas	328,946,914	109,404,045	438,350,959	328,946,914	109,404,045	438,350,959
	<b>2,927,135,311</b>	<b>601,444,120</b>	<b>3,528,579,432</b>	<b>2,927,135,311</b>	<b>601,444,120</b>	<b>3,528,579,431</b>
HMO - Outstanding claims	<b>4,125,703</b>		<b>4,125,703</b>			
	<b>2,931,261,014</b>	<b>601,444,120</b>	<b>3,532,705,135</b>	<b>2,927,135,311</b>	<b>601,444,120</b>	<b>3,528,579,431</b>

#### Reserve for outstanding claims - 2020

	Outstanding Claim N	Provision for IBNR N	Gross Reserve N	Outstanding Claim N	Provision for IBNR N	Gross Reserve N
Fire	842,395,557	219,244,654	1,061,640,211	842,395,557	219,244,654	1,061,640,211
General accident	226,545,391	197,289,820	423,835,211	226,545,391	197,289,820	423,835,211
Motor	90,318,483	125,287,692	215,606,175	90,318,483	125,287,692	215,606,175
Marine	182,375,802	27,325,765	209,701,566	182,375,802	27,325,765	209,701,566
Bond	8,780,635	13,692,867	22,473,502	8,780,635	13,692,867	22,473,502
Engineering	165,469,298	83,597,519	249,066,817	165,469,298	83,597,519	249,066,817
Aviation	51,053,614	72,846,999	123,900,613	51,053,614	72,846,999	123,900,613
Oil & gas	329,185,170	163,459,305	492,644,475	329,185,170	163,459,305	492,644,475
	<b>1,896,123,948</b>	<b>902,744,620</b>	<b>2,798,868,569</b>	<b>1,896,123,948</b>	<b>902,744,621</b>	<b>2,798,868,569</b>
HMO - Outstanding c	<b>4,125,703</b>		<b>4,125,703</b>			
	<b>1,900,249,651</b>	<b>902,744,620</b>	<b>2,802,994,272</b>	<b>1,896,123,948</b>	<b>902,744,621</b>	<b>2,798,868,569</b>

	Group		Company	
	2021 N	2020 N	2021 N	2020 N
<b>15.2 Unearned premium reserve</b>				
Fire	<b>275,255,765</b>	322,981,528	<b>275,255,765</b>	322,981,528
General accident	<b>354,584,676</b>	360,220,432	<b>354,584,676</b>	360,220,432
Motor	<b>940,847,067</b>	679,007,369	<b>940,847,067</b>	679,007,369
Marine	<b>155,655,418</b>	130,494,659	<b>155,655,418</b>	130,494,659
Oil & Gas	<b>455,809,476</b>	411,555,319	<b>455,809,476</b>	411,555,319
Engineering	<b>162,355,494</b>	136,111,708	<b>162,355,494</b>	136,111,708
Aviation	<b>94,268,160</b>	108,010,647	<b>94,268,160</b>	108,010,647
Bond	<b>80,025,120</b>	67,089,542	<b>80,025,120</b>	67,089,542
	<b>2,518,801,175</b>	2,215,471,204	<b>2,518,801,175</b>	2,215,471,204
HMO - Unearned premium reserve	<b>213,884,437</b>	189,767,676	-	-
	<b>2,732,685,612</b>	2,405,238,880	<b>2,518,801,175</b>	2,215,471,204

Estimates of incurred but not reported (IBNR) claims liability and calculation of unearned premium was developed by the Management of the Company with the use of a professional actuary (Ernst & Young), certified firm of actuaries with FRC registration number FRC/2012/NAS/0000000738

Management believes that the carrying amount of insurance liabilities represents a reasonable approximation of fair value.

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2021

15.3 AGE ANALYSIS OF OUTSTANDING CLAIMS AS AT 31 DECEMBER, 2019

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	32,047,974	18,209,023	16,306,287	12,664,130	52,716,781	131,944,195
250,001-500,000	12,963,432	13,079,363	5,048,325	6,606,350	13,136,014	50,833,484
500,001-1,500,000	14,927,979	15,351,299	12,086,101	2,529,387	10,896,858	55,791,624
1,500,001-2,500,000	9,226,813	7,624,526	5,564,500	3,532,000	8,600,104	34,547,942
2,500,001-5,000,000	24,270,140	8,064,500	11,465,000	10,703,000	10,587,917	65,090,557
ABOVE 5,000,000	50,641,250	150,333,500	17,961,897	8,500,000	59,840,613	287,277,260
<b>TOTAL</b>	<b>144,077,588</b>	<b>212,662,211</b>	<b>68,432,110</b>	<b>44,534,867</b>	<b>155,778,286</b>	<b>625,485,063</b>

AGE ANALYSIS OF OUTSTANDING CLAIMS AS AT 31 DECEMBER, 2019

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	32,047,974	18,209,023	16,306,287	12,664,130	52,716,781	131,944,195
250,001-500,000	12,963,432	13,079,363	5,048,325	6,606,350	13,136,014	50,833,484
500,001-1,500,000	14,927,979	15,351,299	12,086,101	2,529,387	10,896,858	55,791,624
1,500,001-2,500,000	9,226,813	7,624,526	5,564,500	3,532,000	8,600,104	34,547,942
2,500,001-5,000,000	24,270,140	8,064,500	11,465,000	10,703,000	10,587,917	65,090,557
ABOVE 5,000,000	50,641,250	150,333,500	17,961,897	8,500,000	59,840,613	287,277,260
<b>TOTAL</b>	<b>144,077,588</b>	<b>212,662,211</b>	<b>68,432,110</b>	<b>44,534,867</b>	<b>155,778,286</b>	<b>625,485,063</b>

Number of claimants in each category

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
At December 2019	525	327	315	253	1,218	2,638
At December 2019	525	327	315	253	1,218	2,638

**Further Analysis of Outstanding Claims**

OUTSTANDING CLAIMS (AWAITING EDV)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	-	-	-	50,000	-	50,000
250,001-500,000	-	-	-	-	-	-
500,001-1,500,000	-	-	-	-	-	-
1,500,001-2,500,000	-	-	-	-	-	-
2,500,001-5,000,000	-	-	-	-	-	-
ABOVE 5,000,000	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>

CONSOLIDATED HALLMARK INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2021

OUTSTANDING CLAIMS (AWAITING SETTLEMENT DECISION)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	878,650	-	-	-	-	878,650
250,001-500,000	705,912	-	-	-	-	705,912
500,001-1,500,000	-	-	-	-	-	-
1,500,001-2,500,000	-	-	-	-	-	-
2,500,001-5,000,000	-	-	-	-	-	-
ABOVE 5,000,000	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,584,561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,584,561</b>

OUTSTANDING CLAIMS (AWAITING SUPPORTING DOCUMENT)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	26,191,412	17,093,603	14,919,251	12,435,342	51,281,560	121,921,168
250,001-500,000	8,790,980	12,043,108	4,320,880	6,606,350	12,636,014	44,397,332
500,001-1,500,000	13,414,979	14,351,299	10,186,101	2,529,387	10,317,156	50,798,922
1,500,001-2,500,000	9,226,813	7,624,526	5,564,500	3,532,000	8,600,104	34,547,942
2,500,001-5,000,000	24,270,140	8,064,500	8,400,000	13,768,000	10,587,917	65,090,557
ABOVE 5,000,000	50,641,250	150,333,500	17,961,897	8,500,000	59,840,613	287,277,260
<b>TOTAL</b>	<b>132,535,573</b>	<b>209,510,536</b>	<b>61,352,629</b>	<b>47,371,079</b>	<b>153,263,363</b>	<b>604,033,180</b>

OUTSTANDING CLAIMS (BEING ADJUSTED)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	5,328,063	975,420	1,317,036	182,000	650,221	8,452,740
250,001-500,000	3,443,986	1,036,255	400,000	-	500,000	5,380,241
500,001-1,500,000	613,000	-	1,000,000	-	-	1,613,000
1,500,001-2,500,000	-	-	-	-	-	-
2,500,001-5,000,000	-	-	-	-	-	-
ABOVE 5,000,000	-	-	-	-	-	-
<b>TOTAL</b>	<b>9,385,049</b>	<b>2,011,675</b>	<b>2,717,036</b>	<b>182,000</b>	<b>1,150,221</b>	<b>15,445,981</b>

OUTSTANDING CLAIMS (SIGNED DISCHARGE VOUCHER UNPAID)

	0-90 DAYS	91-180 DAYS	181-270 DAYS	271-365 DAYS	ABOVE 365 DAYS	TOTAL
1-250,000	491,637	-	-	-	-	491,637
250,001-500,000	350,000	-	-	-	-	350,000
500,001-1,500,000	3,379,702	-	-	-	-	3,379,702
1,500,001-2,500,000	-	-	-	-	-	-
2,500,001-5,000,000	-	-	-	-	-	-
ABOVE 5,000,000	-	-	-	-	-	-
<b>TOTAL</b>	<b>4,221,339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,221,339</b>

Please note that, the group do not have any outstanding claim with executed discharge voucher that is more than 90 days in accordance with Section 70 (1a) of the Insurance Act 2003

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

	Group		Company	
	2021	2020	2021	2020
	N	N	N	N
<b>15.4 Funds representing insurance contract liabilities</b>				
Balance with banks	233,638,063	246,595,445	233,638,063	246,595,445
Fixed placement	2,642,063,834	1,892,159,984	2,642,063,834	1,892,159,984
Treasury bill & Bonds	2,158,334,213	2,629,694,266	2,158,334,213	2,629,694,266
Recoverable from reinsurance company	-	2,170,714,673	-	2,170,714,673
At fair value through profit or loss	1,026,088,049	772,258,498	1,026,088,049	772,258,498
	<b>6,060,124,159</b>	<b>7,711,422,866</b>	<b>6,060,124,159</b>	<b>7,711,422,866</b>
<b>16. Trade payables</b>				
Due to insurance companies	-	-	-	-
Due to reinsurance companies - local	35,895,873	13,972,733	35,895,873	13,972,733
Other trade payables	-	-	-	-
	<b>35,895,873</b>	<b>13,972,733</b>	<b>35,895,873</b>	<b>13,972,733</b>
Current	35,895,873	13,972,733	35,895,873	13,972,733
Non-current	-	-	-	-
<b>Movement in Trade payables</b>				
Opening	13,972,733	54,241,112	13,972,733	54,241,112
Reinsurance during the year	2,504,358,697	3,484,030,788	2,504,358,697	3,513,496,175
Payment	(2,482,435,557)	(3,524,299,166)	(2,482,435,557)	(3,553,764,554)
Closing	<b>35,895,873</b>	<b>13,972,733</b>	<b>35,895,873</b>	<b>13,972,733</b>
<b>17 Borrowing</b>				
At 1 January	5,013,052	10,448,536	-	-
Addition	93,849,334	2,000,000	-	-
Repayment	-	(15,048,403)	-	-
Interest capitalised	57,786	7,612,919	-	-
As At 31 December	<b>98,920,172</b>	<b>5,013,052</b>	<b>-</b>	<b>-</b>

These are financial liabilities that mature within 12months of the balance sheet date. It is measure at fair value at initial recognition.

<b>18. Other payables and provision</b>				
Audit fees	4,845,000	9,037,500	2,845,000	7,037,500
VAT payable	100,000	100,000	100,000	100,000
Withholding tax payable	(572,542)	5,813,998	(572,542)	5,813,998
Unclaimed dividend payable (Note 18.1)	80,662,912	80,662,912	80,662,912	80,662,912
Accrued expenses	27,867,167	58,483,667	5,473,000	36,089,500
Unearned Commission received(Note 18.2)	58,884,247	26,383,647	58,884,247	26,383,647
Staff Cooperative	40,462,174	34,923,889	40,462,174	34,923,889
Sundry creditors **	299,740,150	5,651,257	167,790,679	17,752,927
	<b>511,989,109</b>	<b>221,056,870</b>	<b>355,645,470</b>	<b>208,764,373</b>
Current	511,989,109	221,056,870	355,645,470	208,764,373
Non-current	-	-	-	-

\*\* Included in 2019 Sundry creditors, is an amount of N83,020,488 being Fund deposited as Collateral for Bond issued to Wakanow.com

18.1 Unclaimed dividend payable represents amount of dividend which shareholders are yet to collect from the company's registrars and which, in line with the relevant rules of the Securities and Exchange Commission, have been returned to the Company to be held in a separate investment trust account.

	Group		Company	
	2021	2020	2021	2020
	N	N	N	N
<b>18.2 Unearned Commission Reserve</b>				
Fire	676,888	303,286	676,888	303,286
General accident	519,449	232,744	519,449	232,744
Motor	406,457	182,117	406,457	182,117
Marine	51,032,263	22,865,491	51,032,263	22,865,491
Oil & Gas	-	-	-	-
Engineering	6,093,376	2,730,195	6,093,376	2,730,195
Aviation	0	-	0	-
Bond	155,814	69,814	155,814	69,814
	<b>58,884,247</b>	<b>26,383,647</b>	<b>58,884,247</b>	<b>26,383,647</b>

	Group		Company	
	2021	2020	2021	2020
	N	N	N	N
<b>19. Retirement benefit obligation</b>				
<b>Defined contribution pension plan</b>				
At 1 January	4,129,526	7,290,620	2,253,607	6,690,086
Provision during the period (Note 36b)	27,869,295	46,692,927	24,001,058	42,824,690
Payment during the period	(28,412,662)	(49,854,021)	(23,918,431)	(47,261,169)
<b>30 JUNE</b>	<b>3,586,159</b>	<b>4,129,526</b>	<b>2,336,234</b>	<b>2,253,607</b>
19.a Employer contribution	10%	1,992,310	2,294,181	880,701
Employees contribution	8%	1,593,849	1,835,345	1,455,533
		<b>3,586,159</b>	<b>4,129,526</b>	<b>2,336,234</b>

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

	Group		Company	
	2021 N	2020 N	2021 N	2020 N
<b>21. Taxation</b>				
<b>21.1 Income tax expense</b>				
Income tax	159,107,339	146,989,132	118,751,562	107,182,045
Education tax	9,535,164	2,043,775	9,535,164	18,190,833
Under/(over)provision in previous year	-	-	-	-
	<u>168,642,503</u>	<u>149,032,907</u>	<u>128,286,726</u>	<u>125,372,878</u>
Deferred tax (Note 22)	-	-	-	-
	<u>168,642,503</u>	<u>149,032,907</u>	<u>128,286,726</u>	<u>125,372,878</u>

**21.1.1** The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April 2007. Section 12(2a) of the Act demands that, 1% of profit before tax should be paid to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.

	Group		Company	
	2021 N	2020 N	2021 N	2020 N
<b>21.2 Current income tax liabilities</b>				
At 1 January	359,459,121	436,426,812	289,145,971	355,578,462
Payments during the period	(39,924,584)	(124,258,062)	(35,267,195)	(110,780,655)
	<u>319,534,537</u>	<u>312,168,749</u>	<u>253,878,776</u>	<u>244,797,807</u>
Charge for the period 30 JUNE	168,642,503	47,290,372	128,286,726	44,348,164
	<u>488,177,040</u>	<u>359,459,121</u>	<u>382,165,502</u>	<u>289,145,971</u>
<b>21.3 Reconciliation of effective tax rate</b>				
Profit after tax	<u>436,480,477</u>	<u>677,982,816</u>	<u>348,471,459</u>	<u>614,805,918</u>
<b>Total income tax expense</b>				
Income	159,107,339	137,577,543	118,751,562	134,635,334
Education	9,535,164	39,510,636	9,535,164	39,510,636
(Over)/under-provision	-	(129,797,807)	-	(129,797,807)
Deferred tax (Note 22)	-	47,291,095	-	47,291,095
	<u>168,642,503</u>	<u>94,581,467</u>	<u>128,286,726</u>	<u>91,639,259</u>
<b>Profit for the period before income tax</b>	<u>605,122,980</u>	<u>772,564,284</u>	<u>476,758,185</u>	<u>706,445,176</u>
Effective tax rate	<u>28%</u>	<u>12%</u>	<u>27%</u>	<u>13%</u>
<b>22 Deferred tax liabilities</b>				
At 1 January	177,878,284	130,587,189	173,040,130	125,749,035
Charge for the period (Note 21.1)	-	47,291,095	-	47,291,095
30 JUNE	<u>177,878,284</u>	<u>177,878,284</u>	<u>173,040,130</u>	<u>173,040,130</u>

The Company has adopted the International Accounting Standards (IAS 12) on accounting for taxation, which is now computed using liability method.



# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

	Group		Company	
	2021	2020	2021	2020
	N	N	N	N
<b>23. Share capital</b>				
<b>Authorised:</b>				
20 billion ordinary shares of 50k each	<b>10,000,000,000</b>	10,000,000,000	<b>10,000,000,000</b>	10,000,000,000
<b>23.1 Issued and fully paid:</b>				
8.130 billion ordinary shares of 50k each 30 JUNE	<b>5,420,000,000</b>	5,420,000,000	<b>5,420,000,000</b>	5,420,000,000
Opening	<b>5,420,000,000</b>	4,065,000,000	<b>5,420,000,000</b>	4,065,000,000
Addition: Right issue	-	1,016,250,000	-	1,016,250,000
Bonus Issue	-	338,750,000	-	338,750,000
Closing	<b>5,420,000,000</b>	5,420,000,000	<b>5,420,000,000</b>	5,420,000,000

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group.

The Company is proposing a bonus issue of 1 for every 15shares from 2019 financials.

	Group		Company	
	2021	2020	2021	2020
<b>24 Share Premium</b>				
Number (units) of shares issued	-	-	-	-
Issue price	-	-	-	-
Opening	<b>168,933,834</b>	155,264,167	<b>168,933,834</b>	155,264,167
Addition	-	40,650,000	-	40,650,000
Issue expenses	-	(26,980,333)	-	(26,980,333)
Share Premium	<b>168,933,834</b>	<b>168,933,834</b>	<b>168,933,834</b>	<b>168,933,834</b>

The share premium arises from the right issue of 2,032,500,000 shares @ the price of 52kobo which is above the nominal value of 50kobo. The excess amount after deducting all charges is stated as share premium

### 25. Other reserves

#### 25.1. Contingency reserve

At 1 January	<b>2,136,621,663</b>	1,855,299,252	<b>2,136,621,663</b>	1,855,299,252
Transfer from income statement (Note 26)	<b>175,113,067</b>	281,322,411	<b>175,113,067</b>	281,322,411
30 JUNE	<b>2,311,734,730</b>	2,136,621,663	<b>2,311,734,730</b>	2,136,621,663

In line with sections 21(1) and (2) and 22(16) of the Insurance Act 2003, Insurance companies in Nigeria are required to transfer to the statutory contingency reserve, the higher of 20% of net profits and 3% of total premium. The current year transfer of =N=251,578,419 is based on 3% of total premium.

#### 25.2 Statutory reserve

At 1 January	<b>45,964,378</b>	36,863,982	-	-
Transfer from income statement (Note 26)	<b>11,411,307</b>	9,100,396	-	-
30 JUNE	<b>57,375,685</b>	45,964,378	-	-

In line with Central Bank of Nigeria guideline, Finance companies in Nigeria are required to transfer a minimum of 15% of its profit before tax to statutory reserve until the reserve fund equals the Paid-up Capital and a minimum of 10% thereafter. This applies to Grand Treasurers Limited a subsidiary within the group.

### 26. Retained earnings

At 1 January	<b>550,078,221</b>	501,268,212	<b>400,684,735</b>	405,951,229
Dividend declared and paid in the year based on the previous year published accounts	-	(338,750,000)	-	(338,750,000)
Transfer to contingency reserve (Note 25.1)	<b>(175,113,067)</b>	(281,322,411)	<b>(175,113,067)</b>	(281,322,411)
Transfer from income statement	<b>436,480,477</b>	677,982,816	<b>348,471,459</b>	614,805,918
Transfer to statutory reserve (Note 25.2)	<b>(11,411,307)</b>	(9,100,396)	-	-
30 JUNE	<b>800,034,323</b>	550,078,221	<b>574,043,128</b>	400,684,735

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

#### 26.1. Profit before taxation

Profit before taxation is stated after charging/crediting:

Depreciation of property and equipment	<b>62,646,942</b>	105,295,867	<b>55,597,140</b>	104,049,451
Auditors' remuneration	-	11,326,808	-	7,326,808
Directors' remuneration:				
- Fees	-	650,000	-	650,000
Profit on disposal of property and equipment	-	-	-	-
Foreign exchange (gains)/loss	<b>(106,184,127)</b>	(56,648,517)	<b>(106,184,127)</b>	(56,648,517)

The Auditors, Messrs SIAO Partners did not render any other services to the Group besides Auditing services.

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

### 27. Gross premium earned analysed as follows:

	<----- 2021 ----->			
	Direct premium N	Inward reinsurance premium N	increase/ decrease in unearned premium N	Gross premium earned N
Fire	712,399,230	4,332,303	47,725,763	764,457,296
General accident	738,069,766	3,779,926	5,635,756	747,485,448
Motor	1,259,460,813	14,347,841	(261,839,698)	1,011,968,957
Aviation	622,832,657	-	13,742,487	636,575,144
Oil & Gas	1,620,668,279	3,772,813	(44,254,157)	1,580,186,936
Marine	538,803,434	2,701,747	(25,160,759)	516,344,422
Engineering	220,609,208	1,389,138	(26,243,786)	195,754,560
Bond	94,452,644	364,306	(12,935,578)	81,881,372
<b>Company Total</b>	<b>5,807,296,031</b>	<b>30,688,075</b>	<b>(303,329,971)</b>	<b>5,534,654,136</b>
Medical Premium	247,366,143	-	(6,112,835)	241,253,308
<b>Group Total</b>	<b>6,054,662,175</b>	<b>30,688,075</b>	<b>(309,442,806)</b>	<b>5,775,907,443</b>

### Gross premium earned analysed as follows:

	<----- 2020 ----->			
	Direct premium N	Inward reinsurance premium N	Increase/ decrease in unearned premium N	Gross premium earned N
Fire	667,093,495	13,220,667	(24,295,636)	656,018,526
General accident	829,641,808	4,219,843	(22,546,177)	811,315,474
Motor	1,129,062,082	15,883,315	(59,584,872)	1,085,360,526
Aviation	384,104,736	276,251	(24,970,105)	359,410,882
Oil & Gas	1,394,575,622	18,492,469	(49,307,646)	1,363,760,446
Marine	301,545,094	4,493,796	(22,959,721)	283,079,170
Engineering	331,559,518	4,463,997	(30,883,064)	305,140,450
Bond	65,668,542	-	(10,452,780)	55,215,762
<b>Company Total</b>	<b>5,103,250,898</b>	<b>61,050,338</b>	<b>(245,000,000)</b>	<b>4,919,301,236</b>
Medical Premium	169,139,781	-	(26,761,423)	142,378,358
<b>Group Total</b>	<b>5,272,390,679</b>	<b>61,050,338</b>	<b>(271,761,423)</b>	<b>5,061,679,594</b>

Group		Company	
2021	2020	2021	2020
N	N	N	N

### 28. Reinsurance expense

The reinsurance expense is analysed as follows:

Reinsurance premium cost (Note 7.3)	2,504,358,697	1,835,858,768	2,504,358,697	1,835,858,768
(Increase)/decrease in prepaid reinsurance	(50,500,500)	297,654,800	(50,500,500)	297,654,800
<b>Reinsurance expense (Note 7.3)</b>	<b>2,453,858,197</b>	<b>2,133,513,568</b>	<b>2,453,858,197</b>	<b>2,133,513,568</b>

### 29. Fee and commission

Fire	3,683,627	59,088,094	3,683,627	59,088,094
General accident	29,245,786	62,300,269	29,245,786	62,300,269
Motor	2,084,239	538,592	2,084,239	538,592
Aviation	-	20,300,361	-	20,300,361
Oil & Gas	-	369,988	-	369,988
Marine	(14,073,024)	52,069,859	(14,073,024)	52,069,859
Engineering	12,198,573	34,422,749	12,198,573	34,422,749
Bond	1,519,822	220,752	1,519,822	220,752
<b>Group Total</b>	<b>34,659,024</b>	<b>229,310,665</b>	<b>34,659,024</b>	<b>229,310,664</b>

### Movement - Fee and commission

Opening Unearned commission (Note 18.2)	26,383,647	116,900,695	26,383,647	116,900,695
Commission received	67,159,624	229,310,664	67,159,624	229,310,664
Commission earned	(34,659,024)	(229,310,664)	(34,659,024)	(229,310,664)
<b>Closing Unearned commission (Note 18.2)</b>	<b>58,884,247</b>	<b>116,900,695</b>	<b>58,884,247</b>	<b>116,900,695</b>

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

	Group		Company	
	Claims expenses 30 JUNE 2021 N	Claims expenses 30 JUNE 2020 N	Claims expenses 30 JUNE 2021 N	Claims expenses 30 JUNE 2020 N
<b>30a Claims expenses</b>				
Claims paid during the year	1,587,429,958	1,306,247,446	1,434,724,677	1,196,610,368
Opening IBNR and outstanding claims (Note 15.1)	(2,798,868,569)	(1,742,001,381)	(2,798,868,569)	(1,742,001,381)
Closing IBNR and outstanding claims (Note 15.1)	3,528,579,431	1,494,526,073	3,528,579,431	1,494,526,072
<b>Gross claims expenses</b>	<b>2,317,140,820</b>	<b>1,058,772,138</b>	<b>2,164,435,539</b>	<b>949,135,059</b>
<b>Gross claims expenses excluding IBNR</b>				
Claims paid during the year	1,587,429,958	1,306,247,446	1,434,724,677	1,196,610,368
Opening outstanding claims	(1,896,123,948)	(625,485,061)	(1,896,123,948)	(625,485,061)
Closing outstanding claims (Note 14.1)	2,927,135,311	651,503,884	2,927,135,311	651,503,884
<b>Gross claims expenses excluding IBNR</b>	<b>2,618,441,321</b>	<b>1,332,266,269</b>	<b>2,465,736,040</b>	<b>1,222,629,191</b>
<b>30b. Claims &amp; IBNR recoverable</b>				
<b>Claims recoverable</b>				
Claims recovered	622,265,696	581,229,557	622,265,696	581,229,557
Opening claims recoverable (Note 7.3)	(2,170,714,673)	(1,668,215,354)	(2,170,714,673)	(1,668,215,354)
Closing claims recoverable	2,832,533,554	1,148,146,827	2,832,533,554	1,148,146,827
<b>Net recoverable</b>	<b>1,284,084,577</b>	<b>61,161,030</b>	<b>1,284,084,577</b>	<b>61,161,030</b>
<b>31. Underwriting expenses</b>				
<b>Underwriting expenses- 2021</b>				
	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>Acquisition expenses</b>	<b>Maintenance expenses</b>	<b>Acquisition expenses</b>	<b>Maintenance expenses</b>
	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>
Fire	66,333,692	23,708,217	66,333,692	23,708,217
General accident	67,148,928	36,579,931	67,148,928	36,579,931
Motor	147,983,935	113,287,604	147,983,935	113,287,604
Aviation	97,528,644	57,156,279	97,528,644	57,156,279
Oil & Gas	253,857,231	55,934,388	253,857,231	55,934,388
Marine	53,254,369	24,266,866	53,254,369	24,266,866
Engineering	18,900,505	5,907,953	18,900,505	5,907,953
Bond	6,327,342	3,270,041	6,327,342	3,270,041
	<b>711,334,646</b>	<b>320,111,279</b>	<b>711,334,646</b>	<b>320,111,279</b>
HMO Acquisition expenses	16,786,148	-	-	-
	<b>728,120,794</b>	<b>320,111,279</b>	<b>711,334,646</b>	<b>320,111,279</b>
<b>Underwriting expenses- 2020</b>				
	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>Acquisition expenses</b>	<b>Maintenance expenses</b>	<b>Acquisition expenses</b>	<b>Maintenance expenses</b>
	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>
Fire	130,397,022	38,720,881	130,397,022	38,720,881
General accident	140,215,228	53,040,218	140,215,228	53,040,218
Motor	127,414,480	115,997,332	127,414,480	115,997,332
Aviation	58,057,226	20,641,473	58,057,226	20,641,473
Oil & Gas	175,156,856	38,959,077	175,156,856	38,959,077
Marine	53,081,701	(67,513)	53,081,701	(67,513)
Engineering	62,203,018	18,001,632	62,203,018	18,001,632
Bond	10,726,902	2,925,781	10,726,902	2,925,781
	<b>757,252,434</b>	<b>288,218,880</b>	<b>757,252,433</b>	<b>288,218,880</b>
HMO Acquisition expenses	11,045,041	-	-	-
	<b>768,297,474</b>	<b>288,218,880</b>	<b>757,252,433</b>	<b>288,218,880</b>
<b>Underwriting expenses</b>				
	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>30 JUNE</b>	<b>30 JUNE</b>	<b>30 JUNE</b>	<b>30 JUNE</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>
Acquisition Expenses	728,120,795	768,297,474	711,334,646	757,252,433
Maintenance Expenses	320,111,279	288,218,880	320,111,279	288,218,880
	<b>1,048,232,074</b>	<b>1,056,516,354</b>	<b>1,031,445,924</b>	<b>1,045,471,313</b>

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

	Group		Company	
	30 JUNE 2021 N	30 JUNE 2020 N	30 JUNE 2021 N	30 JUNE 2020 N
<b>32. Investment income</b>				
Interest received	320,732,541	232,607,283	65,850,298	53,357,019
Interest received on corporate loan	3,252,987	12,650,152	3,252,987	12,650,152
Interest accrued	13,466,411	13,466,411	13,466,411	13,466,411
Gain on disposal of investment property	-	-	-	-
Rent income on investment properties	2,054,000	2,018,000	2,054,000	2,018,000
Dividend received	77,481,600	(368,085)	77,481,600	21,631,915
	<b>416,987,539</b>	<b>260,373,760</b>	<b>162,105,296</b>	<b>103,123,497</b>
Amortised gain(loss) on held to maturity (Note 3.4)	156,101,516	184,152,865	156,101,516	184,152,865
	<b>573,089,054</b>	<b>444,526,625</b>	<b>318,206,811</b>	<b>287,276,361</b>
<b>32.1 Investment income</b>				
Investment income attributable to policyholders' fund	156,101,516	184,152,865	156,101,516	184,152,865
Investment income attributable to shareholders' fund	416,987,539	232,169,832	162,105,296	103,123,496
	<b>573,089,054</b>	<b>416,322,697</b>	<b>318,206,811</b>	<b>287,276,361</b>
<b>33. Other operating income</b>				
Profit (Loss) on disposal of property and equipment	3,806,929	543,405	3,806,929	543,405
Interest on staff receivables	20,000	-	20,000	-
Exchange gain (Note 33.1)	106,184,127	59,240,505	106,184,127	59,240,505
Other income	19,036,772	7,756,292	-	11,125
	<b>129,047,828</b>	<b>67,540,202</b>	<b>110,011,056</b>	<b>59,795,035</b>
<b>33.1 Exchange gain</b>				
Gain on disposal of foreign currency	-	17,130,000	-	17,130,000
Gain/ (loss) from valuation of closing foreign currency balances	106,184,127	42,110,505	106,184,127	42,110,505
	<b>106,184,127</b>	<b>59,240,505</b>	<b>106,184,127</b>	<b>59,240,505</b>
<b>34. Impairment charged</b>				
Cash and cash equivalent (Note 2.2)	-	-	-	-
Loans and receivables (Note 3.2)	(1,816,417)	(1,208,594)	-	-
Finance Lease receivable (Note 5.1)	(13,282,745)	(1,843,363)	-	-
Trade receivables (Note 6.1)	-	-	-	-
Other receivables (Note 9)	-	-	-	-
Inventories (Note 11)	-	-	-	-
	<b>(15,099,163)</b>	<b>(3,051,957)</b>	<b>-</b>	<b>-</b>
<b>Impairment no longer required</b>				
Loans and receivables (Note 3.2.4)	-	-	-	-
Trade receivables (Note 6.1)	-	-	-	-
Other receivables (Note 9)	-	-	-	-
Inventories (Note 11)	-	-	-	-
Finance Lease receivable (Note 5.2)	-	-	-	-
	<b>(15,099,163)</b>	<b>(3,051,957)</b>	<b>-</b>	<b>-</b>
Impairment (charge)/write back				

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

	Group		Company	
	30 JUNE 2021 N	30 JUNE 2020 N	30 JUNE 2021 N	30 JUNE 2020 N
<b>35. Net fair value gain (loss) at fair value through profit or loss</b>				
**Financial assets at fair value through profit or loss	(116,620,058)	(2,056,927)	(116,760,058)	(4,052,382)
Investment property (Note 12.0)	-	-	-	-
Others	-	-	-	-
Fair value gains/(loss)	<u>(116,620,058)</u>	<u>(2,056,927)</u>	<u>(116,760,058)</u>	<u>(4,052,382)</u>

This represents increase in the value of financial assets and investment properties at fair value through profit or loss during the year.

\*\*Financial assets at fair value through profit or loss were measured using The Nigeria Stock Exchange and NASD price list at the close of business on the 30th June 2021.

<b>35a Financial Asset at fair value through profit or loss (Note 3.1)</b>				
Opening balance	(22,516,120)	(2,475,910)	(23,099,680)	(3,965,725)
Addition charged to profit or loss	(116,620,058)	(20,040,210)	(116,760,058)	(19,133,955)
Disposal	-	-	-	-
Closing balance	<u>(139,136,178)</u>	<u>(22,516,120)</u>	<u>(139,859,738)</u>	<u>(23,099,680)</u>

### 36. Operating & Administrative expenses

Employee cost (Note 36)	413,466,434	384,383,896	300,948,238	334,421,262
Rent, insurance and maintenance	125,072,377	114,887,601	110,115,708	104,917,643
Depreciation of property and equipment	62,646,942	61,536,794	55,597,140	51,512,759
Auditors' remuneration	-	7,897,008	-	5,897,008
Directors' remuneration:	-	-	-	-
- Fees	-	3,800,000	-	3,800,000
- Allowance & Expenses	29,275,150	3,356,430	28,635,000	1,072,900
Professional charges**	113,946,348	75,691,477	113,455,349	75,200,478
Printing and telecommunication	20,612,608	26,414,144	14,035,265	15,836,801
Advertising	215,360,534	273,349,574	213,876,805	271,865,845
Travelling and motor vehicle expenses	94,008,626	37,858,494	55,031,897	25,577,411
Rates, Insurance levy and utilities	90,826,912	85,563,834	86,910,153	79,647,076
Information Technology (note 20)	-	-	-	-
Office running and bank charges	31,087,530	24,906,485	20,253,005	12,387,098
Donation	15,922,902	35,483,599	15,912,902	35,473,599
Office security expenses	20,594,186	15,082,686	19,394,186	15,082,686
Brand management	1,097,373	4,613,983	1,097,373	4,613,983
Legal and Filing fees	6,796,715	14,536,449	3,094,678	4,267,456
Penalty	-	628,961	-	628,961
	<u>1,240,714,637</u>	<u>1,169,991,415</u>	<u>1,038,357,700</u>	<u>1,042,202,966</u>

\*\*Included in professional Charges were expenses incurred for the purpose of increasing the authorised share capital from 5billion naira to 7.5 billion naira.

	Group		Company	
	30 JUNE 2021 N	30 JUNE 2020 N	30 JUNE 2021 N	30 JUNE 2020 N
<b>36a Employee cost</b>				
Wages and salaries	347,566,820	282,755,112	240,679,052	237,061,028
Medical	20,074,257	10,872,525	18,884,066	9,682,334
Staff training	17,956,062	66,746,592	17,384,062	66,174,592
Defined contribution pension plan (Note 17)	27,869,295	24,009,667	24,001,058	21,503,308
	<u>413,466,434</u>	<u>384,383,896</u>	<u>300,948,238</u>	<u>334,421,262</u>

### 36b Chairman's and Directors' emoluments, pensions and compensation for loss of office

<b>Emoluments:</b>				
Chairman	750,000	750,000	750,000	750,000
Other Directors	4,962,500	4,962,500	4,962,500	4,962,500
Other emolument of executives	16,320,000	16,320,000	16,320,000	16,320,000
Emolument of highest paid Director	12,000,000	12,000,000	12,000,000	12,000,000

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

### 37. Basic/diluted earnings per share

Profit/(loss) after taxation	<b>436,480,477</b>	271,759,398	<b>348,471,459</b>	242,200,923
Number of shares	<b>8,130,000,000</b>	8,130,000,000	<b>8,130,000,000</b>	8,130,000,000
<b>Movement in Numbers of Share Capital</b>				
Opening	<b>8,130,000,000</b>	8,130,000,000	<b>8,130,000,000</b>	8,130,000,000
Right issue	-	-	-	-
Private placement	-	-	-	-
Closing	<b>8,130,000,000</b>	8,130,000,000	<b>8,130,000,000</b>	8,130,000,000
<b>Weighted Average nos of share</b>				
Opening	<b>8,130,000,000</b>	8,130,000,000	<b>8,130,000,000</b>	8,130,000,000
Right issue ( full year)	-	-	-	-
Private placement	-	-	-	-
<b>Weighted Average nos of share</b>	<b>8,130,000,000</b>	8,130,000,000	<b>8,130,000,000</b>	8,130,000,000
Basic/diluted earnings per share (kobo)	<b>5.37</b>	3.34	<b>4.29</b>	<b>2.98</b>

Earnings/(loss) per share have been computed on profit/(loss) after taxation attributable to ordinary shareholders and divided by the number of shares at 50k ordinary shares in issue at year end.

### 38 Reconciliation of net cashflow from operating activities

	Group		Company	
	30 JUNE 2021	30 JUNE 2020	30 JUNE 2021	30 JUNE 2020
Profit before tax	<b>605,122,980</b>	420,792,305	<b>476,758,185</b>	367,573,801
Adjustment for the following:				
Add, Depreciation & amortisation other non cash transaction	<b>62,646,942</b>	61,536,794	<b>55,597,140</b>	51,512,759
Net fair value loss on financial assets at fair value through profit or loss	<b>139,136,178</b>	(2,056,927)	<b>201,082,342</b>	(4,052,382)
Less :				
Profit /Loss on disposal	<b>(3,806,929)</b>	(543,405)	<b>(3,806,929)</b>	(543,405)
Gain on sale of investment property			<b>(8,000,000)</b>	
Investment income	<b>(495,607,455)</b>	(416,690,782)	<b>(240,725,212)</b>	(265,644,446)
Dividend received	<b>(77,481,600)</b>	368,085	<b>(77,481,600)</b>	(21,631,915)
Impairment	<b>15,099,163</b>	2,903,617	-	-
	<b>245,109,279</b>	66,309,687	<b>403,423,928</b>	127,214,412
Changes in working capital:				
Increase(decrease) in trade receivable	<b>78,470,073</b>	(293,839,193.3)	<b>96,310,058</b>	(290,745,429)
Increase(decrease) in reinsurance assets	<b>(712,319,381)</b>	835,324,309	<b>(712,319,381)</b>	835,324,309
Increase(decrease) in deferred acquisition	<b>555,051</b>	(27,444,928)	<b>4,285,060</b>	(25,000,000)
Increase(decrease) in other receivable	<b>(80,184,483)</b>	(7,187,982)	<b>(40,914,127)</b>	(40,458,159)
Increase(decrease) in finance lease receivable	<b>(115,135,625)</b>	47,665,287	-	-
Increase(decrease) in inventory	<b>1,766,306</b>	(11,764,060)	-	-
Increase(decrease) in trade payable	<b>21,923,140</b>	246,024,577	<b>21,923,140</b>	246,024,577
Increase(decrease) in Borrowing	<b>93,907,120</b>	(202,627,360)	-	-
Increase(decrease) in insurance contract liabilities	<b>1,057,157,595</b>	16,507,578	<b>1,033,040,834</b>	(2,475,308)
Increase(decrease) in provision & other payable	<b>290,932,240</b>	(169,234,052)	<b>146,881,097</b>	(132,072,024)
Increase(decrease) in retirement benefits	<b>(543,367)</b>	(755,898)	<b>82,627</b>	(102,244)
Tax paid	<b>(39,924,584)</b>	(37,458,149)	<b>(35,267,195)</b>	(45,900,961)
	<b>841,713,364</b>	461,519,816	<b>917,446,041</b>	671,809,174

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>Number</b>	Number	<b>Number</b>	Number
<b>39. Staff</b>				
Average number of persons employed in the financial year were as follows:				
Managerial	<b>36</b>	33	<b>31</b>	28
Senior staff	<b>131</b>	126	<b>117</b>	112
Junior staff	<b>21</b>	116	<b>14</b>	109
	<b>188</b>	275	<b>162</b>	249
<b>39a.</b> The number of Directors excluding the Chairman whose emoluments were within the following ranges were:				
	<b>N</b>	<b>N</b>		
Nil - 100,000	Nil	Nil	Nil	Nil
100,001 - 200,000	Nil	Nil	Nil	Nil
200,001 - 300,000	Nil	Nil	Nil	Nil
Above - 300,000	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Emolument</b>				
Number of Directors who have waived their rights to receive emoluments	<b>Nil</b>	Nil	<b>Nil</b>	Nil
<b>39b. Employees remunerated at higher rates</b>				
The number of employees in respect of emoluments within the following ranges were:				
	<b>N</b>	<b>N</b>		
200,001 - 300,000	<b>7</b>	7	<b>6</b>	6
300,001 - 400,000	<b>30</b>	30	<b>26</b>	30
400,001 - 500,000	<b>29</b>	29	<b>29</b>	29
500,001 - 600,000	<b>14</b>	14	<b>14</b>	14
600,001 - 700,000	<b>2</b>	2	<b>2</b>	2
700,001 - 800,000	<b>11</b>	11	<b>11</b>	11
800,001 - 900,000	<b>15</b>	15	<b>13</b>	13
900,001 - 1,000,000	<b>7</b>	7	<b>5</b>	5
1,000,001 and above	<b>73</b>	157	<b>56</b>	139
	<b>188</b>	272	<b>162</b>	249
<b>40a. Capital commitments</b>				
There were no capital commitments as at 30 June 2021.				
<b>40b. Contingent liabilities</b>				
There no contingent liability against Consolidated Hallmark Insurance as at 30 June 2021.				
<b>41. Comparative figures</b>				
Where necessary, comparative figures have been adjusted to conform with changes in presentation of the current year in accordance with the International Accounting Standards (IAS 1).				

# CONSOLIDATED HALLMARK INSURANCE PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2021

### 42. Segment Information

An operating segment is a component of the Group engaged in business activities from which it can earn revenues whose operating results are reviewed regularly by the Group's Executive Management in order to make decisions about resources to be allocated to segments and assessing segments performance. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Management.

The Group is organized into two operating segments, these segments and their respective operations are as follows:

**General Insurance Business & HMO:** This segment provides cover for indemnifying customers' properties, and compensation for other parties that have suffered damage as a result of customers' accidents. Major sources of revenue in this segment are mainly from insurance premium, investment income, commission received, net fair value gains on financial assets at fair value through profit or loss.

**CHI Capital Ltd:** This is a subsidiary of Consolidated Hallmark Insurance Plc. The company is registered by CAC to offer consumer leasing and support services to Consolidated Hallmark Insurance Plc (the parent company). In addition, it owns Grand Treasurers Ltd. In 2019, CHI Capital Ltd transferred 100% of its interest in Grand Treasurers Ltd to Consolidated Hallmark Insurance Plc. Grand Treasurers Ltd is registered by CBN to offer wide range financial services and products domestically to suit customer's long- and short-term financial needs. These products include L.P.O financing, Consumer Lease, Working Capital financing, Auto lease, Project financing and intermediation and Financial Management Consultancy Services. Revenue from this segment is derived primarily from interest income, fee income, investment income and net fair value gains on financial assets at fair value through profit and loss.

#### Segment information by company and subsidiaries:

	General Insurance & HMO N	Finance and support services N	Elimination N	Total N
<b>At June 2021</b>				
Operating income	1,616,283,657	229,553,959	-	1,845,837,617
Operating expenses	(1,129,124,913)	(111,589,724)	-	(1,240,714,637)
Operating profit	487,158,744	117,964,235	-	605,122,980
Taxation	(131,172,538)	(37,469,965)	-	(168,642,503)
<b>Profit for the period</b>	<b>355,986,206</b>	<b>80,494,270</b>	<b>-</b>	<b>436,480,477</b>
<b>Total assets</b>	<b>16,543,689,098</b>	<b>1,676,722,757</b>	<b>(1,880,495,900)</b>	<b>16,339,915,954</b>
<b>Total liabilities</b>	<b>7,401,055,282</b>	<b>467,053,001</b>	<b>(286,270,900)</b>	<b>7,581,837,383</b>
<b>Share capital and reserves</b>	<b>9,142,633,816</b>	<b>1,209,669,757</b>	<b>(1,594,225,000)</b>	<b>8,758,078,573</b>
Depreciation	55,597,140	11,758,839	-	67,355,980
ROCE	5%	10%	-	7%
<b>At 30 June 2020</b>				
Operating income	1,450,316,544	139,975,308	(1,521,422)	1,588,770,430
Operating expenses	(1,097,813,434)	(70,164,691)	-	(1,167,978,125)
Operating profit	352,503,109	69,810,617	-	420,792,305
Taxation	(125,372,878)	(23,660,029)	-	(149,032,907)
<b>Profit for the period</b>	<b>227,130,231</b>	<b>46,150,588</b>	<b>-</b>	<b>271,759,398</b>
<b>Total assets</b>	<b>12,475,068,019</b>	<b>1,108,125,330</b>	<b>(1,644,314,006)</b>	<b>11,938,879,343</b>
<b>Total liabilities</b>	<b>5,236,102,033</b>	<b>239,899,817</b>	<b>(414,314,006)</b>	<b>5,061,687,844</b>
<b>Share capital and reserves</b>	<b>7,238,965,986</b>	<b>868,225,514</b>	<b>(1,230,000,000)</b>	<b>6,877,191,499</b>
Depreciation	51,512,759	10,024,035	-	61,536,794
ROCE	5%	8%	0%	6%



**CONSOLIDATED HALLMARK INSURANCE PLC**  
**APPENDIX 1**  
**REVENUE ACCOUNT**  
**FOR THE PERIOD ENDED 30 JUNE 2021**

	<b>Motor N</b>	<b>Fire N</b>	<b>Bond N</b>	<b>Gen. Accident N</b>	<b>Marine N</b>	<b>Aviation N</b>	<b>Oil &amp; Gas N</b>	<b>Engineering N</b>	<b>2021 Total N</b>	<b>2020 Total N</b>
<b>Income</b>										
Direct premium	1,259,460,813	712,399,230	94,452,644	738,069,766	538,803,434	622,832,657	1,620,668,279	220,609,208	5,807,296,031	5,103,250,898
Inward reinsurance premium	14,347,841	4,332,303	364,306	3,779,926	2,701,747	-	3,772,813	1,389,138	30,688,075	61,050,338
<b>Gross written premium</b>	<b>1,273,808,654</b>	<b>716,731,533</b>	<b>94,816,950</b>	<b>741,849,692</b>	<b>541,505,182</b>	<b>622,832,657</b>	<b>1,624,441,092</b>	<b>221,998,347</b>	<b>5,837,984,106</b>	<b>5,164,301,236</b>
(Increase)/decrease in unexpired premium reserve	(261,839,698)	47,725,763	(12,935,578)	5,635,756	(25,160,759)	13,742,487	(44,254,157)	(26,243,786)	(303,329,971)	(245,000,000)
<b>Gross premium earned</b>	<b>1,011,968,957</b>	<b>764,457,296</b>	<b>81,881,372</b>	<b>747,485,448</b>	<b>516,344,422</b>	<b>636,575,144</b>	<b>1,580,186,935</b>	<b>195,754,561</b>	<b>5,534,654,136</b>	<b>4,919,301,236</b>
<b>Deduct:</b>										
Outward reinsurance premiums (Increase)/decrease in prepaid reinsurance	(13,191,883)	(462,326,975)	(40,308,095)	(356,573,176)	(203,470,286)	(491,827,740)	(812,474,360)	(124,186,181)	(2,504,358,697)	(1,835,858,768)
<b>Reinsurance cost</b>	<b>(13,127,807)</b>	<b>(453,808,626)</b>	<b>(39,599,865)</b>	<b>(346,989,883)</b>	<b>(199,464,111)</b>	<b>(486,685,992)</b>	<b>(794,700,275)</b>	<b>(119,481,637)</b>	<b>(2,453,858,197)</b>	<b>(2,133,513,569)</b>
<b>Net premium earned</b>	<b>998,841,149</b>	<b>310,648,670</b>	<b>42,281,507</b>	<b>400,495,565</b>	<b>316,880,310</b>	<b>149,889,152</b>	<b>785,486,660</b>	<b>76,272,924</b>	<b>3,080,795,939</b>	<b>2,785,787,668</b>
Commission received (Increase)/decrease in unearned commission	2,308,580	4,057,229	1,605,823	29,532,491	14,093,748	-	-	15,561,754	67,159,624	229,310,664
<b>Total Income</b>	<b>1,000,925,389</b>	<b>314,332,296</b>	<b>43,801,330</b>	<b>429,741,351</b>	<b>302,807,286</b>	<b>149,889,152</b>	<b>785,486,660</b>	<b>88,471,497</b>	<b>3,115,454,963</b>	<b>3,015,098,332</b>
<b>Gross Claims Paid</b>	<b>(554,454,906)</b>	<b>(59,371,808)</b>	<b>-</b>	<b>(611,851,400)</b>	<b>(67,419,722)</b>	<b>(7,914,492)</b>	<b>(113,471,431)</b>	<b>(20,240,917)</b>	<b>(1,434,724,677)</b>	<b>(1,196,610,368)</b>
(Increase)/decrease in outstanding claims provision	(65,689,389)	(942,079,245)	109,812,894	59,521,328	41,799,050	(10,169,478)	54,293,516	22,800,461	(729,710,863)	247,475,308
<b>Gross claims incurred</b>	<b>(620,144,295)</b>	<b>(1,001,451,053)</b>	<b>109,812,894</b>	<b>(552,330,073)</b>	<b>(25,620,673)</b>	<b>(18,083,969)</b>	<b>(59,177,916)</b>	<b>2,559,544</b>	<b>(2,164,435,539)</b>	<b>(949,135,060)</b>
Reinsurance claims recovery (Increase)/decrease in reinsurance recoveries	37,486,521	21,237,115	225,563	280,226,494	44,087,661	206,310,548	-	32,691,795	622,265,697	581,229,557
<b>Net claims incurred</b>	<b>(582,657,774)</b>	<b>(90,343,970)</b>	<b>110,032,457</b>	<b>(240,145,407)</b>	<b>761,053</b>	<b>27,801,579</b>	<b>(59,177,916)</b>	<b>(46,620,986)</b>	<b>(880,350,961)</b>	<b>(887,974,031)</b>
Acquisition expenses (Increase)/decrease in commission expenses	(146,646,651)	(65,228,804)	(6,327,342)	(66,055,425)	(52,802,386)	(97,231,242)	(253,857,231)	(18,900,505)	(707,049,586)	(782,252,433)
Maintenance/operating expenses	(113,287,604)	(23,708,217)	(3,270,041)	(36,579,931)	(24,266,866)	(57,156,279)	(55,934,388)	(5,907,953)	(320,111,279)	(288,218,880)
<b>Total expenses</b>	<b>(843,929,313)</b>	<b>(180,385,879)</b>	<b>100,435,074</b>	<b>(343,874,267)</b>	<b>(76,760,181)</b>	<b>(126,883,344)</b>	<b>(368,969,534)</b>	<b>(71,429,445)</b>	<b>(1,911,796,886)</b>	<b>(1,933,445,345)</b>
<b>Underwriting profit/(loss)</b>	<b>156,996,076</b>	<b>133,946,417</b>	<b>144,236,403</b>	<b>85,867,084</b>	<b>226,047,106</b>	<b>23,005,807</b>	<b>416,517,126</b>	<b>17,042,052</b>	<b>1,203,658,076</b>	<b>1,081,652,987</b>