RC 2176

AFRICAN ALLIANCE

INSURANCE PLC

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2021

Table of contents

Statement of Directors' Responsibilities in Relation to the Financial Statements

The Directors of African Alliance Insurance plc are responsible for the preparation of financial statements that give a true and fair view of the financial position of the company as at 30 June 2021, and the results of its operations, cash flows and changes in equity for the period ended, in compliance with International Financial Reporting Standards ("IFRS"), and in the manner required by the Companies and Allied Matters Act of Nigeria, the Insurance Act, CAP I17 LFN 2004, relevant guidelines and circulars issued by the National Insurance Commission (NAICOM) and Financial Reporting Council Act 2011.

In preparing the financial statements, the Directors are responsible for:

. Properly selecting and applying accounting policies

. Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information

· Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and Company's financial position and financial performance; and

· Making an assessment of the Group's and Company's ability to continue as a going concern.

The Directors are responsible for:

· Designing, implementing and maintaining an effective and sound system of internal controls throughout the Group's and Company's; Maintaining adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the Consolidated and Separate financial statements of the company comply with IFRS;

· Maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;

By order of the Board

Joyce Ojemudia	**Olabisi Adekola**
MD/CEO	***Chief Financial Officer***
FRC/2015/CIIN/00000012042	FRC/2013/ICAN/00000001179

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 27 OF 2007

We the undersigned hereby certify the following with regards to our unaudited report for the period ended 30 June 2021 that:

a. We have reviewed the report:

b. To the best of our knowledge, the report does not contain:

i. Any untrue statement of a material fact, or

ii. Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

c. To the best of our knowledge, the financial statement and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the company as of, and for the periods presented in the report.

d. We;

(i) Are responsible for establishing and maintaining internal controls.

(ii) Have designed such internal controls to ensure that material information relating to the company and its consolidated subsidiary is made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;

(iii) Have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report;

(iv) Have, present in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

e. We have disclosed to the auditors of the company and audit committee:

(i). All significant deficiency in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarise and report financial data and have identified for the company's auditors any material weakness in internal controls, and

(ii). Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls.

f. We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

On behalf of the Directors of the Group and Company

Joyce Ojemudia
MD/CEO
FRC/2015/CIIN/00000012042

Olabisi Adekola
Chief Financial Officer
FRC/2013/ICAN/00000001179

Company Name:	African Alliance Insurance Plc
Board Listed:	Main Board
Year End:	December
Reporting Period:	Period End 30 June 2021
Share Price At End of Reporting Period:	N0.20 (2020: N0.20)

Shareholding Structure/Free Float Status

	30-June-21		30-June-20	
Description	Unit	Percentage	Unit	Percentage
Issued Share Capital	20,585,000,000	100%	20,585,000,000	100%
Substantial Shareholdings (5% and above)				
Conau Limited	11,835,900,000	57.50%	11,805,900,000	57.35%
Universal Insurance Plc	1,200,000,000	5.83%	1,200,000,000	5.83%
Total Substantial Shareholding	13,035,900,000	63.33%	13,005,900,000	63.18%
Directors Shareholdings (direct and indirect) excluding directors with substantial holdings				
Dr Anthony Okocha	50,000	0.00%	50,000	0.00%
Mr Sylva Ogwemoh (SAN)	-	-	-	-
Mrs Funmi Omo	-	0.00%	500,000	0.00%
Mrs Olabisi Adekola	500,000	0.00%	500,000	0.00%
Total Directors Shareholding	550,000	0.00%	1,050,000	0.01%
Other Shareholdings				
African Alliance Staff Scheme	23,652,673	0.11%	23,652,673	0.11%
Total Other Shareholdings	23,652,673	0.11%	23,652,673	0.11%
Free Float in Units and Percentage	7,524,897,327	36.56%	7,554,397,327	36.70%
Free Float in Value	₦ 1,504,979,465.40		₦ 1,510,879,465.40	

Declaration:

A) African Alliance Insurance Plc with a free float percentage of 36.56% as at 30 June 2021, is compliant with the Exchange's free float requirements for companies listed on the Main Board.

B) African Alliance Insurance Plc with a free float value of N1,504,979,465.40 as at 30 June 2021, is compliant with the Exchange's free float requirements for companies listed on the Main Board.

Statement of Significant Accounting Policies

1 General Information

African Alliance Insurance Company is a public limited company incorporated and domiciled in Nigeria. The registered office is located at 54 Awolowo Road, Ikoyi, Lagos.

The Company is principally engaged in the business of providing risk underwriting for life, related financial and pension services, aviation and hospitality services to its customers.

1.2 Principal Activities

The principal business of the company is providing risk underwriting and related financial and hospitality services to its customers. Such services include provision of life insurance services to both corporate and individual customers.

The Subsidiaries activities are:

- Ghana Life Insurance Company Limited, a Life assurance company in Ghana.
- Axiom Air Limited, a cargo airline company

1.3 Components of Financial Statements

The Financial statements comprise the Consolidated and Separate Statements of Comprehensive income, Consolidated and Separate statements of Financial Position, Consolidated and Separate Statement of Changes in Equity, Consolidated and Separate Statements of Cash Flows, and the accompanying Notes.

Income and expenses (excluding the components of other comprehensive income) are recognised in the profit or loss segment of comprehensive income to arrive at the profit for the year.

Other comprehensive income is recognised in the other comprehensive segment of the statement of other comprehensive income and comprises items of income and expenses that are not recognised in the statement of profit or loss as required or permitted by IFRS.

The addition of the profit for the year and the other comprehensive income gives the total comprehensive income for the year.

Reclassification adjustments are amounts reclassified to statement of comprehensive income in the current year that were recognised in other comprehensive income in the current or previous years. Transactions with the owners of the Group in their capacity as owners are recognised in the statement of changes in equity.

1.4 Basis of preparation and measurement

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS)
and the requirements of the Companies and Allied Matters Act, Insurance Act CAP I17 LFN 2004, the Financial Reporting Council of Nigeria Act 2011 and regulatory guidelines as pronounced from time to time by National Insurance Commission (NAICOM).Historical cost basis was used in preparation of the financial statements as modified by the measurement of certain items at revalued amounts as stated below:

- Property, plant and equipment at valuation
- Investment property at fair value
- Investment at fair value
- Impaired assets at their recoverable amounts

1.5 Compliance with IFRS

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) Interpretations applicable to companies reporting under IFRS as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations have been included where appropriate

1.6) Going Concern Status

As at the period end, the company' solvency margin is below the regulatory requirement as stated in the Insurance Act CAP I17, LFN 2004.

The Board of Directors and Management performed an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. This conclusion is based on the board and executive management's plan of restructuring the assets of the Group, divesting from some of the subsidiary companies and injecting fesh capital to improve the liquidity position and upturn the current negative indices in the financial statement with respect to shareholders fund, asset cover and solvency margin to positive position in the shortest time.

1.7) Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Group, the Directors make certain judgements and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.the directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. however, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. these factors should include:

The judgements made by the directors in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- **Claims arising from insurance contracts**

Liabilities for unpaid claims are estimated on a case by case basis. The liabilities recognised for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Group deems liabilities reported as adequate.

- **Fair value of unquoted equity financial instruments**

The fair value 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 using valuation models.

- **Property, Plant and equipment**

Property, Plant and equipment represent one of the most significant proportion of the asset base of the Group, accounting for about 4% of the Group's total assets. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in the reduced depreciation charge in the statement of comprehensive income.

The useful lives and residual values of the property, plant and equipment are determined by management based on historical experience as well as anticipation of future events and circumstances which may impact their useful lives.

- **Taxation**

Whether it is probable that future taxable profits will be available against which temporary differences can be utilized; and

1.8 Functional and presentation currency

The consolidated financial statements are presented in Nigerian Naira (Naira), rounded to the nearest thousand, this is also the functional currency of the Group.

1.9 Presentation of financial statements

The Group presents its statements of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the Notes.

2.0 Changes in accounting policy and disclosures

New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statements.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS9 and IFRS7

In September 2020, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS9, IAS39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS9.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS16 if the change were not a lease modification.

Amendments to IFRS9 Prepayment Features with Negative Compensation

The Company and the group have adopted the amendments to IFRS9 for the first time in the current year. The amendments to IFRS9 clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment.

In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met.

1. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

2. Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

3 There is no substantive change to other terms and conditions of the lease.

Impact of the initial application of new and amended IFRS Standards that are effective for the current year

Amendments to IAS 1 and IAS 8 Definition of material

The group has adopted the amendments to IAS 1 and IAS 8 in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1.

New and revised IFRS Standards in issue but not yet effective

IFRS 17 - Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IAS16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS2 Inventories.

The amendments also clarify the meaning of 'testing whether an assetis functioning properly'. IAS 16 now specifies this as assessing whether the technical and physicalperformance of the assetis such that it is capable of being used in the production or supply of goods or services, for rental to others, or for

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and costincluded in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS37 - Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRSStandards 2018 - 2020

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent. in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSStandards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS1 First-time Adoption of International Financial Reporting Standards.

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent. in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary thatuses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application

IFRS16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS16 only regards an illustrative example, no effective date is stated.

IAS41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application.

2.3 Consolidation

2.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity 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 over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.3.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3.3 Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at

the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amountfor the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognisedin other comprehensive income are reclassified to profit or loss.

2.4 Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing

at the dates ofthe transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'other income'.

All other foreign exchange gains and losses are presented in the income statement within 'Other income' or 'Other expenses'. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security.

Translation differences related to changes in amortised cost are recognised in profit or loss; other changes in carrying amount are recognised in equity. Translation differences on financial assets and liabilities held at fair value through profit and loss are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprhensive income financial assets are included in the fair value reserve in equity.

2.5 Financial assets

The Group classifies its financial assets into the following categories: fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification is determined by management at initial recognition and depends on the objective of the business model.

2.5.1 Classification and Measurements

Financial assets are classified and measured at initial recognition at fair value, including directly attributable transaction cost. Subsequent measurement is based on the business model objective of managing the assets as well as the cashflow characteristics of the asset.

- **Business Model Assessment**

Business model assessment involves determining if financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Group assesses business model at a portfolio level which reflects how the assets are managed together to achieve a particular business objective.

- **Financial assets at fair value through profit and loss**

Financial assets will be measured at fair value through the income statement if they do not meet the business model criteria of either "Hold to collect" or "Hold to collect and sell". All equity instruments and similar securities (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 have the option to designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

- **Financial assets at fair value through other comprehensive income**

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model where the objective is achieved by both collecting contractual cash flows and selling financial assets ("Hold to collect and sell"), and their contractual cash flows represent solely payments of principal and interest.

2.5.2 Financial assets measured at amortized cost

Financial assets are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

2.6 Trade receivables

Trade, reinsurance and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Trade receivables arising from insurance contracts are stated after deducting allowance made for specific debts considered doubtful of recovery. Impairment of trade receivables are presented within other operating expenses.

Trade and Other receivables amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Trade receivables are reviewed at every reporting period for impairment.

2.6.1 Recognition and measurement

Financial assets are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit and loss, transaction costs that are directly attributable to their acquisition. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership.

Financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss are subsequently carried at fair value. Other financial assets are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit and loss' category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of Investment income when the Group's right to receive payments is established.

Interest on financial assets fair value through other comprehensive income calculated using the effective interest method is recognised in the income statement. Dividends on equity instruments fair value through other comprehensive income are recognised in the income statement when the Group's right to receive payments is established. Both are included in the investment income line.

2.6.2 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges. The quoted market price used for financial assets held by the Group is the current bid price.

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

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

The Group uses widely recognised money market rates in determining fair values of non-standardised financial instruments of lower complexity like placements, and treasury bills. These financial instruments models are generally market observable. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual
cash flows at the current market interest rate that is available to the Group for similar financial instruments. In cases where the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less any impairments. The fair value for loans and receivables as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.6.3 De-recognition of financial instruments

The Group derecognises a financial assetonly when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset. and also recognises a collateralised borrowing for the proceeds received.

2.6.4 Reclassification of financial assets

For financial assets, reclassification is required between FVTPL, FVTOCI and amortised cost; if and only if the
entity's business model objective for its financial assets changes so its previous business model assessment would no longer apply.

IFRS9 does not allow reclassification:

- when the fair value option has been elected in any circumstance for a financial asset;
- or equity investments (measured at FVTPL or FVTOCI); or
- for financial liabilities.

If an entity reclassifies a financial asset, it is required to apply the reclassification prospectively from the reclassification date, defined as the first day of the first reporting period following the change in business model that results in the entity reclassifying financial assets. Previously recognised gains, losses (including impairment gains or losses) or interest are not restated.

2.6.5 Impairment of asset

Financial assets carried at amortized cost and FVTOCI

The IFRS 9 impairment model is applicable to all financial assets at amortized cost, and debt instruments measured at fair value through other comprehensive income. IFRS9 replaces the 'incurred loss' model (IAS 39) 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 determined by evaluating a range of possible outcomes and future economic conditions. The ECL model has three stages.

Stage 1: As soon as a financial instrument is originated or purchased, an entity is required to recognize a 12 month expected credit loss in profit or loss and a loss allowance is established. For financial assets, interest revenue is calculated on the gross carrying amount (i.e. without deduction for expected credit losses).

Stage 2: if the credit risk increases significantly and is not considered low, a full lifetime expected credit loss is recognized in profit or loss. The calculation of interest revenue is the same as for stage 1 above.

Stage 3: if the credit risk of a financial asset increases to the point that it is considered credit-impaired, interest revenue is calculated based on the amortized cost (i.e. the gross carrying amount less the loss allowance). Financial assets in this stage will generally be assessed individually. Lifetime expected credit losses are recognized on these financial assets. Based on the criteria in stages 1-3, the Group sets reserves for impairment.

No impairment reserve is set on financial assets measured at fair value through profit and loss.

2.6.6 Financial liabilities

Financial liabilities are classified into one of the following measurement categories:

i Amortized cost,

ii Fair Value through Profit or Loss (FVTPL)

- **Financial Liabilities at fair value through profit or loss**

Financial liabilities accounted for at fair value through profit or loss fall into two categories: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk are presented in Other Comprehensive Income.

- **Financial Liabilities at amortized cost**

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortized cost using the effective interest rate method.

2.6.7 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 recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.7 Trade receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement.

2.8 Reinsurance

The Group cedes insurance risk in the normal course of business for all of its businesses.

2.8.1 Reinsurance assets

Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims or insurance contract liabilities associated with the reinsurers policies and are in accordance with the related reinsurance contract. reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. the impairment loss recorded in the statement of profit or loss and other comprehensive income.

Gains or losses on buying reassurance are recognised in the income statement immediately at the date of purchase and are not amortised. Ceded reinsurance arrangements do not relieve the Group from its obligation to policy holders.

2.8.2 Reinsurance Liabilities

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

2.9 Deferred Policy Acquisition Costs (DAC)

Acquisition cost comprise all direct and indirect costs arising from the writing of Life insurance contracts. Deferred acquisition costs represent a proportion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the acquisition expenses that ratio of unearned premium to written premium.

2.10 Prepayment

Prepayments are carried at cost less accumulated impairment losses.

2.11 Investment in Associates

As associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an
interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS5 - Noncurrent Asset Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated and separate statement of financial position at cost and adjusted thereafter to recognized the Group's share of the profit or loss and other comprehensive income of the associate. when the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interest that, in substance, form part of the Groups net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS36 to the extent that the recoverable amount of the investment subsequently increases.
When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2.12 Investment Properties

Investment property is property held on earn rentals or for capital appreciation or both. Investment property,
including interest in leasehold land, is initially recognised at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the statement of financial position date determined by annual valuation carried out by external registered valuer’s. gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.
Investment properties are derecognized when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use
When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

2.13 Intangible Assets

Software license costs and computer software that is not an integral part of the related hardware are initially
recognised at cost, and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Group are recognised as intangible assets.

Amortization is calculated using the straight line method to write down the cost of each license or item of software to its residual value over its estimated useful life.
Amortization begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, even when idle. Amortization ceases at the earlier date that the asset is classified as held for sale and the date that the asset is derecognized and ceases temporarily, while the residual value exceeds or is equal to the carrying value.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset it derecognized.
Intangibles recognised as assets are amortized over their useful lives, which does not exceed five years.

2.14 Property, Plant and Equipment

All categories of property and equipment are initially recognised at cost. Cost includes expenditure directly
attributable to the acquisition of the assets. Computer software, including the operating system that is an integral part of the related hardware is capitalized as part of the computer equipment

Work in progress owner-occupied property that are included in property, plant and equipment are stated at cost to date and are not yet de-componentised as the asset has not been put into use.

Subsequent cost is 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. Repairs and maintenance expenses are charged to the income statement in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and
accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the statement of profit or loss.

Freehold land is not depreciated. Depreciation is calculated using the straight line method to write down the
cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates:

Leasehold land	0%
Buildings	2%
Motor Vehicles	25%
Computer Equipment	20%
Furniture & Fittings	10%
Office Equipment	10%
Plant & Machinery	10%
Aircraft (Componentized)§Aircraft Engines	4%
Airframes (Body)	3%
Landing gears	10%
APU, Avionic & other electronic parts	15%

Depreciation on an item of property, plant and equipment commences when it is available for use and continues to depreciate until it is derecognized, even if during that period the item is idle. Depreciation of an item ceases when the item is retired from active use and is being held for disposal

Where no parts of items of property, plant and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

2.15 Statutory Deposits

Statutory Deposit represents 10%of the paid up capital of the Company deposited with the Central Bank of
Nigeria (CBN) pursuant to Section 10(3) of the Insurance Act CAP I17 LFN 2004.

Statutory deposit is measured at cost.

2.16 Insurance Liabilities

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those
contracts that transfer significant insurance risk. Such contracts may also transfer financial risk.

2.16.1 Classification of contracts

A contract is classified as an insurance contract where the Group accepts significant insurance risk by agreeing
with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk exists where it is expected that for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination, before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

2.16.2 Recognition and measurement

- **Short-term insurance contracts**

Short-duration life insurance contracts protect the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependents to maintain their current level of income. They are usually short-duration life insurance contracts ranging between 12 to 24 months period of coverage. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policyholder.

For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses for the claims incurred but not reported (IBNR), and to estimate the expected ultimate cost of more complex claims that may be affected by external factors.

The liability reserve on short term insurance contract is made up of an unexpired premium reserve (UPR) and reserve for 'Incurred but not reported' claims (IBNR). The UPR are calculated after adjusting for acquisition expenses. IBNR reserves are required to take account of the delay in reporting claims. These are determined by considering ultimate claims ratios for the life schemes on the Group's books. The ratios differ by industry and have been determined following a historical analysis of portfolio claims experience. The IBNR reserves are calculated by adjusting the ultimate claims amounts to allow for claims already paid and those outstanding for payment, and again adjusted to allow for the holding of a separate UPR reserve. As the short term insurance contract experience of African Alliance Insurance builds up we will be able to adjust for Group-specific claims settlement patterns.

- **Long-term insurance contracts with fixed and guaranteed terms**

These contracts insure events associated with human life (for example, death or survival) over a long duration.
Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when they are incurred.

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is determined as the sum of the expected discounted value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of the theoretical premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). The liability is based on assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

Where insurance contracts have a single premium or a limited number of premium payments due over a significantly shorter period than the period during which benefits are provided, the excess of the premiums payable over the valuation premiums is deferred and recognised as income in line with the decrease of unexpired insurance risk of the contracts in force or, for annuities in force, in line with the decrease of the amount of future benefits expected to be paid. The liabilities are recalculated at each end of the reporting period using the assumptions established at inception of the contracts.

The long term insurance contracts insure events associated with human life. They include individual insurance contracts.

Individual insurance contracts

The reserve has been calculated using the gross premium valuation approach. This reserving methodology adopts a cash flow approach taking into account all expected future cash flows including premiums, expenses and benefit payments to satisfy the liability adequacy test. The test also considers current estimates of all contractual cash flows, and of related cash flows such as claims handling costs, as well as cash flows resulting from embedded options and guarantees (where applicable).

- **Insurance contract liabilities**

Life insurance policy claims received up to the last day of each financial period and claims incurred but not reported (IBNR) are provided for and included in the policy liabilities. Past claims experience is used as the basis for determining the extent of the IBNR claims.

Income from reinsurance policies is recognised concurrently with the recognition of the related policy benefit. Insurance liabilities are presented without offsetting them against related reinsurance assets.

Insurance liabilities are retained in the statement of financial position until they are discharged or cancelled and/or expire. The Group performs a liability adequacy test to determine the recognised insurance liabilities and an impairment test for reinsurance assets held at each reporting date.

2.17 Technical reserves

These are the reserves computed in compliance with the provision of Section 20, 21, and 22 of the Insurance
Act 2003. They are:

- **Life business**

Life fund

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

Liability adequacy test

At the end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows including office premiums, expenses and benefit payments satisfying the liability adequacy test, are used. Any deficiency is immediately charged to statement of comprehensive income.

2.18 Trade and other Payables

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

2.19 Retirement Benefit Obligations

- **Defined Contribution Plan**

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company 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.

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

In accordance with the provisions of the Pension Reform Act 2014, the company and its employees contributes a minimum of 18%of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators.

- **Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and obligation can be estimated reliably.

- **Defined benefit plan**

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs.

Terminal Benefits/ Severance pay

This is determined on need – basis. The Company enters into Collective Bargaining Agreement with Staff Union (staff representatives) anytime there is a business imperative to optimize. Management endorses Collective Bargaining Agreement in this instance as the request comes up.

2.20 Provisions

General Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. if the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Current Income Tax

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Nigeria Income Tax Act. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

2.22 Deferred Income Tax

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability.

Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the statement of financial position date and expected to apply when the related deferred income tax asset is realized or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will
be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when
the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off such:

* Current tax assets against current income tax liabilities and
* The deferred taxes relate to the same taxable entity and
* The same taxation authority

2.23 Share Capital and Share Premium

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

2.24 Statutory Contingency Reserve

The Group maintains contingency reserves in accordance with the provisions of Insurance Act 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 1% of total premium or 10% of the net profit.

2.25 Retained Earnings

The retained earnings represent the amount available for dividend distribution to the equity shareholders of the company. See statement of changes in equities for movement in retained earnings.

2.26 Assets Revaluation Reserve

This represents the Group's revaluation reserve emanating from revaluation of certain assets

2.27 Income Recognition

- Gross Premiums

Gross premiums on insurance contract are recognized as revenue when payable by the policy holder.

For single premium business revenue is recognised on the date on which the policy is effect.

Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

2.28 Reinsurance Premiums

Gross reinsurance premium on insurance contracts are recognized as an expense when payable or on the date on which the policy is effective. Gross reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date. Unearned premiums are deferred over the term of the underlying direct insurance policies for risks attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

2.29 Commission income

Commission are recognized on ceding business to the reinsurers and are credited to the income statements.

2.30 Investment Income

Interest income is recognised in the income statement as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument.

Investment income also includes dividend income which is recognised when the right to receive the payment is established.

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

2.31 Management and Administrative Fees

The management and administrative fee consist primarily of investment contract fee income, asset management fee, policyholder administrative fee and other contract fees

2.32 Realized/ Unrealized Gains and Losses

Realized or unrealized gains and losses recorded in the income statement on investments include gains and losses on financial assets and investment properties. Gains and losses on the sale of investments are calculated as the difference between net sales proceeds and the original carrying or amortized cost and are recorded on occurrence of the sale transaction

2.33 Gross Benefits and Claims

Claims incurred in respect of Insurance contracts include the cost of all claims arising during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims as well as changes in the gross valuation of insurance and investment contract liabilities. All claims paid and incurred are charged against revenue as expenses when incurred.

2.34 Reinsurance Claims

Reinsurance claims are recognised when the related gross insurance claim is recognised according to the terms of the relevant contract.

2.35 Interest Income and Expense

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash (or, where appropriate, the next re-pricing date) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the entity estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees and points paid or received transaction costs and discounts or premium that are integral part of the effective interest rate.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the financial statement include:

Interest on financial assets and liabilities measured at amortized cost calculated on an effective interest basis

Interest on financial assets measured at fair value through profit or loss calculated on an effective interest rate basis.

2.36 Expenses

Expenses are recognised in the income statement when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets (for example, the accrual of employee entitlements or the depreciation of equipment)

When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognised in the income statement on the basis of systematic and rational allocation procedures.

This is often necessary in recognizing the equipment associated with the using up of assets such as property, plant and equipment in such cases the expense is referred to as a deprecation or amortization. These allocation procedures are intended to recognise expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire. an expense is recognised immediately in the income statement when expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

2.37 Underwriting Expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from writing insurance contracts. These cost are charged in the income statement in the period they are incurred.

2.38 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. an asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets.In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.in determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the income statement in those expenses categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to comprehensive income. in this case the impairment is also recognised in comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. if that is the case the carrying amount of the asset is increased to its recoverable amount.

The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

AFRICAN ALLIANCE INSURANCE PLC

STATEMENT OF FINANCIAL POSITION
FOR THE PERIOD ENDED 30 JUNE 2021

	Note	Group		Company	
ASSETS		**30-June-21 N'000**	**31-Dec-20 N'000**	**30-June-21 N'000**	**31-Dec-20 N'000**
Cash and cash equivalents	6	1,662,726	17,799,223	1,038,649	17,659,066
Financial assets :					
'-fair value through profit or loss-equities	7.1	228,677	1,020,938	228,677	1,020,938
'-fair value through profit or loss-bonds	7.2	12,714,518	22,884,139	12,714,518	22,884,140
'- fair value through Other comprehensive income	7.3	18,112,673	97,146	18,108,115	92,839
'- Amortised cost	7.4	120,676	80,241	120,676	80,240
Trade receivables	8	102,318	11,603	-	-
Reinsurance assets	9	497,227	486,197	497,227	486,197
Other receivables and prepayments	10	566,611	596,544	2,139,781	1,152,966
Investment properties	11	9,855,305	10,774,958	7,944,500	8,969,500
Investment in subsidiary	12	-	-	542,729	542,729
Investment in Associate	13	-	0	-	0
Retirement benefit assets	22.1	-	-	-	-
Defferred Tax Asset	25b	148,059	147,972	146,476	146,476
Intangible assets	14	57,807	62,166	21,628	25,719
Property plant and equipment	15	2,161,133	1,841,450	881,392	621,668
Right of Use Assets	16	85,229	139,511	85,229	139,511
Statutory deposit	17	383,884	364,998	200,000	200,000
Total assets		**46,696,842**	**56,307,087**	**44,669,596**	**54,021,989**
LIABILITIES					
Insurance contract liabilities	18	39,310,596	53,185,432	38,232,730	51,198,654
Investment contract liabilities	19	4,068,099	5,143,524	4,068,099	5,143,524
Trade payable	20	1,237,221	877,560	916,959	639,310
Other payables and accruals	21	1,003,202	694,447	388,542	540,837
Employee benefit liabilities	22.2	25,528	49,732	25,528	49,732
Borrowings	23	178,415	452,799	72,980	252,759
Tax payable	24	654,764	632,980	605,475	600,123
Deferred tax liability	25	549,582	384,482	92,107	92,107
Total liabilities		**47,027,408**	**61,420,957**	**44,402,421**	**58,517,047**
EQUITY					
Share capital	26	10,292,500	10,292,500	10,292,500	10,292,500
Share premium	26	14,365,133	14,365,133	14,365,133	14,365,133
Contingency reserves	27	2,218,292	1,684,639	2,105,682	1,570,986
Retained earnings	28	(27,789,144)	(32,294,655)	(26,025,889)	(30,838,151)
Translation reserve	45	63,204	(282,862)	-	-
Non-controlling interest	46	(13,882)	3,322		
Fair value reserves	29	533,330	1,118,054	(470,252)	114,472
Total equity		**(330,565)**	**(5,113,870)**	**267,175**	**(4,495,059)**
Total equities and liabilities		**46,696,842**	**56,307,087**	**44,669,596**	**54,021,989**

Signed on behalf of the Board of Directors on '29 July , 2021 by:

Joyce Ojemudia
Managing Director/CEO
FRC/2015/CIIN/00000012042

Olabisi Adekola
Chief Financial Officer
FRC/2013/ICAN/000000001179

AFRICAN ALLIANCE INSURANCE PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2021

	Note	Group		Company	
		30-June-21 N'000	30-June-20 N'000	30-June-21 N'000	30-June-20 N'000
Gross premium written	30	3,686,656	3,119,409	3,123,876	2,533,435
Unearned premium	30	(69,247)	(691,433)	(69,247)	(691,433)
Gross premium income		**3,617,409**	**2,427,976**	**3,054,629**	**1,842,002**
Insurance premium ceded to reinsurers	31	(399,672)	(104,299)	(399,672)	(102,183)
Net premium income		**3,217,737**	**2,323,677**	**2,654,957**	**1,739,819**
Fees and commission income	32	116,908	-	116,908	-
Net underwriting income		**3,334,645**	**2,323,677**	**2,771,865**	**1,739,819**
Insurance claims incurred and loss adjustments expenses	33	3,730,898	2,888,726	3,125,066	2,431,815
Insurance claims incurred recovered from reinsurers	33	-	-	-	-
Underwriting expenses	34	818,787	934,563	785,791	866,505
Changes in long term insurance contracts	35	(12,285,377)	133,102	(12,313,516)	74,717
Net underwriting expenses		**(7,735,693)**	**3,956,391**	**(8,402,659)**	**3,373,037**
Net underwriting profit		**11,070,338**	**(1,632,714)**	**11,174,523**	**(1,633,218)**
Other income	36	920,629	17,254	919,970	17,216
Impairment charges	39	-	-	-	-
Fair value gain/(loss) on investment properties	11	-	-	-	-
Fair value through profit or loss	37	(6,929,185)	2,181,339	(6,929,185)	2,181,339
Investment income	38	1,349,552	1,377,403	1,326,946	1,338,471
Loss from investment contracts	38a	(7,168)	(36,425)	(7,168)	(36,425)
Share of profit of equity accounted investee	13	-	342,175	-	342,175
Employee benefit expenses	40	(569,969)	(535,980)	(439,882)	(406,880)
Other operating and administrative expenses	41	(736,021)	(1,082,779)	(651,128)	(968,625)
Impairment loss Allowance (ECL)	42	(34,854)	(22,707)	(33,517)	25,550
Finance cost	43	(8,249)	(84,447)	(8,249)	(84,447)
Profit before tax		**5,055,074**	**523,119**	**5,352,312**	**775,155**
Income tax expense	44	(5,352)	(15,503)	(5,352)	(15,503)
Profit for the year		**5,049,722**	**507,616**	**5,346,960**	**759,652**
Profit attributable to:					
– Owners of the parent		5,040,663	500,944		
– Non-controlling interests		9,059	6,672		
		5,049,722	507,616		
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
Change in value of available for sale financial assets (net of taxes)		(584,724)	-	(584,724)	-
Foreign exchange translation gain/(loss)	45	346,066	210,132		
		(238,658)	**210,132**	**(584,724)**	**-**
Items that will not be subsequently reclassfied to profit or loss					
(Loss)/Gain on revaluation of property, plant and equipment (net of taxes)		-	-	-	-
Deferred tax on revaluation gain(loss)		-	-	-	-
Remeasurement				-	
		-	-	-	-
Other comprehensive income for the year		**(238,658)**	**210,132**	**(584,724)**	**-**
Total comprehensive income for the year		**4,811,064**	**717,748**	**4,762,236**	**759,652**
Total comprehensive income attributable to:					
– Owners of the parent		4,714,843	720,156	4,762,236	759,652
– Non-controlling interests		96,221	(2,408)		
		4,811,064	717,748	4,762,236	759,652

AFRICAN ALLIANCE INSURANCE PLC

STATEMENT OF CHANGES IN EQUITY - GROUP
FOR THE PERIOD ENDED 30 JUNE 2021

	Share capital N'000	Share premium N'000	Fair value reserve N'000	Contingency reserve N'000	Translation reserve	Retained earnings N'000	Non-controlling interest	Total equity N'000
Balance at 1 January 2021	**10,292,500**	**14,365,133**	**1,118,054**	**1,684,639**	**(282,862)**	**(32,294,655)**	**3,323**	**(5,113,868)**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	5,040,663	9,059	5,049,722
Other comprehensive income for the period	-	-	(584,724)	-	346,066	-	(27,764)	(266,422)
Total Comprehensive income for the year	-	-	(584,724)	-	346,066	5,040,663	(18,705)	4,783,300
Transfer to contingency reserve	-	-	-	533,652	-	(535,152)	1,500	0
Transfer from properties revaluation reserve			-					-
Total transactions with owners, recognised directly in equity	-	-	-	533,652	-	(535,152)	1,500	0
Balance at 30 June 2021	**10,292,500**	**14,365,133**	**533,330**	**2,218,291**	**63,204**	**(27,789,144)**	**(13,882)**	**(330,568)**
Balance at 1 January 2020	**10,292,500**	**14,365,133**	**965,911**	**1,061,976**	**(686,898)**	**(37,346,004)**	**1,408**	**(11,345,974)**
								-
	10,292,500	**14,365,133**	**965,911**	**1,061,976**	**(686,898)**	**(37,346,004)**	**1,408**	**(11,345,974)**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	(326,176)	(4,344)	(330,520)
Changes in fair value of FVOCI Investments				-		-	-	-
Remeasurement of the net defined benefit liability			-					-
Transfer from properties revaluation reserve			-					-
Foreign exchange translation			(405)		210,132		(33,658)	176,069
Other comprehensive income for the year	-	-	-	-		-		-
Total Comprehensive income for the year	-	-	(405)	-	210,132	(326,176)	(38,002)	(154,451)
						-		-
Transfer to contingency reserve			-	999	-	(2,109)	1,110	-
Transfer from properties revaluation reserve	-	-						-
Total transactions with owners, recognised directly in equity	-	-	-	999	-	(2,109)	1,110	-
	-	-						
Balance at 30 June 2020	**10,292,500**	**14,365,133**	**965,506**	**1,062,975**	**(476,766)**	**(37,674,289)**	**(35,484)**	**(11,500,425)**

AFRICAN ALLIANCE INSURANCE PLC

STATEMENT OF CHANGES IN EQUITY - COMPANY
FOR THE PERIOD ENDED 30 JUNE 2021

	Share capital N'000	Share premium N'000	Contingency reserve N'000	Fair value reserve N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2021	**10,292,500**	**14,365,133**	**1,570,986**	**114,472**	**(30,838,151)**	**(4,495,059)**
Total comprehensive income for the year						
Profit for the year	-				5,346,960	**5,346,960**
Other comprehensive income for the year	-			(584,724)		**(584,724)**
Total Comprehensive income for the period	-	-	-	(584,724)	5,346,960	4,762,236
Transactions with owners, recorded directly in equity						
Transfer to contingency reserve	-		534,696		(534,696)	-
Total transactions with owners, recognised directly in equity	-	-	534,696	-	(534,696)	-
Balance at 30 June 2021	**10,292,500**	**14,365,133**	**2,105,682**	**(470,252)**	**(26,025,887)**	**267,176**

	Share capital N'000	Share premium N'000	Contingency reserve N'000	Fair value reserve N'000	Retained earnings N'000	Total N'000
Balance at 1 January 2020	**10,292,500**	**14,365,133**	**964,214**	**84,939**	**(36,299,095)**	**(10,592,309)** **-**
	10,292,500	14,365,133	964,214	84,939	(36,299,095)	(10,592,309)
Total comprehensive income for the period						
PPE Revaluation				-		-
Other comprehensive loss for the year				-		
Profit for the year					(194,405)	(194,405)
Total Comprehensive income for the period	-	-	-	-	(194,405)	(194,405)
Transactions with owners, recorded directly in equity						
Transfer to contingency reserve			15,411		(15,411)	-
Total transactions with owners, recognised directly in equity	-	-	15,411	-	(15,411)	-
Balance at 30 June 2020	**10,292,500**	**14,365,133**	**979,625**	**84,939**	**(36,508,911)**	**(10,786,714)**

AFRICAN ALLIANCE INSURANCE PLC

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2021

	Group		Company	
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
Cash flows from operating activities	N'000	N'000	N'000	N'000
Cash premium received	3,686,656	3,119,408	3,123,876	2,533,434
Cash received from deposit contract liabilities	250,286	324,641	250,286	324,641
Cash withdrawals from deposit contract liabilities	(1,333,018)	(647,709)	(1,333,018)	(647,709)
Cash Claims recovered	-	-	-	-
Dividend received	7,893	6,107	7,893	6,107
Claims paid	(4,452,552)	(3,892,086)	(3,846,720)	(3,435,175)
Cash paid to reinsurers/ coinsurers	(399,672)	(104,299)	(399,672)	(102,183)
Commission received	116,908	-	116,908	-
Maintenance expenses paid	(354,807)	(517,471)	(321,811)	(449,413)
Acquisition costs	(463,980)	(417,092)	(463,980)	(417,092)
Employee benefits paid	(569,969)	(535,979)	(439,882)	(406,879)
Other operating expenses paid	(736,021)	(1,059,197)	(577,173)	(914,459)
Other income received	381,940	17,254	919,970	17,216
Interest received	1,341,660	1,371,296	1,319,054	1,332,365
Income tax paid	-	(99,200)	-	(99,200)
Net cash from operating activities	**(2,524,675)**	**(2,434,326)**	**(1,644,270)**	**(2,258,348)**
Cash flow from investing activities:				
Purchases of plant and equipment	(168,258)	(60,978)	(168,258)	(60,978)
Purchase of intangible assets	-	-	-	-
Capital Improvement of investment properties	-	(101,834)	-	(101,834)
Proceeds from disposal of property and equipment	90	100	90	100
Cash received from associated company	-		-	
Purchase of investment properties	-		-	-
Capital injection made to Subsidiary		-	(1,000,000)	
Purchase of financial assets - unquoted equities	(16,600,000)		(16,600,000)	
Purchase of financial assets - bonds FVTPL	-	(319,370)	-	(319,370)
Principal repayment of finanacial assets- bonds	2,732,742	3,496,133	2,732,742	3,496,133
Movement in loans and receivables	250,378	426,848	-	7,135
Rights of Use Assets	-	(16,958)	-	(16,958)
Net cash used in investing activities	**(13,785,048)**	**3,423,941**	**(15,035,426)**	**3,004,228**
Cash flow from financing activities:				
Repayment of borrowings	(354,384)	(692,631)	(259,779)	(320,921)
Proceeds from borrowings	532,799	-	332,759	-
Net cash used in financing activities	**178,415**	**(692,631)**	**72,980**	**(320,921)**
Net increase/(decrease) in cash and cash equivalents	**(16,131,309)**	**296,984**	**(16,606,716)**	**424,959**
Cash and cash equivalent at beginning of year	17,799,687	1,140,939	17,659,122	931,931
Net increase/decrease in cash and cash equivalents	(16,131,309)	296,984	(16,606,716)	424,959
Cash and cash equivalent at end of period	**1,668,378**	**1,437,923**	**1,052,406**	**1,356,890**

AFRICAN ALLIANCE INSURANCE PLC

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

African Alliance Insurance Company is a public limited company incorporated and domiciled in Nigeria. The registered office is located at 54 Awolowo Raod, Ikoyi, Lagos.

The company is principally engaged in the business of providing risk underwriting for life, related financial and pension services, aviation and hospitality services to its customers.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are disclosed under General information on the Reporting Entity and Summary of Significant Accounting Policies. These policies have been consistently applied to all the years presented unless otherwise stated.

3 Solvency

The assets backing the life funds are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N000	**N000**	**N000**	**N000**
Government Bonds	12,714,518	22,884,139	12,714,518	22,884,140
Cash and bank balances	1,662,726	17,799,223	1,038,649	17,659,066
Investment in quoted equity	228,677	1,020,938	228,677	1,020,938
Total	**14,605,921**	**41,704,300**	**13,981,843**	**41,564,143**

4 Management of Financial risk

The Group is exposed to various financial risks in connection with its current operating activities, such as foreign currency risk, interest rate risk, credit risk, market risk and liquidity risk. These risks contribute to the key financial risk that the proceeds from the Group's financial assets are insufficient to fund the obligations arising from insurance policy contracts.

The Company manages these risks through the activities of the Audit Committee and the Investment Committee. Each committee meets at least four times per annum to discuss financial risk issues. Management is responsible for implementing recommendations that have been agreed and reporting back to the relevant committee.

The Audit Committee is a committee of the Board of African Alliance Insurance Plc and is responsible for the implementation and monitoring of overall risk management, internal financial controls and financial and actuarial reporting within the Group. The main responsibilities of this Committee are:

i) Setting and overseeing the overall standard for financial and actuarial reporting, risk management and internal controls within the Group;

ii) Monitoring the effectiveness of business risk management processes in the Group;

iii) Reviewing and assessing the quality of the work done by professionals responsible for financial and actuarial reporting, risk management and internal control;

iv) Engaging in discussions with external and internal auditors on the quality and acceptability of the control environment and reporting structures.

The Investment Committee is a management committee and is responsible for

i) ensuring that insurance and investment contract liabilities are matched with appropriate supporting assets based on the type of benefits payable to the contract holders;

ii) ensuring that the long-term investment return on assets supporting policy liabilities are sufficient to fund policyholders' reasonable benefit expectations and the shareholders' profit entitlement;

iii) the implementation and monitoring of the asset management process to ensure that the risks arising from trading positions are effectively managed within the pre-determined risk parameters.

4.1 Market risk

The business's operations are exposed to market risk. Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and other price changes. Market risks arises due to flunctuations in both value of assets and liabilities. The company has established policies and procedures in order to manage market risk.

The acquisition of policyholders' assets is based on the design of the product and marketing descriptions. Within these parameters, investments are managed with the aim of maximising policyholder returns while limiting risk to acceptable levels within the framework of statutory requirements. The focus of risk measurement and management is to ensure that the potential risks inherent in an investment are reasonable for the future potential reward, exposure to investment risk is limited to acceptable levels, premium rates are adequate to compensate for investment risk and an adequate reserving policy is applied for long-term policy liabilities. The diverse product range requires a variety of approaches to the management of risk; these range from portfolio management practices and techniques such as optimization of expected risks and rewards based on investment objectives, to asset-liability matching in support of statement of financial position obligations.

4.1.1 Foreign exchange risk

Foreign exchange risk is the risk associated with movement in the foreign exchange prices from foreign currency denominated transactions which the Group is exposed to.

The Group is exposed to foreign exchange currency risk primarily through certain transactions denominated in foreign currency. The Group is exposed to foreign currency denominated in dollars and Pound through bank balances in other foreign currencies.

The Group manages its exposure to foreign exchange risk using sensitivity analysis to assess potential changes in the value of foreign exchange positions and impact of such changes on the Group's income. There have been no major changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

4.1.2 Interest-rate risk

Interest rate risk is the risk that the value of a fixed income security will fall as a result of movement in market interest rates. Interest rate risk also arises from fluctuations in future cash flows of a financial instrument because of changes in market interest rates.
The company is exposed to interest rate risk as the company invest in short term investments at fixed interest rates. Interest rate risk also exists in products sold by the company. The company manages this risk by adopting close asset/liability matching criteria, to minimise the impact of mismatches between asset and liability values arising from interest rate movements. Interest rate risk exposures from guarantees embedded in insurance liabilities. The company's insurance contracts and investment contracts with DPF have certain options and guarantees that transfer interest rate risk to the company. These are:-

• options to surrender the insurance contract or the investment contract with DPF where the surrender value (i.e. the strike price of the option) is either a fixed amount or a fixed amount plus interest depending on the year in which the contract was issued;
• guaranteed annuity options where the company has guaranteed at the inception of certain contracts that it will be paying a life annuity to the surviving policyholders at their retirement dates which will be calculated using the higher of the current annuity rate at that date or the guaranteed annuity rate set in the contract. The guaranteed rate has fixed at inception both the level of mortality risk and the interest rate that will be used to calculate the annuity payments.

4.2 Credit risk

Credit risk arises from the inability or unwillingness of a counter party to a financial instrument to discharge its contractual obligations. The Company determines counter-party credit quality by reference to ratings from independent ratings agencies or, where such ratings are not available, by internal analysis. The Company seeks to avoid unacceptable concentration of credit risk to groups of counter-parties, to business sectors, product types, etc.

Key areas where the Group is exposed to credit risk are:

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from insurance contract holders;
- Amounts due from insurance intermediaries;
- Amounts due from loans and receivables;
- Amounts due from money market and cash positions

The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties. Such risks are subject to an annual or more frequent review. Limits on the level of credit risk by category and territory are approved by the Management Committee.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

The Company's financial instruments do not represent a concentration of credit risk because the business deals with a variety of reinsurers and its premiums receivable and loans are spread among a number of major industries, customers and geographic areas. Amounts receivable in terms of long-term insurance business are secured by the underlying value of the unpaid policy benefits in terms of the policy contract. An appropriate level of provisioning is maintained.

The Company manages its exposure to credit risk through counterparty risk using established limits as approved by the Board. These limits are determined based on credit ratings of the counterparty amongst other factors. The investments portfolio are monitored on a monthly basis.

4.2.1 Maximum exposure to credit risk before collateral and other credit enhancements.

	Group		Company	
	2021 **N'000**	**2020** **N'000**	**2021** **N'000**	**2020** **N'000**
Cash and bank balances	1,662,726	17,799,223	1,038,649	17,659,066
Investment securities	31,055,867	24,002,223	31,051,309	23,997,916
Trade receivables	102,318	11,603	-	-
Reinsurance assets	497,227	486,197	497,227	486,197
Other receivables	566,611	596,544	2,139,781	1,152,966
Statutory deposit	383,884	364,998	200,000	200,000
	34,268,633	**43,260,788**	**34,926,966**	**43,496,145**

4.3 Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due as a result of policyholder benefit payments, cash requirements from contractual commitments, or other cash outflows, such as debt maturities. Such outflows would deplete available cash resources for operational, trading and investments activities. In extreme circumstances, lack of liquidity could result in reductions in the consolidated balance sheet and sales of assets, or potentially an inability to fulfil policyholder commitments. The risk that the Group will be unable to do so is inherent in all insurance operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the undiscounted contractual cashflow at maturity of the financial liabilities and the expected collection date of the financial assets.

All policyholder funds are invested in appropriate assets to meet the reasonable benefit expectations of policyholders, which include the expectation that funds will be available to pay out benefits as required by the policy contract. The disclosure in note 6 demonstrate that the Group has significant liquid resources. The value for policyholders' liabilities and the assets backing them are as per the carrying amount in the statement of the financial position.

The maturity profile of the total policyholders' liabilities and assets backing them is shown below:

Group 30 June 2021	**Carrying amount**	**0-3 months**	**3 to 9 months**	**9 months to 1 year**	**1 to 5 years**	**> 5 years**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Trade payables	1,237,221	123,722	309,305	433,027	185,583	185,583.19	1,237,221
Other liabilities	1,861,909	186,191	465,477	651,668	279,286	279,286.39	1,861,909
Investment linked contract liabilities	4,068,099	406,810	1,017,025	1,423,835	610,215	610,214.81	4,068,099
Total financial liabilities	**7,167,229**	**716,723**	**1,791,807**	**2,508,530**	**1,075,084**	**1,075,084**	**7,167,229**
Cash and bank balances	1,662,726	166,273	415,682	581,954	249,409	249,408.94	1,662,726
Marketable investment securities	31,055,867	1,552,793	931,676	2,173,911	1,552,793	24,844,694	31,055,867
Trade receivables	102,318	102,318	-	-	-	-	102,318
Reinsurance assets	497,227	-	-	497,227	-	-	497,227
Other receivables	566,611	56,661	141,653	198,314	84,992	84,991.65	566,611
Total financial assets	**33,884,750**	**1,878,046**	**1,489,010**	**3,451,406**	**1,887,194**	**25,179,095**	**33,884,750**
Net financial assets and liabilities	**26,717,521**	**1,161,323**	**(302,797)**	**942,876**	**812,110**	**24,104,011**	**26,717,521**
Insurance contract liabilities - Life fund	(39,310,596)	(1,965,530)	(982,765)	(982,765)	(4,575,009)	(30,804,528)	(39,310,596)
Net policyholders assets and liabilities	**(12,593,076)**	**(804,207)**	**(1,285,562)**	**(39,889)**	**(3,762,899)**	**(6,700,517)**	**(12,593,076)**

Group 31 December 2020	**Carrying amount**	**0-3 months**	**3 to 9 months**	**9 months to 1 year**	**1 to 5 years**	**> 5 years**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Trade payables	877,560	263,268	307,146	307,146	-	-	877,560
Other liabilities	1,829,958	365,992	457,490	548,987	457,489	-	1,829,958
Investment linked contract liabilities	5,143,524	771,529	1,285,881	771,528	2,314,585	-	5,143,523
Total financial liabilities	**7,851,042**	**1,400,788**	**2,050,517**	**1,627,662**	**2,772,075**	**-**	**7,851,042**
Cash and bank balances	17,799,223	2,669,883	4,449,806	6,229,728	2,669,883	1,779,922	17,799,223
Marketable investment securities	24,002,223	1,200,111	840,078	1,800,167	3,360,311	16,801,556	24,002,223
Trade receivables	11.603	11.603	-	-	-	-	11.603
Reinsurance assets	486,197	-	-	486,197	-	-	486,197
Other receivables	596.544	89.482	149.136	208.790	89.482	59,654	596.544
							-
Total financial assets	**42.895.790**	**3.971.079**	**5.439.020**	**8.724.882**	**6.119.676**	**18.641.133**	**42.895.790**
Net financial assets and liabilities	**35,044,748**	**2,570,291**	**3,388,503**	**7,097,219**	**3,347,601**	**18,641,133**	35,044,747
Insurance contract liabilities - Life fund	(53,185,432)	(1,784,813)	(2,379,750)	(3,807,600)	(3,926,588)	(41,286,681) -	53,185,432
Net policyholders assets and liabilities	**(18.140.685)**	**785.479**	**1.008.753**	**3.289.619**	**(578.986)**	**(22.645.549)**	**(18.140.685)**

Company

30 June 2021	Carrying amount N'000	0-3 months N'000	3 to 9 months N'000	9 to 1 year N'000	1 to 5 years N'000	> 5 years N'000	Total N'000
Trade payables	916,959	91,696	229,240	320,936	137,544	137,543.85	916,959
Other liabilities	1,092,526	109,253	273,131	382,384	163,879	163,878.83	1,092,526
Investment linked contract liabilities	4,068,099	406,810	1,017,025	1,423,835	610,215	610,214.81	4,068,099
Total financial liabilities	**6,077,583**	**607,758**	**1,519,396**	**2,127,154**	**911,637**	**911,637**	**6,077,583**
Cash and bank balances	1,038,649	103,865	259,662	363,527	155,797	155,797.31	1,038,649
Marketable investment securities	31,051,309	1,552,565	931,539	2,173,592	1,552,565	24,841,047	31,051,309
Trade receivables	-	-	-	-	-	-	-
Reinsurance assets	497,227	-	-	497,227	-	-	497,227
Other receivables	2,139,781	213,978	534,945	748,923	320,967	320,967.15	2,139,781
Total financial assets	**34,726,966**	**1,870,408**	**1,726,147**	**3,783,269**	**2,029,330**	**25,317,812**	**34,726,966**
Net financial assets and liabilities	28,649,383	1,262,651	206,751	1,656,115	1,117,693	24,406,173	28,649,383
Insurance contract liabilities - Life fund	(38,232,730)	(1,114,230)	(1,485,640)	(2,377,025)	(2,451,307)	(30,804,528)	(38,232,730)
Net policyholders assets and liabilities	**(9,583,347)**	**148,421**	**(1,278,889)**	**(720,910)**	**(1,333,614)**	**(6,398,355)**	**(9,583,347)**

31 December 2020	Carrying amount N'000	0-3 months N'000	3 to 9 months N'000	9 to 1 year N'000	1 to 5 years N'000	> 5 years N'000	Total N'000
Trade payables	639,310	191,793	223,759	223,759	-	-	639,310
Other liabilities	1,443,452	288,690	360,863	433,036	360,863	-	1,443,452
Investment linked contract liabilities	5,143,524	771,529	1,285,881	771,529	2,314,586	-	5,143,524
Total financial liabilities	**7,226,286**	**1,252,012**	**1,870,503**	**1,428,323**	**2,675,449**	**-**	**7,226,286**
Cash and bank balances	17,659,066	2,648,860	4,414,767	6,180,673	2,648,860	1,765,907	17,659,067
Marketable investment securities	23,997,916	1,199,896	839,927	1,799,844	3,359,708	16,798,542	23,997,917
Trade receivables	-	-					-
Reinsurance assets	486,197			486,196			486,196
Other receivables	1,152,966	172,945	288,242	403,538	172,945	115,297	1,152,966
Total financial assets	**43,296,145**	**4,021,701**	**5,542,935**	**8,870,251**	**6,181,513**	**18,679,745**	**43,296,146**
Net financial assets and liabilities	**36,069,858**	**2,769,689**	**3,672,433**	**7,441,928**	**3,506,065**	**18,679,745**	**36,069,859**
Insurance contract liabilities - Life fund	(51,198,654)	(1,486,796)	(1,982,394)	(3,171,831)	(3,270,951)	(41,286,681)	(51,198,654)
Net policyholders assets and liabilities	**(15,128,795)**	**1,282,893**	**1,690,038**	**4,270,097**	**235,114**	**(22,606,936)**	**(15,128,795)**

The maturity of non-derivative financial liabilities and financial assets have been compiled based on undiscounted cash flows, which include estimated interest payments.

4.4 Capital management policies and procedures

The Company manages its capital to ensure that the company will be able to continue as going concern and comply with the regulators' capital requirements while maximising the return to stakeholders through the optimsation of the debt and equity balance. The capital structure of the company consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Company's Issued share capital as at 30 June, 2021 is N10,292,500 (2020:N10,292,500). The company is in compliance with the minimum capital requirement of N2 billion as stipulated by the Insurance Act.

	Group		Company	
	2021 N'000	**2020 N'000**	**2021 N'000**	**2020 N'000**
Share capital	10,292,500	10,292,500	10,292,500	10,292,500
Share premium	14,365,133	14,365,133	14,365,133	14,365,133
Contingency reserves	2,218,292	1,684,639	2,105,682	1,570,986
Fair value reserves	533,330	1,118,054	(470,252)	114,472
Translation reserve	63,204	(282,862)	-	-
Retained earnings	(27,789,144)	(32,294,655)	(26,025,889)	(30,838,151)
	(316,683)	**(5,117,191)**	**267,175**	**(4,495,058)**

The Company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain the future development of the business. Management uses regulatory capital ratios to monitor its capital base. Capital is allocated between specific operations and activities and to a large extent driven by optimisation of the return achieved on the capital allocated. The amount of caiptal allocated to each activity is based primarily on the regulatory capital. In some cases the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations or activities is undertaken independently of those responsible for the operation by a committee.

The National Insurance Commission (NAICOM) specifies the minimum amount and type of capital that must be held by the company to cover the insurance liabilities. The regulator measures the financial strenght of insurance companies using the capital adequacy requirements for the category of company. This test compares insurer's capital against the risk profile.

Group Hypothecation

Item		Life	Annuity	Investment Contract	Total (Admissible)
Insurance Contract Liabilities		8,506,068	30,804,528	-	39,310,596
Investment Contract Liabilities			-	4,068,099	4,068,099
Gross Insurance Funds		8,506,068	30,804,528	4,068,099	43,378,695
Less					
Reinsurance Receivables					
1	Reinsurance expenses prepaid		-		-
2	Reinsurers' share of Claims expense paid	-	-		-
3	Reinsurers' share of Unearned premium reserve	(19,272)	-		(19,272)
4	Reinsurers' share of Incurred but not reported claims	(286,409)	-		(286,409)
5	Others (specify)	-	-	-	-
Net Insurance Funds		8,200,387	30,804,528	4,068,099	43,073,014
Admissible Assets					
1	Cash and Cash Equivalents	154,573	743,708	79,941	978,222
2	Treasury bills and Government Bonds	4,174,624	6,723,365	1,937,205	12,835,194
3	Corporate Bonds & Debenture	-	-	-	-
4	Quoted Shares	7,724	-	220,953	228,677
5	Unquoted Shares	95,835	3,100,000	400,000	3,595,835
6	Loan to Policy holders	198,659	-	-	198,659
7	Investment Properties	1,787,289	1,807,211	1,430,000	5,024,500
	Total Admissible Assets	6,418,704	12,374,284	4,068,099	22,861,087
SURPLUS(DEFICIT) IN ASSETS COVER		**(1,781,683)**	**(18,430,244)**	**0**	**(20,211,927)**
					0

Company Hypothecation

Item		Life	Annuity	Investment Contract	Total (Admissible)
Insurance Contract Liabilities		7,428,202	30,804,528		38,232,730
Investment Contract Liabilities			-	4,068,099	4,068,099
Gross Insurance Funds		7,428,202	30,804,528	4,068,099	42,300,829
Less					
Reinsurance Receivables					
1	Reinsurance expenses prepaid		-		-
2	Reinsurers' share of Claims expense paid	(191,546)	-		(191,546)
3	Reinsurers' share of Unearned premium reserve	(19,272)	-		(19,272)
4	Reinsurers' share of Incurred but not reported claims	(286,409)	-		(286,409)
5	Others (specify)	-	-	-	-
Net Insurance Funds		6,930,975	30,804,528	4,068,099	41,803,602
Admissible Assets					
1	Cash and Cash Equivalents	215,000	743,708	79,941	1,038,649
2	Treasury bills and Government Bonds	4,174,624	6,723,365	1,937,205	12,835,194
3	Corporate Bonds & Debenture				-
4	Quoted Shares	7,724	-	220,953	228,677
5	Unquoted Shares	720,000	3,100,000	400,000	4,220,000
6	Loan to Policy holders	26,338	-		26,338
7	Investment Properties	1,787,289	1,807,211	1,430,000	5,024,500
	Total Admissible Assets	6,930,975	12,374,284	4,068,099	23,373,358
SURPLUS(DEFICIT) IN ASSETS COVER		**0**	**(18,430,244)**	**0**	**(18,430,244)**

4.5 Minimum Capital requirement

The company did not meet the minimum capital requirement of N2 billion as stipulated by the Insurance Act

The Solvency Margin for African Alliance Insurance Plc. as at 30 June 2021 is as follows:	N'000	N'000
Admissible Assets		
Cash & Cash Equivalent	1,038,649	
Fair Value Through Profit or Loss -bonds	12,714,518	
Fair Value Through Profit or Loss -equity	228,677	
FVOCI	18,108,115	
Amortised cost	120,676	
Trade Receivable	-	
Reinsurance Assets	497,227	
Other Receivable & Prepayment	7,746	
Investment properties	5,024,500	
Investment in Subsidiary	-	
Investment in Associate	-	
Defferred Tax Asset	-	
Intangible assets	-	
Property Plant & Equipment	625,042	
Right of Use Assets	85,229	
Statutory Deposit	200,000	
Total Admissible Assets (a)		38,650,378
Insurance Contract Liabilities	38,232,730	
Investment Contract Liabilities	4,068,099	
Employee Benefit	25,528	
Borrowing	72,980	
Trade Payable	916,959	
Provision & Other Payables	388,542	
Dividend Payable	0	
Provision for Current Tax	605,475	
Total Admissible Liabilities (b)		44,310,313
SOLVENCY MARGIN (a-b)		**(5,659,935)**
Subject to Higher of:		
15% of Net premium income	398,243	
or		
Minimum Capital Requirement	2,000,000	**2,000,000**
Surplus/(Deficit)		**(7,659,935)**
Gross Solvency ratio		**-383%**
Net Solvency ratio		**-483%**

During the year the solvency margin was -483% (2020: -1314%).

The company's capital objectives are to ensure that the company is properly capitalized and funded at all times, having regard to its regulatory needs, prudent management and the needs of all stakeholders

Precisely, the company has adopted the following capital management policies:

(i) Maintenance, as a minimum, of capital sufficient to meet the statutory requirement.

(ii) An Economic Capital at Risk (ECaR) approach is also used by the management and the board to ensure that obligations to policyholders can be met in adverse circumstances

(iii) Maintenance of an appropriate level of liquidity at all times. The company further ensures that it can meet its expected capital and financing needs at all times, having regard to business plans to guarantee its going concern status, forecast and any strategic initiatives

The minimum capital required is compared with the equity maintained during the period in the table below:

	ACTUAL	
	30-June-21 N'000	**31-Dec-20** N'000
Shareholders' equity	267,175	(10,592,308)
Capital requirement on regulatory basis	2,000,000	2,000,000
Shortfall in Solvency Margin	(7,659,935)	(24,274,758)
Shortfall in Asset cover for contract liabilities	(18,430,244)	(8,022,015)

5 Critical accounting estimates and judgements

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

5.1 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 Group will ultimately pay for such claims.

5.2 Sources of uncertainty in the estimation of future claim payments

Claims on contracts are payable on a claims-occurrence basis. The Group is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time, and a larger element of the claims provision relates to incurred but not reported claims (IBNR).

Uncertainty in the estimation of future benefits payments and premium receipts for insurance contracts arises from the unpredictability of long-term changes in variables such as the overall levels of mortality, accident level and the variability in policyholder behavior.

The insurance liabilities have been made on the following principles:-

Type of Business	Valuation Method
Individual Risk Business	Gross premium
Individual Deposit Based business	Deposit reserve: Account balance at val. Date Risk reserve: Gross premium
Group Life	UPR + IBNR
Group Deposit Administration	Deposit reserve: Account balance at val. Date

5.2.1 Individual business

A gross premium method is adopted for individual traditional risk business. This is a monthly cash flow approach taking into account the incidence of all expected future cash flows including office premiums, expenses and benefit payments, satisfying the Liability Adequacy Test. This implies that no further testing is required as a result of the implementation of the IFRS; or in other words the liability adequacy test has been met implicitly and a separate liability calculation will not be required for accounting purposes.

Negative reserves will be zeroised at the valuation date.

5.2.2 Individual Deposit Based business

A reserve for the Individual and group deposit-based business (Deposit Plus Plan) will be maintained being the amount standing to the credit of the policyholders (account balance) at the valuation date.

Reserves for the supplementary life cover and expenses for individual deposit based business will be calculated using a gross premium cash flow approach as described in above. This is the present value of future guaranteed risk related benefit costs and expenses, less future risk premiums

5.2.3 Group life

Reserves for Group Life business will comprise an unexpired premium reserve (UPR) and where necessary, a reserve for Incurred But Not Reported Claims (IBNR) to make an allowance for the delay in reporting of claims.

The UPR will represent the unexpired portion of the premium for each scheme, net of an expense margin reflecting the acquisition cost loadings. The adequacy of the UPR will be tested by comparing against an Additional Unexpired Risk Reserve (AURR), which will be calculated using pooled industry claims data for the underlying assumptions. An AURR will be held in cases where the UPR is deemed insufficient to meet claims in respect of the unexpired period.

A loss ratio approach will be used for IBNR reserving, where the underlying claim rates are based on an analysis of historical group life claims experience, with judgement adopted where required.

No separate reserve is proposed for claims handling costs for Group Life business as these are typically insignificant in size. Any costs incurred are absorbed as part of the general business management costs.

6 Cash and cash equivalent

	Group		Company	
	30-June-21 N'000	31-Dec-20 N'000	30-June-21 N'000	31-Dec-20 N'000
Cash in bank	677,612	190,842	175,339	174,489
Short-term bank deposits	985,115	17,608,381	863,310	17,484,578
	1,662,726	17,799,223	1,038,649	17,659,067
Short Term Bank Deposit				
Short Term Bank Deposit	990,767	17,608,845	877,066	17,484,634
ECL Impairment 01 January	(464)	(13,602)	(56)	(12,937)
Additional ECL Impairment during the year	(14,632)	13,138	(13,701)	12,881
	975,671	17,608,381	863,310	17,484,578

6.1 Movement in ECL adjustment on cash and cash equivalent is detailed below

	30-June-21 N'000	31-Dec-20 N'000	30-June-21 N'000	31-Dec-20 N'000
At 1 January	464	13,602	56	12,937
Movement for the year	14,632	(13,138)	13,701	(12,881)
At 30 June	15,096	464	13,756	56

6.2 ***Cash and cash equivalent for the purpose of cashflow***

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. They include:

	Group		Company	
	30-June-21 N'000	31-Dec-20 N'000	30-June-21 N'000	31-Dec-20 N'000
Cash in bank	677,612	190,842	175,339	174,489
Short-term bank deposits	990,767	17,608,845	877,066	17,484,634
	1,668,378	17,799,687	1,052,405	17,659,122

7 Financial assets

7.1 FVTPL - Quoted equities

These are quoted equities in the Nigerian Stock Exchange, the fair value were determined by reference to the quoted closing bid price at the end of the reporting year derived as follows:

	Group		Company	
	30-June-21 N'000	31-Dec-20 N'000	30-June-21 N'000	31-Dec-20 N'000
Quoted equity securities	228,677	1,020,938	228,677	1,020,938
	228,677	1,020,938	228,677	1,020,938

7.1i Movement in FVTPL - Quoted equities

At 1 January	1,020,938	997,229	1,020,938	997,229
Addition	-	-	-	-
Disposal	(780,000)	-	(780,000)	-
Fair value changes	(12,261)	23,709	(12,261)	23,709
At 30 June	228,677	1,020,938	228,677	1,020,938

During the year the shares in Univesal Insurance Plc was disposed off as part of the payment to repurchase PAL Pensions shares as approved by the Board of Directors.

7.2 FVTPL - Debt Securities (bonds)

Government and corporate bonds	12,676,300	15,928,997	12,676,300	15,928,997
Fair value changes	38,218	6,955,142	38,218	6,955,142
	12,714,518	22,884,139	12,714,518	22,884,140

7.2i Net fair value gains/(loss)

Fair value gain on equity shares	12,261	23,709	12,261	23,709
Fair value gain on Bonds	38,218	6,955,142	38,218	6,955,142
	50,479	6,978,851	50,479	6,978,852

7.3 FVOCI (Unquoted Equities)

The unquoted equities carried as fair value through Other Comprehensive Income financial assets were fair valued using the fund prices advised by the investee companies

Equity securities	18,112,673	97,146	18,108,115	92,839
	18,112,673	97,146	18,108,115	92,839

7.3i Movement in unquoted equities FVOCI

At 1 January	97,146	96,240	92,839	92,839
Additions	18,600,000	-	18,600,000	-
Impairment (charge)/write back	-			
Translation Adjustment	(584,473)	107		-
Disposal	-		-	-
Fair value changes	-	799	(584,724)	-
At 30 June	**18,112,673**	**97,146**	**18,108,115**	**92,839**

During the year, the Company repurchased its investment in Pensions Alliance Limited at the value stated above to be recognised as an unquoted equities

7.4 Amortised cost - Debt securities

Commerical paper	14,102	4,926	14,102	4,926
Corporate bond	56,005	21,010	56,005	21,010
Promissory notes	52,591	56,326	52,591	56,326
ECL Adjustment	(2,021)	(2,021)	(2,021)	(2,021)
	120,676	**80,241**	**120,676**	**80,240**

7.4i Movement in Amortised cost - Debt securities

At 1 January	80,240	-	80,240	-
Reclassification	-	-	-	-
Addtions	42,457	82,261	42,457	82,262
ECL Adjustment	(2,021)	(2,021)	(2,021)	(2,021)
At 30 June	**120,676**	**80,240**	**120,676**	**80,240**

7.4ii Movement in ECL adjustment on Amortised cost - Debt securities

At 1 January	(2,021)	-	(2,021)	-
Movement for the year	(0)	(2,021)	-	(2,021)
At 30 June	**(2,021)**	**(2,021)**	**(2,021)**	**(2,021)**

		Group		Company	
		30-June-21	31-Dec-20	30-June-21	31-Dec-20
		N'000	N'000	N'000	N'000
8	**Trade receivables**				
	Premium receivables	102,318	11,603	-	-
	Trade debtors	58,159	58,159		
	Impairment allowance	(58,159)	(58,159)		
		102,318	**11,603**		
	Movement in impairments of trade receivables				
	At 1 January	58,159	58,159	-	-
	Additional charge during the year	-	-	-	-
	At 30 June	58,159	58,159	-	-
9	**Reinsurance assets: This is analysed as follows**			-	-
	Reinsurance Claims recoverables	191,546	180,516	191,546	180,516
	Reinsurance share of claims Incurred But Not Reported (IBNR) (note 9 (i))	286,409	286,409	286,409	286,409
	Prepaid reinsurance (note 9(ii))	19,272	19,272	19,272	19,272
		497,227	**486,197**	**497,227**	**486,197**

		Group		Company	
		30-June-21	31-Dec-20	30-June-21	31-Dec-20
9 (i)	**Movement in reinsurance share of claims Incurred But Not Reported (IBNR)**	N'000	N'000	N'000	N'000
	At 1 January	286,409	245,802	286,409	245,802
	Changes during the year	-	40,607		40,607
	At 30 June	286,409	286,409	286,409	286,409
9 (ii)	**Prepaid reinsurance**				
	At 1 January	19,272	65,252	19,272	65,252
	Additions in the year	-		-	(45,980)
	Amortised in the year-reinsurance expense	-	(45,980)	-	-
	At 30 June	19,272	19,272	19,272	19,272

		Group		Company	
10	**Other receivables and prepayments**	30-June-21	31-Dec-20	30-June-21	31-Dec-20
		N'000	N'000	N'000	N'000
	Mortgage Loans- staff	17,393	21,493	17,393	21,493
	Policy loans	203,307	205,163	165,356	160,398
	Due from agents	65,774	66,608	65,215	66,078
	Investment Income Recievable	4,050	4,724	-	-
	Prepayment Rent	9,921	12,574	9,921	12,573
	Prepayment - Others	143,995	122,427	143,995	112,431
	Staff Loans & Receivables	7,800	12,760	7,746	12,631
	Deposit for Investment (note 10.2)	-		1,628,616	628,616
	Due from related company (note 10.3)	1,600,267	1,600,267	1,600,267	1,600,267
	Directors current account	-	4,338		
	Withholding tax receivable	-	2,451		-
	Stock of raw materials & consumables	9,694	4,708	4,048	4,708
	Staff share loans	2,131,790	2,131,790	2,131,790	2,131,790
	Other receivables	330,894	345,773	323,709	340,438
		4,524,885	4,535,076	6,098,055	5,091,423
	Impairment allowance (note 10.1c)	(3,958,274)	(3,938,532)	(3,958,274)	(3,938,457)
		566,611	**596,544**	**2,139,781**	**1,152,966**
	Current	-	-	-	-
	Non-current	566,611	596,544	2,139,781	1,152,966
		566,611	**596,544**	**2,139,781**	**1,152,966**

		Group		Company	
		30-June-21	31-Dec-20	30-June-21	31-Dec-20
		N'000	N'000	N'000	N'000
10.1a	**The Movement in Other receivables and prepayments**				
	At 1 January	4,535,076	4,622,320	5,091,423	5,016,032
	Transfer from Loans and Receivables		-		-
	Additional loans and receivables		-		-
	Balances written off against provision		-		-
	Movement during the year	(10,191)	(87,244)	1,006,632	75,391
	At 30 June	4,524,885	4,535,076	6,098,055	5,091,423

10.1b Staff Share Loan:

This amount is made up of African Alliance Company Plc share purchased during the private placement exercise on behalf of staff of the company and this has been fully impaired.

		Group		Company	
		30-June-21	31-Dec-20	30-June-21	31-Dec-20
		N'000	N'000	N'000	N'000
10.1c	The Movement in impairment allowance is as follow				
	At 1 January	3,938,532	3,954,394	3,938,457	3,953,894
	Reclassification to/from loans and receivables		-		
	Additional Impairment on loans and receivables		-		
	Impairment on Short term loan		-		
	Provision no longer required on Frenchies		(15,862)		
	Impairment on Other receivables	19,742	-	19,817	(15,437)
	Balances written off against provision		-		
	At 30 June	**3,958,274**	**3,938,532**	**3,958,274**	**3,938,457**
10.1d	**Impairment allowance**				
	Policy Loans	139,018	113,202	139,018	113,155
	Mortgage staff loans	3,902	4,015	3,902	3,987
	Due from agents	2,967	8,927	2,966	8,927
	Investment income receivables	-	-	-	-
	Deposit for investment	-	-	-	-
	Due to related company	1,600,267	1,600,267	1,600,267	1,600,267
	Staff Account Receivable	10,953	10,953	10,953	10,953
	Staff Share loan	2,131,790	2,131,790	2,131,790	2,131,790
	Short term loan	52,648	52,648	52,648	52,648
	Other receivables	16,729	16,729	16,729	16,729
		3,958,274	**3,938,532**	**3,958,274**	**3,938,457**

		Group		Company	
		30-June-21	31-Dec-20	30-June-21	31-Dec-20
		N'000	N'000	N'000	N'000
10.2	**Deposits for shares/Investment**				
	Ghana Life Insurance Limited			1,628,616	628,616
		-	**-**	**1,628,616**	**628,616**
	Movement in Deposit for Shares				
	At 1 January			628,616	506,116
	Addition			1,000,000	122,500
	At 30 June			1,628,616	628,616
10.3	**Due from related company**				
	African Alliance Holding Limited	-	-	-	
	Universal Insurance Company Plc	1,600,267	1,600,267	1,600,267	1,600,267
		1,600,267	1,600,267	1,600,267	1,600,267
10.4	**Movement in impairment allowance**				
	At 1 January	1,600,267	1,600,267	1,600,267	1,600,267
	Impairment charge/(written back) for the year			-	-
	At 30 June	**1,600,267**	**1,600,267**	**1,600,267**	**1,600,267**

		Group		Company	
		30-June-21 N'000	31-Dec-20 N'000	30-June-21 N'000	31-Dec-20 N'000
11	**Investment properties**				
	At 1 January	10,774,958	10,432,005	8,969,500	8,811,600
	Acquisition / improvement	-	140,938		140,938
	Disposal	(860,000)		(860,000)	
	Translation adjustment	105,347	40,964		
	Transfer to Land and Building	(165,000)	-	(165,000)	
	Fair value gain on revaluation	-	161,051	-	16,962
	At 30 June	**9,855,305**	**10,774,958**	**7,944,500**	**8,969,500**
	Of the investment properties, the following relates to insurance Funds:				
	Insurance funds	5,024,500	6,049,500	5,024,500	6,049,500
	Shareholders funds	4,830,805	4,725,458	2,920,000	2,920,000
		9,855,305	10,774,958	7,944,500	8,969,500

i) The property at lekki Ajah expressway Lagos is now being used 100% as a sales and retail arm of the Company to improve premium income generation hence its transfer to land and building.

ii) During the year the property at Akin Adesola Street VI, was disposed off as part of the payment to repurchase PAL Pensions shares as approved by the Board of Directors.

The properties were valued by A.C. Otegbulu & Partners Estate surveyors & Valuers, a registered member of Financial Reporting Council of Nigeria (FRCN/2013/NIESV/0000001582), in December, 2020 on the basis of determining the open market value of the investment properties. The open market value of all the properties were determined using recent comparable market prices.

The properties are held for long term capital appreciation and rental income.

		Group		Company	
		30-June-21 N'000	31-Dec-20 N'000	30-June-21 N'000	31-Dec-20 N'000
11.1	***A brief descriptions of the properties held by Company are as follows***				
	Breadfruit Street Marina Lagos	1,973,000	1,973,000	1,973,000	1,973,000
	Land at Pankere Village, Abijo, Ibeju Lekki	2,920,000	2,920,000	2,920,000	2,920,000
	Plot C4, Rumuogba Layout, Aba road, Port Harcourt	850,000	850,000	850,000	850,000
	Sani Abacha Estate, Abuja	880,500	880,500	880,500	880,500
	73 Oyemekun street, Akure	27,500	27,500	27,500	27,500
	Property at Millennium Housing estate	70,000	70,000	70,000	70,000
	4 bedroom duplex, Ajah road, Ajah, Lagos	-	165,000	-	165,000
	29A Akin Adesola Street, Victoria Island, Lagos	-	860,000	-	860,000
	112 Broad Street, Lagos	1,223,500	1,223,500	1,223,500	1,223,500
	Land & Residential properties held in Ghana Life Insurance	1,910,805	1,805,458	-	-
		9,855,305	**10,774,958**	**7,944,500**	**8,969,500**
	A brief descriptions of the properties held by the company in its name are as follows:				
	Breadfruit Street Marina Lagos	1,973,000	1,973,000	1,973,000	1,973,000
	Property at Millennium Housing estate	70,000	70,000	70,000	70,000
	4 bedroom duplex, Ajah road, Ajah, Lagos	-	165,000	-	165,000
	73 Oyemekun street, Akure	27,500	27,500	27,500	27,500
	112 Broad Street, Lagos	1,223,500	1,223,500	1,223,500	1,223,500
	Sani Abacha Estate, Abuja	880,500	880,500	880,500	880,500
	29A, Akin Adesola Street, Victoria Island	-	860,000	-	860,000
	Plot C4, Rumuogba Layout, Aba road, Port Harcourt	850,000	850,000	850,000	850,000
		5,024,500	**6,049,500**	**5,024,500**	**6,049,500**
	A brief descriptions of the properties held by the company in the name of Conau Limited are as follows:				
	Land at Pankere Village, Abijo, Ibeju Lekki	2,920,000	2,920,000	2,920,000	2,920,000
	Land & Residential properties held in Ghana Life Insurance	1,910,805	1,805,458		-
		-	-	-	-
		-	-	-	
		4,830,805	**4,725,458**	**2,920,000**	**2,920,000**
	Total investment property	**9,855,305**	**10,774,958**	**7,944,500**	**8,969,500**

Investment properties are carried at fair value as at 31 December 2020 which has been determined by an independent professional valuer, AC Otegbulu & Partners Estate Sureveyors & valuers, a registered member of Financial Reporting Council of Nigeria (FRCN/2013/NIESV/0000001582). Valuations are performed on an annual basis and the fair value gains and losses are recognised in the profit or loss account

The Properties have been valued using the fair value basis. The fair value of all the properties are determined using recent comparable prices i.e the highest price in terms of money, which the subject property assets will fetch in an open and competitive market under all conditions requisite to a fair sale.

None of the assets above are encumbered or pledged as security for loan

11.2 Movement in Investment Properties

Group	Opening balance N'000	Additions N'000	Disposal N'000	Fair value/Translation Adjustment N'000	Closing balance N'000
Breadfruit Street Marina Lagos	1,973,000		-	-	1,973,000
Land at Pankere Village, Abijo, Ibeju Lekki	2,920,000		-	-	2,920,000
Plot C4, Rumuogba Layout, Aba road, Port Harcourt	850,000	-	-	-	850,000
Sani Abacha Estate, Abuja	880,500		-	-	880,500
73 Oyemekun street, Akure	27,500		-	-	27,500
Property at Millennium Housing estate	70,000		-	-	70,000
4 bedroom duplex, Ajah road, Ajah, Lagos	165,000	-	**165,000**	-	(0)
29A Akin Adesola Street, Victoria Island, Lagos	860,000		**860,000**	-	-
112 Broad Street, Lagos	1,223,500		-	-	1,223,500
Land & Residential properties held in Ghana Life Insurance	1,805,458		-	105,347	1,910,805
	10,774,958	**-**	**1,025,000**	**105,347**	**9,855,305**

Company Description	Opening balance N'000	Additions N'000	Disposal N'000	Fair value N'000	Closing balance N'000
Breadfruit Street Marina Lagos	1,973,000	-	-		1,973,000
Land at Pankere Village, Abijo, Ibeju Lekki	2,920,000	-	-		2,920,000
Plot C4, Rumuogba Layout, Aba road, Port Harcourt	850,000	-	-		850,000
Sani Abacha Estate, Abuja	880,500	-	-		880,500
73 Oyemekun street, Akure	27,500	-	-		27,500
Property at Millennium Housing estate	70,000	-	-		70,000
4 bedroom duplex, Ajah road, Ajah, Lagos	165,000	-	165,000		(0)
29A Akin Adesola Street, Victoria Island, Lagos	860,000	-	860,000		-
112 Broad Street, Lagos	1,223,500	-	-		1,223,500
	8,969,500	**-**	**1,025,000**	**-**	**7,944,500**

11.3 INVESTMENT PROPERTIES NOT IN THE NAME OF AFRICAN ALLIANCE

FOR THE PERIOD ENDED 30 SEPT 2020

PROPERTIES	TITLE OF DOCUMENTS	DATE OF ACQUISITION	TIITLE DOCUMENT NO	LOCATION	CARRYING AMOUNT N'000
Land at Pankere Village, Abijo,	Deed of Assignment & Governor's Consent for Application to assignment between Land Owner and Conau Limited	Year 2008	N/A	Abijo GRA Ibeju Lekki, Lagos state	2,920,000

INVESTMENT PROPERTIES IN THE NAME OF AFRICAN ALLIANCE

FOR THE PERIOD ENDED 30 SEPT 2020

PROPERTIES	TITLE OF DOCUMENTS	DATE OF ACQUISITION	TIITLE DOCUMENT NO	LOCATION	CARRYING AMOUNT N'000
Property Breadfruit Street Ma	Lagos State Government Land Certificate and Deed of Assignment	Year 1960	L03746	13/17 Breadfruit Street, Lagos	1,973,000
Duplex at Sani Abacha Estate	Deed of Assignment between Federal Republic of Nigeria represented by EFCC and Conau Limited	Year 2008	N/A	2220 Suez Canal Crescent Sani Abacha Estate, Abuja	880,500
Property Rumuogba Layout, Aba road, Port Harcourt	Deed of Assignment & Certificate of Occupancy	Year 2008	N/A	Plot C4, Rumuogba Layout, Aba road, Port Harcourt	850,000
73 Oyemekun street, Akure	Certificate of Right of Occupancy	Year 1983	N/A	73 Oyemekun street, Akure	27,500
Property at Millennium Housin	Lagos State Government Allocation Letter	Year 2004	N/A	Block B House 9B Oba Adeyinka Oyekan Housing Estate Lekki, Lagos	70,000
4 bedroom duplex, Ajah road,	Deed of Assignment	Year 2009	N/A	Lekki Epe Expressway, Ajah Town, Lagos	0
Property 112 Broad Street, La	Lagos State Government Land Certificate and Deed of Assignment	Year 1961	L03990	112 Broad Street, La	1,223,500

12 Investment in subsidiary

The company's investment in subsidiary is as stated below:

	Group 30-June-21 N'000	Group 31-Dec-20 N'000	Company 30-June-21 N'000	Company 31-Dec-20 N'000
Axiom Air Limited (Note 12a)	-	-	3,000,000	3,000,000
Ghana Life Insurance Company Limited (Note 12b)	-	-	1,770,741	1,770,741
	-	-	**4,770,741**	**4,770,741**
Impairment allowance (note 12d)	-	-	(4,228,012)	(4,228,012)
	-	-	**542,729**	**542,729**

12a Axiom Air Limited:-

The movement in Axiom Air Limited is as follows:

	Group 30-June-21	Group 31-Dec-20	Company 30-June-21	Company 31-Dec-20
At 1 January			3,000,000	3,000,000
Additions, during the period (capital injection)			-	-
Impairment allowance			(3,000,000)	(3,000,000)
	-	-	-	-

The company was incorporated on 17 July 2008 to carry on the business of airline owners and management, provide air transport for public use; to provide all necessary and or desirable services incidental to this objective, including booking, reservation, routing and ticketing services, baggage management, flight catering and entertainment and provision of hotel accommodation. The company is wholly owned.

12b Ghana Life Insurance Company Limited

The movement in Ghana Life Limited is as follows:

	Group 30-June-21	Group 31-Dec-20	Company 30-June-21	Company 31-Dec-20
At 1 January			1,770,741	1,770,741
Additions, during the period (capital injection)			-	-
Impairment allowance			(1,228,013)	(1,228,013)
			542,728	542,728

The company is a subsidiary of African Alliance Insurance Plc. The company is domiciled in Ghana and is permitted by its regulation to carry on the business of life insurance.

12c Movement in the impairment allowance in Ghana life is as follows

	Company 30-June-21 N'000	Company 31-Dec-20 N'000
At 1 January	1,228,013	1,228,013
Impairment charge/(written back) for the year	-	-
		-
At 30 June	**1,228,013**	**1,228,013**

12d Movement in impairment allowance in investment in subsidiary

	Company 30-June-21	Company 31-Dec-20
At 1 January	4,228,012	4,228,012
Impairment charge/(written back) for the year	-	-
At 30 June	**4,228,012**	**4,228,012**

Movement in impairment charge

	At 1 Jan 2021	Additional charge	30-June-21
Axiom Air Limited	3,000,000	-	3,000,000
Ghana Life Insurance company	1,228,012	-	1,228,012
	4,228,012	**-**	**4,228,012**

	Group 30-June-21 N'000	Group 31-Dec-20 N'000	Company 30-June-21 N'000	Company 31-Dec-20 N'000
13 Investment In associate				
Investment in Pension Alliance Limited	**-**	**0**	**-**	**0**

The movement in investment in associate is as follow:

	Group 30-June-21 N'000	Group 31-Dec-20 N'000	Company 30-June-21 N'000	Company 31-Dec-20 N'000
At 1 January	-	1,545,042		1,545,042
Effect of prior year errors				
Share of profit after taxation: @ 49%	-	731,138		731,138
Less: Dividend received	-	(175,445)		(175,445)
Disposals	-	(2,100,735)		(2,100,735)
At 30 June	**-**	**0**	**-**	**0**

This represents the Company's 49% holding in Pensions Alliance Limited. The associated company is engaged in the provision of pension services in accordance with the Pension Reform Act. The financial year end of the company is 31 December. During the year the associates was disposed and the gain on disposal has been incorporated into the financials.

14 Intangible assets

	Group			Company	
	Software in Progress	Computer Software	Total	Computer Software	Total
		N'000	N'000	N'000	N'000
Cost					
At 1 January 2021	30,028	138,081	168,109	122,488	122,488
Translation adjustment			-		
Additions		-	-	-	-
At 30 June 2021	**30,028**	**138,081**	**168,109**	**122,488**	**122,488**
Amortisation					
At 1 January 2021	-	105,943	105,943	96,769	96,769
Translation adjustment		268	268		
Charge for the period		4,091	4,091	4,091	4,091
At 30 June 2021	**-**	**110,302**	**110,302**	**100,860**	**100,860**
Net book amount					
At 30 June 2021	**30,028**	**27,779**	**57,807**	**21,628**	**21,628**
At 31 Dec 2020	**30,028**	**32,138**	**62,166**	**25,719**	**25,719**

14.1 Intangible asset

				Company	
	Software in Progress	Computer Software	Total	Computer Software	Total
		N'000	N'000	N'000	N'000
Cost					
At 1 January 2020	29,288	124,705	153,993	109,496	109,496
Translation adjustment	740	384	1,124	-	-
Additions	-	12,992	12,992	12,992	12,992
At 31 December 2020	**30,028**	**138,081**	**168,109**	**122,488**	**122,488**
Amortisation					
At 1 January 2020	-	96,669	96,669	87,721	87,721
Translation adjustment	-	226	226		
Charge for the year	-	9,048	9,048	9,048	9,048
At 31 December 2020	**-**	**105,943**	**105,943**	**96,769**	**96,769**
Net book amount	**30,028**	**32,138**	**62,166**	**25,719**	**25,719**

15 Property and equipment
Group

	Land	Building	Motor Vehicles	Furniture & Fittings	Computer Equipment	Office Equipment	Plant & Machinery	Aircraft	Total
	N'000		N'000	N'000	N'000	N'000			N'000
Cost									
At 1 January 2021	93,000	1,162,834	285,092	248,193	348,604	388,147	9,171	2,281,122	4,816,163
Additions	-		149,489	8,182	4,235	6,352	-	-	168,258
Disposal	-	-	-	(328)	(3,334)	-	-	-	(3,662)
Exchange adjustment		236,848							236,848
Revaluation	-							-	-
At 30 June 2021	**93,000**	**1,399,682**	**434,581**	**256,047**	**349,505**	**394,499**	**9,171**	**2,281,122**	**5,217,607**
Depreciation and impairment									
At 1 January 2021	-	-	210,111	125,106	214,835	134,368	9,171	2,281,122	2,974,713
Charge for the year	-	7,886	27,738	9,755	21,794	18,249	-	-	85,422
Disposal	-	-	-	(327)	(3,334)	-	-	-	(3,661)
Exchange adjustment									-
Revaluation	-								-
	-								-
At 30 June 2021	**-**	**7,886**	**237,849**	**134,534**	**233,295**	**152,617**	**9,171**	**2,281,122**	**3,056,474**
Net book amount									
At 30 June 2021	**93,000**	**1,391,796**	**196,732**	**121,513**	**116,210**	**241,882**	**-**	**-**	**2,161,133**
At 31 December 2020	**93,000**	**1,162,834**	**74,981**	**123,087**	**133,769**	**253,779**	**-**	**-**	**1,841,450**

NOTES TO THE FINANCIAL STATEMENTS

Property and equipment	**Land**	**Building**	**Motor Vehicles**	**Furniture & Fittings**	**Computer Equipment**	**Office Equipment**	**Plant & Machinery**	**Aircraft**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cost									
At 1 January 2020	85,000	1,015,828	294,448	240,316	294,173	318,096	9,171	2,281,122	4,538,154
Translation adjustment		26,078	(31,002)	(4,659)	1,366	-	-	-	(8,217)
Additions	-	7,623	46,872	13,118	53,397	73,491	-	-	194,501
Disposal	-	-	(25,226)	(582)	(332)	(3,440)	-	-	(29,580)
Derecognition of property demolished	-	-	-	-	-	-	-	-	-
Recognition of fair value gain	-	-	-	-	-	-	-	-	-
Elimination of accm. depreciation at revaluation	-	(10,933)	-	-	-	-	-	-	(10,933)
Revaluation	8,000	124,238	-	-	-	-	-	-	132,238
At 31 December 2020	**93,000**	**1,162,834**	**285,092**	**248,193**	**348,604**	**388,147**	**9,171**	**2,281,122**	**4,816,163**
Depreciation									
At 1 January 2020	-	-	231,061	111,995	171,722	103,459	9,171	2,281,122	2,908,530
Translation adjustment	-	-	(42,083)	(5,207)	990	-	-	-	(46,300)
Charge for the year	-	10,933	41,151	18,900	42,455	34,349	-	-	147,788
Disposal	-	-	(20,018)	(582)	(332)	(3,440)	-	-	(24,372)
Elimination of accm. depreciation at revaluation	-	(10,933)	-	-	-	-	-	-	(10,933)
	-		-						-
	-	-	-	-	-	-	-	-	-
At 31 December 2020	**-**	**-**	**210,111**	**125,106**	**214,835**	**134,368**	**9,171**	**2,281,122**	**2,974,713**
Net book amount									
At 31 December 2020	**93,000**	**1,162,834**	**74,981**	**123,087**	**133,769**	**253,779**	**-**	**-**	**1,841,450**

Property and equipment
Company

	Land	Building N'000	Motor Vehicles N'000	Furniture & Fittings N'000	Computer Equipment N'000	Office Equipment N'000	Total N'000
Cost							
At 1 January 2021	93,000	-	250,574	199,373	288,321	388,147	1,219,415
Additions	-	-	149,489	8,182	4,235	6,352	168,258
Disposal	-	-		(328)	(3,334)		(3,662)
Transfer from Investment Properties		165,000					165,000
Revaluation	-		-	-	-	-	-
At 30 June 2021	**93,000**	**165,000**	**400,063**	**207,227**	**289,222**	**394,499**	**1,549,011**
Depreciation							
At 1 January 2021	-	-	192,851	98,724	171,805	134,367	597,747
Charge for the year	-	1,650	25,518	8,600	19,516	18,249	73,533
Disposal	-		-	(327)	(3,334)	-	(3,661)
	-			-			-
	-		-				-
At 30 June 2021	**-**	**1,650**	**218,369**	**106,997**	**187,987**	**152,616**	**667,619**
Net book amount							
At 30 June 2021	**93,000**	**163,350**	**181,694**	**100,230**	**101,235**	**241,883**	**881,392**

Property and equipment

	Land	Building	Motor Vehicles	Furniture & Fittings	Computer Equipment	Office Equipment	Total
		N'000	N'000	N'000	N'000	N'000	N'000
Cost							
At 1 January 2020	85,000	-	223,720	189,778	244,898	318,096	1,061,492
Additions	-	-	46,872	10,177	43,755	73,491	174,295
Disposal	-	-	-	-	-	-	-
Elimination of accum dep on revaluation	-	-	(20,018)	(582)	(332)	(3,440)	(24,372)
Revaluation	8,000		-	-	-	-	8,000
			-	-	-	-	-
At 31 December 2020	**93,000**	**-**	**250,574**	**199,373**	**288,321**	**388,147**	**1,219,415**
Depreciation							
At 1 January 2020	-	-	188,765	82,873	135,362	103,459	510,459
Charge for the year	-	-	24,104	16,433	36,775	34,348	111,660
Disposal	-	-	(20,018)	(582)	(332)	(3,440)	(24,372)
Arising on liquidation							-
Revaluation	-		-				-
At 31 December 2020	**-**	**-**	**192,851**	**98,724**	**171,805**	**134,367**	**597,747**
Net book amount							
At 31 December 2020	**93,000**	**-**	**57,723**	**100,649**	**116,516**	**253,780**	**621,668**

		Group		Company	
		Actual	Actual	Actual	Actual
		30-June-21	31-Dec-20	30-June-21	31-Dec-20
16	Right of Use Assets	N'000	N'000	N'000	N'000
	At 1 January	139,511	220,019	139,511	220,019
	Additions	-	33,138	-	72,039
	Amortizations	(54,282)	(113,646)	(54,282)	(152,547)
		85,229	139,511	85,229	139,511

17 Statutory deposit

This represents 10% of the regulatory minimum share capital deposited with the Central Bank of Nigeria as at 31 December 2020 in accordance with the requirement of section a(i) and section 10(3) of Insurance Act. Interest Income earned on this deposit is included in investment income

	Group		Company	
	30-June-21	31-Dec-20	30-June-21	31-Dec-20
	N'000	N'000	N'000	N'000
Statutory deposit	383,884	364,998	200,000	200,000
Non-current	383,884	364,998	200,000	200,000

18 Insurance contract liabilities

GROSS				
Outstanding claims (see note i)	417,081	343,872	417,081	343,872
Unearned premiums (see note ii)	620,207	550,960	620,207	550,960
Short term insurance contract - Claims incurred but not reported (IBNR) (see note iii)	289,955	1,084,818	289,955	1,084,818
Liability on annuity fund (see note iv)	30,804,528	41,286,681	30,804,528	41,286,681
Liability on long term insurance contract - Life fund	7,178,826	9,919,101	6,100,959	7,932,322
Total Insurance liabilities (Gross)	39,310,596	53,185,432	38,232,730	51,198,654
Current	(13,874,836)	11,664,330	(12,965,924)	16,662,288
Non-current	53,185,432	41,521,103	51,198,654	34,536,366
	39,310,596	53,185,433	38,232,730	51,198,654
Recoverable from reinsurers				
Claims reported and loss adjustment expenses			-	-
Unearned premiums	19,272	19,272	19,272	19,272
IBNR on Short term insurance contract	286,409	286,409	286,409	286,409
Total reinsurers' share of insurance liabilities	305,681	305,681	305,681	305,681
NET				
Claims reported and loss adjustment expenses	417,081	343,872	417,081	343,872
Unearned premiums	620,207	531,688	620,207	531,688
Claims incurred but not reported on Short term insurance contract	289,955	798,410	289,955	798,410
Liability on annuity fund	30,804,528	41,286,681	30,804,528	41,286,681
Liability on long term insurance contract (Life fund)	7,178,826	9,919,101	6,100,959	7,932,322
Total Insurance liabilities (Net)	39,310,596	52,879,752	38,232,730	50,892,973

(i) The movement in outstanding claims during the year was as follows:

	Group		Company	
	30-June-21	31-Dec-20	30-June-21	31-Dec-20
	N'000	N'000	N'000	N'000
At 1 January	343,872	196,753	343,871	196,753
Additions claims incurred during the period (see note 32)	3,919,928	7,525,413	3,919,928	7,525,413
Exchange difference arising from translation		-		-
Claims paid during the period	(3,846,720)	(7,378,294)	(3,846,720)	(7,378,294)
At 30 June	417,080	343,872	417,080	343,872

Age of outstanding claims	Group		Company	
	N'000	N'000	N'000	N'000
0 - 90 days	-	-	-	-
91- 180 days	-	-	-	-
181-270 days	-	-	-	-
271 -365 days	417,080	343,872	417,080	343,872
366 days and above	-	-	-	-
	417,080	343,872	417,080	343,872

(ii) The movement in unearned premium during the year was as follows:

	Group		Company	
	30-June-21	**31-Dec-20**	**30-June-21**	**31-Dec-20**
	N'000	**N'000**	**N'000**	**N'000**
At 1 January	550,960	437,838	550,960	437,838
Change during the year	69,247	113,122	69,247	113,122
At 30 June	620,207	550,960	620,207	550,960

(iii) The movement in IBNR claims on Short term insurance during the year was as follows:

	Group		Company	
	30-June-21	**31-Dec-20**	**30-June-21**	**31-Dec-20**
	N'000	**N'000**	**N'000**	**N'000**
At 1 January	1,084,818	1,349,998	1,084,818	1,349,998
Change during the year	(794,863)	(265,180)	(794,863)	(265,180)
At 30 June	289,955	1,084,818	289,955	1,084,818

(iv) The movement in annuity fund during the year was as follows:

	Group		Company	
	30-June-21	**31-Dec-20**	**30-June-21**	**31-Dec-20**
	N'000	**N'000**	**N'000**	**N'000**
At 1 January	41,286,681	32,366,398	41,286,681	32,366,398
Change during the year	(10,482,153)	8,920,283	(10,482,153)	8,920,283
At 30 June	30,804,528	41,286,681	30,804,528	41,286,681

(v) The movement in life fund contract (excluding annuity) during the year was as follows:

	Group		Company	
	30-June-21	**31-Dec-20**	**30-June-21**	**31-Dec-20**
	N'000	**N'000**	**N'000**	**N'000**
At 1 January	9,919,101	7,170,117	7,932,322	5,322,327
Exchange difference from translation	-	46,044		-
Change during the year	(2,740,275)	2,702,940	(1,831,363)	2,609,995
At 30 June	7,178,826	9,919,101	6,100,959	7,932,322

(vi) Insurance contract liabilities at the end of the period were as follows:

	Group		Company	
	30-June-21	**31-Dec-20**	**30-June-21**	**31-Dec-20**
	N'000	**N'000**	**N'000**	**N'000**
Outstanding claims	417,081	343,872	417,081	343,872
Unearned premiums	620,207	550,960	620,207	550,960
Short term insurance contract- IBNR	289,955	1,084,818	289,955	1,084,818
Liability on Annuity contract	30,804,527	41,286,681	30,804,527	41,286,681
Liability on long term insurance contract - Life fund	7,178,826	9,919,101	6,100,959	7,932,322
	39,310,596	53,185,432	38,232,729	51,198,654

19 Investment contract liabilities

The investment contract liabilities comprise interest-linked guaranteed investment funds. The movement in the investment contract liabilities is shown below:

	Group		Company	
	30-June-21	31-Dec-20	30-June-21	31-Dec-20
	N'000	N'000	N'000	N'000
At 1 January	5,143,525	5,651,964	5,143,525	5,651,964
Deposits received during the year	250,286	22,354	250,286	22,354
Withdrawals during the year	(1,333,018)	(592,783)	(1,333,018)	(592,783)
Guaranteed interest in the year	7,305	61,989	7,305	61,989
At 30 June	4,068,099	5,143,524	4,068,099	5,143,524
Non-current	4,068,099	5,143,524	4,068,099	5,143,524

Investment contract liabilities consist of group deposit adminstered funds and account balance of policy holders under investment linked insurance funds. Movement in the relevant funds are detailed below

		Group		Company	
		30-June-21	31-Dec-20	30-June-21	31-Dec-20
		N'000	N'000	N'000	N'000
19.1	**Liabilities on administered deposits**				
	At 1 January	2,141,319	2,147,061	2,141,319	2,147,061
	Deposits received during the year	354	753	354	753
	Withdrawals during the year	(1,320,632)	(52,431)	(1,320,632)	(52,431)
	Guaranteed interest in the year	1,399	45,937	1,399	45,937
	At 30 June	822,441	2,141,319	822,441	2,141,319
19.2	**Investment linked fund**				
	At 1 January	3,002,206	3,504,905	3,002,206	3,504,905
	Deposits received during the year	249,932	21,601	249,932	21,601
	Withdrawals during the year	(12,386)	(540,352)	(12,386)	(540,352)
	Guaranteed interest in the year	5,906	16,052	5,906	16,052
	At 30 June	3,245,658	3,002,206	3,245,658	3,002,206

		Group		Company	
		30-June-21	31-Dec-20	30-June-21	31-Dec-20
		N'000	N'000	N'000	N'000
20	**Trade payable**				
	Unallocated premium deposits	779,577	487,796	747,228	487,796
	Due to co-insurance	-	-	-	-
	Due To/from Reinsurance	169,395	151,178	169,395	151,178
	Trade creditors	288,248	238,586	336	336
		1,237,221	**877,560**	**916,959**	**639,310**
	Current	**1,237,221**	**877,560**	**916,959**	**639,310**
	Unallocated premium deposits				
	At 1 January	487,796	618,797	487,796	618,797
	Movement during the year	291,781	(131,001)	259,432	(131,001)
		779,577	**487,796**	**747,228**	**487,796**

		Group		Company	
		30-June-21	31-Dec-20	30-June-21	31-Dec-20
		N'000	N'000	N'000	N'000
21	**Other payables and accruals**				
	Due to related party	547,673	-	-	-
	Agent savings	167,016	157,687	162,982	157,687
	PAYE and other witholding taxes payable	66,195	147,210	65,753	108,152
	Provisions and accruals	46,620	73,305	12,000	22,500
	Rent receivable	12,376	18,926	12,376	18,926
		-	-		-
	Other creditors	163,322	297,319	135,431	233,572
	Current (Payable within the period)	**1,003,202**	**694,447**	**388,542**	**540,837**

		Group		Company	
		30-June-21	31-Dec-20	30-June-21	31-Dec-20
		N'000	N'000	N'000	N'000
22.1	**Retirement benefit asset**		-	-	-
22.2	**Retirement benefit liabilities**				
	Staff pension scheme	25,528	49,732	25,528	49,732
	Staff defined benefit plan	-	-	-	-
		25,528	**49,732**	**25,528**	**49,732**

		Group		Company	
		30-June-21	31-Dec-20	30-June-21	31-Dec-20
		N'000	N'000	N'000	N'000
23	**Borrowings**				
	Secured -at amortised cost				
	Bank overdraft	-	-		
	Overdraft Facility (note i)	105,435	452,799		252,759
	Term Loan (ii)	72,980	-	72,980	
		178,415	**452,799**	**72,980**	**252,759**

i) The company has an overdraft facility of GH¢700,000 with Zenith bank to finance early redemption of maturing obligations and other operating expenses. Interest rate is at 21% per annum. The facility will expired on 26 December 2021. The overdraft is secured with lien over an amount of GH¢800,000 deposit account with Zenith Bank.

ii) Term loan represents a cash backed loan facility of N80million granted by First bank, the facility has a tenor of 24 months at an interest rate of 5%

		Group		Company	
iii)	**Movement in overdraft facility and term**	30-June-21	31-Dec-20	30-June-21	31-Dec-20
		N'000	N'000	N'000	N'000
	At 1 January	452,799	1,460,582	252,759	940,159
	Additions	80,000	-	80,000	-
	Transaction cost	-	-	-	-
	Repayment	(354,384)	(1,007,783)	(259,779)	(687,400)
	At 30 June	**178,415**	**452,799**	**72,980**	**252,759**

		Group		Company	
24	**Tax payable**	30-June-21	31-Dec-20	30-June-21	31-Dec-20
		N'000	N'000	N'000	N'000
	Company income tax payable:				
	At 1 January	632,980	786,761	600,123	753,905
	Charge to profit and loss	5,352	46,219	5,352	46,218
	Transfer of liabilities upon liquidation	-		-	-
	Foreign exchange difference arising from translation	16,432	-		
	Tax paid in the year	-	(200,000)	-	(200,000)
	At 30 June	**654,764**	**632,980**	**605,475**	**600,123**
	Current	654,764	632,980	605,475	600,123

25 Deferred tax liability

	Group		Company	
	30-June-21 N'000	31-Dec-20 N'000	30-June-21 N'000	31-Dec-20 N'000
The analysis of deferred tax liabilities is as follows:				
Deferred tax liability to be incurred within 12	-	-		
Deferred tax liability to be incurred after more than 12 months	549,582	384,482	92,107	92,107
	549,582	384,482	92,107	92,107
The movement on the deferred tax liabilities account is as follows:				
25a At 1 January	384,482	377,272	92,107	92,107
Tax charge recognised in other comprehensive income	-	-		
Transfer of liabilities upon liquidation of subsidiaries	-		-	-
Foreign exchange difference arising from translation	165,100	7,210		
Income statement charge	-		-	-
At 30 June	549,582	384,482	92,107	92,107
Non- current	**549,582**	**384,482**	**92,107**	**92,107**

25b Deferred tax asset

	Group 30-June-21	Group 31-Dec-20	Company 30-June-21	Company 31-Dec-20
The movement on the deferred tax asset account is as follows:				
At 1 January	147,972	147,935	146,476	146,476
Exchange difference adjustment				
Foreign exchange difference arising from translation	87	37		
Income statement charge	-	-	-	-
At 30 June	**148,059**	**147,972**	**146,476**	**146,476**
Non- current	148,059	147,972	146,476	146,476

26 Share capital

Ordinary Shares	30-June-21 Number	31-Dec-20 Number	30-June-21 Number	31-Dec-20 Number
Authorised share capital ('000)	30,000,000	30,000,000	30,000,000	30,000,000
	N'000	**N'000**	**N'000**	**N'000**
Paid up share capital of 20.585 billion ordinary shares of 50 kobo each	10,292,500	10,292,500	10,292,500	10,292,500
Number of shares	**30-June-21**	**31-Dec-20**	**30-June-21**	**31-Dec-20**
Shares at the beginning of the year('000)	20,585,000	20,585,000	20,585,000	20,585,000
Paid up during the year ('000):	-	-	-	-
At 30 June	20,585,000	20,585,000	20,585,000	20,585,000

Share premium

	Group		Company	
	30-June-21 N'000	31-Dec-20 N'000	30-June-21 N'000	31-Dec-20 N'000
At 1 January	14,365,133	14,365,133	14,365,133	14,365,133
	-	-	-	-
At 30 June	14,365,133	14,365,133	14,365,133	14,365,133

27 Contingency reserves

	Group 30-June-21	Group 31-Dec-20	Company 30-June-21	Company 31-Dec-20
At 1 January	1,684,639	1,061,976	1,570,986	964,214
Transfer from retained earnings	533,652	622,663	534,696	606,772
At 30 June	2,218,291	1,684,639	2,105,682	1,570,986

In accordance with the insurance act, a contingency reserve is credited with the greater of 1% of total premiums or 10% of net profit. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium

28 Retained earnings

	Group		Company	
	30-June-21 N'000	31-Dec-20 N'000	30-June-21 N'000	31-Dec-20 N'000
At 1 January	(32,294,654)	(37,346,003)	(30,838,151)	(36,299,095)
Liquidation of subsidiaries	-	-	-	-
Transfer to contingency reserves	(535,152)	(622,817)	(534,696)	(606,772)
Profit for the period	5,040,663	5,674,166	5,346,958	6,067,716
At 30 June	(27,789,143)	(32,294,654)	(26,025,889)	(30,838,151)

29 Fair value reserves

	Group		Company	
	30-June-21	**31-Dec-20**	**30-June-21**	**31-Dec-20**
	N'000	**N'000**	**N'000**	**N'000**
At 1 January	1,118,054	965,911	114,472	84,939
Gain on revaluation on land and building		130,610		8,000
Change in value of FVOCI financial assets (net of taxes)	(584,724)	799	(584,724)	799
Remeasurement of the net defined benefit liability(asset)	-	20,734	-	20,734
		-		
At 30 June	533,330	1,118,054	(470,252)	114,472

29a Fair value changes-statement of comprehensive income

	Group		Company	
	30-June-21	**31-Dec-20**	**30-June-21**	**31-Dec-20**
	N'000	**N'000**	**N'000**	**N'000**
Gain on revaluation on land and building	-	130,610	-	8,000
Change in value of FVOCI financial assets (net of taxes)	(584,724)	799	(584,724)	799
Remeasurement of the net defined benefit liability(asset)	-	20,734		20,734
	(584,724)	152,143	(584,724)	29,533

	Group		Company	
	30-June-21	**30-June-20**	**30-June-21**	**30-June-20**
	N'000	**N'000**	**N'000**	**N'000**
30 Gross premium income				
Individual life	1,794,093	1,479,759	1,251,053	936,266
Group life	1,509,314	1,469,881	1,489,573	1,427,400
Annuity	17,057	17,105	17,057	17,105
Takaful	286,692	137,969	286,692	137,969
Esusu	79,500	14,695	79,500	14,695
Gross premium written	**3,686,656**	**3,119,409**	**3,123,876**	**2,533,435**
Unearned premium				
Group life	(69,247)	(691,433)	(69,247)	(691,433)
	3,617,409	**2,427,976**	**3,054,629**	**1,842,002**
31 Insurance premium ceded to reinsurers				
Gross reinsurance expense	(399,672)	(104,299)	(399,672)	(102,183)
Changes in prepaid reinsurance	-	-		-
	(399,672)	**(104,299)**	**(399,672)**	**(102,183)**
32 Fees and commission income				
Group Life	116,908	-	116,908	-
Individual Life	-	-	-	-
	116,908	**0**	**116,908**	**-**

33 Insurance claims and loss adjustment expenses

a Group

	30-June-21	30-June-20
	N'000	N'000
Individual life	1,154,667	1,021,019
Group life	703,764	230,071
Annuity	2,208,680	2,226,435
Takaful	383,598	190,675
Esusu	1,842	223,887
	4,452,552	3,892,087
		-
Increase in the expected cost of claims for unexpired risks	73,209	(174,881)
Claims incurred during the period	4,525,761	3,717,206
IBNR on Short term insurance contract	(794,863)	(828,480)
	3,730,898	2,888,726
Reinsurance	-	-
	3,730,898	2,888,726

Insurance claims and loss adjustment expenses

b Company

	30-June-21	30-June-20
	N'000	N'000
Individual life	548,836	564,108
Group life	703,764	230,071
Annuity	2,208,680	2,226,435
Takaful	383,598	190,675
Esusu	1,842	223,887
	3,846,720	3,435,176
Increase in the expected cost of claims for unexpired risks	73,209	(174,881)
Claims incurred during the year	3,919,929	3,260,295
IBNR on Short term insurance contract	(794,863)	(828,480)
	3,125,066	2,431,815
Reinsurance	-	-
Insurance claims and loss adjustment expenses	**3,125,066**	**2,431,815**

34 Underwriting expenses

	Group		Company	
	30-June-21	30-June-20	30-June-21	30-June-20
	N'000	N'000	N'000	N'000
Acquisition cost	463,980	417,092	463,980	417,092
Maintenance cost	354,807	517,471	321,811	449,413
	818,787	**934,563**	**785,791**	**866,505**

		Group		Company	
		30-June-21	30-June-20	30-June-21	30-June-20
		N'000	N'000	N'000	N'000
35	**Changes in long term insurance contracts**				
	Changes in annuity fund	(10,482,153)	1,400,524	(10,482,153)	1,400,524
	Changes in individual life fund excluding annuity	(1,803,224)	(1,267,422)	(1,831,363)	(1,325,807)
		(12,285,377)	**133,102**	**(12,313,516)**	**74,717**
36	**Other income**				
	Rental income	11,205	6,549	11,205	6,549
	Gain upon disposal of investment properties	360,000	-	360,000	-
	Gain on disposal of PPE	90	100	90	100
	Sundry charges on investment linked products	-	1,096		1,096
	Writeback of Mortgage loans		-		-
	Gain on disposal of investment	538,689	-	538,689	-
	Exchange gain		-	-	
	Sundry(loss)/ income	10,645	9,509	9,986	9,471
		920,629	**17,254**	**919,970**	**17,216**
37	**Fair value gain/(loss) on financial asset**				
	Bonds	(6,916,924)	2,211,366	(6,916,924)	2,211,366
	Quoted equities	(12,261)	(30,027)	(12,261)	(30,027)
		(6,929,185)	**2,181,339**	**(6,929,185)**	**2,181,339**
38	**Investment income**				
	Interest income on cash and bank balances	69,366	76,617	46,760	37,685
	Interest income on bonds	1,266,583	1,271,861	1,266,583	1,271,861
	Investment income on planned asset	-	-	-	-
	Dividend Income	7,893	6,107	7,893	6,107
	Interest income on statutory deposit	2,105	14,609	2,105	14,609
	Interest income on loans and receivables	3,607	8,209	3,607	8,209
		1,349,552	**1,377,403**	**1,326,946**	**1,338,471**
38a	Loss from investment contract:		-		
	Investment income from investment contract liabilities	137	182	137	182
	Guaranteed interest	(7,305)	(36,607)	(7,305)	(36,607)
		(7,168)	**(36,425)**	**(7,168)**	**(36,425)**
39	**Impairment on assets**				
	Provision on due from related party no longer required (note	-			
	Mortgage and policy loans (note 10.1c)	-			
	Impairment on investment in subsidiary (see note 13e)				
	Investment securities (note 7.4ii)				
	Other receivables (note 10.1c)				
	Unquoted equities				
	Cash and cash equivalents				
	Short term loan	-		-	
		-	**-**	**-**	**-**

40 Employee benefit expenses

	Group		Company	
	30-June-21	**30-June-20**	**30-June-21**	**30-June-20**
	N'000	**N'000**	**N'000**	**N'000**
Wages and salaries	416,116	382,541	317,109	289,344
Other Staff Cost	100,026	105,398	83,804	85,766
Defined contribution pension costs	35,877	35,277	21,018	19,006
Defined benefit pension cost	17,950	12,764	17,950	12,764
	569,969	535,980	439,882	406,880

41 Other operating and administrative expenses

	Group		Company	
	30-June-21	**30-June-20**	**30-June-21**	**30-June-20**
	N'000	**N'000**	**N'000**	**N'000**
Directors' emoluments	12,250	27,288	12,250	25,250
Bank Charges	47,682	36,104	27,178	11,060
Auditors' remuneration	0	-	-	-
Depreciation	85,843	68,113	73,955	54,167
Amortisation on Rights of Use assets	54,282	55,317	54,282	55,317
Amortisation	4,091	3,835	4,091	3,835
Consultancy expenses	73,183	83,996	73,020	81,458
Security	9,343	16,714	6,623	11,369
Rent and rates	24,283	30,839	12,513	18,861
General maintenance and running costs	77,584	88,141	59,315	61,303
Advert and Publicity	35,158	158,239	34,660	156,729
Telecommunications	8,621	13,115	5,163	8,568
Dues and Subscription	10,742	12,328	10,504	11,990
Travels and accomodation	110,707	168,537	104,541	159,661
Insurance supervision fees	0	94,587	-	91,706
Insurance expenses	44,366	22,922	41,310	22,578
Printing and stationeries	6,068	9,477	3,987	5,922
Industrial training fund	2,227	7,580	2,227	7,580
Entertainment	3,966	9,684	3,787	9,436
Regulatory levies	3,366	5,814	2,096	4,843
Impairment on trade receivables		-		
Lease	24,706	25,956	24,706	25,956
Office ICT expenses	55,923	75,369	55,678	75,369
Donation	0	400	-	400
Office cleaning expenses	7,994	16,263	7,994	16,263
Medical expenses	1,134	1,365	1,134	1,365
Other regulatory fees and fines		0		
Other Adminstrative Expenses	32,501	50,796	30,113	47,639
	736,021	1,082,779	651,128	968,625

42 ECL Allowance on cash and cash equivalents and Financial Assets

Cash & Cash Equivalents	(14,632)	1,984	(13,701)	6,915
Amortised Cost-bonds	-	-	-	-
Agency Loans	5,960	(686)	5,961	(686)
Loans and Receivables	(26,182)	(24,005)	(25,777)	19,321
	(34,854)	**(22,707)**	**(33,517)**	**25,550**

	Group		Company	
	30-June-21	**30-June-20**	**30-June-21**	**30-June-20**
	N'000	**N'000**	**N'000**	**N'000**
43 Finance cost				
Interest expense on borrowings	8,249	84,447	8,249	84,447
44 Income tax expense				
Current tax on profits for the year (note 25)	5,352	15,503	5,352	15,503
Deferred tax charge for the year (note 26)	-	-	-	-
	5,352	15,503	5,352	15,503

45 Translation reserve

The movement in translation reserve during the year is shown below:		
Balance at beginning of year	(282,862)	(686,898)
Exchange difference arising on translating the foreign operation	346,066	404,036
Balance at end of year	**63,204**	**(282,862)**

46 Non-controlling interest

Balance at beginning of year	3,323	1,407
Changes in fair value of FVOCI Investments		-
Share of profit/(loss)	9,059	(5,229)
Share of contingency reserve	1,500	154
Share of foreign exchange translation difference	(27,764)	5,363
Share of gain on revaluation of land and building	-	1,628
	(13,882)	**3,323**

47 Securities Trading Policy

The Company has in place a Securities Trading Policy in compliance with Rule 17.15 Disclosure of Dealings in issuers' shares, Rulebook of The Nigeran Stock Exchange, 2015. This policy can be found on the Company's website www.africanallianceplc.com

48 Disclosure: Impact of Covid 19

The impact of the COVID-19 coronavirus outbreak have caused a significant increase in economic uncertainty for Companies. The spread has severely impacted many local economies around the globe, businesses are being forced to cease or limit operations for long or indefinite periods of time, measures taken to contain the spread of the virus including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses in the country resulting in an economic slowdown.

As a Company, our first step was to activate our business continuity and crisis communication plan to deal with the sudden emergency and ensure the offices are run seamlessly. The impact cannot be reliably measured now as the duration to containing the spread is uncertain. The Company was able to respond operationally to the event as it evolves to ensure business continues with a minimum of disruption to servicing clients as they were provided with information on how we are dealing on issues directly related to COVID-19 as well as providing education and knowledge sharing events through customers care unit communicating with policyholders through our various platforms and reinterating our online payment facilities to ease premium payment, our employees were also provided with tools to enable them work from home seamlessly.The Company is assessing the impact of the pandemic on its earnings, liquidity, solvency and other key drivers. The company has also put in measures to meet the requirements on pronouncements made by various regulators on Covid-19, however, the directors are of the opinion that despite the current pandemic the going concern of the company is not threatened as the Company as put measures in place to ensure it continue to exist into the foreseable future in serving its custormers and all its stakeholders.