



**Royal Exchange Plc
(RC: 6752)**

**Consolidated Unaudited Financial Statements
30 September 2021**

ROYAL EXCHANGE PLC RC: 6252

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Directors:

Mr. Kenneth Ezenwani Odogwu (Chairman), Chief Anthony Ikemefuna Idigbe (SAN), Alhaji Ahmed Rufa'i Mohammed, Mr. Adeyinka Adekunle Ojora, Mr. Hewett Benson

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CORPORATE INFORMATION

Directors:

Chairman Kenneth Ezenwani Odogwu

Non-Executive Directors: Chief Anthony Ikemefuna Idigbe (SAN)
Alhaji Ahmed Rufai Mohammed
Mr. Adeyinka Ojora

Independent Director Mr. Hewett Benson

Group Company Secretary Mazars Ojike and Partners

Registered Office 31, Marina, Lagos

Auditors Deloitte & Touche

Bankers: Access Bank
Diamond Bank Plc
Ecobank
FCMB Plc
First Bank of Nigeria Ltd
FSDH Merchant Bank Limited
Guaranty Trust Bank Plc
Heritage Bank
Keystone Bank
Royal Exchange Microfinance Bank

Skye Bank Plc
Stanbic IBTC Bank Plc
Sterling Bank Plc
SunTrust Bank Limited
UBA
UBN Plc
Wema Bank Plc
Zenith Bank

Registrars Cardinal Stone Registrars Limited,

358, Herbert Macauley Street,
Yaba, Lagos.

RC No 6752

Actuary Ernst & Young
FRC /NAS/00000000738

SHARE DEALING POLICY

1 PURPOSE

- 1.1 To outline RE's share dealing policy which is applicable to all of its employees, directors, officers, contractors, agents, auditors or audit committee members, consultants and shareholders holding 5% or more of any class of RE's securities (together "Applicable Persons").
- 1.2 As RE's shares are listed on the Nigerian Stock Exchange, RE is obliged to comply with the rules of the Nigerian Stock Exchange, the Investments and Securities Act as well as Securities and Exchange Commission ("SEC") Rules and Regulations 2013 ("SEC Rules"), SEC Code of Corporate Governance for Public Companies 2013, the Companies and Allied Matters Act 2020 ("CAMA"), The Financial Reporting Council of Nigeria Act ("FRCN") (together the "Relevant Securities Laws").
- 1.3 The Relevant Nigerian Securities Laws imposes restrictions on dealings in the securities of a listed company (which would include shares) to ensure that employees and certain other persons do not abuse, and do not place themselves under suspicion of abusing price sensitive information that they may have or be perceived to have.
- 1.4 Care must therefore be taken in the timing of any 'Dealing' in RE's shares.

2 THE POLICY

- 2.1 It is expressly prohibited for any Applicable Person or Connected Person to Deal in RE's shares when:
 - (a) they have Inside Information; or
 - (b) they are notified by RE that trading is prohibited for a fixed period or until further notice.
- 2.3 Employee Insiders (as defined below) may not Deal in RE's shares without obtaining clearance to Deal in advance in accordance with paragraph 6 (Clearance to Deal).
- 2.4 A breach of this Policy constitutes a serious employee disciplinary offence, which could result in dismissal, and may also expose Applicable Persons or Connected Persons to criminal and/or civil sanctions.
- 2.5 For the avoidance of doubt this Policy is a supplement to, and not a substitute for any of the Relevant Securities Law.

3 DEFINITIONS APPLICABLE TO THIS POLICY

The following definitions are referred to within this Policy:

"Connected Persons" include:

- (a) the spouse or civil partner;
- (b) any children (including step-children) under 18 years of age;
- (c) a nominee, including an investment manager managing funds on their behalf;
- (d) a trust of which they, any member of their family, or any family controlled company, are the trustee or beneficiary;
- (e) a person in partnership with them or any of their connected persons mentioned in (a) to (c) above (acting in his or her capacity as such); or
- (f) a company which they or their family control.

'Deal' or 'Dealing' includes:

- (a) any acquisition or disposal of, or agreement to acquire or dispose of the shares of the company;
- (b) entering into a contract (including a contract for difference) the purpose of which is to secure a
- (c) the grant, acceptance, acquisition, disposal, exercise or discharge of any option to acquire or
- (d) entering into, or terminating, assigning or novating any stock lending agreement in respect of the shares of the company;
- (e) using as security, or otherwise granting a charge, lien or other encumbrance over the shares of the company;
- (f) any transaction, including a transfer for nil consideration, or the exercise of any power or discretion effecting a change of ownership of a beneficial interest in the shares of the company; or
- (g) exercising any other right or fulfilling any obligation, present or future, conditional or unconditional, to acquire or dispose of any securities of the company.

“Inside Information” is information of a nature which:

- (a) is not generally available to the general market; and
- (b) would, if generally available, be likely to have a significant effect on the price of RE’s shares.

“Employee Insiders” are Applicable Persons who are considered to have access to Inside Information on a regular or occasional basis and would automatically include:

- (a) all directors of RE;
- (b) all directors and managers of RE subsidiaries
- (c) all senior executives of RE;
- (d) all senior executives of all RE subsidiaries;
- (e) certain members of the finance division;
- (f) certain members of the corporate affairs division;
- (g) certain members of the legal department division;
- (h) certain members of the information technology department;
- (i) certain personal assistants executive assistants/administrative assistants to the above roles; and
- (j) any other person designated as an Employee Insider by any director or officer of RE from time to time.
- (k) Acting as trustee: where a person to whom this policy applies acts as a trustee of a trust this policy may also apply to dealings undertaken by that trust. Persons to whom this is relevant should seek further information from the Group Head of Legal.

If you are in any doubt regarding whether you are classified as an Employee Insider, you must check with the Group Head of Legal. The Legal department maintains a register of all Employee Insiders.

“Prohibited Period” is any Close Period or any period when there exists any matter which constitutes Inside Information in relation to RE.

4 SHARE DEALING RESTRICTIONS ON ALL APPLICABLE PERSONS

- 4.1 As an Applicable Person, you must not Deal in RE shares if you are in possession of Inside Information or if you are notified by RE that trading is prohibited for a fixed period or until further notice. If you are in any doubt as to whether information you possess is Inside Information you should contact the [Head of Legal] before you Deal.
- 4.2 Your obligation not to Deal while in possession of Inside Information also applies to Dealing in shares of another company if such Inside Information would possibly have a significant effect on the price of the shares of that other company. For example, if RE was in negotiations to acquire another listed company or be sold to another listed company, share trading in both companies would be prohibited during the period of such negotiations.
- 4.3 If you are in possession of Inside Information, the prohibition on Dealing also applies to people connected to your ‘Connected Persons’ (see the above definition).
- 4.4 This Policy applies to all securities you now own, or may in the future acquire, whether you or any Connected Person hold such securities directly or indirectly.

5 SHARE DEALING RESTRICTIONS ON ALL EMPLOYEE INSIDERS

- 5.1 All Employee Insiders (or any Connected Persons) must not Deal in any securities of RE without obtaining clearance to Deal in advance in accordance with paragraph 6 (Clearance to Deal).
- 5.2 This restriction is designed in particular to protect directors and senior executives who do not have access to Inside Information which may be known to the other members of the Board or who may be unable correctly to assess the significance of the information. The object is to prevent embarrassment to the person concerned, the Board and RE as a whole.
- 5.2 The [Group Head of Legal] will be able to provide you with a form for you to complete your request for authorisation to Deal.

6 CLEARANCE TO DEAL

- 6.1 An Employee Insider who wishes to Deal in any securities of RE must first notify the director
- 6.3 A response to a request for clearance to Deal must be given to the relevant Employee Insider within five business days of the request being made.
- 6.4 RE will maintain a record of the response to any Dealing request made by a Employee Insider and of any clearance given. A copy of the response and clearance (if any) must be given to the Employee Insider concerned.
- 6.5 An Employee Insider who is given clearance to Deal in accordance with this paragraph 6 (Clearance to Deal) must Deal as soon as possible and in any event within two (2) business days of clearance being received excluding the day on which clearance was given. A fresh clearance must be sought if the dealing is not completed within this period. Failure to comply with this time period is a serious disciplinary matter and may also constitute a criminal offence.
- 6.6 An Employee Insider must not be given clearance to Deal in any securities of RE during:
- (a) a Prohibited Period;
 - (b) on considerations of a short term nature (an investment with a maturity of one year or less will
 - (c) at any time when the person responsible for the clearance otherwise has reason to believe that the
- 6.7 In exceptional circumstances, an Employee Insider who is not in possession of Inside Information in relation to RE may be given clearance to sell, but not to purchase, securities to alleviate severe personal hardship. Examples of the type of circumstance which may be considered exceptional for these purposes would be where severe personal hardship would otherwise result to an Employee Insider or his immediate relatives such as the urgent need for a medical operation or to satisfy a court order where no other funds are reasonably available.

7 CLOSE PERIODS

- 7.1 Employee Insiders (and any Connected Persons) are prohibited from Dealing in RE's shares during:
- (a) the 60 days preceding the announcement of the interim and full year results; or
 - (b) if shorter, the period between the end of the relevant financial period and the announcement of associated results (a "Close Period").
- 7.2 Employee Insiders will be given notice by the [Head of Legal] when RE is about to enter a Close Period.

8 CONFIDENTIALITY OBLIGATIONS

As you know, every Applicable Person is under an obligation to RE to ensure they do not disclose confidential information concerning RE, its business or its clients to anyone except in the necessary course of business. It is therefore important that you do not discuss confidential information in situations where it may be overheard, nor participate in discussions regarding decisions by others about investments in RE.

Persons to whom this policy applies must keep confidential the fact that they are intending to deal or that they have applied for clearance and if clearance was refused that this was the case.

9 AMENDMENTS TO THIS POLICY

This Policy may be amended, revised or modified at any time. Any such amendments, revisions or modifications will be disseminated throughout RE.

ROYAL EXCHANGE PLC


**RESULTS AT A GLANCE
FOR HALF YEAR ENDED 30 SEPTEMBER 2021**


	30-Sep-21	30-Sep-20	%
EARNED INCOME	2,410,257	12,262,096	(80)
(LOSS)/PROFIT BEFORE TAX	(522,761)	831,855	(163)
(LOSS)/PROFIT AFTER TAX	(536,025)	565,662	(195)
SHARE CAPITAL	2,572,685	2,572,685	-
SHAREHOLDERS' FUND	1,251,749	3,662,432	(66)
EARNINGS PER SHARE (NAIRA) - BASIC	(10)	7	(247)

Consolidated Statements of Financial Position
At 30th September 2021

		Unaudited Group 30-Sep-21	Audited Group 31-Dec-20	Unaudited Company 30-Sep-21	Audited Company 31-Dec-20
<i>In thousands of Naira</i>					
	Note				
ASSETS					
Cash and cash equivalents	5	3,009,618	12,807,056	125,203	156,824
Loans and advances to customers	6	1,248,501	1,044,098	-	-
Advances under finance lease	7	66,854	88,201	-	-
Investment securities:					
Measured at Fair Value Through Profit or Loss (FVPL)	8(a)	372,556	1,162,188	12,429	21,508
Measured at Fair Value Through Profit or Loss (FVOCI)	8(b)	396,646	4,738,350	-	-
Amortized Cost	8(c)	115,441	210,738	0	1,096
Investment in subsidiaries	9	-	-	4,820,586	8,568,651
Trade receivables	10	74,597	136,091	-	-
Reinsurance assets	11	615,042	2,195,157	-	-
Deferred acquisition cost	12	48,583	281,416	-	-
Other receivables and prepayments	13	373,000	471,550	95,784	219,711
Investment in associates	14	3,777,721	226,343	3,777,721	-
Investment properties	15	1,779,285	5,635,991	-	-
Property and equipment	17	169,982	1,381,742	421	774
Right of Use Asset	17(b)	735	10,089	5,644	8,466
Intangible assets	18	62,212	5,133	-	-
Employees retirement benefit asset (Net)	19	-	257,168	-	-
Statutory deposits	20	215,000	555,000	-	-
Deferred tax assets	21	193,968	193,968	-	-
Assets classified as held for sale	16	973,639	973,639	-	-
Total assets		13,493,380	32,373,917	8,837,789	8,977,030
LIABILITIES					
Borrowings	29	2,384,355	2,184,877	2,518,074	2,313,544
Deferred Income	22	-	138,244	-	-
Trade payables	23	283,375	7,909,847	-	-
Other liabilities	24	1,111,295	1,864,278	1,785,069	2,073,330
Depositors' funds	25	1,525,560	1,364,220	-	-
Insurance contract Liabilities	26	6,318,784	9,798,691	-	-
Investment contract Liabilities	27	270,218	276,979	-	-
Finance Lease Obligation	29	-	-	14,946	16,833
Current income tax liabilities	28(b)	251,645	650,203	232,427	254,511
Employees benefit liability	19(a)	14,442	41,335	1,656	1,656
Deferred tax liabilities	21	81,957	610,101	-	-
Total liabilities		12,241,631	24,838,776	4,552,172	4,659,874
EQUITY					
Share capital	30	2,572,685	2,572,685	2,572,685	2,572,685
Share premium	31	2,690,936	2,690,936	2,690,936	2,690,936
Contingency reserve	32	331,814	2,291,372	-	-
Treasury shares	33	-	(500,000)	-	-
Retained earnings	34	(5,051,183)	(4,051,382)	(979,891)	(948,352)
Other component of equity	35(c)	707,497	658,821	1,887	1,887
Capital and reserves attributable to owners		1,251,749	3,662,432	4,285,616	4,317,156
Non-controlling interests	35(d)	-	3,872,709	-	-
Total Equity		1,251,749	7,535,141	4,285,616	4,317,156
Total equity & liabilities		13,493,380	32,373,917	8,837,788	8,977,030

The Financial Statements was approved by the board of directors on 13 October 2021 and signed on its behalf by:


Kenneth Odogwu
Chairman
(FRC/2013/NBA/00000004195)


Oluyemisi Afolabi
Ag. Chief Financial Officer
(FRC/2012/ICAN/00000000580)

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For quarter ended 30 September, 2021

	Note	Group Q3'21	Group 30-Sep-21	Group Q3'20	Group 30-Sep-20	Company Q3'21	Company 30-Sep-21	Company Q3'20	Company 30-Sep-20
<i>In thousands of Naira</i>									
Gross premium written:	36(a)	610,238	2,211,426	2,436,884	13,725,000	-	-	-	-
Unearned premium		(36,712)	(164,282)	1,404,075	(2,509,495)	-	-	-	-
Gross premium income		573,527	2,047,145	3,840,959	11,215,506	-	-	-	-
Reinsurance expenses	36(b)	(27,668)	(342,658)	(1,725,173)	(4,978,621)	-	-	-	-
Net premium income		545,859	1,704,487	2,115,786	6,236,885	-	-	-	-
Fees and commission income	37	6,227	62,536	188,326	461,373	-	-	-	-
Net underwriting income		552,086	1,767,023	2,304,112	6,698,258	-	-	-	-
Insurance claims and benefits incurred	38	(779,241)	(1,769,884)	(790,729)	(2,617,525)	-	-	-	-
Insurance claims and benefits incurred - recoverable from reinsurers	39	215,844	414,080	(17,457)	776,954	-	-	-	-
Net claims expenses		(563,397)	(1,355,804)	(808,186)	(1,840,571)	-	-	-	-
Changes in insurance contract liabilities		(58,220)	(209,876)	(75,227)	(267,367)	-	-	-	-
Underwriting expenses	40	(154,650)	(499,518)	(1,278,657)	(3,309,609)	-	-	-	-
Total underwriting expenses		(776,267)	(2,065,198)	(2,162,070)	(5,417,547)	-	-	-	-
Underwriting profit		(224,181)	(298,175)	142,042	1,280,711	-	-	-	-
Net Interest Income	41	22,257	99,023	57,885	74,575	(22,921)	(71,673)	(11,564)	(142,013)
Investment and other income	42	28,444	73,606	460,328	761,395	-	2,186	254,768	255,771
Share of profit/loss on investment in associate	14	29,655	29,655	-	-	29,655	29,655	-	-
Net fair value gain or loss on financial assets	43	(43,623)	(22,095)	6,703	(117,468)	1,028	1,244	(158)	(3,141)
Charge/write-back of impairment allowance	44	(1,203)	(6,558)	19,160	35,631	-	-	-	-
ECL Impairment Allowance	44(a)	1	1	-	10	1	1	-	10
Operating income (Revenue)		-	-	-	-	2,297	7,184	3,119	33,513
Other operating income	45	52,225	185,823	236,534	459,465	16,060	73,758	14,194	73,174
Foreign exchange gains/(losses)	46	63	3,657	(184,596)	(167,017)	-	-	-	-
Net Income		(136,362)	64,937	738,056	2,327,301	26,121	42,356	260,359	217,314
Management expenses	47	(206,313)	(587,698)	(523,958)	(1,495,446)	(24,562)	(73,472)	(76,556)	(183,731)
Total expenses		(206,313)	(587,698)	(523,958)	(1,495,446)	(24,562)	(73,472)	(76,556)	(183,731)
(Loss)/Profit before tax		(342,675)	(522,761)	214,098	831,855	1,558	(31,116)	183,803	33,583
Minimum tax	28(a)	(13,264)	(13,264)	6,469	-	-	(424)	6,469	-
Income taxes	28(a)	-	-	(74,980)	(266,193)	-	-	(5,060)	(10,746)
(loss)/Profit after taxation		(355,938)	(536,025)	145,587	565,662	1,558	(31,540)	185,212	22,837
Loss is attributable to:									
Owners of Royal Exchange Plc		(355,938)	(536,025)	128,419	363,575	1,134	(31,540)	185,212	22,837
Non-controlling interest		-	-	17,168	202,087	-	-	-	-
		(355,938)	(536,025)	145,587	565,662	1,134	(31,540)	185,212	22,837
Other comprehensive income, net of tax									
<i>Items that will never be reclassified subsequently to profit or loss:</i>									
Net actuarial gains/(losses) of defined benefit obligations		-	-	-	-	-	-	-	-
Share of returns in associates		-	-	-	-	-	-	-	-
<i>Items that are or may be reclassified subsequently to profit or loss:</i>									
Changes in fair value of FVOCI investments		-	-	-	-	-	-	-	-
Total other comprehensive income, net of tax		-	-	-	-	-	-	-	-
Total comprehensive income for the period		(355,938)	(536,025)	145,587	565,662	1,558	(31,540)	185,212	22,837
Total comprehensive income attributable to:									
Owners of Royal Exchange Plc		(355,938)	(536,025)	128,419	363,575	1,134	(31,540)	185,212	22,837
Non-controlling interest		-	-	17,168	202,087	-	-	-	-
		(355,938)	(536,025)	145,587	565,662	1,134	(31,540)	185,212	22,837
Total comprehensive income for the period attributable to owners of Royal Exchange Plc arising from:									
Continued operations		(355,939)	(536,025)	128,419	363,575	1,133	(31,540)	185,212	22,837
Discontinued operations		-	-	-	-	-	-	-	-
		(355,939)	(536,025)	128,419	363,575	1,133	(31,540)	185,212	22,837
Loss per share - Basic and diluted (kobo)		(7)	(10)	2	7	0.03	(1)	4	0.4

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

Statement of Changes in Equity
At 30th September 2021

Group
In thousands of Naira

						Other component of equity						
	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	Treasury Shares	Regulatory risk reserve	Actuarial Gain/Loss Reserve	Fair value reserve	Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
At 1 January 2021	2,572,685	2,690,936	2,291,372	(4,051,382)	(500,000)	480,748	42,661	135,410	658,821	3,662,432	3,872,709	7,535,142
Fair value reserve	-	-	-	-	-	-	-	-	-	-	-	-
Share of returns in associates	-	-	-	-	-	-	-	-	-	-	-	-
Net actuarial gains/losses	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income in the year	-	-	-	-	-	-	-	-	-	-	-	-
Profit/(Loss) for the year	-	-	-	(536,025)	-	-	-	-	-	(536,025)	-	(536,025)
Total comprehensive income	2,572,685	2,690,936	2,291,372	(4,587,407)	(500,000)	480,748	42,661	135,410	658,821	3,126,408	3,872,709	6,999,117
Share of newly recognized Non-controlling Interest (NCI)	-	-	-	-	-	-	-	-	-	-	(3,872,709)	(3,872,709)
Contingency reserve	-	-	-	-	-	-	-	-	-	-	-	-
Other component of equity	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	20,988	(20,988)	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-	-	-	-	-
Write back of Loan provision (Finance)	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners in their capacity as owners:												
Other reserve	-	-	(1,980,546)	(442,788)	500,000	-	-	-	48,676	(1,874,658)	-	(1,874,658)
At 30th September 2021	2,572,685	2,690,936	331,814	(5,051,183)	-	480,748	42,661	135,410	707,497	1,251,750	-	1,251,750

Statement of Changes in Equity

At 30th September 2020

Group

In thousands of Naira

						Other component of equity				Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	Treasury Shares	Regulatory risk reserve	Actuarial Gain/Loss Reserve	Fair value reserve	Other Component of Equity (Total)			
At 1 January 2020	2,572,685	2,690,936	1,899,998	(3,240,315)	(500,000)	475,568	86,307	(1,763)	560,112	3,983,416	3,633,174	7,616,590
Fair value reserve	-	-	-	-	-	-	-	(13,972)	(13,972)	(13,972)	-	(13,972)
Changes in fair value of FVOCI investments	-	-	-	-	-	-	-	-	-	-	-	-
Share of returns in associates	-	-	-	-	-	-	-	-	-	-	-	-
Net actuarial gains/losses	-	-	-	-	-	-	43	-	43	43	(43)	-
Loss/(profit) for the year	-	-	-	363,575	-	-	-	-	-	363,575	202,087	565,661
Total comprehensive income	2,572,685	2,690,936	1,899,998	(2,876,739)	(500,000)	475,568	86,349	(15,736)	546,183	4,333,061	3,835,218	8,168,280
Share of newly recognized Non-controlling Interest (NCI)	-	-	-	-	-	-	-	-	-	-	-	-
Contingency reserve	-	-	-	-	-	-	-	-	-	-	-	-
Other component of equity	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	(163,583)	(163,583)
Transfer to contingency reserve	-	-	347,811	(347,811)	-	-	-	-	-	-	-	-
Transfer to regulatory reserve	-	-	-	21,469	-	(21,469)	-	-	(21,469)	-	-	-
Write back of Loan provision (Finance)	-	-	-	-	-	(17,914)	-	-	(17,914)	(17,914)	-	(17,914)
Transactions with owners in their capacity as owners:												
Other reserve	-	-	-	-	-	-	-	-	-	-	-	-
At 30th September 2020	2,572,685	2,690,936	2,247,809	(3,203,080)	(500,000)	436,185	86,349	(15,735)	506,801	4,315,147	3,671,635	7,986,782

Statement of Changes in Equity

At 30th September 2021

Company

Company				Other Component of Equity				
	Share Capital	Share Premium	Retained Earnings	Actuarial Gain/Loss Reserve	Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
In thousands of Naira								
At 1 January 2021	2,572,685	2,690,936	(948,352)	1,887	1,887	4,317,156	-	4,317,156
Adjustment	-	-	-	-	-	-	-	-
Profit for the period	-	-	(31,540)	-	-	(31,540)	-	(31,540)
Net actuarial gains/losses	-	-	-	-	-	-	-	-
Total comprehensive income	2,572,685	2,690,936	(979,892)	1,887	1,887	4,285,616	-	4,285,616
Transactions within equity:								
Dividend paid	-	-	-	-	-	-	-	-
At 30th September 2021	2,572,685	2,690,936	(979,892)	1,887	1,887	4,285,616	-	4,285,616
0 - (0)								

Statement of Changes in Equity

At 30th September 2020

Company

Company				Other Component of Equity				
	Share Capital	Share Premium	Retained Earnings	Actuarial Gain/Loss Reserve	Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
In thousands of Naira								
At 1 January 2020	2,572,685	2,690,936	(798,409)	1,795	1,795	4,467,007	-	4,467,007
Adjustment	-	-	-	-	-	-	-	-
Loss for the period	-	-	22,837	-	-	22,837	-	22,837
Net actuarial gains/losses	-	-	-	-	-	-	-	-
Total comprehensive income	2,572,685	2,690,936	(775,572)	1,795	1,795	4,489,844	-	4,489,843
Transactions within equity:								
Dividend paid	-	-	-	-	-	-	-	-
At 30th September 2020	2,572,685	2,690,936	(775,572)	1,795	1,795	4,489,844	-	4,489,843

Consolidated Statements of Cashflows

At 30th September 2021

In thousands of Naira

	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Loss for the year	(536,025)	565,662	(31,540)	22,837
Add: Minimum tax	13,264	-	424	-
Add: Income tax	-	266,193	-	10,746
Profit before taxes	(522,761)	831,855	(31,116)	33,584
<i>Adjustments for:</i>				
ECL Impairment Allowance	(1)	(10)	(1)	(10)
Charge/(write-back) of impairment allowance	6,558	(35,631)	-	-
Depreciation on property and equipment	29,653	104,380	353	2,508
Depreciation on Right of Use Asset	9,354	28,877	2,822	8,431
Amortization of intangible assets	6,549	4,574	-	-
Profit/(Loss) on disposal of property and equipment	-	(50,138)	-	-
Profit/(Loss) on disposal of Investment property	-	-	-	-
Dividend from investment in subsidiaries	-	-	-	255,771
Dividend income on equity investments (FVTOCI & FVTPL)	(12,889)	(133,463)	2,186	-
Rental income	(20,079)	(54,482)	-	-
Interest income	(225,813)	(301,072)	(3,813)	(9,102)
Interest expense on borrowings	126,790	221,844	70,453	146,462
Foreign exchange (loss)/gains	(3,657)	167,017	-	-
Fair value gain/(loss) on FVTPL investment securities	22,095	117,468	(1,244)	3,141
Fair value gain/(loss) on FVTPL investment properties	-	-	-	-
Fair value gain/(loss) on disposal of investment in subsidiaries	-	-	-	-
Share of loss/(profit) of associate	(29,655)	-	(29,655)	-
	(613,856)	901,220	9,983	440,783
<i>Changes in working capital:</i>				
Loans and advances to customers	(204,403)	(222,937)	-	-
Advance under finance lease	31,593	174,249	-	-
Trade receivables	61,494	(1,036,337)	-	-
Re-insurance asset	1,580,115	(1,063,507)	-	-
Deferred acquisition cost	232,833	(458,337)	-	-
Other receivables and prepayment	91,360	(139,776)	123,929	93,224
Deferred income	(138,244)	107,925	-	-
Trade and other payables	(7,626,472)	(5,932,962)	-	-
Other liabilities	(752,983)	(523,420)	(288,260)	78,960
Depositors' funds	161,340	(421,639)	-	-
Investment contract liabilities	(6,761)	(18,591)	-	-
Changes in unearned premium	44,501	1,822,271	-	-
Changes in provision for outstanding claims	(2,056,183)	(355,284)	-	-
Changes in employee retirement benefits	230,275	-	-	-
	(8,965,391)	(7,167,125)	(154,349)	612,967
Income tax paid	(23,330)	(43,638)	(22,507)	(18,844)
Contribution to employees retirement benefits	-	-	-	-
Employee benefits paid	-	-	-	-
Interest expense paid	(126,790)	(221,844)	(70,453)	(146,462)
Net cash provided by operating activities	(9,115,512)	(7,432,608)	(247,309)	447,662

Cash flows from investing activities:

In thousands of Naira

	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Purchases of property and equipment	(8,209)	(72,305)	-	(399)
Purchases of Right of Use Asset	-	(19,049)	-	-
Purchase of intangible assets	(63,628)	(3,422)	-	-
Proceed from disposal of investment properties	3,856,706	-	-	-
Proceed from disposal of property and equipment	2,188,866	73,246	-	-
Proceed from changes in ownership interest in subsidiary	-	-	-	-
Proceed from redemption/disposal of investment securities	(5,226,633)	(1,282,559)	10,175	7,020
Additional investment in associates	(3,748,066)	-	(3,748,066)	-
Additional investment in subsidiary	-	-	3,748,065	-
Purchase of investment securities	-	-	-	-
Deposit for shares	-	-	-	-
Dividend received	12,889	133,463	(2,186)	(255,771)
Rent received	20,079	54,482	-	-
Net interest received	225,813	301,072	3,813	9,102
Share of loss/(profit) of associate	29,655	-	-	-
Fair value gain/(loss) on FVTPL investment securities	(22,095)	-	1,244	(3,141)
Fair value gain/(loss) on disposal of investment in subsidiaries	-	-	-	-
Net cash provided by investing activities	(2,734,623)	(815,072)	13,046	(243,188)
Cash flows from financing activities:				
Repayment of borrowings	(16,053,266)	(89,084)	(16,065,166)	(70,499)
Proceeds from new borrowings	16,252,744	-	16,269,696	-
Repayment of finance lease	-	-	(1,888)	(8,875)
Unclaimed dividend paid	-	-	-	-
Net used in financing activities	199,478	(89,084)	202,642	(79,375)
Cash and cash equivalent at beginning of year	12,807,056	13,834,940	156,824	191,331
Effect of exchange rate fluctuations on cash and cash equivalents	3,657	(167,017)	-	-
Net increase in cash and cash equivalent	(11,650,655)	(8,336,765)	(31,621)	125,097
Cash and cash equivalent at end of Quarter	1,160,059	5,331,158	125,203	316,428

Group information and statement of accounting policies

1 Reporting Entity

The Company was incorporated as Royal Exchange Assurance (Nigeria) Plc, a private limited liability Company on 29 December 1969. It was converted to a public limited Company on 15 July 1989 and then listed on the Nigerian Stock Exchange on 3 December 1990. On 28 July 2008, the Company changed its name to Royal Exchange Plc and transferred its life and general insurance businesses to newly incorporated subsidiaries, Royal Exchange General Insurance Company Limited and Royal Exchange Prudential Life Plc respectively.

The Group currently comprises Royal Exchange Plc (Parent Entity), Royal Exchange Prudential Life Plc, Royal Exchange Finance Company Ltd, Royal Exchange Micro-Finance Bank Limited and Royal Exchange Healthcare Limited.

The principal activities of the Group are general and health insurance, life assurance, asset management, credit financing and microfinance banking.

The financial statements of the Group are as at and for the period ended 30 September 2021.

The registered office address of the Group is New Africa House, 31 Marina, Lagos, Nigeria.

2 Basis of preparation

- (a) These financial statements for the period ended 30 September 2021 have been prepared in accordance with, and comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The financial statements comply with the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, the Insurance Act of Nigeria and National Insurance Commission of Nigeria ("NAICOM") circulars.

The financial statements include the statement of financial position, statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity and the notes to the account.

(b) Functional and presentation currency

The financial statement is presented in Naira, which is the Group's functional currency. Financial information presented in Naira has been rounded to the nearest thousands except where otherwise indicated.

(c) Basis of measurement

These consolidated and separate financial statements have been prepared on a historical cost basis except for the following items:

(i) Carried at fair value:

- financial instruments at fair value through profit or loss (FVTPL);
- financial instruments at fair value through other comprehensive income (FVTOCI);
- investment properties;
- plan assets for defined benefits obligations

(ii) Carried at amortised cost:

- loans and receivables;
- held to collect financial instruments;
- financial liabilities at amortised cost;

(iii) Carried at a different measurement basis

- Retirement benefit obligations are measured in terms of the projected unit credit method;
- Insurance contract liabilities are measured using a gross premium valuation approach for individual and group life risk business while discounted cashflows approach are used for measuring annuity and the risk reserve for individual deposit based businesses.

(d) Reporting period

The financial statements have been prepared for a 9 month period.

(e) Use of estimates and judgment

In preparing these financial statements in conformity with the International Financial Reporting Standard (IFRS) which requires the use of certain critical accounting estimates, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about significant areas of estimation uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed in Note 4.

(f) Changes in accounting policies and disclosures

(i) New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statement

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

- 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
- 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.

The amendment is not applicable to the Royal Exchange Plc as the Group does not have operating leases qualified for the application of IFRS 16, hence it was not applied.

i(a) Amendments to References to the Conceptual Framework in IFRS Standards

The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

i(b) Amendments to IFRS 3 Definition of a business

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

The Group acquired a new business during the year, the amendment did not have any material impact on the Group financial statements.

i(c) Amendments to IAS 1 and IAS 8 Definition of material

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time 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. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

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

ii(a) Amendments to IAS 1 and IAS 8: Definition of material

The Company 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.

ii(b) Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 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.

ii(c) Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

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 IFRS 16 if the change were not a lease modification.

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:

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

In the current financial year, the Group has not applied the amendment to IFRS 16 (as issued by the IASB in May 2020) as it did not receive any COVID-19 related rent concession on its leases.

iii Standards, amendments and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective;

iii(a) 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. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2023. For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

iii(b) IFRS 10 and IAS 28 (amendments): 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 recognised 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 re-measurement 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 recognised 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 IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

iii(c) 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.

iii(d) Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

iii(e) Amendments to IAS 16 – 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 IAS 2 Inventories.

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

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included 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 include(s) such proceeds and cost.

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

iii(f) Amendments to IAS 37 – 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.

iv Annual Improvements to IFRS Standards 2018 - 2020

The Annual Improvements include amendments to four Standards.

iv(a) IFRS 1 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 that uses 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.

iv(b) IFRS 9 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 permitted.

iv(c) IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

iv(d) IAS 41 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.

3 Summary of Significant Accounting Policies

The Group consistently applied the following accounting policies to the periods presented in the financial statements

(a) Consolidation

The consolidated and separate financial statements incorporate the financial statements of the Group and its subsidiaries. Subsidiaries are entities controlled by the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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 IAS 39 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.

Changes in the Company's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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 amount for 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 recognised in other comprehensive income are reclassified to profit or loss.

Transactions eliminated on Consolidation

Intra-group balances and any unrealised gains or losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

a (i) Business Combination

The Group applies IFRS 3 Business Combinations in accounting for business combinations. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately.

The Group measures goodwill at the acquisition date as the total of:

- the fair value of the consideration transferred, which is generally measured at fair value; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree;
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. The consideration transferred does not include amounts related to the settlement of pre-Transactions costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

a (ii) Non-controlling interest

Non controlling interest are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

a (iii) Subsidiaries

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with investee and has the ability to affect those returns through its power over the investee. The Group financial statements incorporates the assets, liabilities and results of; Royal Exchange General Insurance Company Limited, Royal Exchange Prudential Life Plc, Royal Exchange Microfinance Bank, Royal Exchange Healthcare Limited and Royal Exchange Finance and Asset Management Limited. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

a(iv) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Investments in associates are accounted for using the equity method of accounting. They are initially recognised at cost, which includes transaction costs.

Subsequent to initial recognition, the Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated profit or loss; its share of post-acquisition movements is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Intra-group gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Intra-group losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. For preparation of consolidated financial statements, equal accounting policies for similar transactions and other events in similar circumstances are used. Dilution gains and losses in associates are recognised in the consolidated profit or loss.

a(v) Loss of control

When the Group loses control over a subsidiary, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any interest retained in the former subsidiary is measured at fair value when control is lost.

a(vi) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Group at the exchange rates at the dates of the transactions.

The group consolidated and separate financial statements are presented in Nigerian Naira which is the functional and presentation currency of Royal Exchange Plc.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date and those measured at fair value are translated at the exchange rate at the date that the fair value was measured.

Exchange rate differences on non-monetary items such as property and equipment, prepayment, intangible assets are accounted for based on the classification of the underlying items.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- Fair value through other comprehensive income (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).
- Fair value through other comprehensive income debt securities investments, in which case foreign currency differences on the fair value difference are recognised in OCI.

(c) Cash and Cash Equivalents

Cash comprises cash in hand, and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in their fair value. Cash equivalents comprise investments with original maturities of three months or less and used by the Group to manage its short-term commitments.

Subsequent to initial recognition, cash and cash equivalents are carried at amortised cost in the statement of financial position. For the purpose of the statement of cash flows, cash and cash equivalents are net of outstanding overdrafts.

Interest income on cash and cash equivalents is recorded in net interest income in profit or loss.

(d) Financial Instruments

(i) Measurement methods

Amortised cost and effective interest rate

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses, but includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets except for financial assets that are not originated credit impaired but have subsequently become credit-impaired (or stage 3), for which interest revenue is calculated by applying the interest rate to their amortised cost (i.e. net of expected credit loss provision).

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are recognised on the trade date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

- (a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.
- (b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

d(ii) Financial assets

(i) Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

Classification and subsequent measurement of debt instruments depend on:

- (i) the company's business model for managing the asset; and
- (ii) the cash flow characteristics of the asset (SPPI).

Business model: The business model reflects how the company manages the assets in order to generate cash flows, i.e. whether the company's objective is solely to collect the contractual cash flows from the assets, or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of the "residual" business model and measured at FVTPL. Factors considered by the company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the company assesses whether the financial instruments' cash flows represent Solely Payments of Principal and Interest (the "SPPI test"). In making this assessment, the company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

i) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3(d)(i). Interest income from these financial assets is included in 'Net interest income' using the effective interest rate method.

ii) Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Net interest income' using the effective interest rate method.

iii) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net fair value gain/(loss) on assets' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Investment and other income'. Interest income from these financial assets is included in 'Net interest income' using the effective interest rate method.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective, that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Equity instruments held by the Company include basic ordinary shares of other entities.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are not quoted in an active market and where those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in other comprehensive income and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

Gains and losses on equity investments at FVPL are included in the 'Net fair value gain/(loss) on assets' line in the statement of profit or loss.

ii) Impairment

The Company assesses on a forward-looking basis the expected credit losses ('ECL') associated with its financial assets carried at amortised cost. The Company recognises a loss allowance for such assets at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

iii) Modification of loans

The Company sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Company assesses whether or not the new terms are substantially different to the original terms. The Company does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

Where the terms are substantially different, the Company derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Company also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

Where the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Company recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit adjusted effective interest rate for originated credit-impaired financial assets).

iv) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Company transfers substantially all the risks and rewards of ownership, or (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

(e) Impairment of other non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets and investment property) to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Reinsurance Assets

The Group cedes reinsurance in the normal course of business in order to limit its net loss potential for losses arising from certain exposures. The cost of reinsurance related to long-term contracts is accounted for over the life of the underlying reinsured policies, using assumptions consistent with those used to account for these policies. However, reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Reinsurance assets include balances due from various reinsurance companies for ceded insurance contracts. Amounts recoverable from reinsurers are estimated in a manner consistent with the underlying reinsurance contract.

Reinsurance assets are assessed for impairment at each reporting date. If there is reliable objective evidence that a reinsurance asset is impaired as a result of an event that occurred after initial recognition of the reinsurance asset, that the Group may not receive all amounts due to it 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 Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated and recognised following the same method used for financial assets.

The Group has the right to set off reinsurance payables against amounts due from reinsurers and co-assurers in line with the agreed arrangement between both parties.

(g) Deferred acquisition costs

The incremental costs directly attributable to the acquisition of new business which had not expired at the reporting date, are deferred by recognizing an asset. For non-life insurance contracts, acquisition costs include both incremental acquisition costs and other indirect costs of acquiring and processing new businesses.

Deferred acquisition costs are amortised in the income statement systematically over the life of the contracts at each reporting date.

(h) Other Receivables and Prepayments

Other receivables balances include dividend receivable, inter-group balances, accrued rental income and security holding trust account.

Prepayment are essentially prepaid rents and staff upfront payments. Other receivables are carried at amortised cost less accumulated impairment losses. Other receivables balances include dividend receivable, and accrued rental income.

(i) Investment Properties

Investment properties are properties held for long-term rental yields or for capital appreciation (including property under construction for such purposes) or for both purposes, but not for sale in the ordinary course of business.

Recognition and measurement

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably.

Investment properties are measured initially at cost, including all transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in the statement of profit or loss in the period in which they arise. Fair values are evaluated and assessed annually by a Financial Reporting Council's accredited external valuer.

De-recognition

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the income statement in the period of de-recognition.

Transfers

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. 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 change. Subsequently, the property is re-measured to fair value and reclassified as investment property.

(j) Property and Equipment

Recognition and measurement

All property and equipment used by the Group is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. If significant parts of a property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Subsequent costs

Subsequent expenditures are recognized in the carrying amount of the asset or as a separate asset as appropriate if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be reliably measured. The costs of the day-to-day servicing of property and equipment are recognized in the statement of profit or loss as incurred.

Depreciation

Depreciation is recognized so as to allocate the cost of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Freehold land is not depreciated

The estimated useful lives of property and equipment are as follows:

Leasehold land	Over the lease period
Buildings	50 years
Generators	7 years
Furniture and Fittings	5 years
Computer Equipment	4 years
Motor vehicles	4 years
	- New
	- Salvage
Finance Lease	3 years
	4 years

De-recognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss of the year that the asset is de-recognized.

(k) Intangible Assets

Software expenditure

An internally-generated intangible asset arising from the Group's software development is recognized if and only if all of the following conditions are met:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses on the same basis as intangible assets that are acquired separately.

Acquired computer software

Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. Computer software is stated at cost less amortization and impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. Cost associated with maintaining computer software programmes are recognised as an expense as incurred.

Amortization

Computer software costs, whether developed or acquired, are amortized for a period of five years using the straight line method.

Intangible assets which are not available for use are tested for impairment annually. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate

An intangible asset shall be derecognized by the Group on disposal; or when no future economic benefit are expected from its use or disposal. Any gain or loss arising on de-recognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is recognised.

(l) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income taxes

The Company is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely income tax (based on taxable income (or loss) for the year; and Minimum tax (determined based on the sum of the highest of 0.25% of revenue of N500,000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets and 0.125% of revenue in excess of N500,000). Taxes based on taxable profit for the period are treated as current income tax in line with IAS 12; whereas taxes which is based on gross amounts is outside the scope of IAS 12 and therefore are not treated as current income tax.

Where the minimum tax is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above income tax line as minimum tax.

The Group Income tax expense and payable is the sum of the individual tax expense and payable under the various tax laws governing each of the subsidiaries of the Group and the Company.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Group's statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

The current taxes include: Group Income Tax at 30% of taxable profit; Education Tax at 2% of assessable profit; Capital Gain Tax at 10% of chargeable gains; and Information Technology Development levy at 1% of accounting profit.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill (arising in a business combination) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable differences is insufficient to recognise the deferred tax asset in full, then future taxable profits adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; these reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for properties held for sale that are measured using the fair value model, the carrying amount of such properties are presumed to be recovered entirely through the sale unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the investment property over time, rather than through sale.

(m) Statutory Deposits

Statutory deposits are cash balances held with the Central Bank of Nigeria (CBN) in compliance with the Insurance Act, CAP 117, LNF 2004 for the general insurance companies. The deposits are only available as a last resort to the Group if it goes into liquidation. Statutory deposits are measured at cost.

(n) Borrowings

Borrowings by way of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Borrowings have been measured in line with the Group's accounting policy for financial instruments (see note 3(d))

Borrowing costs comprise interest payable on loans and bank overdrafts. They are charged to profit or loss as incurred, except those that relate to qualifying assets. Arrangement fees in respect of financing arrangements are charged to borrowing costs over the life of the related facility.

(o) Deferred income

Deferred income comprises deferred rental income and deferred commission.

Deferred Rental Income relates to rents received in advance. These are amortized and transferred to the statement of profit or loss over the periods that they relate.

Deferred commission income relates to commissions received on ceded reinsurance businesses but not yet earned as at reporting date. Deferred commission incomes are amortized systematically over the life of the contracts at each reporting date.

(p) Provisions and other liabilities

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Other liabilities

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

(q) Finance and operating lease obligations

These are the corresponding liabilities on assets acquired under finance lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Lease assets - lessee

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Lease assets - lessor

If the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances

(r) Insurance Contract Liabilities

r(i) Classification

IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred.

Insurance contracts are those contracts when the insurer has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

The Group only enters into insurance contracts. Therefore, its insurance contract liabilities represent the Group's liability to the policy holders. It comprises the unearned premium, unexpired risk, outstanding claims and the incurred but not reported claims. At the end of each accounting period, this liability is reflected as determined by the actuarial valuation report.

Unearned premium provision

The provision for unearned premiums represents the proportion of premiums written in the periods up to the accounting date that relate to the unexpired terms of policies in force at the end of the reporting date. This is estimated to be earned in subsequent financial periods, computed separately for each insurance contract using a time apportionment basis.

Reserve for unexpired risk

A provision for additional unexpired risk reserve is recognised for an underwriting year where it is envisaged that the estimated cost of claims and expenses exceed the unearned premium provision.

Reserve for outstanding claims

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date.

Reserve for incurred but not reported claims (IBNR)

A provision is made for claims incurred but not yet reported as at the end of the financial year. This provision is based on the liability adequacy test report.

Liability Adequacy Test

At the end of each reporting period, liability adequacy tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognised. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses, investment income backing such liabilities are considered. Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. Any deficiency is charged to the statement of profit or loss by increasing the carrying amount of the related insurance liabilities.

The Liability Adequacy Test (LAT) was carried out by Ernst & Young (Consultant Actuaries) under the supervision of Mr.O.O Okpaise with FRC number (FRC/2012/NAS/00000000738).

Insurance contract with discretionary participating features (DPF)

Some insurance contracts and investment contracts contain a discretionary participating feature (DPF), which is a contractual right to receive as, a supplement to guaranteed benefits,

- Likely to be a significant portion of the total contractual benefits;
- The amount or timing is contractually at the discretion of the insurer; and
- That are contractually based on:

- i. the performance of a specified pool of contracts or a specified type of contract;
- ii. realized and or unrealized investment returns on a specified pool of assets held by the issuer; or
- iii. the profit or loss of the Company.

Recognition and measurement

Insurance contracts with DPF are classified into two main categories, depending on the duration of risk and whether or not the terms and conditions are fixed.

(i) Short-term insurance contracts

Short-duration life insurance contracts (Group Life) protect the Group's clients from the consequences of events (such as death or disability) that would affect the ability of the client or his/her dependants to maintain their current level of income. These contracts have no maturity or surrender value and the premiums are recognized as earned premiums proportionally over the period of coverage.

The proportion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as unearned premium liability. Premiums are shown before deductions of commissions and are gross of any taxes or duties levied on premiums.

Claims expenses are recognized in the statement of profit or loss as incurred based on the estimated liability for compensation owed to contract holders. They include direct and indirect claims settlement costs that arise from events that have occurred up to the end of the reporting period even if they have not been reported to the Group. The Group does not discount its liabilities for unpaid claims. Liabilities for unpaid/outstanding 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.

(ii) 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 recognized as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recognized 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 recognized. The liability is actuarially determined based on assumptions such as mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. The change in liabilities are recorded in gross premium on the statement of profit or loss.

The Company only enters into insurance contracts. Therefore, its insurance contract liabilities represent the Company's liability to the policy holders. It comprises the unearned premium, unexpired risk, outstanding claims and the incurred but not reported claims. At the end of each accounting period, this liability is reflected as determined by the actuarial valuation report.

(s) Recognition and Measurement of Insurance Contract

Premium

Gross written premiums for general insurance contracts comprise premiums received in cash as well as premiums that have been received and confirmed as being held on behalf of the Group by insurance brokers and duly certified thereto. Gross premiums are stated gross of commissions and taxes payable and stamp duties that are payable to intermediaries and relevant regulatory bodies respectively.

Unearned premiums represent the proportions of premiums written in the year that relate to the unexpired risk of policies in force at the reporting date.

Reinsurance

Premiums, losses and other amounts relating to reinsurance treaties are measured over the period from inception of a treaty to expiration of the related business. The actual profit or loss on reinsurance business is therefore not recognized at the inception but as such profit or loss emerges. In particular, any initial reinsurance commissions are recognized on the same basis as the acquisition costs incurred.

Premiums ceded, claims recovered and commission received are presented in the statement of profit or loss and statement of financial position separately from the gross amounts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due under the contract terms and that the event has a reliably measurable impact on the amounts the Group will receive from the reinsurer.

Claims and policy holders benefit payable

Claims incurred comprise claims and claims handling expenses paid during the financial year and changes in the provision for outstanding claims. Claims and claims handling expenses are charged to profit or loss as incurred.

For long term insurance business, benefits are recorded as an expense when they are incurred. Claims arising on maturing policies are recognized when the claims become due for payment. Death claims are accounted for on notification. Surrenders are accounted for on payment.

(t) Investment contract liabilities

Investment contracts are those contracts that transfer significant financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. The investment contract comprises of the Royal Policy Product, (RPP), the Royal Insurance Savings Account (ISA) and the Deposit Administration (DA).

Amounts collected from investment linked contracts with no discretionary participating features are reported as deposits (i.e. as investment contract liabilities) in the statement of financial position. Interest, usually agreed with clients, is credited per annum to each account holder and the amount expensed to statement of profit or loss. Payment of benefits are treated as withdrawal (reduction) from the balance standing in the credit account of the client.

(u) Employee Benefits liabilities

u(i) Short-term benefits

Staff benefits such as wages, salaries, paid annual leave allowance, and non-monetary benefits are recognized as employee benefit expenses. The expenses are accrued when the associated services are rendered by the employees of the Group.

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

u(ii) Defined Contribution Plans

The Group operates a defined contribution plan in accordance with the provisions of the Pension Reform Act 2014. The Group contributes 10% and employees contribute 8% each of the qualifying monthly emoluments in line with the Pension Reform Act.

The Group's monthly contribution to the plan is recognized as an expense in profit or loss.

The Group pays contributions to privately administered pension fund administration on a monthly basis. The Group has no further payment obligation once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payments is available. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

u(iii) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

u(iv) Pension

The Group operated a funded pension scheme for its employees prior to the Pension Reform Act 2004. It therefore has continuing pension obligation to its staff who retired prior to the commencement of the contributory pension scheme.

Pensioners are entitled to 3% annual increment. Over 90% of the pension assets are being managed by a pension fund administrator while the balance is invested in marketable securities and bank placement.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

u(v) Other Long term benefits

The Group operates a long service award plan for eligible staff who have rendered continued service to the organization.

Benefits accrue after a minimum of 10 years and a maximum of 35 years. The main benefits payable on the scheme are both cash and gift items which vary according to the number of years of service.

The liability is valued annually by a qualified actuary (Logic Professional Services) under the supervision of Mr Ganiu Shefiu with FRC number (FRC/2017/NAS/0000017548) using the projected unit credit method.

Remeasurements of the obligation, which comprise actuarial gains or losses, are recognized immediately in OCI. The Company determines the net interest expense (income) on the obligation for the period by applying the discount rate used to measure the obligation at the beginning of the annual period to the liability, taking into account any changes in the liability during the period as a result of benefit payments. Net interest expense and other expenses related to obligation are recognized in profit or loss.

The Company meets benefits on a pay-as-you-qualify basis as the plan is an unfunded scheme.

v Capital and Reserves

v(i) Share capital

The equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Group are recognized as the proceeds are received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

v(ii) Share premium

This represents the excess amount paid by shareholders on the nominal value of the shares. This amount can be utilized as provided in Section 120(3) of Companies Allied Matters Act. The share premium is classified as an equity instrument in the statement of financial position.

v(iii) Contingency reserve

The Group maintains Contingency reserves for the general business in accordance with the provisions of S.21 (1) of the Insurance Act 2003.

In compliance with the regulatory requirements in respect of Contingency Reserve for general business, the Group maintains contingency reserve at the rate equal to the higher of 3% of gross premium or 20% of the total profit after taxation until the reserve reaches the greater of minimum paid up capital or 50% of net premium.

In compliance with the regulatory requirements in respect of Contingency Reserve for Life business, the Company maintains contingency reserve at the rate equal to the higher of 1% of gross premium or 10% of the net profit accumulated until it reaches the amount of the minimum paid up capital.

v(iv) Retained Earnings

The reserve comprises undistributed profit/ (loss) from previous years and the current year. Retained Earnings is classified as part of equity in the statement of financial position.

v(v) Fair value reserves

Fair value reserves represent the cumulative net change in the fair value of available-for-sale financial assets at the reporting date.

v(vi) Regulatory risk reserve

The regulatory risk reserves warehouses the difference between the impairment of loans and advances under the Nigeria GAAP and Central Bank of Nigeria prudential guidelines and the loss incurred model used in calculating the impairment balance under IFRS.

v(vii) Other reserves - employee benefit actuarial surplus

Actuarial (surplus)/deficit on employee benefits represent changes in benefit obligation due to changes in actuarial valuation assumptions or actual experience differing from experience. The gains/losses for the year, net of applicable deferred tax asset/liability on employee benefit obligation, are recognized in other comprehensive income.

v(viii) Treasury shares

Where the Company or any member of the Group purchases the Company's share capital, the consideration paid is deducted from the shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

v(ix) Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Group's shareholders. Dividends for the year that are declared after the end of the reporting period are dealt with in the subsequent period.

Dividends proposed by the Directors but not yet approved by shareholders are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act of Nigeria.

(w) Revenue Recognition

w(i) Gross Written Premium

Gross written premiums for insurance comprise premiums received in cash as well as premiums that have been received and confirmed as being held on behalf of the Group by insurance brokers and duly certified thereto. Gross written premiums are stated gross of commissions, net of taxes and stamp duties that are payable to intermediaries and relevant regulatory bodies respectively.

Unearned premiums represent the proportions of premiums written in the year that relate to the unexpired risk of policies in force at the reporting date.

Deposits collected from investment-linked contracts with non-discretionary participating features are reported as investment contract liabilities in the statement of financial position.

Outward facultative premiums and reinsurance premiums ceded are accounted for in the same accounting period as the premiums for the related direct insurance or facultative business assumed.

The earned portion of premiums received is recognized as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of indemnity received.

w(ii) Reinsurance expenses

Reinsurance cost represents outward premium paid/payable to reinsurance companies less the unexpired portion as at the end of the financial year.

w(iii) Fees and commission income

Fees and commission income consists primarily of insurance agency and brokerage commission, reinsurance and profit commissions, policyholder administration fees and other contract fees. Reinsurance commissions receivable are deferred in the same way as acquisition costs. All other fee and commission income is recognized as the services are provided.

w(iv) Interest income

Interest income is recognized 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 recognized as an adjustment to the effective interest rate of the instrument.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Where the estimated cash flows on financial assets are subsequently revised, other than impairment losses, the carrying amount of the financial assets is adjusted to reflect actual and revised estimated cash flows.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

w(v) Investment Income

Investment income consists of dividends, realized gains and losses as well as unrealized gains and losses on financial instruments.

w(vi) Dividend income

Dividend income from investments is recognized when the shareholders' rights to receive payment have been established.

w(vii) Realized gains and losses and unrealized gains and losses

Realized gains and losses 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 or amortized cost and are recorded on occurrence of the sale transaction.

Unrealized gains or losses represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

w(viii) Other operating income

Other operating income represents income generated from sources other than premium revenue and investment income. It includes rental income, profit on disposal of fixed assets. Rental income is recognized on an accrual basis.

x Expense Recognition

x(i) Insurance claims and benefits incurred

Gross benefits and claims consist of benefits and claims paid / payable to policyholders, which include changes in the gross valuation of insurance contract liabilities, except for gross change in the unearned premium provision which are recorded in premium income. It further includes internal and external claims handling costs that are directly related to the processing and settlement of claims. Amounts receivable in respect of salvage and subrogation are also considered.

Salvage

Some non-life insurance contracts permit the Group to sell (usually damaged) property acquired in the process of settling a claim.

Subrogation

Subrogation is the right of an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of receiving the amount of the claim paid to the insured for the loss.

x(ii) Underwriting expenses

Underwriting expense include acquisition costs and maintenance expense. Acquisition costs comprise direct and indirect costs associated with the writing of insurance contracts. These include commission expenses and other technical expenses. Maintenance expenses are expenses incurred in servicing existing policies and clients. All underwriting expenses are charged to income statement as they accrue or become payable.

x(iii) Management expenses

Management expenses are charged to profit or loss when goods are received or services rendered. They are expenses other than claims, maintenance and underwriting expenses and include employee benefits, depreciation charges and other operating expenses.

y Segment reporting

Operating segments are identified and reported in consonance with the internal reporting policy of the Group that are regularly reviewed by the Chief Executive (being the chief operating decision maker) who allocates resources to the segment and assesses their performance thereof.

The Group's reportable segments, for management purpose, are organized into business units based on the products and services offered as follows:

- Life insurance - (Royal Exchange Prudential Life Assurance Plc);
- Financial services - (Royal Exchange Micro-Finance Bank Limited);
- Healthcare - (Royal Exchange Healthcare Limited);and
- Credit Financing (Royal Exchange Finance Company Ltd).

The other segments include corporate shared services and other activities not related to the core business segment and which are not reportable segments due to their immateriality. Certain expenses such as finance costs and taxes are also not allocated to particular segments.

The segment reporting is the measure used by the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance.

z Earnings per share

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares

aa Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that results in the holding and placing of assets on behalf of clients and oversight functions over certain funds. The value of the assets held on behalf of clients as at reporting date are excluded from the statement of financial position of the Group as they are not assets of the Group. The carrying value of the assets under custody were determined as follows:

- Cash and cash equivalents are carried at amortised cost.
- Loans and receivables and Held-to maturity investments are carried at amortised cost.
- Other Liabilities are measured at amortized cost using the effective interest rate method.

Fees and commissions earned from providing such services are generally recognised on an accrual basis in the statement of profit and loss in line with the agreement between the Group and the party for which the Group holds its assets.

4 Critical accounting estimates and judgments

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year.

Estimates and underlying assumptions are reviewed on an ongoing basis and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognised prospectively.

A Judgements

Management applies its judgement to determine whether the indicators set out in Note 3(a)(iv) indicate that the Group has significant influence over its investment in associates.

According to IAS 28, a 20% or more interest in an investee leads to a rebuttable presumption that the investor has significant influence over the investee.

The Group holds a direct interest of 39.29% in Royal Exchange General Insurance Company Limited. (REGIC). Management has considered the fact and circumstances, including the representation of the Company on the board of REGIC and has concluded that the Group has significant influence over REGIC and the entity is an associate of the Group.

B Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ending 30 September 2021 is set out below in relation to the impairment of financial instruments and in the following notes in relation to other areas:

(i) *Deferred tax assets*

Recognised deferred tax assets (see note 21) are measured at the tax rates enacted or substantively enacted at the end of the reporting period and represents those amounts that are probable of realisation taking into account management's estimates of future taxable profits. In determining estimates of future taxable profit against which deductible amount can be utilised, management has considered the existence of taxable temporary differences that will reverse in the same year that deductible amounts will reverse. Management's estimate of future taxable profits has been determined on the basis of a five year profit forecast. Management affirms that assumptions underlying the five year forecast is reasonable given the Group's restructured operations and there are no objective indicators to suggest that the projected earnings level will not be achieved.

(ii) *Liabilities arising from insurance contracts*

Claims arising from non-life insurance contracts

Liabilities for unpaid claims are estimated on 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 Company deems liabilities reported as adequate.

(iii) *Measurement of the expected credit loss allowance*

The measurement of the expected credit loss allowance for financial assets measured at amortised cost requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL; and
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL.

(iv) *Determination of fair value of investment property*

Management employed the services of estate surveyors and valuers to value its investment properties. The estimated open market value is deemed to be the fair value based on the assumptions that there will be willing buyers and sellers. Recent market prices of neighborhood properties were also considered in deriving the open market values. Other key assumptions are as disclosed in Note 15 to the financial statements.

(v) *Defined benefit plan*

The present value of the employee benefit obligations depends on a number of factors that are determined in an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of obligations. The assumptions used in determining the net cost (income) for pensions include the discount rate.

The Group determines the appropriate discount rate at the end of the reporting period. In determining the appropriate discount rate, reference is made to the yield on Nigerian Government Bonds that have maturity dates approximating the terms of the related pension liability. Other key assumptions for pension obligations are based in part on current market conditions as disclosed in Note 19.

(vi) *Current income tax*

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due and based on its assessment of the applicable tax regulations. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(vii) *Determination of impairment of property and equipment, and intangible assets excluding goodwill*

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Group applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(viii) *Depreciation, amortisation and the carrying value of property and equipment and intangible assets*

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items. Depreciation and amortisation is recognised on the basis described in accounting policies note 3(j) and 3(k).

5 Cash and cash equivalents

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Cash	9,440	7,093	104	90
Bank balances	189,067	888,509	24,913	49,980
Short-term deposits (including demand and time deposits)	2,812,747	11,913,370	100,256	106,824
Write back/(charge) of impairment allowance on Short term deposits	(1,636)	(1,916)	(70)	(71)
At 30 September	3,009,618	12,807,056	125,203	156,824

- (i) Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group.

The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

- (ii) The balance represents amount used as integral part of the Group's cash management.

6 Loans and advances to customers

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Term loan	1,567,836	1,325,341	-	-
Impairment Allowance	(319,335)	(281,243)	-	-
At 30 September	1,248,501	1,044,098	-	-

- (a) The movements in impairment allowance on loans and advances to customers is analyzed below;

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	281,243	269,963	-	-
Write-off during the year	-	-	-	-
Impairment allowance recognised during the year	38,092	11,280	-	-
At 30 September	319,335	281,243	-	-
Within one year	1,248,501	1,044,098	-	-
More than one year	-	-	-	-
	1,248,501	1,044,098	-	-

7 Advances under finance lease

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Gross investment in finance lease	86,854	108,201	-	-
Impairment allowance (see note 7(a) below)	(20,000)	(20,000)	-	-
	66,854	88,201	-	-

- (a) The movements in impairment allowance on advance under lease is analyzed below;

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	20,000	23,000	-	-
Write back of impairment	-	(3,000)	-	-
Impairment allowance recognised during the year	-	-	-	-
At 30 September	20,000	20,000	-	-
Within one year	66,854	32,313	-	-
More than one year	-	55,888	-	-
	66,854	88,201	-	-

8 Investment securities

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Fair value through profit or loss (FVTPL) (see note 8(a) below)	372,556	1,162,188	12,429	21,508
Fair value through Other Comprehensive Income (FVOCI) (see note 8(b) below)	396,646	4,738,350	-	0
Amortised cost (see note 8(c) below)	115,441	210,738	0	1,096
At 30 September	884,643	6,111,276	12,429	22,604
Within one year	112,452	350,082	0	1,096
More than one year	772,191	5,761,194	12,429	21,508
	884,643	6,111,276	12,429	22,604

(a) Fair value through profit or loss (FVTPL)

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
<i>In thousands of Naira</i>				
Listed equities	372,556	1,162,188	12,429	21,508
	372,556	1,162,188	12,429	21,508

(b) Fair value through Other Comprehensive Income (FVOCI):

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Federal government bonds	256,962	3,825,887	-	-
Corporate bonds	-	-	-	-
Treasury bills	(6)	241,128	-	-
Unlisted equities at cost	143,046	684,362	-	-
Corporate Commercial paper	-	-	-	-
Specific impairment allowance (see note 8(ii) below)	(3,356)	(13,027)	-	-
	396,646	4,738,350	-	-

(i) The Group's Fair Value Through Other Comprehensive Income financial assets includes investment in listed and unlisted equities. Unlisted equities are carried at cost less impairment allowance as the fair value could not be determined reliably. Listed available for sale equities are measured at fair value using the quoted prices in active markets and fair value changes recognised in other comprehensive income. The investments were assessed for impairment as at year end.

(ii) The movements in ECL impairment allowance on listed and unlisted equities classified as FVTOCI is analyzed below:

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
<i>In thousands of Naira</i>				
At 1 January	13,027	15,639	-	-
Impairment/(write back) allowance recognised during the year	(9,671)	(2,612)	-	-
At 30 September	3,356	13,027	-	-

(c) Amortised cost

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Treasury bills	20,000	11,096	-	1,096
Staff Personal Loan	3,133	-	-	-
Staff mortgage loans	389	107,202	-	-
Policy holders loan	90,812	96,212	-	-
Placement with financial institutions	1,646	1,646	-	-
Specific impairment allowance	(539)	(5,418)	0	0
	115,441	210,738	0	1,096

9 Investment in subsidiaries

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Royal Exchange General Insurance Company Limited	-	-	-	3,748,065
Royal Exchange Prudential Life Assurance Plc.	-	-	3,865,833	3,865,833
Royal Exchange Finance Company Limited	-	-	777,802	777,802
Royal Exchange Healthcare Company Limited	-	-	151,669	151,669
Royal Exchange Microfinance Bank Limited	-	-	106,205	106,205
Allowance for Impairment	-	-	4,901,509	8,649,574
	-	-	(80,923)	(80,923)
	-	-	4,820,586	8,568,651

(a) Movement in gross investment in subsidiaries

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	-	-	8,649,574	8,649,574
Disposals	-	-	(3,748,065)	-
Additions (see note 9(a)(i) below)	-	-	-	-
At 30 September	-	-	4,901,509	8,649,574

(i) The subsidiary companies comprise of the following:

Name of Entity	Nature of business	Sep-21	30-Sep-21	31-Dec-20
Royal Exchange Prudential Life Assurance Plc	Life Insurance	30-Sep	99.90	99.90
Royal Exchange Finance Company Limited	Credit Financing	30-Sep	99.90	99.90
Royal Exchange Healthcare Company Limited	Health insurance	30-Sep	29.84	29.84
Royal Exchange Microfinance Bank Limited	Microfinance Bank	30-Sep	53.00	53.00
Royal Exchange General insurance Company Limited	Non-Life Insurance	30-Sep	-	60.75

All subsidiaries are incorporated in Nigeria.

Indirect holdings

The Company indirectly owns shares in Royal Exchange Healthcare Company Limited and Royal Exchange Microfinance Bank through some of its wholly owned subsidiaries as listed below:

Holdings	Royal Exchange Healthcare Company Limited	Royal Exchange Microfinance Bank Limited
Royal Exchange Prudential Life Assurance Plc	37.16	21.60
Royal Exchange Finance Company Limited	-	10.80
	37.16	32.40
Direct Holding by the company	29.84	53.00
	67.00	85.40
Royal Exchange General insurance Company Limited	33.00	14.60
	100.00	100.00

(i) This represents the Company's 99.9% (2020: 99.9%) shareholdings in Royal Exchange Prudential Life Assurance Plc., a Nigerian registered company involved in life insurance business.

(ii) This represents the Company's 99.9% (2020: 99.9%) shareholdings in Royal Exchange Finance Company Limited, a Nigerian registered company involved in the business of finance, financial advisory, fund management, leasing and investment management. The investment which has been carried at cost was impaired, based

(iii) This represents the Company's 29.84% (2020: 29.84%) shareholdings in Royal Exchange Healthcare Limited, a Nigerian registered company involved in the business of healthcare insurance service. The balance of 70% is owned by Royal Exchange General Company Limited and Royal Exchange Prudential Life

(iv) This represents the Company's 53% (2020: 53%) shareholdings in Royal Exchange Microfinance Bank Limited, a Nigerian registered company involved in the business of microfinance banking.

(v) This represents the Company's 60.75% shareholdings in Royal Exchange General Company Limited (REGIC), a Nigerian registered company involved in general insurance business as at 31st December 2020.

Within the third quarter of 2021, AfricInvest, a leading Pan-African asset management platform covering Private Equity, Venture Capital, and Private Credit, completed the acquisition of a minority stake in Royal Exchange General Insurance Company ("REGIC"). Consequent upon the investment of AfricInvest, Royal Exchange Plc. now holds 39.29% stake and REGIC now classified as investment in associate in line with IFRS 3, IFRS 10 & IAS 28.

(b) The condensed financial data of the consolidated entities as at 30 September 2021, are as follows:

(i) Condensed statement of profit or loss for period ended 30 September 2021

<i>In thousands of Naira</i>	Group balances	Elimination entries	Gross amount	Royal Exchange Plc	Royal Exchange Prudential Life Plc	Royal Exchange Finance Company Ltd.	Royal Exchange Microfinance Bank	Royal Exchange Healthcare
Gross premium income	2,047,145	(818)	2,047,963	-	1,938,621	-	-	109,342
Reinsurance expenses	(342,658)		(342,658)	-	(342,658)	-	-	-
Net premium income	1,704,487	(818)	1,705,305	-	1,595,963	-	-	109,342
Fee and commission income	62,536	-	62,536	-	62,536	-	-	-
Net underwriting Income	1,767,023	(818)	1,767,841	-	1,658,499	-	-	109,342
Total underwriting expenses	(2,065,198)	-	(2,065,198)	-	(1,931,758)	-	-	(133,440)
Underwriting Loss	(298,175)	(818)	(297,357)	-	(273,259)	-	-	(24,098)
Share of (loss) on investment in associate	29,655	-	29,655	29,655	-	-	-	-
Write-back/(charge) of impairment allowance	(6,557)	-	(6,557)	1	-	(1,950)	(4,608)	-
Investment and other income	336,358	(80,819)	417,177	12,700	80,705	132,351	66,212	125,209
Foreign exchange gain	3,657		3,657	-	-	-	-	3,657
Net income	64,939	(81,637)	146,576	42,356	(192,554)	130,401	61,604	104,768
Total expenses	(587,700)	81,637	(669,334)	(73,472)	(355,587)	(112,690)	(59,937)	(67,648)
(Loss)/Profit before tax	(522,761)	-	(522,758)	(31,116)	(548,141)	17,711	1,667	37,120
Minimum tax	(424)	-	(424)	(424)	-	-	-	-
Income tax expense	-	-	-	-	-	-	-	-
(Loss)/Profit after taxation	(523,185)	-	(523,182)	(31,540)	(548,142)	17,711	1,667	37,120

Condensed Statement of financial position as at 30 September 2021

<i>In thousands of Naira</i>	Group balances	Consolidation entries	Gross amount	Royal Exchange Plc	Royal Exchange Prudential Life Plc	Royal Exchange Finance Company Ltd.	Royal Exchange Microfinance Bank	Royal Exchange Healthcare
ASSETS								
Cash and cash equivalents	3,009,618	(586,146)	3,595,763	125,203	2,847,884	384,307	113,016	125,353
Loans and advances to customers	1,248,501	(167,602)	1,416,104	-	-	1,217,716	198,388	-
Advances under finance lease	66,854	(14,972)	81,826	-	-	81,826	-	-
Financial assets	884,643	(20,586)	905,228	12,429	666,428	13,283	20,000	193,088
Investment in subsidiaries	-	(4,820,586)	4,820,586	4,820,586	-	-	-	-
Trade receivables	74,597	-	74,597	-	2,840	-	-	71,757
Reinsurance assets	615,042	-	615,042	-	615,042	-	-	-
Deferred acquisition cost	48,584	-	48,584	-	47,407	-	-	1,177
Other receivables and prepayments	373,000	(500,301)	873,302	95,786	598,524	122,935	43,309	12,748
Investment in associates	3,777,721	(298,490)	4,076,212	3,777,721	283,217	15,273	-	-
Investment properties	1,779,284	-	1,779,284	-	1,368,484	-	-	410,800
Right of Use Asset	735	(36,567)	37,303	5,644	31,659	-	-	-
Property and equipment	169,983	39,774	130,215	419	106,316	12,588	4,973	5,919
Intangible assets	62,211	-	62,211	-	49,128	4,463	1	8,619
Employees retirement benefits	-	-	-	-	-	-	-	-
Statutory deposits	215,000	-	215,000	-	215,000	-	-	-
Deferred tax assets	193,968	-	193,968	-	-	-	-	193,968
Assets classified as held for sale	973,639	-	973,639	-	973,639	-	-	-
Total assets	13,493,380	(6,405,477)	19,898,863	8,837,789	7,805,567	1,852,391	379,687	1,023,430
LIABILITIES								
Borrowings	2,384,355	(167,602)	2,551,958	2,518,074	-	-	28,268	5,616
Deferred income	-	-	-	-	-	-	-	-
Trade payables	283,375	-	283,375	-	283,375	-	-	-
Other liabilities	1,111,294	(1,080,885)	2,192,183	1,785,069	132,768	28,389	11,771	234,191
Depositors' funds	1,525,559	(5,562)	1,531,121	-	-	1,311,752	219,369	-
Insurance contract liabilities	6,318,784	-	6,318,784	-	6,140,185	-	-	178,599
Investment contract liabilities	270,218	-	270,218	-	270,218	-	-	-
Finance Lease Obligations	-	(14,972)	14,972	14,946	27	-	-	-
Current income tax liabilities	251,646	12,840	238,806	232,427	610	3,692	1,111	966
Employees benefit liability	14,442	-	14,442	1,656	7,723	1,738	873	2,450
Deferred tax liabilities	81,957	-	81,957	-	52,227	-	-	29,730
Total liabilities	12,241,630	(1,256,182)	13,497,815	4,552,172	6,887,132	1,345,571	261,392	451,552
EQUITY								
Share capital	2,572,685	(4,150,021)	6,722,705	2,572,685	3,461,339	217,888	70,793	400,000
Share premium	2,690,937	(1,293,893)	3,984,829	2,690,936	404,494	559,914	101,817	227,668
Contingency reserve	331,813	-	331,814	-	306,050	-	-	25,764
Treasury shares	-	-	-	-	-	-	-	-
Retained earnings	(5,051,183)	48,872	(5,100,055)	(979,892)	(3,299,676)	(664,467)	(69,210)	(86,810)
Other component of equity	707,497	245,746	461,753	1,887	46,228	393,485	14,895	5,258
Capital and reserves attributable to owners	1,251,749	(5,149,295)	6,401,047	4,285,616	918,435	506,820	118,295	571,880
Non-controlling interests	-	-	-	-	-	-	-	-
Total Equity	1,251,749	(5,149,295)	6,401,047	4,285,616	918,435	506,820	118,295	571,880
Total equity & liabilities	13,493,379	(6,405,477)	19,898,862	8,837,788	7,805,567	1,852,391	379,687	1,023,430

The condensed financial data of the consolidated entities for the period ended September 2020, are as follows

(ii) Condensed statement of profit or loss for the period ended 30 September 2020

<i>In thousands of Naira</i>	Group balances (Restated)	Elimination entries	Gross amount	Royal Exchange Plc	Royal Exchange General Insurance	Royal Exchange Prudential Life Plc (Restated)	Royal Exchange Finance Company Ltd.	Royal Exchange Microfinance Bank	Royal Exchange Healthcare
Gross premium income	11,215,507	(4,054)	11,219,561	-	8,691,794	2,344,684	-	-	183,083
Reinsurance expenses	(4,978,622)		(4,978,622)	-	(4,621,102)	(357,520)	-	-	-
Net premium income	6,236,885	(4,054)	6,240,939	-	4,070,692	1,987,164	-	-	183,083
Fee and commission income	461,373	-	461,373	-	388,303	73,070	-	-	-
Net underwriting Income	6,698,258	(4,054)	6,702,312	-	4,458,995	2,060,234	-	-	183,083
Total underwriting expenses	(5,417,547)	-	(5,417,547)	-	(3,460,385)	(1,776,553)	-	-	(180,611)
Underwriting profit	1,280,711	(4,054)	1,284,765	-	998,610	283,681	-	-	2,474
Share of profit on investment in associate	-	-	-	-	-	-	-	-	-
Write-back/(charge) of impairment allowance	35,642	-	35,642	10	-	23,758	17,914	(6,041)	-
Investment and other income	1,177,965	(112,855)	1,290,820	217,304	693,281	151,905	119,012	57,739	51,579
Foreign exchange gain	(167,017)		(167,017)	-	(171,219)	-	-	-	4,202
Net income	2,327,301	(116,909)	2,444,210	217,314	1,520,672	459,344	136,926	51,698	58,255
Total expenses	(1,495,447)	116,909	(1,612,356)	(183,733)	(763,460)	(442,861)	(110,545)	(55,514)	(56,243)
Profit/(Loss) before tax	831,854	-	831,854	33,581	757,212	16,483	26,381	(3,816)	2,012
Minimum tax	-	-	-	-	-	-	-	-	-
Income tax expense	(266,193)	(7,864)	(258,329)	(10,746)	(242,308)	(5,275)	-	-	-
Profit/(Loss) after taxation	565,662	(7,864)	573,525	22,835	514,904	11,208	26,381	(3,816)	2,012

Condensed Statement of financial position as at 31st December 2020

	Group balances	Consolidation entries	Gross amount	Royal Exchange Plc	Royal Exchange General Insurance	Royal Exchange Prudential Life Plc (Restated)	Royal Exchange Finance Company Ltd.	Royal Exchange Microfinance Bank	Royal Exchange Healthcare
<i>In thousands of Naira</i>									
ASSETS									
Cash and cash equivalents	12,807,056	(681,445)	13,488,501	156,823	9,777,898	2,925,885	397,730	122,898	107,267
Loans and advances to customers	1,044,098	(194,537)	1,238,634	-	-	-	1,038,749	199,885	-
Advances under finance lease	88,201	(96,605)	184,806	-	-	-	184,806	-	-
Financial assets	6,111,276	(20,586)	6,131,860	22,604	5,139,048	736,146	12,382	10,000	211,680
Investment in subsidiaries	-	(8,568,651)	8,568,651	8,568,651	-	-	-	-	-
Trade receivables	136,091	-	136,091	-	69,468	44,975	-	-	21,648
Reinsurance assets	2,195,156	-	2,195,156	-	1,744,049	451,107	-	-	-
Deferred acquisition cost	281,416	-	281,417	-	225,256	55,191	-	-	970
Other receivables and prepayments	471,550	(1,625,668)	2,097,217	219,712	1,218,453	514,026	97,551	41,551	5,924
Investment in associates	226,343	(525,293)	751,635	-	453,145	283,217	15,273	-	-
Investment properties	5,635,991	-	5,635,991	-	3,856,706	1,368,484	-	-	410,800
Property and equipment	10,089	(121,201)	131,292	8,466	71,472	51,354	-	-	-
Right of Use Asset	1,381,742	124,408	1,257,340	774	1,130,784	109,943	8,147	4,990	2,702
Intangible assets	5,133	-	5,133	-	0	0	4,408	1	723
Employees retirement benefits	257,168	-	257,168	-	257,168	-	-	-	-
Statutory deposits	555,000	-	555,000	-	340,000	215,000	-	-	-
Deferred tax assets	193,968	-	193,968	-	-	-	-	-	193,968
Assets classified as held for sale	973,639	-	973,639	-	-	973,639	-	-	-
Total assets	32,373,917	(11,709,578)	44,083,498	8,977,030	24,283,448	7,728,968	1,759,046	379,325	955,681
LIABILITIES									
Borrowings	2,184,877	(194,536)	2,379,412	2,313,544	32,699	-	-	27,681	5,488
Deferred income	138,244	-	138,244	-	138,244	-	-	-	-
Trade payables	7,909,847	-	7,909,847	-	7,739,026	170,821	-	-	-
Other liabilities	1,864,279	(1,724,471)	3,588,754	2,073,330	1,109,902	153,121	37,697	12,850	201,854
Depositors' funds	1,364,220	(82,642)	1,446,862	-	-	-	1,226,810	220,052	-
Insurance contract liabilities	9,798,690	-	9,798,690	-	4,042,104	5,576,844	-	-	179,742
Investment contract liabilities	276,980	-	276,979	-	-	276,979	-	-	-
Finance Lease Obligations	-	(96,605)	96,605	16,833	55,703	24,068	-	-	-
Current income tax liabilities	650,203	-	650,204	254,511	388,492	610	3,692	1,241	1,658
Employees benefit liability	41,335	-	41,333	1,656	26,893	7,723	1,738	873	2,450
Deferred tax liabilities	610,101	-	610,101	-	528,144	52,227	-	-	29,730
Total liabilities	24,838,776	(2,098,253)	26,937,031	4,659,874	14,061,208	6,262,394	1,269,937	262,697	420,922
EQUITY									
Share capital	2,572,685	(9,516,687)	12,089,372	2,572,685	5,366,667	3,461,339	217,888	70,793	400,000
Share premium	2,690,936	(2,096,630)	4,787,566	2,690,936	802,737	404,494	559,914	101,817	227,668
Contingency reserve	2,291,372	(863,964)	3,155,337	-	2,844,511	285,062	-	-	25,764
Treasury shares	(500,000)	(500,000)	-	-	-	-	-	-	-
Retained earnings	(4,051,382)	(205,208)	(3,846,174)	(948,352)	709,711	(2,730,548)	(682,178)	(70,877)	(123,930)
Other component of equity	658,821	(301,544)	960,367	1,887	498,614	46,228	393,485	14,895	5,258
Total equity	3,662,432	(13,484,033)	17,146,468	4,317,156	10,222,240	1,466,575	489,109	116,628	534,760
Non-controlling interests	3,872,709	3,872,709	-	-	-	-	-	-	-
Total Equity	7,535,141	(9,611,324)	17,146,468	4,317,156	10,222,240	1,466,575	489,109	116,628	534,760
Total equity & liabilities	32,373,917	(11,709,578)	44,083,499	8,977,031	24,283,448	7,728,969	1,759,046	379,325	955,682

10 Trade receivables

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Due from agents (see note 10(a) below)	74,597	136,091	-	-
Due from co-insurers (see note 10(b) below)	-	-	-	-
	74,597	136,091	-	-
Within one year	74,597	136,091	-	-
More than one year	-	-	-	-
	74,597	136,091	-	-

The carrying amount is a reasonable approximation of fair value

(a) The analysis of due from agents is as follows:

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Gross receivable from agents	118,752	289,554	-	-
Less: Impairment allowance (see note 10a(i) below)	(44,155)	(153,463)	-	-
	74,597	136,091	-	-

(i) The movements in impairment allowance on amount due from agents is analysed below;

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	44,155	408,948	-	-
Allowance made during the year	-	24,970	-	-
Write off	-	(260,310)	-	-
Write back	-	(20,145)	-	-
Re-measurement	-	-	-	-
At 30 September	44,155	153,463	-	-

(b) The analysis of due from co-insurers is as follows:

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Reinsurance receivables	-	578,823	-	-
Less: Impairment allowance (see note 10(b)(i) below)	-	(578,823)	-	-
	-	-	-	-

(i) The movements in impairment allowance on reinsurance receivables is analysed below;

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	578,823	565,626	-	-
Allowance made during the year	-	278,117	-	-
Reversal during the year	(578,823)	(264,920)	-	-
At 30 September	-	578,823	-	-

11 Reinsurance assets

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Non-life business reinsurance share of insurance liabilities (see 11(a) below)	-	1,744,049	-	-
Life business reinsurance share of insurance liabilities (see 11(b) below)	615,042	451,107	-	-
	615,042	2,195,157	-	-
Within one year	449,221	2,029,336	-	-
More than one year	165,821	165,821	-	-
	615,042	2,195,157	-	-

(a) Non-life business reinsurance share of insurance liabilities

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Prepaid reinsurance premium (see note (a)(i))	-	451,905	-	-
Reinsurance claims recoverable (see note (a) (ii))	-	586,681	-	-
Reinsurer's share of incurred but not reported claims (see note (a) (iii))	-	705,463	-	-
	-	1,744,049	-	-

(i) The movement in prepaid reinsurance premium is shown below:

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	451,905	441,565	-	-
Movement during the year (see note 36)	(451,905)	10,340	-	-
At 30 September	-	451,905	-	-

(ii) The movement in reinsurer's share of claims expenses outstanding is shown below:

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	586,681	1,057,893	-	-
Movement during the year	(586,681)	(471,212)	-	-
At 30 September	-	586,681	-	-

(iii) The movement in reinsurer's share of incurred but not reported claim is shown below:

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	705,463	735,839	-	-
Movement during the year	(705,463)	(30,376)	-	-
At 30 September	-	705,463	-	-

(iv) Analysis of reinsurance assets by business classes are as follows:

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Fire	-	544,473	-	-
Accident	-	82,691	-	-
Motor	-	70,066	-	-
Marine and aviation	-	122,263	-	-
Oil & Gas	-	720,266	-	-
Engineering	-	146,936	-	-
Bond	-	5,942	-	-
Agric	-	51,412	-	-
	-	1,744,049	-	-

(b) Life business reinsurance share of insurance liabilities

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Reinsurance asset (actuarial valuation)	167,490	167,489	-	-
Reinsurer and facultative asset	447,553	296,114	-	-
Impairment on reinsurance assets	-	(12,496)	-	-
	615,042	451,107	-	-

(i) Reinsurance assets (actuarial valuation)

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Short term insurance contracts	167,489	167,489	-	-
Long term Insurance contracts	-	-	-	-
	167,490	167,489	-	-

Reinsurance assets are valued after an allowance for their recoverability and the carrying amount is a reasonable approximation of fair value

12 Deferred acquisition costs

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

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	281,416	209,395	-	-
Additions in the year	47,087	2,312,392	-	-
Amortization in the year	(279,920)	(2,240,371)	-	-
At 30 September	48,583	281,416	-	-
Within one year	48,583	281,416	-	-
More than one year	-	-	-	-
	48,583	281,416	-	-

13 Other receivables and prepayment

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Intercompany receivables (see note 13(a) below)	-	-	80,356	66,746
Accrued investment income (see note 13(b) below)	134,285	146,281	767	-
Other receivables (see note 13(c) below)	351,858	1,251,222	150,163	281,356
Prepayments	181,908	214,367	10,273	17,384
	668,051	1,611,870	241,559	365,486
Impairment on other receivables (see 13(d)) below	(295,051)	(1,140,320)	(145,775)	(145,775)
	373,000	471,550	95,784	219,711
Within one year	373,000	471,550	95,784	219,711
More than one year	-	-	-	-
	373,000	471,550	95,784	219,711

(a) Due from related parties

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Royal Exchange Microfinance Bank Limited	-	-	5,342	-
Royal Exchange Finance Company Ltd.	-	-	-	-
Royal Exchange Healthcare Limited	-	-	75,014	66,746
Royal Exchange General Insurance Company	-	-	-	-
Royal Exchange Prudential Life Limited	-	-	-	-
	-	-	80,356	66,746

(b) Accrued investment income

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Investment income	134,285	146,281	767	-
	134,285	146,281	767	-

(c) Other receivables

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Management fees receivable	-	-	4,824	3,440
Withholding tax receivables	-	-	75,078	95,640
Trustee fees receivable	-	-	51	1,457
Deposit for investment	-	4,362	-	-
Sundry receivables	202,936	927,280	41,783	180,819
other assets	148,922	319,580	28,427	-
	351,858	1,251,222	150,163	281,356

(d) Impairment allowance on other receivables

The movements in impairment allowance on other receivables is analysed below;

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	1,140,320	1,134,499	145,775	93,502
Allowance made during the year (see note 44)	-	90,690	-	80,996
Write off	(845,269)	(9,973)	-	(28,725)
Write back	-	(74,896)	-	-
At 30 September	295,051	1,140,320	145,775	145,775

14 Investment in associates

(a) The movement in balances of investment in associates are as shown below:

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	226,343	227,220	-	-
Additional investment during the year	3,748,066	-	3,748,066	-
Disposal within the year	(226,342)	-	-	-
Share of current year result recognised in OCI	-	-	-	-
	3,748,067	227,220	3,748,066	-
Share of current year result recognised in profit or loss	29,655	(877)	29,655	-
	29,655	(877)	29,655	-
At 30 September	3,777,721	226,343	3,777,721	-

(b) This represents the Group's investment in Royal Exchange General Company Limited (REGIC), a Nigerian registered company involved in general insurance business, representing 39.29% (December 2020: 60.75%) equity interest in the company. REGIC became an investee company of the Group in the third quarter of 2021 following the acquisition of a minority stake by AfricInvest, a leading Pan-African asset management platform covering Private Equity, Venture Capital, and Private Credit.

15 Investment Properties

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	5,635,991	6,040,461	-	-
Additions during the year	-	-	-	-
Disposals during the year	(3,856,706)	(280,200)	-	-
Fair value gains (see note 43)	-	(124,270)	-	-
At 30 September	1,779,285	5,635,991	-	-

(a) The items of investment properties are valued as shown below:

Investment properties Location	Name of valuer	Address of Valuer	FRC NOS.	NIESVA Reg. no	30-Sep-21	31-Dec-20
<i>In thousands of Naira</i>						
No.2, Bank road, off Ibrahim Taiwo way, Kano	Yayok Associates Estate Surveyor & Valuer	Suite B7, Halima Plaza, behind Sahad Stores, Balanga, Abuja	FRC/2013/NIESV/00000000834	A-1277	410,800	410,800
No. 7, Usuma Crescent Maitama Abuja	Emeka Orji Partnership	Suite 9G, 9th floor, Ahmed Talib House (NNDC), 18/19 Ahmadu Bello Way, Kaduna	FRC/2013/NIESV/00000000976	A-1672	-	646,050
No 1, Eleko close, Ikoyi, Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	-	650,539
No. 2, Eleko close Ikoyi Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	-	849,897
No. 26, Abduraman Okene crescent, Victoria Island, Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	-	671,920
29, Oroago crescent Garki 11, Abuja	Emeka Orji Partnership	Suite 9G, 9th floor, Ahmed Talib House. (NNDC), 18/19 Ahmadu Bello Way, Kaduna	FRC/2013/NIESV/00000000976	A-1672	434,079	434,079
36/38, Apapa Oshodi expressway, Oshodi, Lagos	Saibu Makinde & Associates	NIPOST Building, 5th floor (right wing), Lafiaji, Lagos	FRC/2013/NIESV/00000000730	A-1878	934,406	934,406
2, Post Office road, Kano	Yayok Associates Estate Surveyor & Valuer	Suite B7, Halima Plaza, behind Sahad Stores, Balanga, Abuja	FRC/2013/NIESV/00000000834	A-1277	-	422,300
Plot 6A & 6B Usuma Crescent, Maitama, Abuja, FCT	Emeka Orji Partnership	Suite 9G, 9th floor, Ahmed Talib House. (NNDC), 18/19 Ahmadu Bello Way, Kaduna	FRC/2013/NIESV/00000000976	A-1672	-	616,000
					1,779,285	5,635,991

(b) Movement in investment properties are as shown below:

For the year ended 30 September 2021

Property Details	Balance as at 1 January 2021	Additions	Transfer/disposal	Fair value Gain/(Loss)	Balance as at 30 September 2021
<i>In thousands of Naira</i>					
No.2, bank road, off Ibrahim Taiwo way, Kano	410,800	-	-	-	410,800
No. 7, Usuma Crescent Maitama Abuja	646,050	-	646,050	-	-
No 1, Eleko close, Ikoyi, Lagos	650,539	-	650,539	-	-
No. 2, Eleko close Ikoyi Lagos	849,897	-	849,897	-	-
No. 26, Abduraman Okene Crescent, Victoria Island, Lagos	671,920	-	671,920	-	-
29, Oroago Crescent Garki 11, Abuja	434,079	-	-	-	434,079
36/38, Apapa Oshodi Expressway Oshodi, Lagos	934,406	-	-	-	934,406
2, Post office road, Kano	422,300	-	422,300	-	-
Plot 6A & 6B Usuma Crescent, Maitama, Abuja, FCT	616,000	-	616,000	-	-
	5,635,991	-	3,856,706	-	1,779,285

For the year ended 31 December 2019

Property Details	Balance as at 1 January 2020	Additions	Transfer/disposals	Fair value Gain/(Loss) 2020	Balance as at 31 December 2020
<i>In thousands of Naira</i>					
No.2, bank road, off Ibrahim Taiwo way, Kano	410,800	-	-	-	410,800
No.5, NBC road, off Ahmadu Bello way, Kaduna	280,200	-	280,200	-	-
No. 7, Usuma Crescent Maitama Abuja	590,000	-	-	56,050	646,050
No 1, Eleko close, Ikoyi, Lagos	775,855	-	-	(125,316)	650,539
No. 2, Eleko close Ikoyi Lagos	956,800	-	-	(106,903)	849,897
No. 26, Abduraman Okene Crescent, Victoria Island, Lagos	690,700	-	-	(18,780)	671,920
29, Oroago Crescent Garki 11, Abuja	419,400	-	-	14,679	434,079
36/38, Apapa Oshodi Expressway Oshodi, Lagos	934,406	-	-	-	934,406
12, Post office road, Kano	422,300	-	-	-	422,300
Plot 6A & 6B Usuma Crescent, Maitama, Abuja, FCT	560,000	-	-	56,000	616,000
	6,040,461	-	280,200	(124,270)	5,635,991

16 Assets classified as held for sale

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 30 June	973,639	973,639	-	-

In December 2015, management committed to a plan to sell one of its investment property located at 776 Cadastral Zone A00, Central business area, Abuja. Accordingly, this property is presented as a non current assets held for sale.

At 30 September 2021, the non current assets held for sale was stated at its carrying amount; as investment properties are measured at the lower of its carrying amount and fair value less cost to sell.

17 Property, plant & equipment

(a) Group

<i>In thousands of Naira</i>	Land	Freehold buildings	Computer Equipment	Furniture and fittings	Motor Vehicles	Total
Cost						
At 1 January	193,315	1,188,345	227,286	390,526	1,080,982	3,080,454
Reclassification					3,140	3,140
Additions	-	-	777	3,932	3,500	8,209
Disposals	(144,145)	(1,107,884)	(132,160)	(226,747)	(577,930)	(2,188,866)
At 30 September	49,170	80,461	95,903	167,711	509,692	902,937
Accumulated Depreciation						
At 1 January 2020	244,239	1,188,345	212,869	379,316	1,018,848	3,043,617
Additions	-	-	25,185	15,730	81,835	122,750
Disposals	(50,924)	-	(10,768)	(4,520)	(19,701)	(85,913)
At 31 December 2020	193,315	1,188,345	227,286	390,526	1,080,982	3,080,454
At 1 January	-	242,602	194,654	365,380	896,076	1,698,712
Charge for the year	-	1,615	2,478	3,038	22,522	29,653
Disposals	-	(217,325)	(109,532)	(212,155)	(456,398)	(995,410)
At 30 September	-	26,892	87,600	156,263	462,200	732,955
At 1 January 2020	-	218,284	195,978	359,380	832,845	1,606,487
Charge for the year	-	24,318	9,444	10,520	82,931	127,213
Disposals	-	-	(10,768)	(4,520)	(19,700)	(34,988)
At 31 December 2020	-	242,602	194,654	365,380	896,076	1,698,712
Carrying amounts:						
At 30 September 2021	49,170	53,569	8,303	11,448	47,492	169,982
At 31 December 2020	193,315	945,743	32,632	25,146	184,906	1,381,742

- (i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2020: nil).
(ii) The Group had no capital commitments as at the balance sheet date (2020: nil)
(iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the period. (2020: Nil)

(b) Company

<i>In thousands of Naira</i>	Freehold buildings	Computer Equipment	Furniture and fittings	Motor Vehicles	Total
Cost					
At 1 January	-	18,947	25,894	57,846	102,687
Additions	-	-	-	-	-
At 30 September	-	18,947	25,894	57,846	102,687
Depreciation					
At 1 January 2020	-	18,518	25,549	57,846	101,913
Charge	-	105	248	(1)	353
Reclassification	-	-	-	-	-
Disposals	-	-	-	-	-
At 30 September	-	18,624	25,797	57,845	102,266
Carrying amounts:					
At 30 September 2021	-	323	97	1	421
At 31 December 2020	-	429	345	0	774

- (i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2020: nil).
(ii) The Group had no capital commitments as at the balance sheet date (2020: nil)
(iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the period. (2020: Nil)

17(b) Right of Use Asset

(a) Group

Right of Use Asset- Rent Prepayment

<i>In thousands of Naira</i>	30-Sep-21	31-Dec-20
At 1 January	10,089	15,764
Addition	-	14,253
Prepayments amortisation on long term leases	(9,354)	(19,928)
At 30 September	735	10,089
Total Carrying Amount	735	10,089

Amounts recognized in profit or loss

Right of use asset- rent prepayment	9,354	19,928
At 30 September	9,354	19,928

(b) Company

<i>In thousands of Naira</i>	30-Sep-21	31-Dec-20
Cost		
At 1 January	44,963	44,963
Additions	-	-
Disposals	-	-
At 30 September	44,963	44,963
Accumulated Depreciation	30-Sep-21	31-Dec-20
<i>In thousands of Naira</i>		
At 1 January	36,497	26,503
Charge for the year	2,822	9,994
Disposals	-	-
At 30 September	39,319	36,497
At 30 September 2021	5,644	8,466
At 31 December 2020	8,466	18,460

18 Intangible assets
In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Cost:				
At 1 January	248,509	246,709	9,375	9,375
Additions	63,628	1,800	-	-
At 30 September	312,137	248,509	9,375	9,375
Accumulated amortisation:				
At 1 January	243,376	236,879	9,375	9,375
Charge for the year	6,549	6,497	-	-
At 30 September	249,925	243,376	9,375	9,375
At 30 September 2021	62,212	5,133	-	-

The Intangible assets of the Group comprised computer software. The computer software is accounted for using the cost model less accumulated amortization and accumulated impairment. The amortization is charged to the income statements in accordance with the Group's policy. As at 30 September 2021, these assets were tested for impairment, and Management has determined that no impairment is required of these intangibles.

19 Employee benefit obligations

The Group operates defined contribution pension plan based on the New Pension Act 2004, and a defined benefit gratuity plan based on employee's pensionable and other post-employment remuneration and length of service.

The details of the Group's assets from Employee benefits are as below:

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Defined benefit obligations (see Note 19.1 below)	-	257,168	-	-
Employee benefit asset in statement of financial position	-	257,168	-	-

(a) The details of the Group's Liabilities from Employee benefits are as below:

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Defined benefit obligations (see Note 19.1 below)	(14,442)	(41,335)	(1,656)	(1,656)
Employee benefit asset in statement of financial position	(14,442)	(39,251)	(1,656)	(1,656)

19.1 Defined benefit plan:

The Group operates a Long Service Award scheme for its employees. Qualification for long service awards are 10 years, 15 years, 20 years, 25 years, 30 years and 35 years

The defined benefit obligations were actuarially determined at the year end by Logic Professional Services under the supervision of Mr. Ganiu Shefiu with FRC number (FRC/2017/NAS/00000017548. The actuarial valuation is done based on the "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to other comprehensive income.

(a) The details of the defined benefit plans are as below:

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Pension (net asset)	-	257,168	-	-
Employee benefit asset in statement of financial position	-	257,168	-	-
Long service award (outstanding liability)	(14,442)	(41,335)	(1,656)	(1,656)
Employee benefit liability in statement of financial position	(14,442)	(41,335)	(1,656)	(1,656)

20 Statutory deposits

In line with section 10 (3) of the Insurance Act of Nigeria, a deposit of 10% of the regulatory share capital is kept with the Central Bank of Nigeria. The cash amount held is considered to be a restricted cash balance.

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Deposits with CBN	215,000	555,000	-	-
The analysis of the statutory deposit is as follows:				
Deposit with CBN for non-life business	-	340,000	-	-
Deposit with CBN for life business	215,000	215,000	-	-
	215,000	555,000	-	-

21 Deferred taxation

Group

The movement in the net deferred tax assets/(liabilities) during the year are shown below:

For the half year ended 30 September 2021

Note	At 1 January	Recognised in profit or loss	Recognised in OCI	At 30 September
<i>In thousands of Naira</i>				
Deferred tax assets				
Property and equipment, and software	35,951	-	-	35,951
Allowances for loans and receivables	-	-	-	-
Unrelieved loss	150,574	-	-	150,574
Employee benefits	497	-	-	497
Foreign exchange	6,946	-	-	6,946
Deferred tax assets	193,968	-	-	193,968
Deferred tax liabilities				
Property and equipment, and software	(285,461)	285,461	-	-
Allowances for loans and receivables	(5,978)	5,978	-	-
Unrelieved loss	14,516	(14,516)	-	-
Investment properties	(341,098)	259,141	-	(81,957)
Employee Benefits	7,920	(7,920)	-	-
Deferred tax Liabilities	(610,101)	528,144	-	(81,957)
Net deferred tax assets/(liabilities)	(416,133)	528,144	-	112,011

Group

In thousands of Naira

For the year ended 31 December 2020

Note	A 1 January	Recognised in profit or loss	Recognised in OCI	At 31 December
Deferred tax assets				
Property and equipment, and software	35,488	463	-	35,951
Allowances for loans and receivables	8,270	(8,270)	-	-
Unrelieved loss	124,555	26,019	-	150,574
Employee benefits	497	-	-	497
Foreign exchange	-	6,946	-	6,946
Deferred tax assets	168,810	25,158	-	193,968
Deferred tax liabilities				
Property and equipment, and software	(184,743)	(100,718)	-	(285,461)
Allowances for loans and receivables	(18,454)	12,476	-	(5,978)
Unrelieved loss	(127,793)	142,309	-	14,516
Investment properties	(350,214)	9,116	-	(341,098)
Employee Benefits	116,112	(108,192)	-	7,920
Deferred tax liabilities	(565,092)	(45,009)	-	(610,101)
	(396,282)	(19,851)	-	(416,133)

Deferred tax assets have been recognised because it is considered probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Deferred tax assets have not been recognised in the Company because it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom as detailed in Note 21(a) below.

(a) Unrecognised deferred tax assets

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

22 Deferred income

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Deferred rental income (see 22(a) below)	-	24,182	-	-
Deferred acquisition income (see 22(b) below)	-	114,062	-	-
At 31 September	-	138,244	-	-
Within one year	-	114,062	-	-
More than one year	-	24,182	-	-
	-	138,244	-	-

(a) Deferred rental income

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	-	16,178	-	-
Additions during the year	-	8,004	-	-
Amortised for the year	-	-	-	-
At 30 September 2021	-	24,182	-	-

(b) Deferred acquisition income

This represents the unexpired portion of commission received from businesses ceded to Reinsurers as at the reporting date.

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	-	93,154	-	-
Additions in the year	-	588,950	-	-
Amortization in the year	-	(568,042)	-	-
At 30 September 2021	-	114,062	-	-

Analysis of deferred acquisition income by class of insurance are as follow:

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Fire	-	23,103	-	-
Accident	-	10,701	-	-
Motor	-	6,651	-	-
Marine and aviation	-	26,316	-	-
Oil & Gas	-	27,910	-	-
Engineering	-	18,940	-	-
Bond	-	13	-	-
Agric	-	429	-	-
At 30 September 2021	-	114,062	-	-

23 Trade payables

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Reinsurance payables	123,514	356,085	-	-
Deposit for premium (See note 23 (a) below)	-	7,417,516	-	-
Premium payables to Co-insurers	-	-	-	-
Other trade payables	159,861	136,246	-	-
At 30 September 2021	283,375	7,909,847	-	-
Within one year	283,375	7,909,847	-	-
More than one year	-	-	-	-
	283,375	7,909,847	-	-

The carrying amount disclosed above approximate fair value at the reporting date. All amounts are payable within one year

- (a) Deposit for premium represents premium collected in advance with respect to energy packaged policies with policy period between January 2021 to 31 December 2021. The premium was received on 30th of December, 2020 to be remitted to other co-insurers on the policy.

24 Other liabilities

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Due to related parties (see 24(a) below)	-	-	55,309	638,678
Other liabilities (see 24(b) below)	1,111,295	1,864,278	1,729,760	1,434,652
At 30 September 2021	1,111,295	1,864,278	1,785,069	2,073,330
Within one year	931,032	1,672,846	215,287	215,287
More than one year	180,263	191,432	1,569,782	1,858,043
	1,111,295	1,864,278	1,785,069	2,073,330

(a) Due to related parties

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Royal Exchange General Insurance Company	-	-	-	571,811
Royal Exchange Prudential Life Limited	-	-	46,974	56,468
Royal Exchange Finance Company Limited	-	-	8,337	10,399
Royal Exchange Micorfinance Bank	-	-	-	-
	-	-	55,309	638,678

(b) Analysis of other liabilities is as follows:

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Deferred income	7,407	1,709	-	-
Accruals	696,057	1,206,664	1,023,400	692,169
PAYE and WHT payables	2,211	3,360	557	1,211
VAT Payable	19,542	30,711	19,542	30,711
NAICOM levy	-	118,682	-	-
Other Statutory payables	-	7,945	-	-
Deposit for shares	85	85	-	-
Staff payables	76,792	104,595	76,816	102,256
Dividend payable held as collateral	100,531	100,531	100,531	100,531
Unclaimed Dividend	57,876	57,876	57,876	57,876
Trustee Fund	-	104,591	-	-
Discontinued Liability	2,314	2,314	2,314	2,314
Other payables	148,480	125,215	448,724	447,582
At 30 September 2021	1,111,295	1,864,278	1,729,760	1,434,652

(i) Dividend payable held as collateral represents dividend belonging to Spennymoor Limited, Dantata Investments & Securities Company Limited and Phenonix Holdings Limited which was withheld by the Group in respect to 250 million units of the Group's shares held by Decanon Investment Limited in relation to an ongoing litigation case involving the Group and the aforementioned counterparties.

(ii) Unclaimed dividend represents all dividends belonging to shareholders of the Group outstanding for more than 15 months, which have been returned to the Group by the Registrar in compliance with the Securities Exchange Commission (SEC)'s directive.

25 Depositors' funds

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Royal Exchange investment notes (see note 25(a) below)	178,245	117,000	-	-
High yield investment papers (see note 25(b) below)	1,136,462	1,009,661	-	-
Savings	85,663	107,815	-	-
Demand deposit	26,223	9,929	-	-
Term deposit and call deposits	98,967	119,815	-	-
	1,525,560	1,364,220	-	-

(a) Royal Exchange Investment Notes represents customers' deposits into the Group's term deposit options. It is a flexible money market investment option that has an upfront interest payment and accepts a minimum of N2million as deposit payable over 90 days. It is carried at amortised cost.

(b) High Yield Investment Papers represent customers' deposits into the Group's term deposit options. It is a product that offers a certain interest, promising to be higher than the average money market rate. Interests are paid back end and minimum deposits of N1million are accepted, payable over 90 days. It is carried at amortised cost.

26 Insurance contract liabilities

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Non-life general insurance	-	4,042,104	-	-
Healthcare insurance	178,599	179,742	-	-
Life insurance	6,140,185	5,576,845	-	-
At 30 September 2021	6,318,784	9,798,691	-	-

(a) Non life general Insurance

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Unexpired risk (See note 26(a)(ii) below)	-	1,584,946	-	-
Outstanding claims:				
Claims outstanding	-	1,259,935	-	-
Incurred but not reported	-	1,197,223	-	-
At 30 September 2021	-	4,042,104	-	-

(i) The concentration of non-life insurance by type of contract is summarised below by reference to liabilities.

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Fire	-	882,033	-	-
Accident	-	487,251	-	-
Motor	-	742,766	-	-
Marine and aviation	-	409,842	-	-
Oil & Gas	-	1,225,670	-	-
Engineering	-	194,860	-	-
Bond	-	11,884	-	-
Agric	-	87,798	-	-
At 30 September 2021	-	4,042,104	-	-

(ii) Unexpired risk is summarised by type below

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Fire	-	253,789	-	-
Accident	-	160,107	-	-
Motor	-	408,371	-	-
Marine and aviation	-	263,316	-	-
Oil & Gas	-	410,271	-	-
Engineering	-	80,679	-	-
Bond	-	105	-	-
Agric	-	8,308	-	-
At 30 September 2021	-	1,584,946	-	-

(iii) The movement in unexpired risk reserve is shown below:

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	1,584,946	1,288,775	-	-
Movement during the year	(1,584,946)	296,171	-	-
At 30 September 2021	-	1,584,946	-	-

(iv) Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date and provision made for claims incurred but not yet reported as at the end of the financial year. This provision is based on the liability adequacy test report.

Analysis of outstanding claims per class of non-life insurance business is shown below:

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Fire	-	628,244	-	-
Accident	-	327,144	-	-
Motor	-	334,395	-	-
Marine and aviation	-	146,526	-	-
Oil & Gas	-	815,399	-	-
Engineering	-	114,181	-	-
Bond	-	11,779	-	-
Agric	-	79,490	-	-
At 30 September 2021	-	2,457,158	-	-

(v) The movement in outstanding claims is shown below:

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	2,457,158	3,302,517	-	-
Movement during the year	(2,457,158)	(845,359)	-	-
At 30 September 2021	-	2,457,158	-	-

(b) Healthcare insurance

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Claims and loss adjustment expenses (see note 26(b)(i))	158,108	160,340	-	-
Provisions for unearned premiums and unexpired short term insurance risks (see note 26(b)(ii))	20,490	19,402	-	-
At 30 September 2021	178,599	179,742	-	-

(i) Analysis of claims and loss adjustment expenses are as follows:

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Claims outstanding as at 1 January	160,340	172,279	-	-
Cash paid for claims settled in the year	-	-	-	-
– Arising from current-year claims	(2,231)	(11,939)	-	-
– Arising from prior year claims	-	-	-	-
At 30 September 2021	158,108	160,340	-	-

(ii) Provisions for unearned premiums and unexpired short term insurance risks

The movements for the year are summarised below:

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	19,402	24,917	-	-
Increase in period	33,932	226,511	-	-
Release in the period	(32,844)	(232,026)	-	-
At 30 September 2021	20,490	19,402	-	-

These provisions represent the liability for short-term insurance contracts for which the Group's obligations are not expired at the end of the reporting period. The unexpired risk provision relates to the casualty insurance contracts for which the Group expects to pay claims in excess of the related unearned premium provision. This assessment is performed using geographical aggregation of portfolios of liability insurance contracts within the casualty segment.

(c) Life insurance

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Outstanding claims - Group life (see note 26(c)(i) below)	2,263,750	2,088,103	-	-
Outstanding claims - Individual life (see note 26(c)(ii) below)	160,970	143,286	-	-
	2,424,720	2,231,389	-	-
Life insurance contract liabilities (see note 26(c)(iii) below)	3,715,468	3,345,456	-	-
	6,140,187	5,576,845	-	-

(i) Outstanding claims - group life

The movement in the provision for outstanding claims during the year was as follows:

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	2,088,103	2,044,210	-	-
Increase during the year (see note 39(ii))	175,647	43,893	-	-
At 30 September 2021	2,263,750	2,088,103	-	-

(ii) Outstanding claims - individual life

The movement in the provision for outstanding claims during the year was as follows:

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	143,286	31,704	-	-
Decrease/(increase) during the year (see note 39(ii))	17,683	111,584	-	-
At 30 September 2021	160,970	143,286	-	-

(iii) Life insurance contract liability

The movement on the Life funds account during the year was as follows:

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	3,345,456	4,104,632	-	-
Increase/(decrease) during the year	209,876	462,375	-	-
Disposal of annuity fund	-	(1,195,094)	-	-
Difference in unearned premium (see note 26(iv) below)	160,135	(26,457)	-	-
At 30 September 2021	3,715,468	3,345,456	-	-

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

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	386,088	412,545	-	-
Decrease/(increase) during the year	120,620	(26,457)	-	-
At 30 September 2021	506,707	386,088	-	-

27 Investment contract liabilities

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Deposit administered funds	108,194	109,006	-	-
Investment managed funds	162,024	167,974	-	-
	270,218	276,979	-	-

(a) Deposit administered funds

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	109,006	111,450	-	-
Deposits received in the year	-	-	-	-
Interest paid	-	-	-	-
Withdrawals	(812)	(2,444)	-	-
At 30 September 2021	108,194	109,006	-	-
Current	35,782	35,782	-	-
Non Current	72,412	73,224	-	-
	108,194	109,006	-	-

The Company has a total sum of ₦108.5million (2020: ₦109 million) in deposit administered funds with guaranteed interest which has been in existence since 2010. The outstanding balance in the account is attributable to clients who are yet to terminate their investment.

(b) Investment managed funds

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	167,974	154,071	-	-
Deposits	71,022	113,587	-	-
Interest accrued thereon	-	5,132	-	-
Withdrawals	(76,972)	(104,816)	-	-
At 30 September 2021	162,024	167,974	-	-
Current	160,036	165,985	-	-
Non Current	1,989	1,989	-	-
	162,024	167,974	-	-

28 Taxation

(a) Charge for the year

Recognised in profit or loss

In thousands of Naira

	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Income tax	-	250,047	-	10,074
(Over)/under provision in prior years	-	-	-	-
Capital gains tax	-	-	-	-
Police Trust Fund Levy	-	-	-	-
Education tax	-	16,146	-	672
Technology tax	-	-	-	-
	-	266,193	-	10,746
WHT expense	-	-	-	-
Deferred tax charge/(credit)	-	-	-	-
Income taxes	-	266,193	-	10,746
Minimum tax	13,264	-	424	-

(b) Current income tax liabilities

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	650,203	588,690	254,511	283,847
Prior year adjustment	(388,492)	-	-	-
Charge for the year	-	186,887	-	-
Payment during the year	(23,330)	(57,550)	(22,507)	(29,755)
Withholding Tax Credit Note Utilized	-	(68,243)	-	-
Police Trust Fund levy	-	-	-	-
Minimum Tax	13,264	419	424	419
Education tax	-	-	-	-
Information Technology Tax	-	-	-	-
At 30 September 2021	251,645	650,203	232,427	254,511

29 Borrowings

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 1 January	2,184,877	2,276,717	2,313,544	2,383,607
Additions	16,252,744	8,112,572	16,269,696	8,155,525
Repayments	(16,053,266)	(8,204,412)	(16,065,166)	(8,225,588)
At 30 September 2021	2,384,355	2,184,877	2,518,074	2,313,544

(a) *In thousands of Naira*

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
FSDH Merchant Bank (see note 29(i) below)	2,000,000	1,999,308	2,000,000	1,999,308
Central Bank of Nigeria (see note 29(ii) below)	28,268	27,681	-	-
Borrowings from Funds under management (see note 29(iii) below)	356,087	157,889	356,087	157,889
Royal Exchange Finance Company Limited	-	-	161,987	156,348
	2,384,355	2,184,877	2,518,074	2,313,544
Current	2,215,295	1,999,308	2,185,961	1,999,308
Non-current	169,060	185,570	332,113	314,237
	2,384,355	2,184,877	2,518,074	2,313,544

(i) The amount of N2,000,000.00 represents the carrying amount of a N2,000,000,000 term loans obtained from FSDH Merchant Bank Ltd. as at 30 September 2021 with a tenor of Three months (180 days) at 10 percent (10%) interest rate. As at 30 September, 2021 the company did not obtain any waiver and did not amend any financial covenants stipulated in its existing loan agreements with the bank, also, the company was able to comply with all relevant financial obligation during the reporting period.

(ii) The amount of N28,268.00 represents the carrying amount of a N50,300,000 term loan obtained from the Central Bank of Nigeria as at 30 September 2021 under the Micro, Small & Enterprises Development Fund. The facility's effective date is 09 April 2015

(iii) The amount represent the carrying amount of term loans obtained by the Group from the unclaimed debentures under the management of Royal Exchange Plc as at the 30 September 2021.

(b) Lease liabilities

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
<i>In thousands of Naira</i>				
At 1 January	-	-	16,833	31,467
Additions	-	-	5,033	7,097
Repayments	-	-	(6,921)	(21,731)
At 30 September 2021	-	-	14,945	16,833

30 Share capital and premium

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Share capital comprises				
Authorized share capital				
10,000,000,000 ordinary share of 50k each	5,000,000	5,000,000	5,000,000	5,000,000
Issued share capital				
5,145,370,074 ordinary share of 50k each	2,572,685	2,572,685	2,572,685	2,572,685

31 Share premium

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At 30 September 2021	2,690,936	2,690,936	2,690,936	2,690,936

32 Contingency reserve

In compliance with Section 21(1) of Insurance Act 2003, the contingency reserve for general business is credited with the greater of 3% of gross premium or 20% of Net Profit and accumulated until it reaches the amount of greater of minimum Paid up Capital or 50 percent of Net Premium, where as, the contingency reserve for life business is credited with the greater of 1% of gross premium or 10% of Net Profit and accumulated until it reaches the amount of greater of minimum Paid up Capital or 50 percent of net premium.

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
Beginning of the year	2,291,372	1,899,998	-	-
Transfer from profit or loss account	20,988	391,374	-	-
	(1,980,546)	-	-	-
	-	-	-	-
As at year end	331,814	2,291,372	-	-

33 Treasury shares

In thousands of Naira

	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
As at year end	-	(500,000)	-	-

Treasury shares represent the cost of the 250,000,000 ordinary shares of the Group which is held in respect to Security Holding Trust Limited in respect to a proposed share ownership scheme for staff of a subsidiary which is subject to a litigation in suit FHC/L/CS/5479/09. The ordinary shares are being held as guarantee that value will not be lost as well as N228million cash dividend. The ordinary shares have a market value of N500 million as at 31 December 2020.

34 Retained Earnings

The amount represents the retained earnings available for dividend distribution to the equity shareholders of the company. For analysis of movement in retained earnings, see the 'Statement of Changes in Equity'.

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 31-Dec-20	Company 30-Sep-21	Company 31-Dec-20
At the beginning of the year	(4,051,382)	(3,240,315)	(948,352)	(798,409)
Restatement in quoted equities				
Prior year adjustment	-	(6,162)	-	-
Prior year adjustment - IFRS 9 adjustment	-	-	-	-
Transfer from profit and loss	(536,022)	(77,112)	(31,540)	(149,943)
Transfer to contingency reserve	(20,988)	(391,374)	-	-
Transfer to regulatory reserve	-	519	-	-
Deferred tax effects	-	-	-	-
WithHolding on Dividend paid	-	(25,477)	-	-
Reclassification adjustment	-	-	-	-
Other reserves	(442,791)	-	-	-
NCI	-	(311,460)	-	-
NCI	-	-	-	-
At the end of the year	(5,051,183)	(4,051,382)	(979,891)	(948,352)

35 Other Component of Equity

Other component of equity comprises of actuarial gains or losses on employee benefit obligation, cumulative net change in the fair value of available-for-sale financial assets until assets are derecognized and transferred to regulatory risk reserve.

(a) Actuarial losses gains or on employee benefit obligation

Actuarial gains/losses on employee benefits represent changes in benefit obligation due to changes in actuarial valuation assumptions or actual experience differing from expectation. The gains/losses for the year, net of applicable deferred tax asset/liability on employee benefit obligation, are recognized in other comprehensive income.

(b) **Fair value reserves**

Fair value reserves represent the cumulative net change in the fair value through other comprehensive income (OCI) financial assets at the reporting date.

(c) **Regulatory risk reserve**

Regulatory risk reserves represents the difference between the allowance for impairment losses on loans and advances to customers based on Central Bank of Nigeria (CBN) prudential guidelines, compared with the expected credit loss model used in calculating the impairment under IFRSs. This reserve is maintained by Royal Exchange Microfinance Bank Ltd. and Royal Exchange Finance Company Ltd. in compliance with the CBN prudential guidelines.

(d) **Non-controlling interest (NCI)**

For analysis of movement in NCI, see the 'Statement of Changes in Equity.'

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 31-Dec-20
At 1 January	-	3,633,174
Dividend Received during the year	-	(164,586)
Share of other component of equity	-	92,661
Share of profit for the year	-	311,460
At 30 September 2021	-	3,872,709

36(a) Gross Written Premium

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Gross written Premium				
Non-Life	-	10,846,733	-	-
Life	2,098,756	2,672,097	-	-
Healthcare	112,670	206,170	-	-
	2,211,426	13,725,000	-	-
Unearned Premium				
Non-Life	-	(2,154,941)	-	-
Life	(160,135)	(328,988)	-	-
Healthcare	(4,146)	(25,565)	-	-
	(164,282)	(2,509,495)	-	-
Earned Premium	2,047,145	11,215,505	-	-

36(b) Reinsurance expenses

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Non-life reinsurance premiums:				
Gross written reinsurance premiums	-	5,941,575	-	-
Change in reinsurance unearned premiums	-	(1,320,474)	-	-
	-	4,621,101	-	-
Life reinsurance premiums:				
Insurance premium ceded to reinsurers	342,658	357,520	-	-
	342,658	4,978,621	-	-

37 Fee and commission income

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Reinsurance commissions on non-life business	-	388,303	-	-
Reinsurance commissions on life business	62,536	73,070	-	-
	62,536	461,373	-	-

38 Insurance claims and benefits incurred

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Insurance claims and benefits incurred on non-life businesses(see note 38(i) below)	-	1,280,841	-	-
Insurance claims and benefits incurred on life business(see note 38(ii) below)	1,712,457	1,242,933	-	-
Insurance claims and benefits incurred on healthcare business (see note 38(iii) below)	57,427	93,751	-	-
	1,769,884	2,617,525	-	-

(i) Analysis on insurance claims and benefits incurred on Non-life business:

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Motor and accident	-	347,094	-	-
Fire and IAR	-	348,295	-	-
Marine	-	170,239	-	-
Engineering	-	59,816	-	-
Bond	-	-	-	-
Special risk	-	345,233	-	-
Agric	-	10,164	-	-
	-	1,280,841	-	-

(ii) Analysis on insurance claims and benefits incurred on life business:

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Short term insurance contract	798,999	831,480	-	-
Long term insurance contract	720,128	695,545	-	-
Increase/decrease in outstanding claims short term insurance contract	175,647	(354,996)	-	-
Increase/decrease in outstanding claims long term insurance contract	17,683	70,904	-	-
Increase/decrease in investment contract liabilities	-	-	-	-
	1,712,457	1,242,933	-	-

(iii) Analysis on insurance claims and benefits incurred on healthcare business:

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Short term insurance contract	57,427	93,751	-	-
Increase/decrease in outstanding claims short term insurance contract	-	-	-	-
	57,427	93,751	-	-

39 Insurance claims and benefits incurred - recoverable from reinsurers

In thousands of Naira

	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Insurance claims and benefits incurred- recoverable on non-life business(see note 39(i) below)	-	609,385	-	-
Insurance claims and benefits incurred-recoverable on life business(see note 39(ii) below)	414,080	167,569	-	-
At 30 September 2021	414,080	776,954	-	-

(i) Insurance claims and benefits incurred- recoverable on non-life business:

In thousands of Naira

	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Motor and accident	-	65,648	-	-
Fire and IAR	-	41,975	-	-
Marine	-	44,338	-	-
Engineering	-	40,744	-	-
Bond	-	-	-	-
Special risk	-	416,342	-	-
Agric	-	338	-	-
At 30 September 2021	-	609,385	-	-

(ii) Insurance claims and benefits incurred- recoverable on life business:

In thousands of Naira

	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Short term insurance contract	414,080	167,569	-	-
Long term insurance contract	-	-	-	-
	414,080	167,569	-	-

In thousands of Naira

	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Increase /(decrease) in long term insurance contract liabilities	-	-	-	-
Increase /(decrease) in short term insurance contract liabilities	(209,876)	(267,367)	-	-
	(209,876)	(267,367)	-	-

40 Underwriting expenses

In thousands of Naira

	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Acquisition costs: Non-life business	-	1,422,752	-	-
Accommodation costs	-	69,825	-	-
Communication costs	-	220,147	-	-
Business & Administration expenses	-	664,981	-	-
Acquisition costs: Life	180,996	164,581	-	-
Acquisition costs: Healthcare	10,108	14,301	-	-
Salaries & Allowances - underwriting employees	290,604	719,817	-	-
Guaranteed interest on life products	-	-	-	-
Other commissions	17,810	33,205	-	-
At 30 September 2021	499,518	3,309,609	-	-

41 Net Interest Income

In thousands of Naira

	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Gross Interest Income:				
Interest income on Commercial Paper	-	-	-	-
Interest income on placement with local banks	11,445	46,084	3,809	8,209
Interest income on treasury bills	456	19,317	4	158
Interest income on bonds	20,024	23,650	-	-
Interest income on loans and receivables	183,642	174,966	-	735
Interest income on advances under finance lease	10,246	37,055	-	-
Interest income on staff loans & Advances	-	-	-	-
	225,813	301,072	3,813	9,102
Interest expense:				
Interest expense on placement with local banks	(6,748)	(10,697)	-	-
Interest expense on lease obligation	-	(4,653)	(5,033)	(4,653)
Interest expense on borrowings	(120,042)	(211,148)	(70,453)	(146,462)
Net interest income	99,023	74,575	(71,673)	(142,013)

42 Investment and other income

Included in investment and other income are results from sale and disposals of financial and other investments and dividend income. Analysis of the balance as at period end is as follows:

	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
In thousands of Naira				
	Net investment income	Net investment income	Net investment income	Net investment income
Debt securities:				
*At fair value through profit/loss	217	-	-	-
Equity securities:				
Dividend from Investment securities	-	133,463	2,186	1,003
*At fair value through profit/loss	12,889	-	-	-
Dividend from Investment in subsidiaries	-	255,771	-	254,768
Income on disposal of equities (FVTPL & FVTOCI)	16,505	-	-	-
*At fair value through Other Comprehensive Income (FVTOCI)	3,633	-	-	-
Disposal of Annuity portfolio	-	(99,584)	-	-
Loss on disposal Investment properties	-	-	-	-
Cash and cash equivalents	34,898	305,398	-	-
Deposits with credit institutions	5,464	88,511	-	-
Investment management income	-	28,051	-	-
Net realised gains and losses	-	-	-	-
Finance income	-	-	-	-
	73,606	761,395	2,186	255,771

43 Net fair value gain or (loss) on financial assets

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
	Changes in fair value	Changes in fair value	Changes in fair value	Changes in fair value
Equity securities:				
*At fair value through profit/loss	(22,095)	(117,468)	1,244	(3,141)
Investment properties	-	-	-	-
	(22,095)	(117,468)	1,244	(3,141)

44 Charge/(write-back) of impairment allowance

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Impairment allowance on premium receivables	-	-	-	-
Write back/additional impairment allowance on fair value through profit or loss	-	17,914	-	-
Impairment allowance on loans and advance	(6,558)	(6,041)	-	-
Impairment allowance investment property	-	23,758	-	-
	(6,558)	35,631	-	-

44(a) ECL Impairment Allowance

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Cash & cash equivalent	1	-	1	-
Treasury bills	-	10	0	10
FGN bonds	-	-	-	-
At 30 September 2021	1	10	1	10

45 Other operating income

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Rental income	20,079	54,482	-	-
Profit on disposal of property & equipment	-	50,138	-	-
Interest on loan & advances	87	-	-	-
Management fee income from subsidiaries	-	-	7,184	33,513
Investment managed income	-	-	-	-
Trustee fee income	124	132	124	132
Renewal Incentive bonus on oil & gas	-	-	-	-
Income from Associates	-	-	-	-
Other income	151,319	26,180	71,634	73,042
Insurance Brokerage Commission	-	328,533	2,000	-
Other from lead-underwriting business	-	-	-	-
Derecognized items	-	-	-	-
Fees for services rendered	14,214	-	-	-
Recoveries of previously written off assets	-	-	-	-
Third party administration & other related income	-	-	-	-
Fees & commission on loans and advances	-	-	-	-
At 30 September 2021	185,823	459,465	80,943	106,687

46 Foreign exchange gains/(losses)

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Gains/(Loss) on translation of foreign currency transactions	3,657	(167,017)	-	-

47 Management expenses

<i>In thousands of Naira</i>	Group 30-Sep-21	Group 30-Sep-20	Company 30-Sep-21	Company 30-Sep-20
Salaries and allowances of other employees	233,742	498,657	45,542	91,548
Post employment defined benefit expenses	164	4,500	-	-
Redundancy Cost	-	497	-	-
Terminal Benefits	3,476	28,436	-	25,017
Audit fees	1,075	-	-	-
Amortization and impairment charges	6,549	13,813	-	-
Depreciation on property and equipment	7,547	63,773	354	2,508
Depreciation on Right of use (Motor Vehicle)	22,104	8,431	2,822	8,431
Depreciation on Right of use (Rent Repayment)	413	14,906	-	-
Promotional and advert expenses	1,830	8,381	1,397	748
Rent and rates	9,197	1,386	-	-
Directors' fees	-	9,441	-	-
Directors' Sitting allowances	167	390	167	-
Directors' Other allowances	12,876	8,741	5,000	8,741
Donations	-	2,050	-	50
Bank charges	1,919	60,332	868	455
Legal fee	495	30,229	5	1,656
Insurance premium	4,635	16,098	3,047	4,547
Accounting consultancy fee	24,858	76,418	8,417	2,914
Investment expenses	-	12,795	-	-
Finance cost	4,683	70,430	-	-
Finance cost- Right of use Asset	2,053	-	-	-
Power charges	3,853	24,715	-	3,785
Government charges	20,029	-	535	-
Stationeries	1,744	1,115	-	-
Printing external	7,962	5,552	24	203
Repairs and maintenance	61,102	57,662	954	801
Transport expenses	12,424	60,863	1,312	2,470
Software expenses	-	21,135	-	-
Subscription and journals	2,450	5,855	747	2,267
Marketing expenses	145,783	231,982	-	-
Fine paid (contravention)	-	10,852	-	5,190
VAT Paid	9,346	(573)	-	-
Other administrative expenses	(14,778)	146,584	2,283	22,399
At 31 December	587,698	1,495,446	73,472	183,731

Other expenses concerns entertainmemt and representation, board meeting expenses and expenses incurred for the day to day running of the Group during the period.