Linkage
Assurance Plc
RC:162306

Unaudited Financial Statements
for the Period Ended
31 December, 2022

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Corporate Information

Mission Statement	Linkage Assurance Plc. is in business to provide first class insurance and other financial services to the African Insurance market. To achieve this, it has deployed exemplary management, best in class information technology infrastructure and well trained and motivated work force as vehicle for achieving the superior returns expected by shareholders.
Board of Directors	
Chairman	Chief Joshua Bernard Fumudoh
Other Directors	Mr. Daniel Braie Mr. Okanlawon Adelagun Mr. Bernard Nicolaas Griesel Mr. Olakunle Bomo Agbebi Mrs. Funkazi Koroye-Crooks Mr. Maxwell Ebibai Mr. Pius Otia Mrs. Valentina Marinho
Managing Director	Mr. Daniel Braie
Company Secretary	Mr. Moses Omorogbe
Registered Office	Linkage Plaza Plot 20, Block 94, Providence Street Off Adewunmi Adebimpe Street Lekki-Epe Expressway, Lekki, Lagos
Registrars	Centurion Registrars 33C, Cameron Road, Ikoyi, Lagos. www.centurionregistrars.com
Auditor	Ernst & Young 10th Floor, UBA House 57, Marina Marina, Lagos www.ey.com
Reinsurers	African Reinsurance Corporation, Lagos, Nigeria Swiss Reinsurance Company Ltd, Zurich, Switzerland Continental Reinsurance Plc, Lagos, Nigeria WAICA Reinsurance, Sierra Leone Arab Insurance Company, Bahrain Cathedral @ Underwriter Syndicates No. 2010 MMX, London ZEP-RE (PTA Reinsurance Company), Nairobi, Kenya Atrium Underwriting Limited @ Lloyd's Underwriter Syndicate, UK Hannover Ruck SE, Hannover, Germany
Principal Bankers	Access Bank Plc. Ecobank Nigeria Plc. FCMB Limited. Fidelity Bank Plc. First Bank of Nigeria Limited. Guaranty Trust Bank Plc. Heritage Bank Limited. Keystone Bank Limited. Polaris Bank Limited. Stanbic IBTC Bank Limited. Union Bank Plc. United Bank for Africa Plc. Unity Bank Plc. Zenith Bank Plc.
Actuary	O & A Hedge Actuarial Consulting Suite 24, !st Floor, Motorways Centre1 Motorways Avenue Alausa, Ikeja, Lagos, Nigeria

FINANCIAL HIGHLIGHTS	31 DEC 2022	31 Dec 2021	Changes
	₦'000	₦'000	(%)
Comprehensive income statement			
Gross premium written	12,979,789	11,161,499	16
Gross premium income	12,205,686	10,454,408	17
Net premium income	6,611,553	5,428,543	22
Underwriting Profit/(Loss)	218,193	(2,584,189)	>100
Investment and other income	4,865,190	1,328,929	266
Profit /(Loss) before taxation	2,452,714	(3,878,914)	>100
Profit/(Loss) after taxation	2,329,857	(3,990,638)	>100
Statement of financial position			
Total assets	43,045,869	38,710,185	11
Insurance contract liabilities	13,233,898	11,635,256	14

Key Ratios	31 DEC 2022	31 Dec 2021
	%	%
Claims ratio	29	82
Claims ratio (net)	35	93
Underwriting expenses ratio	42	36
Fees and Commission income ratio	19	17
Management expenses ratio	21	24
Underwriting Profit margin	2	(23)

Our Performance

Gross premium written grew by 16% to N12.9billion as at December 2022 from N11.2billion recorded in prior year comparative. The Company posted an underwriting profit of N218.2million on account of growth in premium revenue and a moderate claims cost. The investment income was buoyed by the dividend income of N3.1billion received from Stanbic IBTC Pension Managers Ltd. PBT stood at N2.45billion as at December 2022 against N3.87billion loss in the prior period.

Certification Pursuant to Section 60(2) of Investment and Securities Act No. 29 of 2007

We the undersigned, hereby certify the following with regards to our unaudited financial statements for the period ended 31 December 2021 that:

(i) We have reviewed the report and to the best of our knowledge, the report does not contain:

- any untrue statement of a material fact, or
- omission to state a material fact, which would make the financial statements misleading in the light of circumstances under which such statements were made;
- to the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the periods presented in the report.

(ii) We:

- are responsible for establishing and maintaining internal controls.
- have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
- have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
- have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

(iii) We have disclosed to the auditors of the Company and audit committee:

- all significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
- any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

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

Mr. Daniel Braie
Managing Director/CEO
FRC/2018/CIIN/00000018082
26 Jan. 2023

Emmanuel Otitolaiye
Chief Financial Officer
FRC/2014/ICAN/00000008524
26 Jan. 2023

Notes to the financial statements

1 Corporate Information

1.1 Reporting entity

Linkage Assurance Plc. ("LINKAGE" or "the Company") was incorporated in Nigeria on 26th of March 1991 as a private limited liability company domiciled in Nigeria. It was registered by the National Insurance Commission on the 7th of October 1993 to transact general insurance business and commenced operations in January, 1994. The Company became a public limited liability company in 2003 and the Company's shares, which were quoted on the Nigerian Stock Exchange were first listed on 18 November 2003. The registered office of the Company is Plot 20 Block 94 Lekki Epe Express way, Lekki, Lagos, Nigeria.

The Company's high standard in corporate policies and governance are designed to encourage transparency in all its activities as well as ensure the protection of the long term interest of all stakeholders. The business of the Company is conducted with high level of integrity.

1.2. Principal activities

The Company was registered to transact all classes of life and non-life insurance business, insurance claims payment and investments. Subsequently it disposed its life business in February 2007 and concentrated on the non-life insurance business.

2 Basis of Preparation

2.1 Statement of compliance

The financial statements of Linkage Assurance Plc. have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission (NAICOM) circulars.

The financial statements were authorized for issue by the Company's board of directors on 9 March 2021. Details of the Company's accounting policies are included in Note 4.

2.2 Going concern

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

2.3 Basis of measurement

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

(i) Financial instruments at fair value through profit or loss are measured at fair value;
(ii) Available-for-sale financial assets are measured at fair value;
(iii) Land and buildings are carried at fair value;
(iv) Investment properties are measured at fair value;
(v) Insurance contract liabilities at fair value and
(vi) Defined benefit obligation measured at present value.

2.4 Use of judgments and estimates

In preparation of these financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

(a) Judgments

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

(i) Note 4.14 - Lease term: whether the Company is reasonably certain to exercise extension options.

(b) Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have a significant of risk of resulting in material adjustment on the amounts recognized in the financial statements are included in the following notes to the financial statements:

(i) Note 13 - determining the fair value of investment properties on the basis of significant unobservable inputs.
(ii) Note 15 - determining the useful life of property and equipment.
(iii) Note 6.2 and 17- valuation of insurance contract liabilities: key actuarial assumptions.
(iv) Note 22 - measurement of defined benefits obligations; key actuarial assumptions.
(v) Note 8.1 - determining the fair value of unquoted equity instruments on the basis of significant unobservable inputs.

Notes to the financial statements

2.5 Functional and presentation Currency

The financial statements are presented in Nigerian Naira (₦) and amounts presented / disclosed are rounded to the nearest thousands unless otherwise stated. Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The Company is incorporated in Nigeria and has adopted Naira as its functional currency.

3 Changes in accounting policies

The Company has consistently applied the accounting policies set out in Note 4.1 to 4.28 to all periods presented in these financial statements. A number of other new standards are effective from 1 January 2020 but do not have a material effect on the Company's financial statements.

4 Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

4.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank, unrestricted balances held with Central Bank, call deposits and short term highly liquid financial assets (including money market funds) with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their value and used by the Company in the management of its short-term commitments.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash and cash equivalents as defined above.

4.2 Financial instruments

Financial instruments include all financial assets and liabilities. These instruments are typically held for liquidity, investment and strategic planning purposes. All financial instruments are initially recognized at fair value plus (or minus) directly attributable transaction costs, except those carried at fair value through profit or loss where transaction costs are recognized immediately in profit or loss. Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument.

4.2.1 Classification of financial assets

The Company classifies its financial assets into the following categories:

- Financial assets at fair value through profit or loss
- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets

Management determines the appropriate classification of its investments at initial recognition and the classification depends on the purpose for which the investments were acquired or originated. The Company's financial assets include cash and short-term deposits, trade and other receivables, quoted and unquoted financial instruments.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and subsequent changes in fair value, including any interest or dividend income, are recognized in profit or loss.

Held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale occurs, other than of an insignificant amount of held-to-maturity assets, the entire category would be tainted and classified as available-for-sale. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Notes to the financial statements

Available-for-sale financial assets (AFS)

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. Available-for-sale financial instruments are securities that are intended to be held for an indefinite period of time and which may be sold in response to liquidity needs or in response to changes in market conditions.

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in OCI and accumulated in the fair value reserve. When these assets are derecognized or impaired, the gain or loss accumulated in equity is reclassified to profit or loss.

4.2.2 ***Non-derivative financial liabilities –Measurement***

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

4.2.3 Impairment of non derivative financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. Objective evidence of impairment is established as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security because of financial difficulties, adverse changes in the status of borrowers or issuers, or observable data indicating that there is a measurable decrease in the expected cashflow from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its costs. The Company considers a decline of 20% to be significant and a period of nine months to be prolonged. The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both specific and collective level. Those not to be specifically impaired are collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical information on the timing of recoveries and the amount of loss incurred, and makes adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

An impairment loss on available-for-sale (AFS) financial assets is recognized by reclassifying the gains and losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayments and amortization) and the current fair value less any impairment loss previously recognized in profit or loss. If the fair value of an impaired AFS debt security subsequently increased and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available for sale is not reversed though profit or loss.

4.2.4 De-recognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Notes to the financial statements

4.2.5 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss (at FVTPL) or ‘other financial liabilities’. Financial liabilities are recognized initially at fair value and in the case of other financial liabilities, less directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables, insurance payables and investment contracts. The Company's financial liabilities are classified as other financial liabilities.

Other financial liabilities which includes creditors arising out of reinsurance arrangements, direct insurance arrangement and other payable, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective interest basis.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

De-recognition

The Company de-recognizes financial liabilities when, and only when, the obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

4.2.6 Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.3 Fair value measurement

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurements of fair values for both the financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Company on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

4.4 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Notes to the financial statements

Financial guarantee liabilities are initially recognized at fair value, which is the premium received and then amortized over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of (i) the amount determined n accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and (ii) the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IFRS 15. Financial guarantees are included within other liabilities.

4.5 Trade receivables

Trade receivables arising from insurance contracts represent premium receivable with determinable payments that are not quoted in an active market and the Company has no intention to sell. Premium receivables are those for which credit notes issued by brokers are within 30 days, in conformity with the "NO PREMIUM NO COVER" policy.
Trade receivables are classified as loans and receivables.

The Company assesses at each reporting date whether there is objective evidence that an insurance receivable is impaired. If there is objective evidence that the insurance receivable is impaired, the carrying amount of the insurance receivable is reduced accordingly through an allowance account and recognized as impairment loss in profit or loss.

Trade receivables include amounts due from agents, brokers and insurance contract holders. Trade receivables are recognized when due.

4.6 Reinsurance

The Company cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks. Premium ceded comprise gross written premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders. In the course of ceding out business to reinsurers, the Company incurs expenses. This is recognized as reinsurance expense in the statement of profit or loss.

4.7 Deferred acquisition costs and revenue

The incremental costs directly attributable to the acquisition of new business are deferred by recognizing an asset. For other insurance contracts, acquisition costs including both incremental acquisition costs and other indirect costs of acquiring and processing new business are deferred (deferred acquisition costs).

Where such business is reinsured the reinsurers' share is carried forward as deferred income.

Deferred acquisition costs and deferred origination costs are amortized systematically over the life of the contracts and tested for impairment at each reporting date. Any amount not recoverable is expensed. They are derecognized when the related contracts are settled or disposed of.

Deferred Acquisition Revenue

The Company recognizes commissions receivable on outwards reinsurance contracts as a deferred income and amortized over the average term of the expected premiums payable.

4.8 Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the cost of the day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year/period in which they arise.

Investment properties are de-recognized either when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the income statement in the year/period of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. When the use of property changes from owner-occupied to investment property the property is re-measured to fair value and reclassified accordingly. Any gain arising from this re-measurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in OCI and presented in the revaluation reserve. Any loss recognized in profit or loss.

Notes to the financial statements

4.9 Intangible assets

The intangible assets include computer software acquired for use in the Company's operation.

Software acquired by the Company is stated at cost less accumulated amortization and accumulated impairment losses (where this exists). Acquired intangible assets are recognized at cost on acquisition date. Subsequent to initial recognition, these assets are carried at cost less accumulated amortization and impairment losses in value, where appropriate.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognized in the income statement on a straight-line basis over the estimated useful life of the software from the date that it is available for use since this most closely reflects the expected pattern of consumption of the economic benefits embodied in the asset. The assets are usually amortized over their useful life most which do not exceed 4 years. Amortization methods are reviewed at each financial year/period-end and adjusted if appropriate.

Intangible assets are derecognized at disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. The differences between the carrying amounts at the date of derecognition and any disposal proceeds as applicable, is recognized in profit or loss.

There was no internally developed software at the date of reporting.

4.10 Property and equipment

Recognition and measurement

All categories of property and equipment are initially recorded at cost. Items of property and equipment except land and buildings are subsequently measured at revalued amount less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bring the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of equipment.

Land are stated at revalued amount while buildings are subsequently stated at revalued amount less depreciation and impairment losses. All other property and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land and buildings are revalued every three (3) years. Increase in the carrying amount of land and buildings arising from revaluation are credited to revaluation reserve in other comprehensive income.

Decreases that offset previous increases in land and buildings arising from revaluation are charged against the revaluation reserve while other decreases, if any, are charged to profit or loss.

Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be reliably measured. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is provided on a straight line basis so as to allocate the cost/re-valued amounts less their residual values over the estimated useful lives of the classes of assets. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

The estimated useful lives of the property and equipment for the current and comparative periods are as follows:

Land	Nil
Buildings	50 years
Computer hardware and office equipment	4 years
Furniture and fittings	4 years
Motor vehicles	4 years

The assets’ residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at the end of the reporting period.

Land is not depreciated.

De-recognition

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

Notes to the financial statements

4.11 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite-lived intangible assets are tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

A cash-generating unit is the smallest identifiable asset group that generates cash flows, which are largely independent from other assets and groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Impairment losses are recognized in profit or loss. In respect of other non-financial assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is reversed through profit or loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.12 Statutory deposit

The Company maintains a statutory deposit with the Central Bank of Nigeria (CBN) which represents 10% of the minimum capitalization in compliance with the Insurance Act. This balance is not available for the day-to-day operations of the Company and is measured at cost.

4.13 Insurance contract liabilities

Estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date.

It can take a significant period of time before the ultimate claims cost can be established with certainty and for the same type of policies.

The ultimate cost of outstanding claims is estimated by using one of the ranges of standard actuarial claims projection techniques – Discounted Inflation Adjusted Chain Ladder method.

The main assumption underlying this technique is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, this method extrapolates the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analyzed by accident years, but can also be further analyzed by geographical area, as well as by significant business lines and claim types.

Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based.

Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (for example to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortization of unearned premium on a basis other than time apportionment.

Notes to the financial statements

4.14 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.
Lease payments included in the measurement of the lease liability comprise the following:
– fixed payments, including in-substance fixed payments;
– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
– amounts expected to be payable under a residual value guarantee; and
– the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the financial statements

As a Lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract. The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

4.15 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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).

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

4.16 Employee benefits

(i) ***Short-term benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short-term cash, bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) **Post-employment benefits**

Defined contribution plans

The Company operates a defined contribution plan in accordance with the provisions of the Pension Reform Act. The contribution of the employee and employer is 8% and 10% of the qualifying monthly emoluments (i.e. basic, housing and transport) of employees respectively. The Company’s obligations for contributions to the plan are recognized as an expense in profit or loss when they are due. Prepaid contributions are recognized as asset to the extent that a cash refund or reduction in future payments is available.

Notes to the financial statements

Defined benefit plan

The Company commenced the operation of a staff sinking fund scheme upon obtaining Board of directors' approval in May 2014. This Sinking Fund is non-contributory defined employee exit benefit plan under which the Company alone makes fixed contributions into a separate entity and the fund can only be accessed by staff members at the point they are exiting the Company for reasons other than dismissal.

The amount payable to exiting staff is dependent on years of service and compensation as at date of exit. This value of this benefit is actuarially determined at each reporting date by an independent actuary using the projected unit credit method.

When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of the economic benefits available in the form of any future refund from the plan or reductions in the future contributions to the plan. To calculate the present value of the economic benefits, consideration is given to any applicable minimum funding requirements. Remeasurements of the net defined benefits 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 recognized in OCI.

The Company determines the net interest expense (income) on the defined benefits liability (asset) for the period by applying a discount rate used to measure the defined benefits liability (asset) taking into account any changes in the defined benefit liability (asset) during the period as a result of contributions and benefits payments. Net interest expense and other expenses related to defined benefit plan are recognized in the profit or loss.

(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 Company recognizes termination benefits when it is demonstrably committed to 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.

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes cost for a restructuring. If benefits are not expected to be settled within 12 months of the reporting date then they are discounted.

4.17 Taxation

Company Income Tax

Income tax expense comprises current tax (company income tax, tertiary education tax National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* .

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

Notes to the financial statements

Minimum tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss. The Company is subject to the Finance Act (amendments made to Companies Income Tax Act (CITA)). Total amount of tax payable under the new Finance Act shall not be less than 0.5% of the Company's gross premium.

Where the minimum tax charge 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 the income tax line as Minimum tax

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realized.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognized for:

* temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting not taxable profit or loss;
* taxable temporary differences arising on the initial recognition of goodwill; and
* temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future tax profits will be available against which they can be used. Future taxable profit are determined based on the reversal of relevant taxable temporary differences. If the amount of the taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in 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 realized; such reductions are reversed when the probability of the future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

4.18 Other receivables and prepayments

Other receivables include cash advance, sundry receivables, withholding tax recoverable, etc. Other receivables are carried at amortized cost using the effective interest rate less accumulated impairment losses.

Prepayments include amounts paid in advance by the Company on rent, staff benefits, vehicle repairs etc. Expenses paid in advance are amortized on a straight line basis to the profit and loss account.

Notes to the financial statements

4.19 Share capital and reserves

a. Share capital

The issued ordinary shares of the Company are classified as equity instruments. Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

Share premium

The Company classifies share premium as equity when there is no obligation to transfer cash or other assets.

b. Dividend

Dividend on ordinary shares are recognized and deducted from equity when they are approved by the Company's shareholders, while interim dividends are deducted from equity when they are paid. Dividends for the year/period that are approved after the reporting date are disclosed as an event after reporting date and as note within the financial statements.

c. Contingency reserves

Contingency reserve is calculated at the higher of 3% of gross premium and 20% of net profits. This amount is expected to be accumulated until it amounts to the higher of minimum paid-up capital for a non-life (general) insurance company or 50% of gross premium in accordance with section 21(2) of the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

d. Asset revaluation reserve

Subsequent to initial recognition, an item of property, plant and equipment and intangible asset carried using cost model, may be revalued to fair value. However, if such an item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation surplus is recognized in equity, unless it reverses a decrease in the fair value of the same asset which was previously recognized as an expense, in which case it is recognized in profit or loss. A subsequent decrease in the fair value is charged against this reserve to the extent that there is a credit balance relating to the same asset, with the balance being recognized in profit or loss.

e. Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of the Company's available-for-sale investments. Net fair value movements are recycled to profit or loss if an underlying available-for-sale investment is either derecognized or impaired.

f. Re-measurement reserve

The re-measurement reserve comprises the actuarial gains and losses on defined benefits post employment plan.

4.20 Contingent liabilities and assets

Possible obligations of the Company, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company and present obligations of the Company where it is not probable that an outflow of economic benefits will be required to settle the obligation or where the amount of the obligation cannot be measured reliably, are not recognized in the Company statement of financial position but are disclosed in the notes to the financial statement.

Possible assets of the Company, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company, are not recognized in the Company's statement of financial position but are disclosed in the notes to the financial statement where an inflow of economic benefits is probable.

4.21 Foreign currency translation

The financial statements are presented in Nigerian naira (N), which is the functional and presentation currency, and rounded down to the nearest thousand (000) unless otherwise indicated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange operating gains or losses resulting from the settlement of such transactions and from translation at year/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the Income Statement within 'investment & other income'. All other foreign exchange gains and losses are presented in the income statement within 'investment and other income' or 'other operating and administrative expenses'.

Notes to the financial statements

4.22 Insurance contracts

(a) 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. The Company only issues contracts that transfer insurance risks.

Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary.

General insurance business means insurance business of any class or classes not being long term insurance business. Classes of General insurance include:

- Fire insurance business
- General accident insurance business;
- Motor vehicle insurance business;
- Engineering insurance business;
- Marine insurance business;
- Oil and gas insurance business;
- Bonds credit guarantee insurance business; and
- Miscellaneous insurance business

For all these contracts, premiums are recognized as revenue proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risk at the end of reporting date is reported as the unearned premium liability.

(b) Recognition and measurement of insurance contracts

Premium income is recognized on assumption of risks.

(i) *Premiums*

Premiums comprise gross written premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are shown before deductions of commissions and are gross of any taxes or duties levied on premiums.

(ii) *Unearned premium provision*

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

(iii) *Gross premium earned*

Gross premium earned includes estimates of premiums due but not yet received, less unearned premium.

(iv) *Claims payable*

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims and incurred but not yet reported (IBNR) claims. Claims paid represent all payments made during the year, whether arising from events during that or earlier years/periods.
Claims and loss adjustment expenses are charged to income statement as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

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. Outstanding claims computed are subject to liability adequacy tests to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognized.

(v) *Commissions and deferred acquisition costs*

Commissions earned and payable are recognized in the period in which relevant premiums are written. A proportion of commission payable is deferred and amortized over the period in which the related premium is earned. Deferred acquisition costs represent the proportion of acquisition costs which corresponds to the unearned premium and are deferred as an asset and recognized in the subsequent period.

(vi) *Liability adequacy test*

At the end of reporting date, liability adequacy tests are performed to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognized. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses and investment income backing such liabilities are considered. Any deficiency is charged to Statement of comprehensive income by increasing the carrying amount of the related insurance liabilities.

Notes to the financial statements

(vii) *Salvage and Subrogation Reimbursement*

Some insurance contracts permit the Company to sell (usually damaged) property acquired in settling a claim (for example salvage). The Company may also have the right to pursue third parties for payment of some or all costs (for example subrogation).

Salvaged property is recognized in other receivables and prepayments when the amount that can reasonably be recovered from the disposal of the property has been established and salvage recoveries are included as part of claims recoveries.

Subrogation reimbursements are recognized in claim recoveries when the amount to be recovered from the liable third party has been established.

4.23 Revenue

Revenue comprises insurance premium derived from the provision of risk underwriting services; and interest and dividend income earned on investment securities held by the Company.

Revenue recognition

Insurance premium revenue
The revenue recognition policy relating to insurance contracts is set out under 4.22.(b)(i)

Commission earned
The revenue recognition policy on commission is disclosed in 4.22.(b)(v)

Investment income
Interest income for interest bearing financial instruments, are recognized within 'investment & other income' in the income statement using the effective interest method. The effective interest rate is the rate that exactly discount the estimated future cash payments and receipts through the expected life of the financial asset (or, where appropriate, a shorter period) to the net carrying amount of the financial asset. The effective interest rate is calculated on initial recognition of the financial asset and is not revised subsequently. Investment income also includes dividends when the right to receive payment is established. For listed securities, this is the date the security is listed as ex-dividend.

Other operating income
Other operating income comprises income from realized profits on sale of securities, realized foreign exchange gains/(losses), rental income and other sundry income recognized when earned.
Realized gains and losses recorded in the profit or loss on investments include gains and losses on financial assets and investment property. 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.

Rental income from investment property is recognized as revenue on a straight line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

4.24 Net claims expenses

Net claims expenses comprise claims incurred and claims handling expenses incurred during the financial year and changes in the provision for outstanding claims net of recoveries/recoverable from reinsurers.

(a) Claims

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to policyholders and/or beneficiaries. They included direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not been reported to the Company.

The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors. No provision has been made for possible claims under contracts that are not in existence at the end of the reporting period.

(b) Reinsurance claims

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

4.25 Underwriting expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition cost comprise all direct and indirect costs arising from the writing of insurance contracts. Examples include, but are not limited to, commission expense, superintendent fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/contracts. These are charged in the income statement.

Notes to the financial statements

4.26 Operating expense

Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Expenses are recognized on an accrual basis regardless of the time of spending cash. Expenses are recognized in the income statement when a decrease in future economic benefit related to a decrease in an assets or an increase of a liability has arisen that can be measured reliably. Expenses are measured at historical cost.

Only the portion of cost of a previous period that is related to the income earned during the reporting period is recognized as an expense. Expenses that are not related to the income earned during the reporting period, but expected to generate future economic benefits, are recorded in the financial statement as assets. The portion of assets which is intended for earning income in the future periods shall be recognized as an expense when the associated income is earned.

Expenses are recognized in the same reporting period when they are incurred in cases when it is not probable to directly relate them to particular income earned during the current reporting period and when they are not expected to generate any income during the coming years.

4.27 Operating segments

IFRS 8 Operating segments requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the Chief Operating Decision Maker (in the case of the Company, the Chief Executive) to allocate resources to the segments and to assess their performance.

The Company's reportable segments under IFRS 8 are therefore identified as follows: fire, accident, motor vehicle, engineering, oil and gas and others. The other segment relates to marine and aviation business class revenue which do not meet the quantitative threshold. (Refer to note 5).

The accounting policies of the reportable segments are the same as the Company's accounting policies. Segment result represents the result of each segment without allocation of certain expenses, finance costs and income tax. This is the measure reported to the Company's Chief Executive for the purpose of resource allocation and assessment of segment performance.

4.28 Earnings per share

The Company presents earnings per share for its ordinary shares. The basic earnings per share (EPS) are calculated by dividing the net profit attributable to shareholders' by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

4.29 New standards, interpretations and amendments to existing standards

(a) Effective standards not yet adopted by the Company

There are new or revised Accounting Standards and Interpretations in issue that are effective but not yet adopted by the Company. This include the following Standards and Interpretations that are applicable to the business of the entity and may have an impact on future financial statements:

(i) *IFRS 9 Financial Instruments*

IFRS 9 became effective for financial year commencing on or after 1 January 2018 but the standard has not been adopted in preparing these financial statements as the Company elected to adopt the deferral approach available to insurance companies.

IFRS 9 is part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: amortized cost, fair value through OCI and fair value through profit or loss.

Furthermore for non-derivative financial liabilities designated at fair value through profit or loss, it requires that the credit risk component of fair value gains and losses be separated and included in OCI rather than in the income statement.

Notes to the financial statements

Classification and measurement

The standard uses one primary approach to determine whether to measure a financial asset at amortized cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (FVTPL) as against the IAS 39 classifications of FVTPL, Available-for-Sale (AFS) financial assets, Loans and Receivables and Held-to-Maturity (HTM) investments. The Company's business model is the determining factor for classifying its financial assets. Financial assets are measured at amortized cost if the business objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest (SPPI). Financial assets are measured at fair value through OCI if the business's objective is to collect contractual cash flows as well as cash flows from selling the asset.

The final category of financial assets are those assets where the business model is neither to hold for solely to collect the contractual cashflows nor selling to collect the cashflows and therefore classified as at fair value through profit or loss. These are financial assets that are held with the objective of trade and to realize fair value changes. The Company can also designate some of its financial assets at fair value through profit or loss if this helps to eliminate an accounting mismatch.

The table below provides the expected changes in classification on adoption of IFRS 9:

Financial Assets 31 December 2020	**IAS 39 Classification**	**IFRS 9 Classification**	**Carrying Amount 31 December 2020**
Cash and cash equivalents	Loans and receivables	Amortized cost	3,592,711
Financial assets at fair value through profit or loss	FVTPL	FVTPL	8,655,489
Available-for-sale financial assets:			
Quoted equities	AFS	FVOCI	-
Unquoted equities	AFS	FVOCI	14,243,000
Unquoted equities- at cost	AFS	FVOCI	64,029
Loans and receivables	Loans and receivables	Amortized cost	76,671
Held-to-Maturity investments	Loans and receivables	Amortized cost	1,509,466
Trade receivables	Loans and receivables	Amortized cost	63,974
Other receivables (less prepayments and other assets)	Loans and receivables	Amortized cost	172,611
Reinsurance assets (less prepaid reinsurance, outstanding claims and IBNR)	Loans and receivables	Amortized cost	1,239,009

Financial Assets 31 December 2019	**IAS 39 Classification**	**IFRS 9 Classification**	**Carrying Amount 31 December 2019**
Cash and cash equivalents	Loans and receivables	Amortized cost	1,609,222
Financial assets at fair value through profit or loss	FVTPL	FVTPL	4,449,949
Available-for-sale financial assets:			
Quoted equities	AFS	FVOCI	30,227
Unquoted equities	AFS	FVOCI	13,389,000
Unquoted equities- at cost	AFS	FVOCI	64,029
Loans and receivables	Loans and receivables	Amortized cost	276,820
Held-to-Maturity investments	Loans and receivables	Amortized cost	5,188,148
Trade receivables	Loans and receivables	Amortized cost	65,898
Other receivables (less prepayments and other assets)	Loans and receivables	Amortized cost	96,757
Reinsurance assets (less prepaid reinsurance, outstanding claims and IBNR)	Loans and receivables	Amortized cost	429,637

Notes to the financial statements

Impairment

IFRS 9 also requires that credit losses expected at the balance sheet date (rather than those incurred as at year-end) are reflected at the date of reporting on all financial assets. This approach is an expected credit loss (ECL) model as opposed to the incurred credit loss model under IAS 39. This approach does not require a credit loss event to have occurred before the recognition of the loss at the reporting date. The amount of the expected credit losses is expected to be updated at each reporting date to reflect changes in credit risks since initial recognition.

ECL is determined by multiplying the Exposure At Default (EAD) by the Probability of Default (PD) and the Loss Given Default (LGD).

The Company do not currently have an Expected Credit Loss (ECL) model for financial assets; hence the potential impact of the ECL impairment on profit or loss and equity has not been estimated.

Amendments to IFRS 4 Applying IFRS 9 financial instruments with IFRS 4 insurance contracts

In September 2016, the IASB published an amendment to IFRS 4 which addresses the concerns of insurance companies about the different effective dates of IFRS 9 Financial instruments and the forth-coming new insurance contracts standard, IFRS 17. The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 (i.e. the deferral approach') for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The effective date is 1 January 2018 or when the entity first applies IFRS 9. IFRS 4 (including the amendments) will be superseded by the forth-coming new insurance contracts standard, IFRS 17. Accordingly, both the temporary exemption and the 'overlay approach' are expected to cease to be applicable when the new insurance standard becomes effective.

In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the IASB issued amendments to IFRS 4 Insurance Contracts.

The amendments reduce the impacts, but companies need to carefully consider their IFRS 9 implementation approach to decide if and how to use them. The two optional solutions raise some considerations which require detailed analysis and management judgement.

The optional solutions are:

1. Temporary exemption from IFRS 9 – Some Companies will be permitted to continue to apply IAS 39 Financial Instruments: Recognition and Measurement. To qualify for this exemption the company's activities need to be predominantly connected with insurance. A company's activities are predominantly connected with insurance if, and only if:
(a) the amount of its insurance liabilities is significant compared with its total amount of liabilities; and
(b) the percentage of its liabilities connected with insurance relative to its total amount of liabilities is:
(i) greater than 90 percent; or
(ii) less than or equal to 90 percent but greater than 80 percent, and the Company does not engage in a significant activity unconnected with insurance.

Liabilities connected with insurance include investment contracts measured at FVTPL, and liabilities that arise because the insurer issues, or fulfils obligations arising from, these contracts (such as deferred tax liabilities arising on its insurance contracts).

2. Overlay approach – This solution provides an overlay approach to alleviate temporary accounting mismatches and volatility. For designated financial assets, a company is permitted to reclassify between profit or loss and other comprehensive income (OCI), the difference between the amounts recognized in profit or loss under IFRS 9 and those that would have been reported under IAS 39.

With respect to IFRS 9 above, the Company is eligible to apply IFRS 9 deferral approach since IFRS 9 has not been previously applied by the Company and the activities of the Company are predominantly connected with insurance.

To determine if the Company's activities are predominantly connected with insurance, the Company has assessed the ratio of the Company's liabilities connected with insurance - including investment contracts liabilities - compared with it's total liabilities as at 31 December 2015. See the assessment below:

Notes to the financial statements

LIABILITIES	AS REPORTED (A)	Admissible for Predominance Test (B)
	31-Dec-15	31-Dec-15
Insurance contract liabilities	2,276,752	2,276,752
Trade payables	229,316	229,316
Provision and other payables	327,273	-
Retirement benefit obligations	84,225	-
Income tax liabilities	147,355	147,355
Deferred tax liabilities	117,921	-
	3,182,842	**2,653,423**
	Score = (B/A)%	**83.37%**

The Company has elected to apply the temporary exemption from IFRS 9 (deferral approach) and qualifies for the temporary exemption based on the following:

a) Its activities are predominantly connected with insurance contracts;

b) As at 31 December 2015, which is the reporting date that immediately precedes 1 April 2016, the carrying amount of its liabilities arising from insurance contracts was ₦2.65 billion which was 83.37% of the total carrying amount of all its liabilities as at that date.

Based on the above, the Company will apply IFRS 9 together with IFRS 17 in 2023.

Fair value disclosures

i) Financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest (SPPI)

The Company's financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding are as follows:

a) Cash and cash equivalents
b) Available-for-sale financial assets (Bonds)
c) Loans and receivables
d) Held-to-Maturity financial assets
e) Trade receivables
f) Reinsurance assets (less prepaid reinsurance and reinsurers' share of outstanding claims and IBNR)
g) Other receivables (only financial receivables)

ii) Financial assets with contractual terms that do not give rise to cash flows that are solely payments of principal and interest.

These are financial assets that meet the definition of financial assets designated at fair value through profit or loss in line with IFRS 9; or that are managed and whose performance is evaluated on a fair value basis. These are:

a) Financial assets measured though profit and loss
b) Equity securities and Investment funds

The expected fair value changes from the adoption of IFRS 9 are disclosed below:

As at 31 December 2020	**Financial assets that meet the SPPI criterion**		**All other financial assets**	
Category	**Fair value**	**Fair value change during the reporting period**	**Fair value**	**Fair value change during the reporting period**
In thousands of Naira				
Cash and cash equivalents	3,592,711	-	-	-
Debt securities				
Held-to-maturity	1,509,466	-	-	-
Loans and receivables	76,671	-	-	-
Trade and other receivables	236,585	-	-	-
Statutory deposits	300,000	-	-	-
Subtotal	**5,715,433**	-	-	-
Equity securities - FVOCI	-	-	14,902,515	869,259
Financial instruments - FVTPL	-	-	8,655,489	1,819,593
Total	**5,715,433**	**-**	**23,558,004**	**2,688,852**

Notes to the financial statements

* The fair values of these financial assets approximate their cost.

(b) Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these financial statements.

(i) Insurance contracts (IFRS 17) - Effective for financial year commencing 1 January 2023
IFRS 17 replaced IFRS 4 *Insurance Contracts*

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

• Reinsurance contracts held;
• Direct participating contracts; and
• Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI. The new standard includes various new disclosures and requires additional granularity in disclosures to assist users to assess the effects of insurance contracts on the entity's financial statements.

The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.

The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted.

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

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:
- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities.

Changes in basis for determining cash flows

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

Disclosure

The amendments will require the Company to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

The standard is effective for annual periods beginning on or after 1 January 2021. Application will not impact amounts reported for 2020 or prior periods.

4.30 Securities Trading Policy

The Company has a Securities Trading Policy which governs the trading of the Company's Securities by Insiders. The Policy has been circulated to all Directors and employees and also uploaded on the Company's website. The Company has contacted the Directors and they confirmed complying with the Policy during the quarter under review.

Shareholding Structure/Free Float Status				
	31-Dec-22		31-Dec-21	
Description	Unit	Percentage	Unit	Percentage
Issued Share Capital	14,000,000,000	100%	14,000,000,000	100%
Substantial Shareholdings (5% and above)				
Bayelsa State Ministry of Finance Incorporated	7,480,787,548	53.43%	7,480,787,548	53.43%
Stanbic IBTC Nominees	1,858,165,841	13.27%	1,858,165,841	13.27%
Apel Asset Limited-Nominee	709,459,330	5.07%	709,459,330	5.07%
Total Substantial Shareholdings	10,048,412,719	71.77%	10,048,412,719	71.77%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Chief Joshua B. Fumudoh				
Mr. Tamunoye Alazigha				
Mrs.Funkazi Koroye-Crooks				
Mr. Maxwell Ebibai				
Mr. Olakunle Agbebi				
Mr. Bernard Griesel				
Mr. Daniel Braie				
Mr. Okanlawon Adelagun				
Total Directors' Shareholdings				
Other Influential Shareholdings				
Free Float in Units and Percentage	3,951,587,281	28.23%	3,951,587,281	28.23%
Free Float in Value	₦ 1,975,793,640.50		₦ 1,975,793,640.50	
(A) Linkage Assurance Plc with a free float percentage of 28.23%.as at 31 December 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.				
(B) Linkage Assurance Plc with a free float value of N1,975,793,640.50 as at 31 December 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.				

Statement of financial position
As at 31 December 2022

In thousands of Naira

Assets	**Note**	**31 DEC 2022**	**31 Dec 2021**	**Changes %**
Cash and cash equivalents	7	4,259,506	3,476,697	23
Financial assets	8	29,405,643	27,584,351	7
Trade receivables	9	199,857	81,468	145
Reinsurance assets	10	5,409,711	4,639,643	17
Deferred acquisition cost	11	540,732	432,828	25
Other receivables and prepayments	12	764,993	333,655	129
Investment property	13	160,000	157,500	2
Intangible assets	14	20,749	36,866	(44)
Property and equipment	15	1,584,678	1,467,178	8
Statutory deposit	16	700,000	500,000	40
Total assets		**43,045,869**	**38,710,185**	**11**
Liabilities				
Insurance contract liabilities	17	13,233,898	11,635,256	14
Trade payables	19	1,140,673	765,141	49
Other payables	20	933,436	1,053,785	(11)
Defined benefit obligations	22	122,066	89,659	36
Income tax liabilities	23	151,123	60,257	151
Total liabilities		**15,581,197**	**13,604,099**	**15**
Equity				
Authorized share capital	25	15,000,000	7,000,000	-
Issued and fully paid share capital	25.1	7,000,000	7,000,000	-
Share premium	26	560,294	560,294	-
Contingency reserve	27	3,348,590	2,882,618	16
Retained earnings	28	(1,653,414)	(3,517,299)	-
Assets revaluation reserve	29	828,773	828,773	-
Re-measurement reserve	30.2	5,040	5,040	-
Fair value reserve	30.1	17,375,389	17,346,660	-
Total equity		**27,464,672**	**25,106,086**	**9**
Total liabilities and equity		**43,045,869**	**38,710,185**	**11**
		-	-	

The financial statements were approved on 26 January 2023 and signed on behalf of the Board of Directors

Chief Joshua B. Fumudoh
Chairman
FRC/2018/IODN/00000017911

Mr. Daniel Braie
Managing Director/CEO
FRC/2018/CIIN/00000018082

Emmanuel Otitolaive
Chief Financial Officer
FRC/2014/ICAN/00000008524

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

Statement of profit or loss and other comprenhensive income
for the period ending 31 December 2022

In thousands of Naira	Note	12 Months to 31 Dec. 2022	12 Months to 31 Dec. 2021	3 Months to 31 Dec. 2022	3 Months to 31 Dec. 2021
Gross premium written	31	12,979,789	11,161,499	2,290,820	2,098,782
Unearned premium	32	(774,103)	(707,091)	920,568	783,878
Gross premium income	32	**12,205,686**	**10,454,408**	**3,211,388**	**2,882,660**
Reinsurance expenses	33	(5,594,133)	(5,025,865)	(1,419,852)	(1,462,547)
Net premium income		**6,611,553**	**5,428,543**	**1,791,536**	**1,420,113**
Fees and commission income	34	1,055,002	834,229	401,950	313,983
Net underwriting income		**7,666,555**	**6,262,772**	**2,193,486**	**1,734,096**
Net claims expenses	35	(2,301,118)	(5,033,251)	(613,811)	(2,395,862)
Underwriting expenses	36	(5,147,244)	(3,813,709)	(1,717,718)	(1,084,564)
Underwriting Profit/(Loss)		**218,193**	**(2,584,189)**	**(138,043)**	**(1,746,330)**
Investment income	37	4,706,423	2,293,357	444,770	177,102
Impairment loss on financial assets	38	35,702	35,788	35,702	35,788
Net fair value (loss)/gains on financial assets at fair value through profit or loss	38	(182,281)	(1,268,490)	66,047	9,573
Other operating income/(loss)	39	341,048	304,062	84,604	196,111
Fair value changes on investment property	37	2,500	7,500	2,500	7,500
Management expenses	41	(2,668,871)	(2,666,942)	(237,306)	(831,966)
Profit /(Loss) before taxation		**2,452,714**	**(3,878,914)**	**258,274**	**(2,152,222)**
Income taxes	23.1	(122,857)	(111,724)	(12,913)	(49,208)
Profit/(Loss) after taxation		**2,329,857**	**(3,990,638)**	**245,361**	**(2,201,430)**
Other comprehensive income net of tax					
Items that will be reclassified subsequently to profit or loss:					
Net fair value gain/(loss) on available-for-sale financial assets	42	28,729	3,397,853	40,300	3,391,722
Total other comprehensive income, net of tax		28,729	3,397,853	40,300	3,391,722
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation		-	(8,204)	-	(8,204)
Other comprehensive (loss)/income, net of taxes		**28,729**	**3,389,649**	**40,300**	**40,300**
Total comprehensive income for the year		**2,358,586**	**(600,989)**	**285,661**	**1,182,088**
Basic and diluted earnings per share (kobo)	43	**16.6**	**(28.5)**	**2**	**(11)**

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

Statement of changes in equity
for the period ending 31 December 2022

In thousands of naira	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Re-measure ment reserve	Fair value reserve	Retained earnings	Total
At 1 January 2022	7,000,000	560,294	2,882,618	828,773	5,040	17,346,660	(3,517,298)	25,106,086
Comprehensive income								
Profit for the year	-	-	-	-	-	-	2,329,857	2,329,857
Other comprehensive income:								
Net fair value changes on AFS financial assets	-	-	-	-	-	28,729	-	28,729
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**28,729**	**2,329,857**	**2,358,586**
Transfer from share premium		-						
Transfer to contingency reserve	-	-	-	-	-	-	(465,972)	(465,972)
Transfer from retained earnings	-	-	465,972	-		-	-	465,972
	-	-	465,972	-	-	-	(465,972)	-
At 31 December 2022	**7,000,000**	**560,294**	**3,348,590**	**828,773**	**5,040**	**17,375,389**	**(1,653,414)**	**27,464,672**

Statement of changes in equity for the year ended 31 December 2021

In thousands of naira	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Re-measure ment reserve	Fair value reserve	Retained earnings	Total
At 1 January 2021	5,000,000	729,044	2,547,773	828,773	13,244	13,948,807	3,308,184	26,375,825
Comprehensive income								
Loss for the year	-	-	-	-	-	-	(3,990,638)	(3,990,638)
Other comprehensive income:								
Remeasurement of defined benefit obligation	-	-	-	-	(8,204)	-	-	(8,204)
Net fair value changes on AFS financial assets	-	-	-	-	-	3,397,853	-	3,397,853
Total comprehensive income	**5,000,000**	**729,044**	**2,547,773**	**828,773**	**5,040**	**17,346,660**	**(682,454)**	**25,774,835**
Transfer from share premium	-	(168,750)	-	-	-	-	-	(168,750)
Transfer from retained earnings	2,000,000	-	334,845	-	-	-	(2,000,000)	334,845
Transfer to contingency reserve	-	-	-	-	-	-	(334,845)	(334,845)
	2,000,000	(168,750)	334,845	-	-	-	(2,334,845)	(168,750)
Transactions with owners of the Company								
Dividend paid	-	-	-	-	-	-	(500,000)	(500,000)
At 31 December 2021	**7,000,000**	**560,294**	**2,882,618**	**828,773**	**5,040**	**17,346,660**	**(3,517,298)**	**25,106,086**

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

Statement of cash flows
for the period ending 31 December 2022

	Note	31 DEC 2022 ₦'000	31 Dec 2021 ₦'000
Cash flows from operating activities			
Premiums received from policy holders	44(b)	12,839,693	11,141,069
Premiums received in advance	19.1	21,707	60,454
Deposit without details	20.2(a)	23,801	278,591
Reinsurance payments	44(d)	(5,742,392)	(4,997,642)
Claims paid	35	(3,086,234)	(3,989,302)
Reinsurance claim recoveries	44(c)	1,155,073	1,699,446
Salvage recovery	44(c)	121,099	63,146
Commission paid	44(e)	(4,257,667)	(3,115,123)
Maintenance expenses paid	41	(1,011,372)	(759,461)
Commission received	44(f)	1,267,517	803,447
Cash payment to and on behalf of employees	44(l)	(976,045)	(789,455)
Other operating cash payments	44(a)	(2,074,942)	(2,326,725)
Corporate tax paid	23	(222)	(134,032)
Net cash used in operating activities		(1,719,983)	(2,065,587)
Cash flows from Investing activities			
Purchase of properties and equipment	44(i)	(334,346)	(298,301)
Purchase of intangible assets	14	(21,253)	(47,759)
Proceeds from sale of property and equipment	44(j)	30,341	1,091
Purchase of investment securities	44(h)	(3,803,803)	(4,743,993)
Proceeds from sale of investment securities	44(h)	1,905,171	4,168,919
Proceeds from redemption	8.6	-	329,214
Loan repayments	44(h)	(86,822)	36,778
Dividend received	37	3,315,152	1,212,565
Rental income received	39	6,800	6,200
Interest received	44(g)	1,391,271	1,080,792
Net cash from investing activities		2,402,510	1,745,506
Financing activities			
Payment of additional statutory deposit		(200,000)	-
Payment of finance lease liabilities	44(k)	-	(219)
Dividend paid	28	-	(500,000)
		(200,000)	(500,219)
Net (decrease) / increase in cash and cash equivalents		482,527	(144,287)
Cash and cash equivalents at the beginning of the period		3,476,697	3,592,711
Impact of exchange difference on cash held		300,281	28,273
Cash and cash equivalents at end of the period	7	4,259,506	3,476,697

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

Notes to the financial statements

5. Segment reporting

Operating segments
IFRS 8 Segment Reporting requires operating segments to be identified on the basis of internal reports of reportable segments that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance The Company's reportable segments under IFRS 8 are therefore identified as follows:

• Fire
• Accident
• Motor
• Marine
• Aviation
• Bond
• Engineering
• Oil & Gas

The following is an analysis of the Company's revenue and result by reportable segment
for the period ending 31 December 2022

Income:	**Fire**	**Accident**	**Motor**	**Marine**	**Aviation**	**Bond**	**Engineering**	**Oil & Gas**	**Agric**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Gross premium written	2,584,320	1,377,534	2,689,508	936,301	518,803	23,880	624,856	4,112,194	112,393	12,979,789
Net change in unearned premium	(149,358)	(85,784)	(388,142)	(3,426)	11,211	(1,666)	(75,962)	(32,747)	(48,230)	(774,104)
	2,434,962	**1,291,750**	**2,301,366**	**932,875**	**530,014**	**22,214**	**548,894**	**4,079,447**	**64,163**	**12,205,685**
Reinsurance Expenses	(1,907,987)	(482,798)	(355,410)	(435,077)	(339,291)	(11,311)	(349,366)	(2,004,792)	(88,903)	(5,974,935)
Movement in Prepaid-Reinsurance Cost	146,760	46,373	923	4,355	(32,242)	700	71,681	100,807	41,445	380,802
Re-insurance cost	(1,761,227)	(436,425)	(354,487)	(430,722)	(371,533)	(10,611)	(277,685)	(1,903,985)	(47,458)	(5,594,133)
Net premium income	**673,735**	**855,325**	**1,946,879**	**502,153**	**158,481**	**11,603**	**271,209**	**2,175,462**	**16,705**	**6,611,552**
Commision received	434,485	163,736	73,821	190,263	1,306	3,597	66,896	108,584	12,314	1,055,002
Net underwriting Income	**1,108,220**	**1,019,061**	**2,020,700**	**692,416**	**159,787**	**15,200**	**338,105**	**2,284,046**	**29,019**	**7,666,554**
Expenses:										
Gross Claims incurred	(216,782)	(1,004,918)	(863,492)	(903,626)	(75,922)	(1,096)	(363,957)	(346,834)	(13,049)	(3,789,676)
Recovery on Claims incurred	85,332	741,692	103,365	452,605	(11,249)	-	227,042	(119,222)	8,992	1,488,557
Net claims incurred	(131,450)	(263,226)	(760,127)	(451,021)	(87,171)	(1,096)	(136,915)	(466,056)	(4,057)	(2,301,119)
Acqusition cost	(449,522)	(294,965)	(352,347)	(286,246)	(98,721)	(3,837)	(110,743)	(901,792)	(20,362)	(2,518,535)
Maintenance expenses	(523,384)	(278,983)	(544,687)	(189,623)	(105,070)	(4,836)	(126,548)	(832,814)	(22,762)	(2,628,707)
	(1,104,356)	**(837,174)**	**(1,657,161)**	**(926,890)**	**(290,962)**	**(9,769)**	**(374,206)**	**(2,200,662)**	**(47,181)**	**(7,448,361)**
Segment underwriting profit/(loss)	**3,864**	**181,887**	**363,539**	**(234,474)**	**(131,175)**	**5,431**	**(36,101)**	**83,384**	**(18,162)**	**218,193**

The accounting policies of the reportable segments are the same as the Company's accounting policies.
Segment result represents the result of each segment without allocation of certain expenses, finance costs and income tax. This is the measure reported to the Company's Chief Executive for the purpose of resource allocation and assessment of segment performance.

The revenue of marine & aviation segment does not meet the quantitative thresholds and therefore does not qualified as a reporting segment. The segments is accordingly reported as 'Others'.

31 Dec 2021

Income:	**Fire**	**Accident**	**Motor**	**Marine**	**Aviation**	**Bond**	**Engineering**	**Oil & Gas**	**Agric**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Gross premium written	2,009,396	1,021,744	2,177,342	910,684	613,958	10,688	448,825	3,923,661	45,201	11,161,499
Net change in unearned premium	(360,176)	(26,440)	(164,814)	19,527	6,171	1	22,470	(187,137)	(16,691)	(707,090)
	1,649,220	**995,304**	**2,012,528**	**930,211**	**620,129**	**10,689**	**471,295**	**3,736,524**	**28,510**	**10,454,409**
Re-insurance cost	(1,095,063)	(559,856)	(196)	(404,010)	(404,735)	(5,290)	(262,257)	(2,279,282)	(15,176)	(5,025,865)
Net premium income	**554,157**	**435,448**	**2,012,332**	**526,201**	**215,394**	**5,399**	**209,038**	**1,457,242**	**13,334**	**5,428,544**
Commision Received	334,168	170,094	1,450	134,846	901	1,750	71,297	115,930	3,793	834,229
Net underwriting Income	**888,325**	**605,542**	**2,013,782**	**661,047**	**216,295**	**7,149**	**280,335**	**1,573,172**	**17,127**	**6,262,773**
Expenses:										
Net claims incurred	(2,323,157)	(540,045)	(1,054,174)	(215,202)	(107,821)	4,571	(63,008)	(731,758)	(2,658)	(5,033,252)
Acqusition cost	(351,573)	(230,329)	(275,496)	(262,015)	(114,438)	(1,590)	(93,786)	(818,698)	(4,680)	(2,152,605)
Maintenance expenses	(299,047)	(152,064)	(324,041)	(135,532)	(91,372)	(1,591)	(66,796)	(583,935)	(6,727)	(1,661,104)
	(2,973,777)	**(922,438)**	**(1,653,711)**	**(612,749)**	**(313,631)**	**1,390**	**(223,590)**	**(2,134,391)**	**(14,065)**	**(8,846,961)**
Segment underwriting profit/(loss)	**(2,085,452)**	**(316,896)**	**360,071**	**48,298**	**(97,336)**	**8,539**	**56,745**	**(561,219)**	**3,062**	**(2,584,189)**

Notes to the financial statements

6 Capital and Risk Management

6.1 Capital Management – Objectives, Policies and Approaches.

The objective of our capital management is to ensure that the Company is adequately capitalized at all times, even after experiencing significant adverse events. In addition, we seek to optimize the structure and sources of our capital to ensure that it consistently delivers maximum returns to our shareholders and guarantees adequate protection of our policyholders.

Our capital management policy is to hold sufficient capital to meet regulatory capital requirements (RCR) and also to sufficiently accommodate our risk exposures as determined by our risk appetite. Other objectives include to:

- maintain the required level of capital that guarantee security to our policyholders;
- maintain financial strength that would support business growth in line with strategy;
- maintain strong credit ratings and healthy capital ratios to support business objectives;
- retain financial flexibility by maintaining strong liquidity and consistent positive equity returns;
- allocate capital efficiently to ensure that returns on capital employed meet the requirements of capital providers and shareholders.

Our approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence our capital position in the light of changes in economic and market conditions, and risk characteristics.

The primary source of capital used is equity shareholders' funds. In addition, we utilize adequate and efficient reinsurance arrangements to protect shareholders' funds by reducing the need for further funding following unfavorable events such as catastrophes or just large random single claims.

The Company has had no significant changes in its policies and processes to its capital structure during the period.

Analysis of shareholders funds		
In thousand of Naira	**31 DEC 2022**	**31 Dec 2021**
Total assets	43,045,869	38,710,185
Less: Total liabilites	15,581,197	13,604,099
Shareholders funds as at year end	**27,464,672**	**25,106,086**
Adjustment for non-capital items	561,481	469,694
Available capital resources	**26,903,191**	**24,636,392**
Changes in available capital	9%	14%

The Company's available capital is based on the shareholders'equity/fund as adjusted to reflect the full economic capital base available to absorb any unexpected volatility in results of operations. Thus, available capital resources, after adjusting for non-capital assets, is N26,543,674,000 (2021: N24,636,392,000) amounting to a decrease over the comparative period.

The Minimum Capital Requirement

The statutory minimum capital requirement for Non-life business is ₦3billion.

In thousands of naira	**31 DEC 2022**	**31 Dec 2021**
Total shareholders' funds	27,464,672	25,106,086
Regulatory required capital	3,000,000	3,000,000
Excess over minimum capital	24,464,672	22,106,086
Capitalisation rate	915%	837%

NAICOM released a circular dated 3 June 2020 (NAICOM/DPR/CIR/25-04/2020) to all insurance and reinsurance companies in Nigeria. The circular indicated the difficulty to proceed with the 31 December 2020 recapitalization deadline due to the incidences of COVID-19 pandemic. The Commission extended and segmented the recapitalization process into two phases; general insurance business are required to meet 50% of the minimum capital requirement of N10bn by 31 December 2020 and have full compliance of the remaining balance by 30 September 2021. However, as at year end, The National House of Assembly suspended the directive of NAICOM as a relief due to the ongoing COVID-19 pandemic.

The solvency margin requirement

Insurance industry regulator measures the financial strength of non-life insurers using a solvency margin model, NAICOM generally expect non-life insurers to comply with this capital adequacy requirement. This test compares insurers' capital against its risk profile. Section 24 (1) of the Insurance Act, 2003 requires that an insurer shall in respect of its business other than its life insurance business, maintain at all times a margin of solvency being the excess of the value of its admissible assets in Nigeria over its liabilities in Nigeria. The solvency margin shall not be less than 15 percent of the gross premium income less reinsurance premiums paid out during the year under review or the minimum paid-up capital whichever is greater.

During the period, the Company has complied with this capital requirement. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed necessary.

Notes to the financial statements

The Company's solvency margin is as follows:

	In thousands of naira	31 DEC 2022	31 Dec 2021
	Assets		
	Cash and cash equivalents	4,259,506	3,476,697
	Financial assets	10,910,837	9,742,322
	Trade receivables	199,857	81,468
	Other receivables and prepayment	126,129	110,604
	Reinsurance assets	5,291,371	4,577,086
	Deferred acquisition cost	540,732	432,828
	Property and equipment	1,388,687	1,268,982
	Intangible Assets	20,749	36,866
	Investment Property	160,000	157,500
	Statutory deposit	700,000	500,000
	Total admissible assets	**23,597,868**	**20,384,353**
	Liabilities		
	Insurance contract liabilities	13,233,898	11,635,256
	Trade payables	1,118,966	765,141
	Other payables	933,436	1,053,785
	Defined benefit obligations	122,066	89,659
	Income tax liabilities	151,123	60,257
	Total admissible liabilities	**15,559,489**	**13,604,098**
	Excess of total admissible assets over admissible liabilities (solvency margin)	**8,038,379**	**6,780,255**
	Higher of (a) and (b):		
	Gross premium income	12,205,686	10,454,408
	Less: Reinsurance expense	(5,594,133)	(5,025,865)
	Net premium	6,611,553	5,428,543
(a)	**15% of net premium**	991,733	814,281
(b)	**Minimum paid up capital**	3,000,000	3,000,000
	The higher thereof:	**3,000,000**	**3,000,000**
	Excess of solvency margin over minimum capital base	**5,038,379**	**3,780,255**
	Solvency margin ratio	**268%**	**226%**

6.2 Insurance risk

The Company issues contracts that transfer insurance risk. This section summarizes this risk and the way it is being managed.

***(a)* Types of insurance risk contracts**

The Company principally issues the following types of general insurance contracts: Motor, Fire, General Accidents, Aviation, Marine, Engineering, Bond and Oil & Gas. The risks under this policies usually cover twelve months duration. The most significant risks in this policies arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk.

These risks however do not vary significantly with the risk location, type of insured and industry.

(b) Management of insurance risk

The risks facing us in any insurance contract arise from fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations; unexpected claims arising from a single source or cause; inaccurate pricing of risks or inappropriate underwriting of risks when underwritten; and inadequate reinsurance protection or other risk transfer techniques.

The principal risk that the Company faces under its insurance contracts is that the actual claims and benefits payments, or its timing thereof, exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. In addition, the Company manages this risk through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling and investigations.

Notes to the financial statements

Our insurance underwriting strategy has been developed in such a way that the types of insurance risks accepted are diversified to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Insurance risk is increased by the lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew certain policies, it can impose excess or deductibles and has the right to reject the payment of a fraudulent claim. Insurance contracts also entitle the Company to pursue third parties for payment of some or all of claims costs.

The Company purchases reinsurance as part of its insurance risk mitigation programme. The reinsurance arrangements include excess and proportional coverage. The effect of such reinsurance arrangements is that the Company should not suffer total net insurance losses in any one year. Amount recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

The Company has a specialized claims unit that ensures mitigation of the risks surrounding all known claims. This unit investigates and adjusts all claims in conjunction with appointed loss adjusters. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments. Risk concentration is assessed per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below, with reference to the carrying amount of the insurance liabilities (gross and net of reinsurance) arising from all non-life insurances.

(c) **Insurance risk concentration per policy type**

Line of business	**31 DEC 2022**			**31 DEC 2021**		
In thousands of naira	**Gross premium**	**Reinsurance**	**Net**	**Gross premium**	**Reinsurance**	**Net**
Fire	2,584,320	(1,761,227)	823,093	2,009,396	(1,095,063)	914,333
Accident	1,377,534	(436,425)	941,109	1,021,744	(559,856)	461,888
Motor	2,689,508	(354,487)	2,335,021	2,177,342	(196)	2,177,146
Marine	936,301	(430,722)	505,579	910,684	(404,010)	506,674
Aviation	518,803	(371,533)	147,270	613,958	(404,735)	209,223
Bond	23,880	(10,611)	13,269	10,688	(5,290)	5,398
Engineering	624,856	(277,685)	347,171	448,825	(262,257)	186,568
Oil & Gas	4,112,194	(1,903,985)	2,208,209	3,923,661	(2,279,282)	1,644,379
Agric	112,393	(47,458)	64,935	-	-	-
	12,979,789	**(5,594,133)**	**7,385,656**	**11,116,298**	**(5,010,689)**	**6,105,609**

(d) **Key Assumptions**

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claims costs, claim handling costs, claim inflation factors and claims numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: once-off occurrence; changes in market factors such as public attitude to claiming; economic conditions as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates.

(e) **Sensitivity Analysis**

The insurance claims liabilities above are sensitive to the key assumptions that follow. However, it has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity fund. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that the movements in these assumptions are not linear.

(f) **Insurance risk concentration per policy type**

Line of business	**31 December 2022**			**31 December 2021**		
In thousands of naira	**Gross outstanding claims**	**Reinsurance recoveries**	**Net liabilities**	**Gross outstanding claims**	**Reinsurance recoveries**	**Net liabilities**
Motor	701,615	39,637	661,978	733,533	61,282	672,251
Fire	3,708,295	1,938,136	1,770,159	4,365,472	2,331,389	2,034,083
General accident	1,611,565	873,736	737,829	1,162,590	472,037	690,553
Engineering	292,102	165,463	126,639	159,063	63,625	95,438
Marine	881,055	429,594	451,461	277,074	50,657	226,416
Bond	2,585	-	2,585	2,411	-	2,411
Aviation	167,593	8,084	159,509	128,624	20,584	108,040
Oil & Gas	2,317,854	648,054	1,669,800	2,034,038	772,935	1,261,103
Agric	10,815	6,766	4,049	6,135	3,476	2,659
	9,693,479	**4,109,470**	**5,584,009**	**8,868,941**	**3,775,987**	**5,092,955**

Notes to the financial statements

7 Cash and cash equivalents

Cash and cash equivalents comprise:	31 DEC 2022	31 Dec 2021
	₦'000	**₦'000**
Cash in hand	1,097	445
Balances with banks & other financial institutions (see (b) below)	4,331,674	3,603,673
	4,332,771	3,604,118
Allowance for impairment (see (a) below)	(73,265)	(127,421)
Cash and bank balance as at year end	**4,259,506**	**3,476,697**
(a) Allowance for impairment		
Balance as at the beginning of the year	127,421	127,421
Addition	(54,156)	-
Balance as at the end of the year (see '(c) below for details)	**73,265**	**127,421**

(b) These are cash balances and short-term placements with banks and other financial institutions with tenor of 90 days or less. Cash & cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and have a maturity of three months or less from the date of acquisition.

(c) Amount relates to short term investments with Resort Savings and Loans (N75.1 million), Triumph Bank (N20.1 million), Profound Finance and Investment Ltd (N9.5 million), Assurance bank (N9.3million), Centre Point Merchant Bank (N7.4 million) and others (N6 million) which are fully impaired and their recoverability are in doubt.

8 Financial assets

The Company's financial assets comprise fair value through profit or loss financial assets, available-for-sale financial assets, loans and receivables and unquoted equity at cost.

	31 DEC 2022	31 Dec 2021
	₦'000	**₦'000**
Fair value through profit or loss (note 8.1)	2,849,316	5,050,881
Available-for-sale (note 8.2)	19,870,365	18,701,618
Loans and receivables (note 8.5)	233,745	141,658
Held to maturity (note 8.6)	6,452,217	3,690,194
	29,405,643	**27,584,351**
	29,405,645	

Financial instrument classification	**31 DEC 2022**				
In thousands of Naira	**Fair Value through Profit or Loss**	**Available for Sale**	**Loans and Receivables**	**Held to Maturity**	**Total**
- Listed	2,849,316	2,178,336	-	810,410	5,838,062
- Unlisted	-	17,692,029	-	5,641,807	23,333,836
- Other financial assets	-	-	233,745	-	233,745
	2,849,316	19,870,365	233,745	6,452,217	29,405,643
Within one year	2,849,316	-	233,745	6,452,217	9,535,278
More than one year	-	19,870,365	-	-	19,870,365
	2,849,316	19,870,365	233,745	6,452,217	29,405,643

Financial instrument classification	**31 Dec 2021**				
In thousands of Naira	**Fair Value through Profit or Loss**	**Available for Sale**	**Loans and Receivables**	**Held to Maturity**	**Total**
- Listed	5,050,881	859,589	-	810,410	6,720,880
- Unlisted	-	17,842,029	-	2,879,784	20,721,813
- Other financial assets	-	-	141,658	-	141,658
	5,050,881	18,701,618	141,658	3,690,194	27,584,351
Within one year	5,050,881	-	141,658	3,690,194	8,882,733
More than one year	-	18,701,618	-	-	18,701,618
	5,050,881	18,701,618	141,658	3,690,194	27,584,351

8.1 Fair value through profit or loss

The movement in the investment at fair value through profit or loss is as follows:

In thousands of Naira	31 DEC 2022	31 Dec 2021
Balance as at the beginning of the year	5,050,881	8,655,489
Addition during the year	(114,113)	1,832,801
Disposal during the year	(1,905,171)	(4,168,919)
	3,031,597	6,319,371
Fair value (loss)/gain	(182,281)	(1,268,490)
Balance as at the end of the year	**2,849,316**	**5,050,881**

The fair value of quoted financial instruments is determined by reference to published price quotations in an active market. The resulting fair value changes have been recognized in profit or loss.

Notes to the financial statements

8.2 Available for sale

Available for sale financial assets comprise:

In thousands of Naira	**31 DEC 2022**	**31 Dec 2021**	
Unquoted equities - at FVTOCI (see (a) below)	17,628,000	17,628,000	-
Equity mutual funds	1,375,559	859,589	
Bonds at FVTOCI	802,777	150,000	
Unquoted equities - at cost	64,029	64,029	
	19,870,365	**18,701,618**	

(a) The unquoted equities carried at fair value above represent the 117,647,058 ordinary shares of N1 each of Stanbic IBTC Pension Managers Limited held by Linkage Assurance Plc.

Summary of Significant Assumptions

Description	**31 DEC 2022**	**31 Dec 2021**
Growth in gross income (GI)	12	12
Operating expenses / Gross income %	30	30
Depreciation and amortization	2	2
Effective tax rate (Tax / Profit	33	33
Capital expenditure / Gross income % over the next 5	18, 30, 2, 2, 2	18, 30, 2, 2, 2
Perpetual growth rate %	6.79	6.79
Period counts over the next 5 years	0.5, 1.5, 2.5, 3.5, 4.5	0.5, 1.5, 2.5, 3.5, 4.5
Expected market rate of return	23.33	23.33
Risk-free rate %	13.28	13.28
Market risk premium %	10.05	10.05
Beta	1	1
Weighted average cost of	23.33	23.33
Equity value of Stanbic IBTC	187.377	187.377
Illiquidity discount %	20	20
Value of Linkage Assurance	N17.628 billion	N17.628 billion

The analysis below shows the changes in equity value of Stanbic IBTC Pension Managers Limited's (SIPML) with respect to changes in weighted average cost of capital (WACC) and the terminal growth rate of free cash flow (FCF).

Sensitivity Analysis

At 31 December 2022

		Equity Value (₦ million)						
		Terminal growth rate of FCF						
		5.29%	**5.79%**	**6.29%**	**6.79%**	**7.29%**	**8.29%**	**8.79%**
	21.33%	200,581	204,791	209,281	214,080	219,220	230,685	237,103
	21.83%	194,251	198,150	202,300	206,726	211,456	221,965	227,824
W	**22.33%**	188,301	191,919	195,763	199,853	204,216	213,874	219,238
A	**22.33%**	182,698	186,061	189,628	193,417	197,450	206,347	211,272
C	**23.33%**	177,413	180,545	183,860	187,377	191,112	199,328	203,860
C	**23.83%**	172,419	175,341	178,429	181,698	185,164	192,767	196,948
	24.33%	167,695	170,424	173,304	176,349	179,572	186,622	190,487
	24.83%	163,219	165,772	168,463	171,303	174,305	180,854	184,435
	25.33%	158,972	161,364	163,882	166,535	169,336	175,431	178,754

At 31 December 2021

		Equity Value (N million)						
		Terminal growth rate of FCF						
		5.29%	**5.79%**	**6.29%**	**6.79%**	**7.29%**	**8.29%**	**8.79%**
	21.33%	200,581	204,791	209,281	214,080	219,220	230,685	237,103
	21.83%	194,251	198,150	202,300	206,726	211,456	221,965	227,824
W	**22.33%**	188,301	191,919	195,763	199,853	204,216	213,874	219,238
A	**22.33%**	182,698	186,061	189,628	193,417	197,450	206,347	211,272
C	**23.33%**	177,413	180,545	183,860	187,377	191,112	199,328	203,860
C	**23.83%**	172,419	175,341	178,429	181,698	185,164	192,767	196,948
	24.33%	167,695	170,424	173,304	176,349	179,572	186,622	190,487
	24.83%	163,219	165,772	168,463	171,303	174,305	180,854	184,435
	25.33%	158,972	161,364	163,882	166,535	169,336	175,431	178,754

Notes to the financial statements

8.5 Loans and receivables

In thousands of Naira	**31 DEC 2022 ₦'000**	**31 Dec 2021 ₦'000**
Due from third parties (see note a below)	113,226	200,048
Loan to staff	187,663	32,230
Loan to policy holders	13,655	13,655
Ex-staff loans	36,480	36,863
	351,024	**282,796**
Allowance for impairment	(117,279)	(141,138)
	233,745	**141,658**

(a) Breakdown of Due from third parties

Name of third parties *In thousand of Naira*	**31 DEC 2022 ₦'000**	**31 Dec 2021 ₦'000**
Lease Fin. - Olumegbon	297	297
Tsf Fin. - Lease Fin.	927	927
Pine Hill Leasing	36,166	39,793
Lease-Glc Resources	4,374	4,374
Konikolo Trust Fund	49,087	49,087
Sunfair Comm. Prod. Ltd	1,500	1,500
Aquila Leasing Ltd.	20,414	58,020
Taxaide Global	-	46,050
Credit Capital	34,428	-
Total	**147,193**	**200,048**

8.6 Held to maturity

In thousands of Naira	**31 DEC 2022**	**31 Dec 2021**
Balance at the beginning of the year	3,701,386	1,520,658
Redemption/Repayment during the year	-	(329,214)
Additions during the period	2,762,023	2,509,942
	6,463,409	**3,701,386**
Impairment loss	(11,192)	(11,192)
Balance at the end of the year	**6,452,217**	**3,690,194**

9 Trade receivables

In thousands of Naira	**31 DEC 2022**	**31 Dec 2021**
Due from broker	199,857	81,468
	199,857	**81,468**

9.1 Analysis of debtors in days

In thousands of Naira	**31 DEC 2022**	**31 Dec 2021**
Within 30 days	199,857	81,468
	199,857	**81,468**

10 Reinsurance assets

In thousands of Naira	**31 DEC 2022**	**31 Dec 2021**	**Changes during the**
Prepaid reinsurance (note 10(a))	1,181,902	801,100	380,802
Reinsurance recoverable on outstanding claims (note 10(b))	3,339,551	3,006,069	333,482
Due from Reinsurers (see note (i) below)	118,340	62,557	55,783
Reinsurance projection on IBNR (note 10(c))	769,917	769,917	-
	5,409,711	**4,639,643**	**770,067**

(i) This represents amount due from reinsurers on claims paid during the year.

(a) Movement in prepaid reinsurance costs

In thousands of Naira `	**31 DEC 2022**	**31 Dec 2021**
Balance at the beginning of the year	801,100	852,723
Additions during the year	5,974,935	4,974,242
Reinsurance expense in the year (see note 33.1)	(5,594,133)	(5,025,865)
Balance at the end of the year	**1,181,902**	**801,100**

Notes to the financial statements

(b) Movement in reinsurance recoverable on outstanding claims

In thousands of Naira	31 DEC 2022	31 Dec 2021
Balance at the beginning of the year	3,006,069	1,239,009
Recoveries during the year (see note 17.1(a))	333,482	1,767,060
Balance at the end of the year	**3,339,551**	**3,006,069**

(c) Movement in reinsurance recoverable on IBNR projection

In thousands of Naira	31 DEC 2022	31 Dec 2021
Balance at the beginning of the year	769,916	144,014
Changes during the year (see note 17.1(c))	-	625,902
Balance at the end of the year	**769,916**	**769,916**

Reinsurance assets are valued after an allowance for recoverability has been assessed.

10.1 Breakdown of prepaid reinsurance is as follows:

In thousands of Naira	31 DEC 2022	31 Dec 2021
Motor	923	-
Fire	468,528	321,768
General accident	153,924	107,551
Engineering	126,993	55,312
Marine	104,888	100,533
Bond	1,311	611
Aviation	104	32,345
Agric	51,493	10,049
Oil & Gas	273,738	172,931
	1,181,902	**801,100**

11 Deferred acquisition cost

11.1 Deferred acquisition costs represent commissions on unearned premium relating to the unexpired period of risks and comprise:

In thousands of Naira	31 DEC 2022	31 Dec 2021
Motor	121,416	75,824
Fire	130,824	103,596
Accident	53,899	41,223
Engineering	41,627	26,711
Marine	35,660	33,677
Bond	435	182
Aviation	10,771	13,407
Oil & Gas	136,123	135,247
Agric	9,977	2,961
	540,732	**432,828**

11.2 Movement in the deferred acquisition costs

In thousands of Naira	31 DEC 2022	31 Dec 2021
Balance at the beginning of the year	432,828	328,812
(Decrease) / increase during the year (see note 36.1)	107,904	104,016
Balance at the end of the year	**540,732**	**432,828**

12 Other receivables and prepayments

In thousands of Naira	31 DEC 2022	31 Dec 2021
Prepayments (see (a) below)	214,786	204,565
Other receivables (see (b) below)	556,416	135,301
	771,204	339,866
Allowance for impairment	(6,211)	(6,211)
	764,993	**333,655**

(a) Prepayments

In thousands of Naira	31 DEC 2022	31 Dec 2021
Prepaid staff benefits	126,129	110,604
Deposits with stock broker	2,602	2,602
Prepaid rent	31,950	49,048
Other prepaid expenses	54,105	42,311
	214,786	**204,565**

(b) Other receivables

In thousands of Naira	31 DEC 2022	31 Dec 2021
Withholding tax recoverable	141,443	112,561
Sundry receivables (see (i) below)	414,973	22,740
	556,416	135,301
Allowance for impairment (see (ii) below)	(6,211)	(6,211)
	550,205	**129,090**

(i) This represents balance on contribution to claims pool.

(ii) The impairment allowance of N6.2 million represents impairment on deposits with stock brokers.

Notes to the financial statements

13 Investment properties

(a) The balance in this account can be analysed as follows:

S/N	Location of asset	Carrying amount as at 1 January 2022	Additions	Disposals	Reclassification	Fair value gain/(loss)	Carrying amount as at 31 Dec 2022
		N'000	N'000	N'000	N'000	N'000	N'000
1	No. 9C Shekinah Green Estate, Apo District, Abuja.	78,750	-	-	-	1,250	80,000
2	No. 11C Shekinah Green Estate, Apo District, Abuja.	78,750	-	-	-	1,250	80,000
		157,500	-	-	-	2,500	160,000

The Company possess Deed of Conveyance for the investment properties 1 and 2 above.

(b) Reconciliation of carrying amount

In thousands of Naira	31 DEC 2022	31 Dec 2021
Balance at the beginning of the year	157,500	150,000
Fair value gain	2,500	7,500
Balance at the end of the year	**160,000**	**157,500**

(c) Measurement of fair values

(i) Fair value hierarchy of the investment properties are as follows:

In thousands of Naira	31 DEC 2022	31 Dec 2021
Level 1	-	-
Level 2	-	-
Level 3	160,000	157,500
	160,000	**157,500**

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property as at 31 December 2022, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
The fair values are determined by applying the direct market evidence comparative method of valuation to derive the open market value. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent time. References were made to prices of land and comparable properties in the neighbourhood. The data obtained were analysed and adjustment was made to reflect differences in site area and the actual location, quality of construction and off-site facilities.	-Rentals for similar property -Rate of development in the area -Quality of the building and repairs. -Influx of people and/or businesses to the area	The estimated fair value would increase (decrease) if the rate of development in the area increases (decreases), quality of the building increases (decreases), influx of people and/or business to the area increases (decreases).

The valuation was done by Andy Bassey & Associate Estate Surveyors & Valuers with firm FRC number FRC/2012/00000000487. The valuation report was signed by Andem Bassey (FNIVS, RSV) with FRC number FRC/2012/NIESV/00000000363.

14 Intangible assets

In thousands of Naira	31 DEC 2022	31 Dec 2021
Cost		
Balance at the beginning of the year	114,906	67,147
Addition during the year	21,253	47,759
Disposal during the year	(47,759)	
Balance at the end of the year	**88,400**	**114,906**
Accumulated Amortisation		
Balance at the beginning of the year	78,040	65,948
Charge for the year	7,521	12,092
Disposal during the year	(17,910)	
Balance at the end of the year	67,651	78,040
Net Book Value		
Balance at the end of the year	**20,749**	**36,866**

Notes to the financial statements

15 Property and equipment

31 December 2022

In thousands of Naira	Land	Buildings	Motor Vehicles	Office furniture & fittings	Office Machinery & Equipment	Building (Work in progress)	Total
Cost/valuation							
At 1 January 2022	847,420	287,817	853,951	156,217	237,680	85,861	2,468,946
Additions	-	-	253,202	9,417	71,727	-	334,346
Disposal	-	-	(70,902)	(230)	(3,515)	-	(74,647)
31 December 2022	847,420	287,817	1,036,251	165,404	305,892	85,861	2,728,645
Accumulated depreciation							
At 1 January 2022	-	94,542	588,285	144,218	174,723	-	1,001,768
Charge for the year	-	4,704	165,701	6,743	38,311	-	215,459
Disposal	-	-	(70,077)	(230)	(2,953)	-	(73,260)
31 December 2022	-	99,246	683,909	150,731	210,080	-	1,143,967
Carrying amount							
31 December 2022	847,420	188,572	352,341	14,674	95,811	85,861	1,584,678
At 31 December 2021	847,420	193,276	265,665	12,000	62,956	85,861	1,467,178

Property and equipment
At 31 December 2021

In thousands of Naira	Land	Buildings	Motor Vehicles	Office furniture & fittings	Office Machinery & Equipment	Building (Work in progress)	Total
Cost/valuation							
At 1 January 2021	847,420	287,817	581,711	153,924	376,237	85,861	2,332,970
Additions	-	-	272,240	4,689	21,372	-	298,301
Disposal	-	-	-	(2,396)	(159,929)	-	(162,325)
Revaluation loss	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
At 31 December 2021	847,420	287,817	853,951	156,217	237,680	85,861	2,468,946
Accumulated depreciation							
At 1 January 2021	-	89,837	452,187	140,572	300,858	-	983,454
Charge for the year	-	4,704	136,099	5,987	32,800	-	179,590
Disposal	-	-	-	(2,342)	(158,934)	-	(161,276)
At 31 December 2021	-	94,542	588,285	144,218	174,723	-	1,001,768
Carrying amount							
At 31 December 2021	847,420	193,276	265,665	12,000	62,957	85,861	1,467,178
At 31 December 2020	847,420	197,980	129,524	13,352	75,379	85,861	1,349,516

The fair value hierarchy of the property and equipment according IFRS 13 is shown below:

Class of PPE	31 December 2022			31 December 2021		
In thousands of Naira	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Land	-	-	847,420	-	-	847,420
Building	-	-	188,572	-	-	193,276
Building (work in progress)	-	-	85,861	-	-	85,861
	-	-	**1,121,853**	-	-	**1,126,557**

In December 2020, the Company's land and buildings were revalued. The Company engaged the services of an independent valuer, Andy Bassey & Associate Estate Surveyors & Valuers (FRC/2012/NIESV/00000000363). The Company revalues its land and buildings every three years as stated in its accounting policy.

a) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year

b) In the opinion of the directors, the market value of the Company's property and equipment is not less than the value shown in the financial statements as at year end.

c) The Company had no capital commitments as at the reporting date (December 2021: nil)

d) There was no item of property and equipment that has been pledged as security for borrowings as at the period ended 31 December 2022 (December 2021: nil)

e) An impairment assessment was conducted and no impairment indicator was identified.

Below table shows the details of the property and equipment carried at revalued amount:

Name of property	Date of acquisition	Title document	Location	Carrying amount	Steps taken for perfection of document
Land and Building In Lekki express way	20-Nov-05	Deed of Assignment	Plot 20, Block 94, Lekki express way	769,681	Lagos State Governor Concent obtained on 26/09/2016
Land and Building at Ilupeju	12-Mar-02	Deed of Assignment	11A, Coker road, ilupeju, Lagos State	98,100	The company had applied to register the deed of assignment with the Lagos State Lands Registry
Land in Yenagoa	30-Apr-12	Letter of allocation by Bayelsa State Government	Central business district Swali, Yenagoa, Bayelsa State	55,000	The company had applied to register the allocation letter with the Bayelsa State Lands Registry
Linkage Millennium Tower, Port Harcourt	26-Sep-03	Deed of Assignment	Amadi layout along Port Harcourt/ Aba Express road	208,480	The company had applied to register the deed of assignment with the Rivers State Ministry of Lands
				1,131,261	

Notes to the financial statements

16 Statutory deposit

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Statutory deposit with CBN	700,000	500,000

The statutory deposit represents the Company's deposit with the Central Bank of Nigeria in compliance with the Insurance Act of Nigeria. The amount is not available for the day-to-day funding operations of the Company. It is therefore regarded as restricted cash. Subsequent to year end, a deposit of N200 million was made by the Company to the Central Bank of Nigeria on 23 June 2022 to increase its statutory deposit from N500 million to N700 million.

17 Insurance contract liabilities

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Provision for claims reported by policyholders (note 17.1(a))	6,732,056	6,107,518
Provision for IBNR (note 17.1(c))	2,961,423	2,761,423
Outstanding claims provision	9,693,479	8,868,941
Provision for unearned premium (note 17.2)	3,540,419	2,766,315
Total insurance contract liabilities	**13,233,898**	**11,635,256**

17.1 Analysis of claims reserve based on nature

	31 DEC 2022			31 Dec 2021		
In thousands of Naira	Gross claims	Reinsurance	Net	Gross claims	Reinsurance	Net
Reported claims (see (a) below)	6,732,056	3,339,551	3,392,505	6,107,518	3,006,069	3,101,449
IBNR (see (c) below)	2,961,423	769,917	2,191,506	2,761,423	769,917	1,991,506
	9,693,479	**4,109,468**	**5,584,011**	**8,868,941**	**3,775,986**	**5,092,955**

(a) The movement in claims reported by policy holders is shown below:

	31 DEC 2022			31 Dec 2021		
In thousands of Naira	Reported claims	Reinsurance	Net	Reported claims	Reinsurance	Net
Balance at the beginning of the year	6,107,518	3,006,069	3,101,449	2,774,646	1,239,009	1,535,637
Movement during the year	624,538	333,482	291,056	3,332,872	1,767,060	1,565,812
Balance at the end of the year	**6,732,056**	**3,339,551**	**3,392,505**	**6,107,518**	**3,006,069**	**3,101,449**

Analysis of outstanding claims per class of business:

	31 DEC 2022			31 Dec 2021		
(b) *In thousands of Naira*	Gross Outstanding claims	Reinsurance recoveries	Net	Gross Outstanding claims	Reinsurance recoveries	Net
Motor	361,217	27,258	333,959	416,124	48,903	367,228
Fire	2,227,427	1,750,732	476,695	2,984,614	2,143,986	840,628
General accident	1,446,603	861,179	585,424	1,008,769	459,480	549,289
Engineering	257,967	175,637	82,330	127,234	73,800	53,435
Marine	795,180	417,018	378,162	196,999	38,081	158,912
Bond	-	-	-	-	-	-
Aviation	110,380	-	110,380	75,275	12,500	62,775
Oil & Gas	1,524,049	101,409	1,422,639	1,293,843	226,291	1,067,553
Agric	9,233	6,317	2,916	4,660	3,029	1,631
	6,732,056	**3,339,551**	**3,392,504**	**6,107,518**	**3,006,069**	**3,101,449**

(c) The movement in Incurred But Not Reported (IBNR) reserves is shown below:

	31 DEC 2022			31 Dec 2021		
In thousands of Naira	IBNR claims	Reinsurance	Net	IBNR claims	Reinsurance	Net
At the beginning of the year	2,761,423	769,917	1,991,506	894,791	144,014	750,777
Movement during the year	200,000	-	200,000	1,866,632	625,903	1,240,729
At the end of the year	**2,961,423**	**769,917**	**2,191,506**	**2,761,423**	**769,917**	**1,991,506**

Analysis of IBNR claims per class of business:

	31 DEC 2022			31 Dec 2021		
In thousands of Naira	IBNR claims	Reinsurance recoveries	Net	IBNR claims	Reinsurance recoveries	Net
Motor	340,398	12,379	328,019	317,409	12,379	305,030
Fire	1,480,868	187,404	1,293,464	1,380,857	187,404	1,193,454
General accident	164,962	12,557	152,405	153,821	12,557	141,264
Engineering	34,134	(10,174)	44,308	31,829	(10,174)	42,003
Marine	85,874	12,575	73,299	80,075	12,576	67,499
Bond	2,585	-	2,585	2,411	-	2,411
Aviation	57,213	8,084	49,129	53,350	8,084	45,266
Agric	1,582	448	1,134	1,475	448	1,028
Oil & Gas	793,806	546,644	247,162	740,196	546,644	193,552
	2,961,423	**769,917**	**2,191,506**	**2,761,423**	**769,917**	**1,991,506**

Notes to the financial statements

17.2 Breakdown of unearned premium per class of business:

	31 DEC 2022			31 Dec 2021		
In thousands of Naira	Unearned Premium	Prepaid Reinsurance	Net	Unearned Premium	Prepaid Reinsurance	Net
Motor	1,106,912	923	1,105,989	718,770	-	718,770
Fire	856,709	468,528	388,180	707,350	321,768	385,582
General accident	321,098	153,924	167,173	235,314	107,551	127,763
Engineering	222,887	126,993	95,894	146,925	55,312	91,613
Marine	195,140	104,888	90,252	191,713	100,533	91,180
Bond	2,820	1,311	1,509	1,154	611	543
Aviation	60,500	104	60,396	71,711	32,345	39,366
Oil & Gas	709,432	273,738	435,694	676,686	172,931	503,754
Agric	64,921	51,493	13,428	16,691	10,049	6,643
	3,540,419	**1,181,902**	**2,358,517**	**2,766,315**	**801,100**	**1,965,215**

(a) The movement in the unexpired risk reserves is shown below:

	31 DEC 2022			31 Dec 2021		
In thousands of Naira	Unexpired Risk reserve	Reinsurance	Net	Unexpired Risk reserve	Reinsurance	Net
Balance at the beginning of the year	2,766,315	801,100	1,965,215	2,059,224	852,723	1,206,501
Premium written in the year	12,979,789	5,974,935	7,004,854	11,161,499	4,974,242	6,187,257
Premium earned during the year	(12,205,685)	(5,594,133)	(6,611,552)	(10,454,409)	(5,025,865)	(5,428,544)
Balance at the end of the year	**3,540,419**	**1,181,902**	**2,358,517**	**2,766,315**	**801,100**	**1,965,215**

	31 DEC 2022			31 Dec 2021		
In thousands of Naira	Unexpired Risk reserve	Reinsurance	Net	Unexpired Risk reserve	Reinsurance	Net
Unexpired risk reserve	2,766,315	801,100	1,965,215	2,059,224	852,723	1,206,501
Additional unexpired risk reserve	774,103	380,802	393,301	707,091	(51,624)	758,715
Balance at the end of the year	**3,540,418**	**1,181,902**	**2,358,516**	**2,766,315**	**801,100**	**1,965,215**

18 Hypothecation

	31 DEC 2022			31 Dec 2021		
In thousands of Naira	Insurance fund	Shareholders fund	Total	Insurance fund	Shareholders fund	Total
Assets						
Cash and cash equivalents	3,909,506	350,000.00	4,259,506	3,376,697	100,000	3,476,697
Financial assets	7,876,875	21,528,768	29,405,643	3,690,194	23,894,157	27,584,351
Reinsurance assets	5,409,711	-	5,409,711	4,639,643	-	4,639,643
Deferred acquisition cost	-	540,732	540,732	-	432,828	432,828
Other receivables and prepayments	-	764,993	764,993	-	333,655	333,655
Investment properties	-	160,000	160,000	-	157,500	157,500
Intangible assets	-	20,749	20,749	-	36,866	36,866
Property and equipment	-	1,584,678	1,584,678	-	1,467,178	1,467,178
Statutory deposit	-	700,000	700,000	-	500,000	500,000
Total assets	17,196,092	25,649,920	42,846,012	11,706,534	26,922,184	38,628,717
Liabilities						
Insurance contract liabilities	13,233,898	-	13,233,898	11,635,256	-	11,635,256
Trade payables	-	1,140,673	1,140,673	-	765,141	765,141
Other payables	-	933,436	933,436	-	1,053,785	1,053,785
Finance lease obligations	-	-	-	-	-	-
Defined benefit obligations	-	122,066	122,066	-	89,659	89,659
Income tax liabilities	-	151,123	151,123	-	60,257	60,257
Total liabilities	13,233,898	2,347,298	15,581,196	11,635,256	1,968,842	13,604,098
GAP	3,962,194	23,302,622	27,264,816	71,278	24,953,342	25,024,619

Notes to the financial statements

19 Trade payables

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Insurance payables (note 19.1)	1,140,673	765,141
	1,140,673	**765,141**

19.1 Insurance payables

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Commission payables to brokers	264,463	139,177
Premium received in advance	21,707	60,454
Due to re-insurers (see 'a' below)	714,068	481,525
Other payables to agents and brokers	140,435	83,985
	1,140,673	**765,141**

Movement in insurance payables	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Balance at the beginning of the year	765,141	704,169
Addition in the year	375,532	60,972
Balance at the end of the year	**1,140,673**	**765,141**

(a) This is a payable to reinsurance companies as at 31 Dec 2022

20 Other payables

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Due to Auditors	4,613	4,838
NAICOM levy	129,798	111,615
Expenses payable (see note 20.1)	148,948	139,567
Deferred commission revenue (see (a) below)	266,101	159,844
Other payables (see note 20.2a)	40,976	291,921
Provision for litigation (see note 20.2b)	343,000	346,000
	933,436	**1,053,785**

a) Deferred commission revenue represents the acquisition commission income received in advance on insurance contract policies ceded to reinsurers and co-insurers with maturity beyond the reporting period. The movement during the year is shown below:

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Deferred commission income as at 1 January	159,844	175,234
Fees and commission received during the year	1,248,406	818,839
Fees and commission earned during the year (see note 34.2)	(1,142,149)	(834,229)
Deferred commission income at the end of the period	266,101	159,844

20.1 Expenses payable

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Expenses accrued (see (i) below)	148,948	139,567
	148,948	**139,567**

(i) This represents expenses incurred during the year by the Company but for which bills/invoices have not been received from vendors as at 31 December 2022.

20.2 Other liabilities

(a) Other payables

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Travel insurance	-	975
National Housing Fund (NHF)	1,025	1,025
Pension for Life agents/Company	604	604
Deposit without details (see (c) below)	23,801	278,591
Sundry payables	15,546	10,724
	40,976	**291,919**

Notes to the financial statements

(b) Provisions

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Provision for litigation (see (i) below)	343,000	343,000

(i) Included in provision for litigation is additional provision of N243 million which represents estimated outflow from a judgment delivered against the Company during the year. The case is being handled by Hybrid Solicitors with FRC number FRC/2021/00000013862; and solicitor's response was duly signed by Adepate Demilade with FRC number FRC/2021/002/00000022694. The total estimated liability as at Oct 2022 is N346million (2021: N346million). The case is currently being appealed at the Court of Appeal.

(c) These are payments for which the purpose have not been identified as at reporting date.

22 Defined benefit obligations

	Defined benefit liability		Fair value of plan assets		Defined benefit liability / (asset)	
	31 DEC 2022	31 Dec 2021	31 DEC 2022	31 Dec 2021	31 DEC 2022	31 Dec 2021
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
At the beginning of the year	189,430	161,560	(99,771)	(98,579)	89,659	62,981
Current service cost	-	34,625	-	-	-	34,625
Past service cost	-	-	-	-	-	-
Interest cost (income)		14,356	20,344	(14,329)	20,344	27
Contribution by employer	41,490	-	-	-	41,490	-
Benefits paid by the employer	(29,427)	(14,604)		14,604	(29,427)	-
Actuarial (gain)/loss on liability arising from:						
- Assumptions	-	(14,116)	-	(1,466)	-	(15,582)
- Experience	-	7,609	-	-	-	7,609
At the end of the year	**201,493**	**189,430**	**(79,428)**	**(99,771)**	**122,066**	**89,659**

The Company operates a defined benefit plan for qualifying employees on services rendered. With effect from 1 January 2014, employees who have served at least 5 years are entitled to a gratuity on a defined benefit scale which is graduated. The new benefit formula applies to benefit accruing from services rendered in the prior and future years. The Company commenced funding of plan in 2017.

Actuarial valuation of the defined benefit obligation was carried out by O&A Hedge Actuarial Consulting with FRC number FRC/2019/00000012909. The valuation report was signed by Layemo B. Abraham with FRC number FRC/2016/NAS/00000015764.

23 Income tax liabilities

In thousands of Naira	31 DEC 2022	31 Dec 2021
At the beginning of the period	60,257	82,565
Charge for the year (note 23.1)	122,857	31,941
Back duty assessment	(31,769)	79,783
Payment during the period	(222)	(134,032)
At the end of the period	**151,123**	**60,257**

23.1 Tax charge

In thousands of Naira	31 DEC 2022	31 Dec 2021
Income tax (CIT)	122,857	-
Minimum tax expense	-	31,941
	122,857	31,941
Back duty assessment		79,783
Tax expense/(credit)	122,857	111,724
	122,857	**111,724**

24 Deferred taxation

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

Notes to the financial statements

		31 DEC 2022	31 Dec 2021
25	**Share capital**	**₦'000**	**₦'000**
	Authorized - ordinary shares of 50k each (30,000,000,000 units)	**15,000,000**	**15,000,000**
25.1	**Issued and fully paid**	**31 DEC 2022**	**31 Dec 2021**
	Authorised - ordinary shares of 50k each (14,000,000,000 units)	**₦'000**	**₦'000**
	At the beginning of the year	**7,000,000**	**7,000,000**
	Additions	-	-
	Recognition of share fractions	-	-
	At the end of the year	**7,000,000**	**7,000,000**

		31 DEC 2022	31 Dec 2021
26	**Share premium**	**₦'000**	**₦'000**
	At the end of the year	**560,294**	**560,294**

		31 DEC 2022	31 Dec 2021
27	**Contingency reserve**	**₦'000**	**₦'000**
	At the beginning of the year	2,882,618	2,547,773
	Transfer from retained earnings (see Note 28)	465,972	334,845
	At the end of the year	**3,348,590**	**2,882,618**

Contingency reserve for general insurance business is calculated in accordance with section 21(2) and 22(1)(b) of the Insurance Act of Nigeria, as the higher of 3% of gross premiums and 20% of net profit for the year.

		31 DEC 2022	31 Dec 2021
28	**Retained earnings**	**₦'000**	**₦'000**
	At the beginning of the year	(3,517,299)	3,308,185
	Profit for the year	2,329,857	(3,990,638)
	Transfer to contingency reserve (see Note 27)	(465,972)	(334,845)
	Bonus share issue	-	(2,000,000)
	Cash dividend	-	(500,000)
	At the end of the year	**(1,653,414)**	**(3,517,299)**

		31 DEC 2022	31 Dec 2021
29	**Assets revaluation reserve**	**₦'000**	**₦'000**
	At the beginning of the year	828,773	828,773
	Revaluation gain/(loss) on property and equipment	-	-
	At the end of the year	**828,773**	**828,773**

The asset revaluation reserves comprises cumulative net revaluation change on revalued Property and Equipment. The last revaluation of land and buildings was done in December 2020.

30 Other reserves

Other reserves include fair value and re-measurement reserves. The fair value reserve comprises the cumulative net change in the fair value of the Company's available-for-sale investments while the re-measurement reserve comprises the actuarial gains and losses on defined benefits post employment plan. These are presented below:

		31 DEC 2022	31 Dec 2021
30.1	**Fair value reserve**	**₦'000**	**₦'000**
	Balance as at 31 December	**17,375,389**	**17,346,660**

		31 DEC 2022	31 Dec 2021
30.2	**Re-measurement reserve**	**₦'000**	**₦'000**
	Balance as at 31 December	**5,040**	**5,040**

Notes to the financial statements

31 Gross premium written

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Direct premium (note 31.1)	12,717,858	10,898,308
Inward premium (note 31.1)	261,931	263,191
	12,979,789	**11,161,499**

31.1 Breakdown of gross premium written per business class is as follows:

31 DEC 2022	Direct premium	Inward premium	Total
	₦'000	₦'000	₦'000
Fire	2,539,414	44,906	2,584,320
Accident	1,354,387	23,147	1,377,534
Motor	2,602,054	87,454	2,689,508
Marine	850,835	85,466	936,301
Aviation	515,050	3,753	518,803
Bond	23,880	-	23,880
Engineering	609,107	15,749	624,856
Oil & Gas	4,112,194	-	4,112,194
Agric	110,937	1,456	112,393
	12,717,858	**261,931**	**12,979,789**

31 Dec 2021	Direct premium	Inward premium	Total
	₦'000	₦'000	₦'000
Fire	1,946,418	62,978	2,009,396
Accident	992,149	29,595	1,021,744
Motor	2,104,473	72,869	2,177,342
Marine	835,349	75,335	910,684
Aviation	606,906	7,052	613,958
Bond	10,688	-	10,688
Engineering	438,066	10,759	448,825
Oil & Gas	3,919,382	4,279	3,923,661
Agric	44,877	324	45,201
	10,898,308	**263,191**	**11,161,499**

32 Gross premium income

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Gross premium written (note 31)	12,979,789	11,161,499
Changes in reserve for unexpired risks (note 17.2)	(774,103)	(707,091)
	12,205,686	**10,454,408**

33 Reinsurance expenses	**5,594,133**	**5,025,865**

Notes to the financial statements

33.1 Premium ceded to reinsurance:

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Reinsurance premium (Treaty)	5,100,153	4,077,989
Facultative outwards	874,782	896,252
Total reinsurance cost	**5,974,935**	**4,974,241**
Increase/(Decrease) in prepaid reinsurance	(380,802)	51,624
	5,594,133	**5,025,865**

33.2 Breakdown of premium ceded to reinsurer per business class is as follows:

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Fire	1,761,227	1,095,063
Accident	436,425	559,856
Motor	354,487	196
Marine	430,722	404,010
Aviation	371,533	404,735
Bond	10,611	5,290
Engineering	277,685	262,257
Oil & Gas	1,903,985	2,279,282
Agric	47,458	15,176
	5,594,133	**5,025,865**

34 Fees and commission income	**1,055,002**	**834,229**

34.1 Breakdown of fees and commission income per business class is as follows:

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Fire	434,485	334,168
Accident	163,736	170,094
Motor	73,821	1,450
Marine	190,263	134,846
Aviation	1,306	901
Bond	3,597	1,750
Engineering	66,896	71,297
Agric	12,314	3,793
Oil & Gas	108,584	115,930
	1,055,002	**834,229**

34.2 Breakdown of fees and commission income is as follows:

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Lead underwriting commission	19,111	7,813
Reinsurance commission (Note 20(a))	1,142,149	739,614
Profit Comm. & Comm. Adjustment	-	71,410
Changes in deferred commission revenue	(106,259)	15,392
	1,055,001	**834,229**

Notes to the financial statements

35 Net claims expenses

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Gross claims paid	3,086,234	3,989,302
Movement in IBNR reserve (see note 17.1(c))	200,000	1,866,632
Movement in reserve for outstanding claims	624,538	3,332,872
Gross claims incurred	**3,910,772**	**9,188,806**
Salvage recovery	(121,099)	(63,146)
Claims recovered and recoverable from reinsurers (see (a) below)	(1,488,555)	(4,092,409)
	2,301,118	**5,033,251**

a) Analysis of claims recovered and recoverable from reinsurers

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Reinsurance claims recoveries (see note 44c)	1,155,073	1,699,447
Change in re-insurance recoverable (see note 10b)	333,482	1,767,060
Change in recoverable in IBNR (see note 10c)	-	625,902
	1,488,555	**4,092,409**

36 Underwriting expenses

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Acquisition expenses (note 36.1)	4,135,872	3,054,248
Maintenance expenses (note 36.2)	1,011,372	759,461
	5,147,244	**3,813,709**

36.1 Analysis of acquisition expenses

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Commission expense	2,200,289	1,932,506
Business acquisition cost	2,043,487	1,225,757
Movement in deferred acquisition cost (see note 11.2)	(107,904)	(104,015)
	4,135,872	**3,054,248**

36.2 Analysis of maintenance expenses

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Staff costs (see note 41)	441,816	357,802
Directors' emoluments (see note 41)	45,127	44,076
Retirement benefit cost (see note 41)	59,320	43,704
Other operating expenses (note 41)	465,109	313,879
	1,011,372	**759,461**

The above expenses represent part of the entity's operating expenses that were allocated to operations. Non-specific operating expense of the entity are allocated between operational and administrative expenses in the ratio 40:60 respectively.

Other operating expenses are expenses incurred relating to the Company's core business excluding staff costs, directors' emoluments and retirement benefit costs.

37 Investment income

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Dividend income	3,315,152	1,212,565
Interest income	1,391,271	1,080,792
Investment income per statement of profit or loss and OCI	4,706,423	2,293,357
Revaluation (loss)/gain on investment properties (see note 13b)	2,500	7,500
Investment income for hypothecation	**4,708,923**	**2,300,857**

Notes to the financial statements

37.1 Hypothecation of investment income

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Investment income that relate to policyholders (note 37.2)	262,932	158,701
Investment income that relate to shareholders (note 37.3)	4,445,991	2,142,156
	4,708,923	**2,300,857**

37.2 Investment income that relate to policy holders

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Income from money market	262,932	158,701
	262,932	**158,701**

37.3 Investment income that relate to shareholders

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Dividend income	3,315,152	1,212,565
Income from money market	42,816	2,071
Income from bonds	626,025	667,343
Other investment income	459,498	252,677
	4,445,991	**2,142,156**

(a) The investment income was buoyed by the dividend income of N3.1billion received from Stanbic IBTC Pension Managers Ltd.

38 Net impairment loss on financial assets

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Impairment loss on loans and receivables	35,702	35,788
	35,702	**35,788**

38 Net fair value gains/(loss) on financial assets at fair value through profit or loss

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Fair value change on FVTPL securities	**(182,281)**	**(1,268,490)**

39 Other operating (loss)/income (net)

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Sundry income	5,013	1,132
Gain on sale of property & equipment	28,954	42
Exchange gains	300,281	296,688
Rental income	6,800	6,200
	341,048	**304,062**

Notes to the financial statements

41 Maintenance and management expenses

Maintenance and management expenses comprise:

	31 DEC 2022		31 Dec 2021	
In thousands of Naira	**Maintenance Expenses**	**Management Expenses**	**Maintenance Expenses**	**Management Expenses**
Staff cost	441,816	662,725	357,802	536,704
Director emoluments	45,127	67,690	44,076	66,114
Pension contribution	13,557	20,335	13,401	20,101
Retirement benefits	45,763	68,644	33,604	45,455
Outsourcing cost	85,455	128,182	61,548	92,322
Advertising & publicity	8,114	12,170	6,449	9,674
Marketing expenses	13,303	19,955	12,288	18,433
Medical	18,979	28,469	19,173	28,759
Staff training & development	54,271	81,407	30,216	45,323
Corporate Expense	284,987	-	184,204	-
AGM expenses	-	12,000	-	18,000
Bank charges	-	45,454	-	47,732
Computer consumables	-	61	-	-
Depreciation & amortisation	-	222,916	-	191,682
Diesel and fuel	-	83,534	-	65,100
Entertainment	-	1,889	-	720
Industrial training fund	-	6,196	-	13,900
Insurance expenses	-	24,564	-	21,338
Insurance supervision fee	-	161,085	-	125,366
Legal and secretarial expenses	-	15,010	-	261,167
Retail agents expenses	-	38,119	-	31,826
Lighting & heating	-	11,214	-	14,485
Maintenance expense	-	165,767	-	154,662
Newspapers & periodicals	-	1,654	-	2,123
Postage and telephone	-	26,452	-	25,825
Consultancy expenses	-	156,282	-	226,629
Rent & rate	-	55,476	-	49,637
Stationaries	-	21,672	-	19,003
Subscriptions, contributions & donations	-	24,968	-	20,851
Transport and business travels	-	13,869	-	15,388
Withholding tax & VAT	-	136,185	-	114,609
Audit fee	-	18,263	-	19,750
Rebranding expenses	-	239,374	-	278,277
Others	-	96,096	-	85,987
Total	**1,011,372**	**2,668,871**	**762,762**	**2,666,942**

Notes to the financial statements

42 Net fair value (loss)/gain on available-for-sale financial assets

	31 DEC 2022	31 Dec 2021
	₦'000	₦'000
Fair value gain / (loss) in available-for-sale investments - unquoted equities	28,729	3,397,853
	28,729	**3,397,853**

43 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding at the reporting date. The following reflects the income and share data used in the basic and diluted earnings per share computations:

	31 DEC 2022	31 Dec 2021
Profit attributable to ordinary shareholders (N'000)	**2,329,857**	**(3,990,638)**
Weighted average number of ordinary shares	**14,000,000**	**14,000,000**
Basic and diluted earnings per share (Kobo)	**16.6**	**(28.5)**

44 Cashflow reconciliation

a) Other operating cash payments

In thousands of Naira	31 DEC 2022 ₦'000	31 Dec 2021 ₦'000
Management expenses (less staff expenses)	(862,743)	(1,598,699)
Adjustment for items not involving movement of cash:		
Changes in unearned premium	(774,103)	(593,793)
Depreciation and amortisation expense	222,916	191,682
Exchange gain/loss	(110,366)	(296,688)
Sundry loss/(income)	462	13
Loss/(Profit) on sale of PPE	(28,954)	(42)
Operating cash flows before movements in working capital	**(1,552,788)**	**(2,297,527)**
Changes in trade payables	375,532	60,973
Changes in insurance contract liabilities	824,539	3,492,042
Other sundry (payable)/receivable	-	(30,226)
Changes in Other receivables and prepayment	(431,338)	34,421
Changes in outstanding claims	(824,538)	(3,492,042)
Changes in other payables	(466,349)	(94,366)
	(2,074,942)	**(2,326,725)**

b) Premium received from policy holders

In thousands of Naira	31 DEC 2022 ₦'000	31 Dec 2021 ₦'000
Trade receivable at 1 January	81,468	63,974
Gross premium written during the year	12,979,789	11,161,499
Trade receivable at end of the period	(199,857)	(81,468)
Premium received in advance	(21,707)	(2,936)
	12,839,693	**11,141,069**

Notes to the financial statements

c) Recovery and recoverable from reinsurers

In thousands of Naira	31 DEC 2022 ₦'000	31 Dec 2021 ₦'000
Reinsurance claims recoveries (note 35(a))	1,155,073	1,699,446
Salvage recovery (note 35)	121,099	63,146
	1,276,172	**1,762,592**

d) Reinsurance premium paid

In thousands of Naira	31 DEC 2022 ₦'000	31 Dec 2021 ₦'000
Reinsurance premium cost (note 33.1)	5,100,153	4,077,989
Facultative outwards (note 33.1)	874,782	896,252
Due to reinsurers as at end of the period	(714,068)	(481,525)
Movement in treaty premium surplus	481,525	504,926
	5,742,392	**4,997,642**

e) Commission paid

In thousands of Naira	31 DEC 2022 ₦'000	31 Dec 2021 ₦'000
Commission payable to brokers at 1 January	139,177	96,037
Commission cost (Note 36.1)	2,200,289	1,932,506
Business acquisition cost (Note 36.1)	2,043,487	1,225,757
Commission payable to brokers at 30 June	(125,286)	(139,177)
	4,257,667	**3,115,123**

f) Commission received

In thousands of Naira	31 DEC 2022 ₦'000	31 Dec 2021 ₦'000
Deferred commission revenue at 1 January	(159,844)	(175,234)
Deferred commission revenue at 30 June	266,101	159,844
Movement	106,257	(15,390)
Commission income earned during the year	1,142,149	739,614
Profit Comm. & Comm. Adjustment	-	71,410
Lead underwriting commission	19,111	7,813
Commission income received during the year	**1,267,517**	**803,447**

g) Interest received

In thousands of Naira	31 DEC 2022 ₦'000	31 Dec 2021 ₦'000
Interest income earned during the year	1,391,271	1,080,792
Interest received during the year	**1,391,271**	**1,080,792**

h) Movement in financial assets **31 DEC 2022**

In thousands of Naira	**Fair value through P/L**	**Available for sale**	**Loans & receivables**	**Held to maturity**	**Total Movement**
Addition	(114,113)	1,155,894	-	2,762,023	3,803,804
Disposals/redempetion	(1,905,171)	-	155,050	-	(1,750,121)
Loan repayment	-	-	86,822	-	86,822
Impairment	-	-	11,929	-	11,929
Fair value (loss)/gain	(182,281)	12,853	-	-	(169,428)
	(2,201,565)	**1,168,747**	**253,801**	**2,762,023**	**1,983,006**

Notes to the financial statements

Movement in financial assets **31 Dec 2021**

In thousands of Naira	Fair value through profit or loss	Available for sale	Loans & receivables	Held to maturity	Total Movement
Addition	1,832,801	401,250	-	2,509,942	4,743,993
Disposals/redempetion	(4,168,919)	-	(7,581)	(329,214)	(4,505,714)
Loan repayment	-	-	(36,778)	-	(36,778)
Impairment	-	-	35,788	-	35,788
Fair value element	(1,268,490)	3,397,853	-	-	2,129,363
	(3,604,608)	**3,799,103**	**(8,571)**	**2,180,728**	**2,366,652**

i) Purchase of property and equipment

In thousands of Naira	31 DEC 2022 ₦'000	31 Dec 2021 ₦'000
Addition for the year per movement schedule	334,346	298,301
Cash flow on addition to property and equipment	**334,346**	**298,301**

j) Sale of property and equipment

In thousands of Naira	31 DEC 2022 ₦'000	31 Dec 2021 ₦'000
Costs of assets disposed	74,647	162,325
Accumulated depreciation on assets disposed	(73,260)	(161,276)
Proceeds on sale of disposed asset	(30,341)	(1,091)
Profit/(Loss) on disposal	**(28,954)**	**(42)**

k) Finance lease obligation

In thousands of Naira	31 DEC 2022 ₦'000	31 Dec 2021 ₦'000
Balance at the beginning of the year	-	219
Payments made during the year	-	(219)
Balance at the end of the year (see note 21)	-	-

l) Cash payment to and on behalf of employees (excluding maintenance expenses)

In thousands of Naira	31 DEC 2022 ₦'000	31 Dec 2021 ₦'000
Staff cost	662,725	536,704
Director emolument	67,690	66,114
Pension contribution	20,335	20,101
Retirement benefits	68,644	45,455
Contract staff cost	128,182	92,322
Medical	28,469	28,759
	976,045	789,455

45 Cash and cash equivalents

	31 DEC 2022 ₦'000	31 Dec 2021 ₦'000
Cash in hand	1,097	445
Balances with banks & other financial institutions	4,258,410	3,476,252
	4,259,507	**3,476,697**

46 Related party disclosures

Transactions are entered into by the Company during the year with related parties. Unless specifically disclosed, these transactions occurred under terms that are no less favourable than those with third parties. Details of transactions between Linkage Assurance Plc and related parties are disclosed below:

46.1 Sale of insurance contracts

During the period, the Company did not enter into any contract with related parties.

Notes to the financial Statements

47 Contravention

There were no contraventions during the year (2021:Nil)

48 Other related party transactions

Linkage Assurance Plc is represented on the Board of IBTC Pension Manager by a member of the key management personnel. IBTC Pension Managers is one of the Pension Funds Administrators (PFAs) to some of the Company's staff.

49 Events after the reporting period

There were no major events after the reporting period that require adjustments or disclosure in the financial statements.

50 Commitments

The Company had no capital commitments at the reporting date.

Other National Disclosures

Statement of Value Added
For the year ending

	31 December 2022		31 December 2021	
	₦'000	**%**	**₦'000**	%
Net premium	6,611,553	172	5,428,543	(174)
Investment income	4,706,423	123	2,293,357	(73)
Other income	1,396,050	36	1,138,291	(36)
Claims incurred, commissions paid and operating expenses (local)	(8,880,112)	(232)	(11,986,112)	383
Value added	**3,833,914**	**100**	**(3,125,921)**	**100**
Distribution:				
Employees and directors (staff cost)	1,158,219	30	975,940	(31)
Government (taxes)	122,857	3	31,941	(1)
Asset replacement (depreciation)	222,981	6	191,682	(6)
Contingency reserve	465,972	13	-	1
Expansion (retained on the business)	1,863,885	49	(4,325,483)	138
	3,833,914	**100**	**(3,125,921)**	**100**

Financial Summary

	31 DEC 2022 ₦'000	31 Dec 2021 ₦'000	31 Dec 2020 ₦'000	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000
Statement of financial position					
Assets					
Cash and cash equivalents	4,259,506	3,476,697	3,592,711	1,609,222	1,205,124
Financial assets	29,405,643	27,584,351	25,144,141	23,398,173	19,057,336
Trade receivables	199,857	81,468	63,974	65,898	32,090
Reinsurance assets	5,409,711	4,639,643	2,445,920	1,121,787	543,636
Deferred acquisition cost	540,732	432,828	328,812	262,550	259,098
Other receivables and prepayments	764,993	333,655	501,131	408,303	287,101
Investment property	160,000	157,500	150,000	150,000	144,000
Intangible assets	20,749	36,866	1,199	7,319	14,110
Property and equipment	1,584,678	1,467,178	1,349,516	1,381,180	1,303,014
Statutory deposit	700,000	500,000	300,000	300,000	300,000
Total assets	**43,045,869**	**38,710,185**	**33,877,404**	**28,704,432**	**23,145,509**
Liabilities					
Insurance contract liabilities	13,233,898	11,635,256	5,728,661	4,652,881	4,289,254
Trade payables	1,140,673	765,141	704,169	363,724	144,234
Provision and other payables	933,436	1,053,785	922,984	460,618	350,232
Finance lease obligations	-	-	219	61,923	56,037
Retirement benefit obligations	122,066	89,659	62,981	49,846	22,905
Income tax liabilities	151,123	60,257	82,565	75,390	203,979
Deferred tax liabilities	-	-	-	-	158,381
Total liabilities	**15,581,197**	**13,604,099**	**7,501,579**	**5,664,382**	**5,225,022**
Capital and reserves					
Issued and paid-up share capital	7,000,000	7,000,000	5,000,000	3,999,999	3,999,999
Share premium	560,294	560,294	729,044	729,044	729,044
Contingency reserve	3,348,590	2,882,618	2,547,773	2,068,770	1,778,339
Retained earnings	(1,653,414)	(3,517,299)	3,308,185	2,392,175	1,230,452
Assets revaluation reserve	828,773	828,773	828,773	752,083	752,083
Re-measurement reserve	5,040	5,040	13,244	18,431	23,761
Fair value reserve	17,375,389	17,346,660	13,948,807	13,079,548	9,406,809
Total equity	**27,464,672**	**25,106,086**	**26,375,825**	**23,040,050**	**17,920,487**
Total liabilities and equity	**43,045,869**	**38,710,185**	**33,877,404**	**28,704,432**	**23,145,509**
Statement of profit or loss					
Gross premium written	12,979,789	11,161,499	8,331,841	6,518,964	5,391,170
Net premium income	6,611,553	5,428,543	4,450,402	3,713,380	3,477,836
Underwriting results	218,193	(2,584,189)	825,589	409,240	(772,480)
(Loss)/profit before taxation	2,452,714	(3,878,914)	2,436,069	1,338,726	134,703
Taxation	(122,857)	-	(19,882)	(31,633)	-
(Loss)/profit after taxation	2,329,857	(3,990,638)	2,516,187	1,307,093	134,703
Transfer to contingency reserve	465,972	334,845	479,002	290,431	161,736
Dividend	-	(500,000)	-	-	(400,000)
Transfer to revenue reserve	1,863,885	(3,825,483)	2,037,185	1,016,662	372,967
Basic earnings per share (kobo)	16.6	(28.5)	24.0	18.2	(3.6)

Other National Disclosures
Revenue Account
For the year ending

31 DEC 2022

In thousands of naira	Fire	Accident	Motor	Marine	Aviation	Bond	Engineering	Oil & Gas	Agric	Total
Direct receipted premium	2,539,414	1,354,387	2,602,054	850,835	515,050	23,880	609,107	4,112,194	112,393	12,719,314
Inward premium	44,906	23,147	87,454	85,466	3,753	-	15,749	-	-	260,475
Gross premium written	**2,584,320**	**1,377,534**	**2,689,508**	**936,301**	**518,803**	**23,880**	**624,856**	**4,112,194**	**112,393**	**12,979,789**
Changes in reserve for unexpired risk	(149,358)	(85,784)	(388,142)	(3,426)	11,211	(1,666)	(75,962)	(32,747)	(48,230)	(774,104)
Gross premium earned	**2,434,962**	**1,291,750**	**2,301,366**	**932,875**	**530,014**	**22,214**	**548,894**	**4,079,447**	**64,163**	**12,205,685**
Reinsurance Expenses	(1,907,987)	(482,798)	(355,410)	(435,077)	(339,291)	(11,311)	(349,366)	(2,004,792)	(88,903)	(5,974,935)
Movement in Prepaid-Reinsurance Cost	146,760	46,373	923	4,355	(32,242)	700	71,681	100,807	41,445	380,802
Re-insurance cost	(1,761,227)	(436,425)	(354,487)	(430,722)	(371,533)	(10,611)	(277,685)	(1,903,985)	(47,458)	(5,594,133)
Net earned premium	**673,735**	**855,325**	**1,946,879**	**502,153**	**158,481**	**11,603**	**271,209**	**2,175,462**	**16,705**	**6,611,552**
Commissions received	434,485	163,736	73,821	190,263	1,306	3,597	66,896	108,584	12,314	1,055,002
Total underwriting income	**1,108,220**	**1,019,061**	**2,020,700**	**692,416**	**159,787**	**15,200**	**338,105**	**2,284,046**	**29,019**	**7,666,554**
Underwriting expenses										
Gross Claims incurred	(216,782)	(1,004,918)	(863,492)	(903,626)	(75,922)	(1,096)	(363,957)	(346,834)	(13,049)	(3,789,676)
Recovery on Claims incurred	85,332	741,692	103,365	452,605	(11,249)	-	227,042	(119,222)	8,992	1,488,557
Net Claims Expenses	(131,450)	(263,226)	(760,127)	(451,021)	(87,171)	(1,096)	(136,915)	(466,056)	(4,057)	(2,301,119)
Maintenance expenses	(523,384)	(278,983)	(544,687)	(189,623)	(105,070)	(4,836)	(126,548)	(832,814)	(22,762)	(2,628,707)
Acquisition expenses (Note 36)	(449,522)	(294,965)	(352,347)	(286,246)	(98,721)	(3,837)	(110,743)	(901,792)	(20,362)	(2,518,535)
Underwriting (Loss)/Profit	**3,864**	**181,887**	**363,539**	**(234,474)**	**(131,175)**	**5,431**	**(36,101)**	**83,384**	**(18,162)**	**218,193**

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In thousands of naira	Fire	Accident	Motor	Marine	Aviation	Bond	Engineering	Oil & Gas	Agric	Total
Direct receipted premium	1,946,418	992,149	2,104,473	835,349	606,906	10,688	438,066	3,919,382	44,877	10,898,308
Inward premium	62,978	29,595	72,869	75,335	7,052	-	10,759	4,279	324	263,191
Gross premium written	**2,009,396**	**1,021,744**	**2,177,342**	**910,684**	**613,958**	**10,688**	**448,825**	**3,923,661**	**45,201**	**11,161,499**
Changes in reserve for unexpired risk	(360,176)	(26,440)	(164,814)	19,527	6,171	1	22,470	(187,137)	(16,691)	(707,090)
Gross premium earned	**1,649,220**	**995,304**	**2,012,528**	**930,211**	**620,129**	**10,689**	**471,295**	**3,736,524**	**28,510**	**10,454,409**
Reinsurance expenses (Note 33)	(1,095,063)	(559,856)	(196)	(404,010)	(404,735)	(5,290)	(262,257)	(2,279,282)	(15,176)	(5,025,865)
Net earned premium	**554,157**	**435,448**	**2,012,332**	**526,201**	**215,394**	**5,399**	**209,038**	**1,457,242**	**13,334**	**5,428,544**
Commissions received	334,168	170,094	1,450	134,846	901	1,750	71,297	115,930	3,793	834,229
Total underwriting income	**888,325**	**605,542**	**2,013,782**	**661,047**	**216,295**	**7,149**	**280,335**	**1,573,172**	**17,127**	**6,262,773**
Underwriting expenses										
Claims expenses (Note 35)	(2,323,157)	(540,045)	(1,054,174)	(215,202)	(107,821)	4,571	(63,008)	(731,758)	(2,658)	(5,033,252)
Maintenance expenses	(299,047)	(152,064)	(324,041)	(135,532)	(91,372)	(1,591)	(66,796)	(583,935)	(6,727)	(1,661,104)
Acquisition expenses (Note 36)	(351,573)	(230,329)	(275,496)	(262,015)	(114,438)	(1,590)	(93,786)	(818,698)	(4,680)	(2,152,605)
Underwriting profit	**(2,085,452)**	**(316,896)**	**360,071**	**48,298**	**(97,336)**	**8,539**	**56,745**	**(561,219)**	**3,062**	**(2,584,188)**