Cornerstone
RC 163170

CORNERSTONE INSURANCE PLC

UNAUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2022

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Company information and statement of accounting policies

1.1 Reporting entity

Cornerstone Insurance Plc (the Company) was incorporated on 26 July 1991 as a private limited liability company and converted to a public limited liability company on 17 June 1997. The Company's principal activity continues to be the provision of risk underwriting and related financial services to its customers. Such service includes the provision of Life and Non-life insurance services for both corporate and individual customers.

The Company has three subsidiaries - Fin Insurance Company Limited, Cornerstone Takaful Nigeria Limited and Cornerstone Leasing & Investment Limited. Cornerstone Leasing and Investment Limited commenced operations on 1 July 2004 and provides convenient asset acquisition options to both corporate organisations and individuals. Fin Insurance Company Limited was incorporated in 1981 as Yankari Insurance Company Limited. The name was changed to Fin Insurance Company Limited in 2008. The main activity of the subsidiary is the provision of General Insurance business. This includes Marine Insurance, Motor Insurance, Accident Insurance, Fire Insurance and other Non-life insurance services. Cornerstone Takaful Nigeria Limited is a company incorporated in Nigeria and its primary activity is the provision of Takaful insurance business. Cornerstone Takaful Nigeria Limited commenced operation on 1 April 2020. Cornerstone Insurance Plc has 99.99% equity interest in Cornerstone Takaful Nigeria Limited.

The Company currently has authorized share capital of ₦9.25 billion divided into 18.5 billion units of ordinary shares of 50k each with a fully paid up capital of ₦9.083 billion.The Company currently has its corporate head office at Victoria Island, Lagos with branches spread across major cities and commercial centres in Nigeria.These consolidated financial statements comprise the financial records of Company and its subsidiaries (together referred to as “the Group”).

1.2 Principal activities

The Group is engaged in various business lines ranging from property-casualty insurance, life/ health insurance and leasing. The Group's products are classified at inception, for accounting purposes, as either Insurance contracts or Investment contracts.

A contract that is classified as insurance contract remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period; unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

1.3 Going concern

These consolidated and separate financial statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The Directors have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Group has adequate resources to continue as going concern for the foreseeable future and has no intention or need to reduce substantially its business operations. Liquidity ratio and continuous evaluation of current ratio of the Group is carried out to ensure that there are no going concern threats to the operation of the Group.

2.1 Basis of accounting

Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as 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 Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission (NAICOM) circulars.

2.2 *Functional and presentation currency*

These consolidated and separate financial statements are presented in Nigerian Naira, which is the Group's and Company's functional and presentation currency. Except as indicated, financial information presented in Naira has been rounded to the nearest thousand.

2.3 *Basis of measurement*

These consolidated and separate financial statements have been prepared under the historical cost basis except for the following items which are measured on an alternative basis on each reporting date:

- financial instruments at fair value through profit or loss measured at fair value.
- available-for-sale financial instruments measured at fair value
- insurance contract liabilities measured at present value of projected cash flows
- investment properties measured at fair value

2.4 *Use of estimates and judgements*

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

2.5 Reporting period

The financial statements have been prepared for a 6-month period from 1 January 2021 to 30 June 2021.

2.6 Changes in significant accounting policies

The Group has consistently applied the accounting policies as set out in note 3 to all periods presented in these financial statements. The effective standards that have been adopted for financial period ended 30 June 2021 which had no material impact on the disclosures or on the amounts reported in the financial statements are as follows:

The Company has not early adopted any other Standards, interpretations or amendments that has been issued but not yet effective.

(i) Amendments to IFRS 9, IAS 39 and IFRS 7

The IASB, in September 2019 issued amendments to IFRS 9, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have financial instruments that reference IBORs at 30 June 2021 or apply hedge accounting to any of its benchmark interest rate exposures.

(ii) Amendments to IFRS 3

The IASB isued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. The amendments remove the assessment of whether market participants can replace any missing inputs or processes and continuing to produce outputs. The amendment clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

(iii) Amendments to IAS 1 and IAS 8

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to, the Company.

(iv) The Conceptual framework for financial reporting

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements regarding references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. These amendments had no impact on the financial statements of the Company.

(iv) Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

2.7 Effective standards not yet adopted by the Group

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 Group 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: amortised 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.

Classification and Measurement

The standard uses one primary approach to determine whether to measure a financial asset at amortised 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 Group's business model is the determining factor for classifying its financial assets. Financial assets are measured at amortised 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 therfore 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 Group can also designate some of its financial assets at fair value through profit or loss if this helps to eliminate an accounting mismatch.

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 Group and 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. However, it is not expected that the impact would be significant due to the nature of the financial assets in the Group and Company.

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 recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39.

With respect to IFRS 9 above, the Group is eligible to apply IFRS 9 deferral approach since IFRS 9 has not been previously applied by the Group and the activities of the Group are predominantly connected with insurance. To determine if the Group's activities are predominantly connected with insurance, The Group has assessed the ratio of the Group's liabilities connected with insurance - including investment contracts liabilities - compared with it's total liabilities. See the assessment below:

LIABILITIES		AS REPORTED (A)	Admissible for Predominance Test (B)	AS REPORTED (A)	Admissible for Predominance Test (B)
		Group	**Group**	**Company**	**Company**
		31-Dec-15	**31-Dec-15**	**31-Dec-15**	**31-Dec-15**
Investment contract liabilities		1,712,048	1,712,048	1,712,048	1,712,048
Insurance contract liabilities		5,619,756	5,619,756	4,862,365	4,862,365
Trade payables		384,017	384,017	331,222	331,222
Other payables and accruals		826,647	-	616,758	-
Current tax liabilities		340,539	-	246,725	-
Employees benefit obligations		7,523	-	7,523	-
Liabilities directly associated with assets classified as held-for-sale		5,497	-	-	-
		8,896,027	**7,715,821**	**7,776,641**	**6,905,635**
		Score = (B/A)%	**86.7%**		**88.8%**

The Group 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 ₦7.715b (Company: ₦6.91b) which was 86.7% (Company: 88.8%) of the total carrying amount of all its liabilities as at that date.

c) The Group’s activities have remained the same and are predominantly connected with insurance contracts. The majority of the activities from which the Group earns income and incur expenses are insurance-related.

Based on the above, the Group 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 Group'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)
h) Fair value through profit or loss (Bonds)

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 (Investment in MTN shares)
b) Equity securities and Investment funds

3 Significant Account Policies

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

Except for the changes explained in note 2.6, the accounting policies set out below have been consistently applied to all periods presented in these financial statements.

3.1 Basis of Consolidation

Business combination and goodwill

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee.

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

Following the licence approval for Cornerstone Takaful Nigeria Limited (CTNL) and its subsequent commencement of operations as a stand alone Company, the financial position of CNTL has been consolidated and therefore included in the Group statement of financial position as at 31 December 2020.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-controllling interest (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Non- controlling interests

Non-controlling Interest (NCI) are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Insurance contracts

(i) Classification

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

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

The Group's insurance contract liabilities represent its liability to the policy holders. Liabilities for unpaid claims are estimated on case by case basis. The liabilities recognised for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and the Group deems liabilities reported as adequate. The liability comprises reserves for unexpired risk, outstanding claims and incurred but not reported claims.

Financial guarantee contracts are recognised as insurance contracts. Liability adequacy testing is performed to ensure that the carrying amount of the liability for financial guarantee contracts is sufficient.

At the end of each accounting period, the insurance contract liability is reflected as determined by the actuarial valuation report.

The Group also insure events associated with human life (for example, death or survival) over a long duration and has short term life insurance contracts which protect the Company's policyholders from the consequences of events (such as death or disability) that would affect the ability of the insured or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the insured or the beneficiary.

A number of insurance and investment contracts contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- That is likely to be a significant portion of the total contractual benefits.
- Whose amount or timing is contractually at the discretion of the Company; and
- That are contractually based on:
  - the performance of a specified pool of contracts or a specified type of contract
  - realised and /or unrealized investment returns on a specified pool of assets held by the Company
  - the profit or loss of the Company, fund or other entity that issues the contract.

Long-term insurance business (i.e. long-term insurance contracts with fixed and guaranteed terms, and long-term insurance contracts without fixed terms and with discretionary participation features -DPF) includes insurance business of all or any of the following classes, namely; life insurance business, superannuation business and business incidental to any such class of business. For contracts with DPF features, the actuary calculates the bonus due to the policy holders and is accounted for as part of the insurance or investment contract liabilities.

Life assurance business means the business of, or in relation to, the issuing of, or the undertaking of liability to pay money on death (not being death by accident or in specified sickness only) or on the happening of any contingency dependent on the termination or continuance of human life (either with or without provision for a benefit under a continuous disability insurance contract), and include a contract which is subject to the payment of premiums for a term dependent on the termination or continuation of human life and any contract securing the grant of an annuity for a term dependent upon human life.

(ii) Recognition and Measurement of Insurance contracts

Premium

Premium income is recognised on assumption of risks.

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

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

Gross premium income is gross written premiums less changes in unearned premium.

Claims

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

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

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.

Adjustments to the amount of claims provisions established in prior years are accounted for prospectively in the financial statements for the period in which the adjustments are made, and disclosed seperately if material.

Claims and loss adjustment expenses are recognised in statement of profit or loss when incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders.

Salvage and subrogation reimbursement

Some insurance contracts permit the Group 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 assets 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.

(iii) Insurance contract liabilities

These represent the Company's liabilities to the policyholders. They comprise the unearned premium, outstanding claims and the incurred but not reported claims. At the end of each reporting period, these liabilities are reflected as determined by an actuarial valuation.

Unearned premium provision

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

Reserve for unexpired risk

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

Reserve for outstanding claims

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

Reserve for incurred but not reported claims (IBNR)

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

Liability adequacy test

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

The Liability Adequacy Test (LAT) was carried out by a recognized firm of actuaries, O&A Hedge Actuarial Consulting (FRC/2019/00000012909)

Actuarial valuation

An actuarial valuation of the insurance contract liabilities is conducted annually to determine the liabilities on the existing policies as at the date of the valuation. Actuarial valuation of the life fund is conducted annually to determine the liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All surpluses and deficits arising therefrom are charged to profit or loss. See note 48 for further details on actuarial valuation techniques, methodologies, assumptions etc.

3.3 Revenue recognition

(i) Gross premium written

Gross premium written comprises the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. It is recognized at the point of attachment of risk to a policy, gross of commission expense, and before deducting cost of reinsurance cover and unearned portion of the premium. Gross premium written and unearned premiums are measured in accordance with the policies set out in 3.2(ii) of the statement of accounting policies respectively.

(ii) Gross premium income

This represents the earned portion of premium received and is recognized as revenue including changes in unearned premium. Premiums are earned from the date of attachment of risk, over the insurance period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognized as an expense in accordance with the pattern of risk reinsured.

(iii) Fees and commission income

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

(iv) Investment income on financial assets

Investment income on financial assets is composed of interest income and dividend income.

Interest income is recognized in profit or loss as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognized as an adjustment to the effective interest rate of the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

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

(v) Realized gains and losses and unrealized gains and losses

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

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

(vi) Other operating income

Other operating income represents income generated from sources other than premium revenue and investment income. It includes rental income and profit on disposal of property and equipment. Rental income is recognized on an accrual basis. This also includes mudarabah income from the Takaful insurance

3.4 Expense recognition

(i) Claims expenses

Claims expenses consist of claims and claims handling expenses incurred within the reporting period, less the amount recoverable from the reinsurance companies.

(ii) Insurance claims and claims incurred

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

(iii) Underwriting expenses

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

(iv) Management expenses

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

3.5 Reinsurance contracts

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

Reinsurance assets and liabilities

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contracts. Reinsurance liabilities are primarily premiums payable for the reinsurance contracts and are recognized as an expense when due.

Reinsurance expense

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

Prepaid reinsurance premiums

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

Insurance claims recoverable from reinsurance companies

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

3.6 Investment contracts

Investment contracts are those contracts that transfer financial risks with no significant insurance risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The Group enters into investment contracts with guarantee returns and other businesses of savings nature. Those contracts are termed investment contract liabilities and are initially measured at fair value and subsequently at amortised cost.

Finance cost on investment contract liabilities is recognised as an expense in profit or loss using the effective interest rate.

3.7 Deferred acquisition costs

The incremental costs directly attributable to the acquisition of new business which has not expired at the reporting date, are deferred by recognizing an asset. Acquisition costs include both incremental acquisition costs and other indirect costs of acquiring and processing new businesses.

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

3.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank and call deposits and other short-term highly liquid investments with original maturities of three months or less, which are subject to insignificant risk of changes in their fair value and used by the Group to manage its short term commitments. Cash and cash equivalents are measured at amortised cost in the statement of financial position.

3.9 Financial Instruments

Classification

The classification of the Group's financial assets depends on the nature and purpose of the financial assets and are determined at the time of initial recognition. The financial assets have been recognised in the statement of financial position and measured in accordance with their assigned classifications.

The Group classifies its financial assets into the following categories:

- financial assets at fair value through profit or loss (FVTPL);
- held-to-maturity financial assets; and
- loans and receivables.
- available-for-sale financial assets

The Group's financial liabilities are classified as other financial liabilities. They include trade and other payables.

Initial recognition

All financial instruments are initially recognized at fair value, which includes directly attributable transaction costs for financial instruments not classified as fair value through profit and loss.

Subsequent Measurement

Subsequent to initial recognition, financial assets are measured either at fair value or amortised cost, depending on their categorization as follows:

Financial Assets at Fair Value through Profit or Loss (FVTPL)

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 recognised in profit or loss as incurred. Financial asset at fair value through profit or loss are measured at fair value and changes therein, including any interest expense or dividend income, are recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity financial assets are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity financial assets are carried at amortised cost using the effective interest method. Any sale or reclassification of a significant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for- sale and this prevents the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- Sales or reclassification that are so close to maturity that changes on the market rate of interest would not have a significant effect on the financial asset's fair value.
- Sales or reclassification after the Group has collected substantially all the asset's original principal.
- Sales or reclassification attributable to non-recurring isolated events beyond the Group's control that could not have been reasonably anticipated.

Loans and receivables

Loans and receivables on the statement of financial position comprise trade receivables and other receivables.

Loans and receivables, after initial measurement, are measured at amortized cost, using the effective interest rate method less any impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate.

When the asset is impaired, the impairment losses are carried on the statement of financial position as a deduction from the carrying amount of the loans and receivables and recognized in profit or loss as impairment losses.

Available-for-sale financial assets

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value.

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in other comprehensive income until the investment is sold or impaired where upon the cumulative gains and losses previously recognised in other comprehensive income are recognised to profit or loss as a reclassification adjustment. As at the reporting date, the Group's investment in quoted equities are classified as available for sale financial assets except for investment in MTN Nigeria which is classified as fair value through profit or loss.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

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 Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group 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 Group uses a valuation technique that maximises 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.

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. lf the Group 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.

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

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk and managed by the Group 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.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

Identification and measurement of impairment

At each reporting date, the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably. The Group considers evidence of impairment for loans and receivables and held-to-maturity investments individually and collectively. Assets showing signs of deterioration are assessed for individual impairment. All individually significant loans and receivables and held-to maturity investments found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired include significant financial difficulty of the obligor, default or delinquency by a borrower resulting in a breach of contract, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below cost is objective evidence of impairment.

Impairment losses on available-for-sale investment securities are recognised by transferring the difference between the carrying amount and current fair value out of equity to profit or loss. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit and loss, the impairment loss is reversed, with the amount of the reversal recognised in profit and loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income. The Group writes off certain loans and receivables when they are determined to be uncollectible.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions.

De-recognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the Group is recognised as a separate asset or liability in the statement of financial position. On de-recognition of the financial assets, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit and loss. The Group enters into transactions whereby it transfers assets recognised on its financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the financial position.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

3.10 Trade receivables

Trade receivables comprise premium receivables. Premium receivables are those for which credit notes issued by brokers are within 30 days after the reporting date, in conformity with the "NO PREMIUM, NO COVER" NAICOM policy.

3.11 Foreign currency transactions

Foreign currency transactions are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the reporting date. Foreign currency differences are generally recognised in profit or loss.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

3.12 Trade and other payables

Trade payables

Trade payables are recognized when due. These include amounts due to agents, reinsurers and co-assurers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is not applied.

Accruals and other payables

Other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date is less than one year, discounting is not applied.

3.13 Other receivables and prepayments

Other receivables principally consist of accrued income, intercompany receivable and sundry debtors. Prepayments are essentially prepaid rents, prepaid insurance and other prepaid balances. Other receivables are measured at amortised cost.

3.14 Investment properties

Investment properties are properties held to earn rentals or for capital appreciation (including property under construction for such) or for both purposes, but not for sale in the ordinary course of business.

Recognition and measurement

Investment properties are measured initially at cost plus any directly attributable expenses.

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

De-recognition

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on de-recognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in profit or loss in the period of de-recognition. The carrying amount of the asset represents the fair value of the asset as at the date of the latest valuation before disposal.

Transfers

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change. Subsequently, the property is re-measured to fair value and reclassified as investment property.

3.15 Investment in joint venture

A joint venture is an arrangement in which the Group has joint control as well as rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which the joint control ceases. The Group evaluates its investment in joint venture in line with the provisions of IFRS11 - Joint Venture.

3.16 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure 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 bringing 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 capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of equipment.When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs

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

Depreciation

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

Depreciation is calculated over their estimated useful lives at the following rates:

Land	Not depreciated
Leasehold improvements	Over the shorter of the useful life of the item or the lease period
Office equipments	4 years
Furniture and fittings	5 years
Computer equipment	4 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or 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 profit or loss in the year the asset is derecognised.

Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell or the value in use.

3.17 Intangible assets

Computer software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment. Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is five years. Amortisation method, useful lives, and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition is included in profit ot loss in the year the asset is derecognised.

3.18 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than deferred tax 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. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash flows that are largely independent from other assets. Impairment losses are recognised in profit or loss.

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

3.19 Income and deferred tax

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the 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 at the reporting date. Current tax also includes any tax arising from dividends.

Minimum tax

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. Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas 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.

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.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

3.20 Statutory deposits

Statutory deposits are cash balances held with the Central Bank of Nigeria (CBN) in compliance with the Insurance Act 2003. The deposits are only available as a last resort to the Group if it goes into liquidation. Statutory deposits are measured at amortised cost.

3.21 Hypothecation of assets

The Company structured its assets to meet the requirements of the Insurance Act 2003 such that policyholders' assets and funds are not co-mingled with shareholders'.

In particular, investment securities and insurance funds hypothecated to policyholders are distinguished from those owned by the shareholders.

3.22 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.23 Employee benefits

Short-term employee benefits/Personnel expenses

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

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due in respect of service rendered before the end of the reporting period. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The Group contributes to a defined contribution pension scheme for its employees. Obligations in respect of the Group's contributions to the scheme are recognised as an expense in the profit and loss account on an annual basis. The employee and the Group contribute 8% and 10% respectively of basic salary, housing, and transport allowance to each employee's retirement savings account maintained with their nominated Pension Fund Administrators.

3.24 Earnings/loss per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares. Earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted number of ordinary shares adjusted for any bonus shares issued.

3.25 Leases

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company included the renewal period as part of the lease term for leases of office spaces and plant and machinery with shorter non-cancellable period (i.e., three to five years) where this is expressly stated in the lease contract or enforceable at law per the lease contract. The Company typically exercises its option to renew for these leases because there will be a significant negative effect on its operation if a replacement asset is not readily available. The renewal periods for leases of office spaces are not included as part of the lease term as these are not reasonably certain to be exercised.

Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Property lease classification – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

3.26 Segment reporting

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

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

- Non-life insurance
- Life insurance
- Takaful insurance
- Fin Insurance
- Leasing

3.27 Contingent liabilities and assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events which is not recognized because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability may crystallize.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent assets are never recognised but are disclosed in the financial statements when they arise.

3.28 Share capital and other reserves

Share capital

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

Where any of the Group entities purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the Company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

Share premium

This represents the excess amount paid by shareholders on the nominal value of the shares. This amount is distributable to the shareholders at their discretion. The share premium is classified as an equity instrument in the statement of financial position.

Treasury shares

Own equity instruments which are acquired (treasury shares) are deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in other capital reserves. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

Retained earnings/Accumulated losses

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

Contingency reserve

The Nigerian Insurance regulations require the Group to make an annual appropriation to a statutory reserve. As stipulated by section 21(1) of Insurance Act 2003, the contingency reserve for Non-life insurance business is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the greater of minimum paid-up capital and 50% percent of the net premium. For life business, the contigency reserve is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of mimimum paid-up capital.

AFS fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

Cornerstone
RC 163170

Consolidated and Separate Statements of Financial Position

As at 31 December

In thousands of naira	*Note*	Group 2022	Group 2021	Company 2022	Company 2021
Assets					
Cash and cash equivalents	6	10,608,896	14,402,330	5,717,579	9,732,527
Financial assets	7	23,530,871	18,563,816	18,538,140	14,321,092
Trade receivables	8	612,550	300,788	545,407	255,793
Other receivables and prepayments	9	797,617	1,273,809	947,214	1,213,181
Reinsurance assets	10	7,645,644	9,369,713	6,732,628	8,618,365
Deferred acquisition costs	11	969,804	853,729	756,841	708,289
Investment in joint venture	12	510	510	280	280
Deferred tax assets	23(c)	861,211	861,211	861,211	861,211
Investment in subsidiaries	13	-	-	3,620,847	3,620,847
Investment properties	14	625,000	625,000	-	-
Property and equipment	15	2,462,978	1,838,314	1,191,082	582,447
Intangible assets	16	13,920	11,805	1,252	3,397
Statutory deposit	17	1,200,000	1,200,000	500,000	500,000
Total Assets		**49,329,001**	**49,301,025**	**39,412,481**	**40,417,429**
Liabilities					
Insurance contract liabilities	19	18,917,122	19,736,834	16,673,378	17,812,613
Investment contract liabilities	18	3,760,318	3,735,317	3,347,223	3,268,015
Trade payables	20	2,853,137	2,739,704	2,220,224	2,410,119
Deferred commission income	22	605,284	981,777	479,041	879,264
Other payables and accruals	21	875,201	1,058,081	751,474	790,444
Current tax liabilities	23(b)	343,219	475,575	287,737	345,704
Deferred tax liabilities	23(c)	88,026	88,026	23,211	23,211
Employees benefit obligations	24	19,493	13,553	17,469	11,529
Total liabilities		**27,461,800**	**28,828,867**	**23,799,757**	**25,540,899**
Equity					
Share capital	25(a)	9,083,196	9,083,196	9,083,196	9,083,196
Share premium	25(b)	183,165	183,165	183,165	183,165
Treasury shares	25(c)	(67,130)	(67,130)	(67,130)	(67,130)
Contingency reserve	25(e)	5,836,419	4,735,167	4,472,827	3,844,841
Fair value reserves	25(f)	(818,902)	387,889	(1,182,923)	63,261
Assets Revaluation reserve	25(h)	507,097	-	507,097	-
Retained Earnings	25(d)	6,826,686	5,855,597	2,616,493	1,769,197
Shareholders' funds		**21,550,531**	**20,177,884**	**15,612,725**	**14,876,530**
Non-controlling interest	25(g)	316,669	294,274	-	-
Total equity		**21,867,200**	**20,472,158**	**15,612,725**	**14,876,530**
Total liabilities and equity		**49,329,001**	**49,301,025**	**39,412,481**	**40,417,429**

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

These financial statements were approved by the Board on 27th ~~December~~ January 2023 and signed on its behalf by:

Mr. Kehinde Olorundare
Chief Financial Officer
FRC/2013/ICAN/00000000731

Mr. Ganiyu Musa
Group Managing Director/CEO
FRC/2013/ICAN/00000003110

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Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December

In thousands of naira	*Note*	Group 2022	Group 2021	Company 2022	Company 2021
Gross premium written	26(a)	22,281,791	20,920,553	18,269,184	18,288,139
Changes in unearned premium	26(b)	(1,649,717)	(3,127,934)	(1,186,748)	(2,940,341)
Gross premium income	26(b)	20,632,074	17,792,619	17,082,436	15,347,798
Changes in life fund	26(c)	1,616,202	928,394	1,616,202	936,826
Changes in life annuity fund	26(c)	(13,263)	913,703	(13,263)	913,703
Reinsurance expense	26(d)	(12,883,447)	(10,968,450)	(10,688,454)	(9,645,696)
Net premium income		**9,351,566**	**8,666,266**	**7,996,921**	**7,552,631**
Fees and commission income	27	2,618,787	2,227,978	2,054,760	1,957,456
Net underwriting income		**11,970,353**	**10,894,244**	**10,051,681**	**9,510,087**
Gross claims incurred	28(a)	(4,458,687)	(4,700,817)	(4,106,277)	(4,082,679)
Insurance claims recoveries from reins	28(b)	1,248,985	2,105,689	1,041,887	1,875,158
Net claims expenses		**(3,209,702)**	**(2,595,128)**	**(3,064,390)**	**(2,207,521)**
Acquisition cost	29(a)	(2,497,759)	(2,020,130)	(1,916,670)	(1,597,103)
Maintenance cost	29(b)	(1,343,394)	(1,028,697)	(1,141,040)	(921,359)
Underwriting expenses		**(3,841,153)**	**(3,048,827)**	**(3,057,710)**	**(2,518,462)**
Underwriting results		**4,919,498**	**5,250,289**	**3,929,581**	**4,784,104**
Gain/(Loss) on deposit administration	18(a)	(162,535)	33,808	(162,535)	33,808
Investment income	30	2,378,458	1,609,351	1,931,750	1,091,964
Fair value changes in investment property	14	-	23,000	-	-
Fair value changes in financial assets - FVTPL	31	(511,774)	(742,348)	(511,774)	(742,348)
Net exchange gain	32(a)	769,113	1,385,923	561,338	713,817
Net trading income	32(b)	287,174	-	287,174	-
Other operating income	33	33,530	61,570	888	59,896
Share of profit/(loss) in joint venture	12(a)	-	95,232	-	68,201
Impairment losses on financial assets	34	173,332	(75,315)	173,332	(75,315)
Personnel expenses	35	(2,698,349)	(2,243,538)	(2,100,107)	(1,763,689)
Depreciation	15	(182,558)	(198,940)	(154,030)	(155,105)
Amortisation	16	(5,149)	(13,405)	(2,267)	(10,402)
Other Operating Expenses	36	(1,809,088)	(1,382,579)	(1,392,718)	(1,105,961)
Finance cost	37	(75,051)	(62,041)	(61,155)	(46,604)
Profit before income and minimum tax		**3,116,601**	**3,741,007**	**2,499,477**	**2,852,366**
Minimum tax	23(a)	-	(2,433)	-	(2,433)
Profit after minimum tax		**3,116,601**	**3,738,574**	**2,499,477**	**2,849,933**
Income tax (expense)/ credit	23(a)	(115,875)	(202,639)	(115,875)	(109,122)
Profit for the year from continuing operatio		**3,000,726**	**3,535,935**	**2,383,602**	**2,740,811**
Profit from discontinued operations	5.8	**-**	**-**	**-**	**-**
Profit for the year		**3,000,726**	**3,535,935**	**2,383,602**	**2,740,811**
Attributable to shareholders		2,980,660	3,511,220	2,383,602	2,740,811
Attributable to non-controlling interest hold		20,066	24,715	-	-
		3,000,726	**3,535,935**	**2,383,602**	**2,740,811**
Other comprehensive income, net of tax					
Items within OCI that may be reclassified to profit or loss					
Fair value (losses)/ gains on available-	7(a)(iv)	(1,206,791)	(739,022)	(1,276,911)	(843,610)
		(1,206,791)	**(739,022)**	**(1,276,911)**	**(843,610)**
Revaluation gain on property and equipment		507,097	52,830	507,097	-
Related tax		-	(5,283)	-	-
		507,097	**47,547**	**507,097**	**-**
Other comprehensive (loss)/ income, net of t		**(699,694)**	**(691,475)**	**(769,814)**	**(843,610)**
Total comprehensive income for the year		**2,301,032**	**2,844,460**	**1,613,788**	**1,897,201**
Attributable to shareholders		2,278,638	2,815,837	1,613,788	1,897,201
Attributable to non-controlling interest		22,394	28,623	-	-
		2,301,032	**2,844,460**	**1,613,788**	**1,897,201**
Basic and diluted earning per share (K	38	20	12	16	10

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

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

From 1 Oct-31 Dec 2022

In thousands of naira	*Note*	GROUP OCT-DEC 2022	GROUP OCT-DEC 2021	COMPANY OCT-DEC 2022	COMPANY OCT-DEC 2021
Gross premium written	26(a)	7,399,464	6,484,415	6,297,149	5,924,845
Changes in unearned premium	26(b)	(2,648,927)	(3,342,709)	(2,641,902)	(3,462,030)
Gross premium income	26(b)	4,750,537	3,141,706	3,655,247	2,462,815
Changes in life fund	26(c)	2,097,928	2,060,632	2,097,928	1,672,666
Changes in life annuity fund	26(c)	(162,371)	246,403	(162,371)	246,403
Reinsurance expense	26(d)	(4,980,153)	(3,022,160)	(4,198,879)	(2,548,102)
Net premium income		**1,705,941**	**2,426,581**	**1,391,925**	**1,833,782**
Fees and commission income	27	1,002,912	527,904	761,096	454,175
Net underwriting income		**2,708,853**	**2,954,485**	**2,153,021**	**2,287,956**
Gross claims incurred	28(a)	(905,787)	189,032	(734,861)	122,574
Insurance claims recoveries from r	28(b)	62,176	(405,491)	21,770	(312,748)
Net claims expenses		**(843,612)**	**(216,459)**	**(713,091)**	**(190,174)**
Acquisition cost	29(a)	(585,050)	(376,041)	(382,254)	(238,949)
Maintenance cost	29(b)	(358,189)	(407,749)	(288,771)	(378,366)
Underwriting expenses		**(943,239)**	**(783,790)**	**(671,025)**	**(617,315)**
Underwriting results		**922,002**	**1,954,237**	**768,906**	**1,480,467**
Gain/(Loss) on deposit administrat	18(a)	(162,535)	33,808	(162,535)	33,808
Investment income	30	479,508	253,146	526,782	113,221
Fair value changes in investment	14		23,000		
Fair value changes in financial	31	1,273,903	188,737	1,273,903	188,737
Net exchange gain	32(a)	766,851	934,419	528,670	484,023
Net trading income	32(b)	287,174	-	287,174	-
Other operating income	33	717	59,986	479	59,885
Share of profit/(loss) in joint ventu	12(a)		(29,550)	-	(11,514)
Impairment losses on financial ass	34	173,332	(75,315)	173,332	(75,315)
Personnel expenses	35	(728,370)	(711,809)	(609,758)	(589,229)
Depreciation	15	(36,742)	(46,654)	(43,222)	(35,521)
Amortisation	16	(67)	(3,316)	(273)	(2,350)
Other Operating Expenses	36	(807,642)	(427,399)	(630,821)	(314,182)
Finance cost	37	(32,627)	(20,380)	(29,734)	(17,835)
Profit before income and minimum tax		**2,135,504**	**2,132,910**	**2,082,902**	**1,314,194**
Minimum tax	23(a)		(2,433)	-	(2,433)
Profit after minimum tax		**2,135,504**	**2,130,477**	**2,082,902**	**1,311,761**
Income tax (expense)/ credit	23(a)	(99,397)	(130,323)	(95,046)	(55,533)
Profit for the year from continuing opera		**2,036,106**	**2,000,154**	**1,987,856**	**1,256,228**
Profit from discontinued operati	5.8				
Profit for the year		**2,036,106**	**2,000,154**	**1,987,856**	**1,256,228**
Attributable to shareholders		2,030,855	1,987,251	1,987,856	1,256,228
Attributable to non-controlling interest h		5,250	12,902		
		2,036,105	**2,000,153**	**1,987,856**	**1,256,228**
Other comprehensive income, net of tax					
Items within OCI that may be reclassified to profit or loss					
Fair value (losses)/ gains on availa	7(a)(iv)	(994,599)	49,205	(999,045)	(16,395)
		(994,599)	**49,205**	**(999,045)**	**(16,395)**
Revaluation gain on property and equipmen		507,097	52,830	507,097	
Related tax		-	(5,283)		
		507,097	**47,547**	**507,097**	
Other comprehensive (loss)/ income, net o		**(487,502)**	**96,752**	**(491,948)**	**(16,395)**
Total comprehensive income for the year		**1,548,604**	**2,096,906**	**1,495,908**	**1,239,832**
Attributable to shareholders		1,542,027	2,080,913	1,495,908	1,239,833
Attributable to non-controlling interest		6,576	15,991		
		1,548,603	**2,096,904**	**1,495,908**	**1,239,833**

Consolidated and Separate Statements of Changes in Equity

For the year ended 31 December 2022
Group

In thousands of naira	Share Capital	Share Premium	Treasury Shares	Contingency Reserve	Fair Value Reserves	Revaluation Surplus	Retained Earnings	Shareholders' Equity	Non Controlling Interest	Total
At 1 January 2022	9,083,196	183,164	- 67,130	4,735,167	387,889		5,855,597	20,177,883	294,275	20,472,158
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-		2,980,660	2,980,660	20,068	3,000,728
Revaluation gain on property and equipment						507,097		507,097		
Dividend paid	-	-	-	-	-		- 908,320	- 908,320	-	- 908,320
Fair value changes on available-for-sale securities	-	-	-	-	- 1,206,791		-	- 1,206,791	2,328	- 1,204,463
Total other comprehensive income for the year	-	-	-	-	- 1,206,791	507,097	2,072,341	1,372,647	22,396	887,946
Transactions with owners, recorded directly in equity										
Transfer to contingency reserve	-	-	-	1,101,252	-		- 1,101,252	-	-	-
Deferred tax liability transfer								-	-	-
Addition to treasury shares			-	-	-		-	-	-	-
Total contributions by and distributions to equity holders	-	-	-	1,101,252	-		- 1,101,252	-	-	-
Balance as at 31 December 2022	**9,083,196**	**183,164**	**- 67,130**	**5,836,419**	**- 818,902**	**507,097**	**6,826,686**	**21,550,530**	**316,671**	**21,360,104**

For the year ended 31 December 2021
Group

In thousands of naira	Share Capital	Share Premium	Treasury Shares	Contingency Reserve	Fair Value Reserves	Retained Earnings	Shareholders' Equity	Non Controlling Interest	Total
At 1 January 2021	9,083,196	183,164	- 58,440	4,017,271	1,132,194	3,101,415	17,458,800	265,650	17,724,450
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	3,511,220	3,511,220	24,717	3,535,937
Fair value changes on available-for-sale securities	-	-	-	-	- 744,305	-	- 744,305	3,908	- 740,397
Total other comprehensive income for the year	-	-	-	-	- 744,305	3,511,220	2,766,915	28,625	2,795,540
Transactions with owners, recorded directly in equity									
Transfer to contingency reserve	-	-	-	717,896	-	- 717,896	-	-	-
Bonus issues transferred from Share Premium							-	-	-
Share issuing cost							-	-	-
Addition to treasury shares			- 8,690				- 8,690	-	- 8,690
Deferred tax liability transfer						- 39,142	- 39,142		- 39,142
Total contributions by and distributions to equity holders	-	-	- 8,690	717,896	-	- 757,038	- 47,832	-	- 47,832
Balance as at 31 December 2021	**9,083,196**	**183,164**	**- 67,130**	**4,735,167**	**387,889**	**5,855,597**	**20,177,883**	**294,275**	**20,472,158**

Consolidated and Separate Statements of Changes in Equity

For the year ended 31 December 2022
Company

In thousands of naira	Share Capital	Share Premium	Treasury Shares	Contingency Reserve	AFS Fair Value Reserve	Revaluation Surplus	Retained Earnings (Accumulated Deficit)	Shareholders' Equity	Total
At 1 January 2022	9,083,196	183,164	(67,130)	3,844,841	63,261		1,769,197	14,876,529	14,876,529
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-		2,383,602	2,383,602	2,383,602
Revaluation gain on property and equipment	-	-	-	-	-	507,097	-	507,097	507,097
Dividend paid	-	-	-	-	-		(908,320)	(908,320)	(908,320)
Fair value changes on available-for-sale securities	-	-	-	-	(1,246,184)		-	(1,246,184)	(1,246,184)
Total other comprehensive income for the year	-	-	-	-	(1,246,184)	507,097	1,475,282	736,195	736,195
Transactions with owners, recorded directly in equity									
Transfer to contingency reserve	-	-	-	627,986	-		(627,986)	-	-
Addition to treasury shares	-	-	-	-	-			-	-
Dividend payment									
Total contributions by and distributions to equity holders	-	-	-	627,986	-		(627,986)	-	-
Balance as at 31 December 2022	**9,083,196**	**183,164**	**(67,130)**	**4,472,827**	**(1,182,923)**	**507,097**	**2,616,493**	**15,612,724**	**15,612,724**

For the year ended 31 December 2021
Company

In thousands of naira	Share Capital	Share Premium	Treasury Shares	Contingency Reserve	AFS Fair Value Reserve	Accumulated Deficit	Shareholders' Equity	Total
At 1 January 2021	9,083,196	183,164	(58,440)	3,305,027	906,871	(431,800)	12,988,018	12,988,018
Total comprehensive income for the year								
Loss for the year	-	-	-	-	-	2,740,811	2,740,811	2,740,811
Fair value changes on available-for-sale securities	-	-	-	-	(843,610)	-	(843,610)	(843,610)
Total other comprehensive income for the year	-	-	-	-	(843,610)	2,740,811	1,897,201	1,897,201
Transactions with owners, recorded directly in equity								
Transfer to contingency reserve	-	-	-	539,814	-	(539,814)	-	-
Bonus issues transferred from Share Premium							-	-
Share issue cost							-	-
Addition to treasury shares	-	-	(8,690)	-	-		(8,690)	(8,690)
Total contributions by and distributions to equity holders	-	-	(8,690)	539,814	-	(539,814)	(8,690)	(8,690)
Balance as at 31 December 2021	**9,083,196**	**183,164**	**(67,130)**	**3,844,841**	**63,261**	**1,769,197**	**14,876,529**	**14,876,529**

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

Consolidated and Separate Statements of Cash Flows

For the year ended 31 December

In thousands of naira	*Note*	Group 2022	Group 2021	Company 2022	Company 2021
Cash flows from operating activities					
Insurance premium received	45(i)	20,387,186	17,448,946	16,102,943	15,740,673
Premium deposits received	20(a)	2,535,584	2,535,584	2,530,882	2,530,882
Deposit liabilities - contributions during the year	18	1,774,886	1,782,020	1,510,430	1,472,755
Deposit liabilities - withdrawals during the year	18	(1,912,420)	(1,887,409)	(1,593,757)	(1,597,178)
Reinsurance premium paid	45(v)	(12,149,563)	(11,068,738)	(9,931,106)	(10,322,823)
Commission received	22(a)	2,242,294	2,439,129	1,654,538	2,132,249
Claims paid during the year	28(a)	(5,373,595)	(4,996,046)	(4,828,843)	(4,563,740)
Reinsurance claims recovered	10(b)(iv)	2,960,366	2,002,018	2,776,501	1,861,578
Commission paid	45(vi)	(2,680,924)	(1,981,876)	(2,049,750)	(1,668,722)
Maintenance cost paid	29(b)	(1,343,394)	(1,028,697)	(1,141,040)	(921,359)
Other operating income	33	33,478	61,431	888	59,896
Personnel and employee expenses	35&24	(2,692,409)	(2,233,778)	(2,094,167)	(1,753,929)
Other operating cash payments		(5,350,424)	(1,727,423)	(3,995,765)	(2,647,812)
		(1,568,935)	1,345,161	(1,058,246)	322,470
Income tax paid	23(b)	(248,231)	(154,906)	(173,842)	(42,817)
Net cash flows from operating activities		(1,817,166)	1,190,255	(1,232,088)	279,653
Investing activities:					
Interest received	30(a)	105,425	1,257,177	212,313	1,065,757
Dividend received	45(ii)	344,448	331,086	273,159	264,097
Rent received	30	6,500	-	-	-
Purchase of property and equipment	15	(268,842)	(283,078)	(259,586)	(191,460)
Purchase of intangibles	16.00	(7,264)	(7,562)	-	(298)
Redemptions on loans to policyholders	7(c)(iii)	39,605	39,605	39,605	39,605
Proceeds from sale of property and equipment	45(iii)	10,546	48,000	10,493	15,000
Purchase of Available For Sale financial assets	7(a)(iv)	(40,385)	(34,830)	-	-
Purchase of Fair Value Through Profit or Loss financial assets	7(b)(i)	(6,215,146)	(2,451,023)	(6,174,761)	(2,451,023)
Investment in subsidary	13(i)	-	-	-	-
Addition to loans to policy holders	7(c)(iii)	(40,452)	(41,109)	(40,452)	(41,109)
Purchase of Held to Maturity investments	7(d)(i)	(2,013,554)	(2,013,736)	-	-
Proceeds from sale of financial assets	45(iv)	4,290,267	3,788,892	2,183,538	2,614,239
Net cash flows from investing activities		(3,788,852)	633,422	(3,755,691)	1,314,808
Financing activities:					
Share issuing cost	25(b)	-	-	-	-
Treasury share	25(c)	-	(8,690)	-	(8,690)
Finance cost	37.00	(75,051)	(62,041)	(61,155)	(46,604)
Net cash flows from financing activities		(75,051)	(70,731)	(61,155)	(55,294)
Net increase/(decrease) in cash and cash equivalents		(5,681,069)	1,752,946	(5,048,934)	1,539,167
Effect of exchange rate changes on cash and cash equivalents		1,887,635	-	1,033,986	-
Cash and cash equivalents, beginning of the year		14,402,330	12,649,384	9,732,527	8,193,360
Cash and cash equivalents, end of the year		10,608,896	14,402,330	5,717,579	9,732,527

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

Life Business Revenue Account

For the year ended 31 December

In thousands of naira	***Note***	**Individual life**	**Annuity**	**Group Life**	**Total 2022**	**Total 2021**
Gross premium written	26(a)	276,840	758,291	4,591,888	5,627,019	5,367,596
Changes in unearned premium		-	-	(808,101)	(808,101)	(1,674,217)
Changes in life and life annuity funds	26(c)	-	(13,263)	1,616,202	1,602,939	1,850,529
Gross premium income		276,840	745,028	5,399,989	6,421,857	5,543,908
Reinsurance expense		(42,892)	-	(2,452,544)	(2,495,436)	(2,030,702)
Net premium		233,948	745,028	2,947,445	3,926,421	3,513,206
Fees and commission income	27('c)	55,900	-	927,201	983,101	733,241
		289,848	745,028	3,874,646	4,909,522	4,246,447
Gross claims incurred	28(a)(i)	(79,068)	(428,774)	(1,311,484)	(1,819,326)	(2,423,320)
Insurance claims recoveries from reinsurers	28(b)(i)	-	-	620,296	620,296	1,230,139
Net claims expenses		(79,068)	(428,774)	(691,188)	(1,199,030)	(1,193,181)
Underwriting expenses			-	(498,559)	(528,617)	(229,079)
Underwriting results		210,780	316,254	2,684,899	3,181,875	2,824,187

Non-life Business Revenue Account

For the year ended 31 December

In thousands of naira	Note	Motor	Fire	Accident	Bond	Engineering	Oil & Gas & Aviation	Marine	Total 2022	Total 2021
Income										
Gross premium written	26(a)	1,930,976	1,625,834	874,588	26,828	3,774,729	3,625,557	783,653	12,642,165	12,920,543
Changes in unearned premium	26(b)	(73,692)	108,461	47,023	1,616	(175,592)	(301,581)	15,118	(378,647)	(1,266,124)
Gross premium earned		**1,857,284**	**1,734,295**	**921,611**	**28,444**	**3,599,137**	**3,323,976**	**798,771**	**12,263,518**	**11,654,419**
Reinsurance cost	26(d)	(133,292)	(1,043,420)	(296,716)	(16,819)	(3,506,305)	(2,698,609)	(521,514)	(8,216,675)	(7,911,582)
Movement in prepaid reinsurance cost		6,030	78,214	36,856	32	341,201	(470,989)	32,313	23,657	296,588
Net premium earned		1,730,022	769,089	661,751	11,657	434,033	154,378	309,570	**4,070,500**	**4,039,425**
Commission earned	27('c)	10,954	259,752	55,601	46,170	486,042	105,052	108,088	1,071,659	1,224,215
Total income		**1,740,976**	**1,028,841**	**717,352**	**57,827**	**920,075**	**259,430**	**417,658**	**5,142,159**	**5,263,640**
Expenses										
Gross claims paid		(918,794)	(1,544,018)	(330,482)	-	(82,355)	(117,310)	(76,390)	(3,069,349)	(2,126,325)
Movement in outstanding claims		(39,869)	986,517	(126,414)	2,415	2,709	(57,139)	14,179	782,398	466,966
Gross claims incurred	**28(a)(i)**	(958,663)	(557,501)	(456,896)	2,415	(79,646)	(174,449)	(62,211)	(2,286,951)	(1,659,359)
Reinsurance claims recoveries	28(b)(i)	73,621	314,780	62,361	3,644	22,625	(97,901)	42,461	421,591	645,019
Net claims incurred		**(885,042)**	**(242,721)**	**(394,535)**	**6,059**	**(57,021)**	**(272,350)**	**(19,750)**	**(1,865,360)**	**(1,014,340)**
Acquisition cost		(200,003)	(285,898)	(146,342)	(4,964)	(580,005)	(145,330)	(135,414)	(1,497,956)	(1,448,652)
Maintenance cost	29(b)	(162,087)	(136,473)	(73,413)	(2,252)	(316,852)	(304,331)	(65,780)	(1,061,189)	(840,731)
Underwriting expenses		**(362,090)**	**(422,371)**	**(219,755)**	**(7,216)**	**(896,857)**	**(449,661)**	**(201,194)**	**(2,559,145)**	**(2,289,383)**
Total expenses		**(1,247,132)**	**(665,092)**	**(614,290)**	**(1,157)**	**(953,878)**	**(722,011)**	**(220,944)**	**(4,424,505)**	**(3,303,723)**
Underwriting results		**493,844**	**363,749**	**103,062**	**56,670**	**(33,803)**	**(462,581)**	**196,714**	**717,654**	**1,959,917**

6 Cash and cash equivalents

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Cash	747	805	444	495
Balances with banks	2,276,823	2,558,320	1,895,231	1,937,507
Short-term deposits	8,331,326	11,843,205	3,821,904	7,794,525
	10,608,896	14,402,330	5,717,579	9,732,527
Current	10,608,896	14,402,330	5,717,579	9,732,527
Non-current	-	-	-	-
	10,608,896	14,402,330	5,717,579	9,732,527

The short-term deposits are made for varying periods of between one day and ninety days, depending on the immediate cash requirements of the Group. The carrying amounts disclosed above reasonably approximate the fair value at the reporting date.

7 Financial assets

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Available-for-Sale (AFS) financial assets (see note (a) below)	11,379,857	5,887,509	10,426,290	4,962,370
Financial assets at fair value through profit or loss (FVTPL) (see note (b) below)	7,873,183	9,065,439	7,817,720	9,065,439
Loans and receivables (see note (c) below)	294,130	293,283	294,130	293,283
Held-to-Maturity investments (see note (d) below)	3,983,701	3,317,585	-	-
	23,530,871	18,563,816	18,538,140	14,321,092
Current	830,234	830,234	830,234	830,234
Non-current	22,700,637	17,733,582	17,707,906	13,490,858
	23,530,871	18,563,816	18,538,140	14,321,092

(a) Available-for-Sale (AFS) financial assets

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Quoted equity securities measured at fair value	1,442,751	1,319,822	678,756	618,366
Unquoted equity securities measured at cost *	225,540	87,500	225,540	87,500
Investment in CAPIC funds measured at cost *(see note (i) below)	1,823,500	1,823,500	1,823,500	1,823,500
Investment in Valualliance fund measured at fair value	289,471	269,130	289,471	269,130
Investment in insurance pool measured at cost *	106,953	101,654	106,953	101,654
Investment in arm ethical fund at fair value	43,274	39,571	-	-
Investment in lotus halal fixed income fund at fair value	146,298	143,726	-	-
Bonds measured at fair value (see note (ii) below)	8,038,737	2,972,220	8,038,737	2,972,220
	12,116,524	6,757,123	11,162,957	5,872,370
Impairment of CAPIC fund	(736,667)	(910,000)	(736,667)	(910,000)
	11,379,857	5,847,123	10,426,290	4,962,370

(i) This represents the Company's subscription and total commitment of USD 5million into the partnership arrangement of Capital Alliance Property Investment Company (CAPIC). The Partnership was set up to directly and indirectly acquire, develop, hold, manage and dispose of investments in real estate. During the year, this investment recorded an impairment of N75.315million (2020: N834.685million) due to the impact of COVID-19 pandemic on the real estate market.

(ii) This represents the total fair value of the Group's investment in bonds which includes FGN Bonds, Eurobonds, State Government bonds and Corporate bonds classified as available-for-sale.

The nature of AFS bonds measured at fair value is as follows:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Federal government bonds				
FGN 6.5 % 2027 Euro Bond	392,366	392,366	392,366	392,366
FGN 7.63%2025 Eurobond	93,255	93,255	93,255	93,255
FGN 7.7% 2038 Eurobond	165,374	165,374	165,374	165,374
FGN 14.80% 2049 bond	105,927	105,927	105,927	105,927

FGN 14.20% 2024 bond	6,272	6,272	6,272	6,272
FGN 12.50% 2026 bond	186,504	186,504	186,504	186,504
FGN 16.29% 2027 bond	407,726	407,726	407,726	407,726
FGN 13.98% 2028 bond	55,725	55,725	55,725	55,725
FGN 12.15% 2034 bond	435,276	435,276	435,276	435,276
FGN 12.40% 2036 bond	829,213	829,213	829,213	829,213
FGN 16.25% 2037 bond	131,520	131,520	131,520	131,520
FGN Ijara sukuk 16.47% 2024 bond	-	-	-	-
FGN Ijara sukuk 15.74% 2025 bond	-	-	-	-
	2,809,158	2,809,158	2,809,158	2,809,158
State bonds				
Lagos State 15.85% 2024	67,414	67,414	67,414	67,414
Lagos state bond	-	-	-	-
	67,414	67,414	67,414	67,414
Corporate bonds				
Eco Bank 9.5% 2024 Euro Bond	95,649	95,649	95,649	95,649
FCMB Corporate bond			-	-
	95,649	95,649	95,649	95,649
Bonds measured at fair value	2,972,221	2,972,221	2,972,221	2,972,221

(iii) The above financial assets have been assessed for impairment and there was no objective evidence that the assets were impaired as at year end except for investment in CAPIC funds which was subjected to an impairment of N75.315million (2020: N834.6million).

***** Available for sale financial instruments designated at cost are measured as such because the fair value could not be reliably determined.

(b) Financial assets at fair value through profit or loss (FVTPL)

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Bonds measured at fair value (see note (iv) below)	4,489,037	5,964,617	4,433,574	5,964,617
Investment in MTN ordinary shares	3,384,146	3,100,822	3,384,146	3,100,822
	7,873,183	9,065,439	7,817,720	9,065,439

(c) Loan and receivables

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Loans to policyholders (see note (ii) below)	294,130	302,116	294,130	302,116
Allowance for impairment (see note (i) below)	-	(8,833)	-	(8,833)
	294,130	293,283	294,130	293,283

(i) Movement in allowance for impairment

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Balance, beginning of the year	8,833	8,833	8,833	8,833
Balance, end of the year	-	8,833	-	8,833

(ii) The Group grants cash loans to policyholders in line with the policy provisions (terms and conditions). The maximum loan amount that can be granted to policyholders is 70% of the policy cash value except for endowment policies where the policy holder can obtain a maximum of 90% of the policy cash surrender value. The cash value is the cash amount due to the policyholder upon surrender of the insurance contract as at the date of determination and it is used as collateral on policy cash loan granted.
As at year-end, unsubstantiated policyholders loans amounting to ₦8.8 million were fully impaired.

The tenor of the loan is not beyond the policy duration and such policy must be in force and has acquired cash value before loan application can be considered. A pre-determined interest rate (compounded daily) is applied on the loan. The rate is currently within the range of 6-12% per annum depending on the type of policy and it is reviewed periodically.

The rate is determined after due consideration on the interest rate used by the actuary for premium benefit calculation, allowance for documentation and other expenses on the policy, margin for contingencies and profit loadings. Policy loans are not impaired as balances are set-off against benefits accruable to the policyholder. However, when policy loans are unsubstantiated, such balances may be subject to impairment.

(iii) **Movement in Loans and receivables**

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	293,283	288,274	293,283	288,274
Additions during the year	40,452	41,109	40,452	41,109
Accrued interest	-	3,505	-	3,505
Redemptions during the year	(39,605)	(39,605)	(39,605)	(39,605)
Balance, end of the year	294,130	293,283	294,130	293,283

(d) **Held-to-Maturity(HTM) investments**

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Bonds (see note (ii) below)	3,983,701	3,317,585	-	-
Long-term deposits	-	-	-	-
	3,983,701	3,317,585	-	-

(i) **Movement in Held-to-Maturity investments**

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	3,317,585	3,681,466	-	629,868
Additions	2,013,554	2,013,736	-	-
Disposals	(1,538,872)	(2,569,051)	-	(629,868)
Accrued interest	191,434	191,434	-	-
Balance, end of the year	3,983,701	3,317,585	-	-

(ii) The nature of HTM bonds is as follows:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Federal government bonds				
FGN 8.747% 2031 Eurobond	1,138,508	1,138,508	-	-
FGN 6.125% 2028 Eurobond	257,255	257,255	-	-
FGN 9.248% 2049 bond	293,951	293,951	-	-
FGN 7.875% 2032 bond	347,159	347,159	-	-
FGN 13.0% 2031 sukuk series iv bond	105,298	105,298	-	-
FGN Ijara sukuk 16.47% 2024 bond	221,251	221,251	-	-
FGN Ijara sukuk 15.74% 2025 bond	274,583	274,583	-	-
	2,638,005	2,638,005	-	-
Corporate bonds				
Access bank 10.50% 2021 Eurobond	-	-	-	-
UBANL 7.75% 2022 Eurobond	213,253	213,253	-	-
8800364 FIDBAN 10.50% 2022 Eurobond	221,493	221,493	-	-
Ecobank 7.125% 2026 Eurobond	244,833	244,833	-	-
	679,579	679,579	-	-
	3,317,584	3,317,584	-	-

8 **Trade receivables**

(a) Trade receivables comprise:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Due from brokers, agents and other insurance companies	804,143	1,616,129	545,407	1,379,541
	804,143	1,616,129	545,407	1,379,541
Allowance for impairment (see note (c) below)	(191,593)	(1,315,341)	-	(1,123,748)
	612,550	300,788	545,407	255,793
Current	612,550	300,788	545,407	255,793
	612,550	300,788	545,407	255,793

(i) Trade receivables by insurance institutions:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Due from brokers	776,882	1,588,868	518,146	1,352,280
Due from other insurance companies	27,261	27,261	27,261	27,261
Total gross amount	804,143	1,616,129	545,407	1,379,541
Allowance for impairment (see note ('c) below)	(191,593)	(1,315,341)	-	(1,123,748)
	612,550	300,788	545,407	255,793

(b) The age analysis of gross insurance trade receivables as at year-end is as follows:

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Within 30 days	612,550	300,788	545,407	255,793
More than 30 days (see note (i) below)	191,593	1,315,341	-	1,123,748
	804,143	1,616,129	545,407	1,379,541

(i)

Trade receivables due more than 30 days are those previously impaired but not written off from the books as efforts are still on to recover the amount.

(c) The movement in allowance for impairment of trade receivables is as follows:

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Balance, beginning of the year	1,315,341	1,315,341	1,123,748	1,123,748
Write-back during the year	(1,123,748)	-	(1,123,748)	-
Balance, end of the year	191,593	1,315,341	-	1,123,748

9 Other receivables and prepayments

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Non-financial				
Prepaid rent	37,238	32,184	34,230	29,517
Prepaid insurance	32,071	29,359	32,071	29,359
Withholding tax receivable	1,068	1,068	-	-
Stock of stationery	-	5,496	-	5,496
VAT control	139,073	130,098	139,073	130,098
Prepaid housing allowance	66,414	71,322	42,300	50,201
Subscription	150,367	150,367	150,367	150,367
Other prepaid balances (see note (a) below)	156,039	300,433	122,615	261,595
	582,270	720,327	520,656	656,633
Financial				
Due from subsidiaries (see note (39))	-	-	240,126	240,333
Dividend receivable	8,078	9,833	-	-
Receivables from Meristem	-	9,312	-	9,312
Insurance recoverable	3,221	3,221	3,221	3,221
Due from Staff (see note (g) below)	28,790	23,601	27,317	22,112
Due from Mingol Properties Ltd (see note (f) below)	46,778	415,266	21,080	227,989
Other receivables (see note (c) below)	165,803	500,293	134,814	424,302
	252,670	961,526	426,558	927,269
Total other receivables and prepayments	834,940	1,681,853	947,214	1,583,902
Allowance for impairment (see note (e) below)	(37,323)	(408,044)	-	(370,721)
	797,617	1,273,809	947,214	1,213,181
Current	797,617	1,273,809	947,214	1,213,181
Non-current	-	-	-	-
	797,617	1,273,809	947,214	1,213,181

(a) Other prepaid balances comprise email, software application and server protection license prepayments.

(b) Due from subsidiaries comprises receivable from its subsidiaries, Fin Insurance Company Limited and Cornerstone Takaful Nigeria. See note 39.

(c) Other receivables comprise receivables from its investment brokers which include WSTC Financial Services, RENCAP Securities, Reward Investment and from other third parties.

(d) The movement in allowance for impairment on other receivables is analysed below

(e) The impairment allowance on, and the carrying amount of, other receivables are analysed as follows:

Group - 2022		**Impairment allowance**				
	Gross amount	**Opening balance**	**Addition**	**Write-off/Write back/Reclass**	**Closing balance**	**Carrying amount**
Prepaid insurance	32,071	4,233	-	-	4,233	27,838
Withholding tax receivable	1,068	169	-	-	169	899
Stock of stationery	-	5,496	-	-	5,496	(5,496)
VAT control	139,073	4,589	-	-	4,589	134,484
Prepaid housing allowance	66,414	-	-	-	-	66,414
Subscription	150,367	-	-	-	-	150,367
Other prepaid balances	156,039	-	-	-	-	156,039
Dividend receivable	8,078	-	-	-	-	8,078
Receivables from Meristem	-	-	100,000	-	100,000	(100,000)
Insurance recoverable	3,221	-	-	-	-	3,221
Due from Staff	28,790	-	-	-	-	28,790
Other receivables	165,803	390,323	-	-	390,323	(224,520)
	750,924	404,810	-	-	404,810	346,114

Company - 2022		Impairment allowance				
	Gross amount	Opening balance	Addition	Write-off/Write back	Closing balance	Carrying amount
Prepaid rent	-	-	-	-	-	-
Prepaid insurance	32,071	-	-	-	-	32,071
Withholding tax receivable	-	-	-	-	-	-
Stock of stationery	-	5,496	-	-	5,496	(5,496)
VAT control	139,073	-	-	-	-	139,073
Prepaid housing allowance	42,300	-	-	-	-	42,300
Subscription	150,367	-	-	-	-	150,367
Other prepaid balances	122,615	-	-	-	-	122,615
Due from subsidiaries	240,126	-	-	-	-	240,126
Dividend receivable	-	-	-	-	-	-
Receivables from Meristem	-	4,589	-	-	4,589	(4,589)
Insurance recoverable	3,221	169	-	-	169	3,052
Due from Staff	27,317	-	-	-	-	27,317
Other receivables	134,814	360,467	-	-	360,467	(225,653)
	891,904	370,721	-	-	370,721	521,183

Group - 2021		Impairment allowance				
	Gross amount	Opening balance	Addition	Write-off/Write back/Reclass	Closing balance	Carrying amount
Withholding tax receivable	959	4,233	-	-	4,233	(3,274)
Insurance recoverable	3,221	169	-	-	169	3,052
Stock of stationery	5,496	5,496	-	-	5,496	-
Receivables from Meristem	9,312	4,589	-	-	4,589	4,723
Dividend receivable	9,833	-	-	-	-	9,833
Due from Staff	28,910	3,234	-	-	3,234	25,676
Prepaid insurance	40,134	-	-	-	-	40,134
Other prepaid balances	49,188	-	-	-	-	49,188
VAT control	235,250	-	-	-	-	235,250
Other receivables	423,539	417,636	-	(27,313)	390,323	33,216
	805,842	435,357	-	(27,313)	408,044	397,798

Company - 2021		Impairment allowance				
	Gross amount	Opening balance	Addition	Write-off/Write back	Closing balance	Carrying amount
Prepaid rent	-	-	-	-	-	-
Prepaid insurance	40,134	-	-	-	-	40,134
Stock of stationery	5,496	5,496	-	-	5,496	-
VAT control	235,250	-	-	-	-	235,250
Other prepaid balances	12,513	-	-	-	-	12,513
Due from subsidiaries	245,888	-	-	-	-	245,888
Receivables from Meristem	9,312	4,589	-	-	4,589	4,723
Insurance recoverable	3,221	169	-	-	169	3,052
Due from Staff	26,124	-	-	-	-	26,124
Other receivables	386,550	360,467	-	-	360,467	26,083
	964,488	370,721	-	-	370,721	593,767

(f) Due from Mingol Properties Ltd comprises of receivables from disposed Joint Venture arrangement and has been settled as at the date of signing this financial statements.

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	408,044	408,044	370,721	370,721
Charge during the year	-	-	-	-
Write-off			-	-
Balance, end of the year	37,323	408,044	-	370,721

(g) Due from staff comprises of staff IOU and other advance payments. This balance was not included in solvency margin computation

10 Reinsurance assets

(a) Reinsurance assets are analysed as follows:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Prepaid reinsurance - Non-life	3,496,679	3,397,936	2,941,123	2,980,815
Prepaid reinsurance - Life	359,385	1,031,399	359,385	1,031,399
Additional Unexpired Risk Reserve (AURR) - Non-life	75,566	12,218	74,213	10,865
Prepaid reinsurance - Life and Non-life	3,931,630	4,441,553	3,374,721	4,023,079
Reinsurers' share of outstanding claims - Non-life (see note (ii) below)	1,974,129	2,823,513	1,765,288	2,608,941
Reinsurers' share of outstanding claims - Life (see note (iii) below)	334,511	318,995	334,511	318,995
Reinsurers' share of Incurred but not reported - Non-life (see note (iv) below)	828,908	877,116	773,219	819,236
Reinsurers' share of Incurred but not reported - Life (see note (v) below)	150,782	100,588	150,782	100,588
Reinsurers' share of claims paid - receivable - Non-life (see note (vi) below)	77,104	547,636	77,104	547,636
Reinsurers' share of claims paid - receivable - Takaful (see note (vi) below)	91,577	60,422	-	-
Reinsurers' share of claims paid - receivable - Life (see note (vii) below)	257,003	697,123	257,003	697,123
	7,645,644	9,866,946	6,732,628	9,115,598
Allowance for impairment (see note (viii) below)	-	(497,233)	-	(497,233)
	7,645,644	9,369,713	6,732,628	8,618,365
Current	7,645,644	9,369,713	6,732,628	8,618,365
Non-current	-	-	-	-
	7,645,644	9,369,713	6,732,628	8,618,365

(b) **Summary of reinsurance assets**

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Prepaid reinsurance (see note (i) below)	3,931,630	4,441,553	3,374,721	4,023,079
Reinsurers' share of outstanding claims (see note (ii) below)	2,308,640	3,142,508	2,099,799	2,927,936
Reinsurers' share of incurred but not reported (see note (iii) below)	979,690	977,704	924,001	919,824
Reinsurers' share of claims paid - receivable (see note (iv) below)	425,684	1,305,181	334,107	1,244,759
	7,645,644	9,866,946	6,732,628	9,115,598
Allowance for impairment (see note (viii) below)	-	(497,233)	-	(497,233)
	7,645,644	9,369,713	6,732,628	8,618,365

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

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	4,441,553	3,642,459	4,023,079	3,362,916
Additions during the year (see note (26)(d))	12,373,526	11,767,544	10,040,097	10,305,859
Amortisation during the year	(12,883,447)	(10,968,450)	(10,688,454)	(9,645,696)
Balance, end of the year	3,931,632	4,441,553	3,374,722	4,023,079

	(2)	-	(1)	-

(ii) The movement in reinsurers' share of outstanding claims is shown below:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	3,176,296	3,112,853	2,961,724	2,948,144
Increase during the year (see note (28)(b))	(833,870)	63,443	(828,139)	13,580
Balance, end of the year	2,308,640	3,142,508	2,099,799	2,961,724

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

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	977,704	944,540	919,824	919,824
Increase during the year	1,986	33,164	4,177	-
Balance, end of the year	979,690	977,704	924,001	919,824

(iv) The movement in reinsurers' share of claims paid is shown below:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	1,305,181	1,305,181	1,244,759	1,244,759
Additions during the year	2,087,933	2,009,082	1,865,849	1,861,578
Payments received during the year	(2,960,366)	(2,002,018)	(2,776,501)	(1,861,578)
Balance, end of the year	432,748	1,305,181	334,107	1,244,759

(v) Movement in allowance for impairment

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	497,233	497,233	497,233	497,233
Addition/(Write-back) during the year	-	-	-	-
Balance, end of the year	497,233	497,233	497,233	497,233

11 Deferred Acquisition Costs

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	853,729	567,596	708,289	466,196
Derecognition of Takaful portion	-	-	-	-
Acquisition cost incurred during the year	2,613,833	2,306,262	1,965,222	1,839,196
	3,467,562	2,873,858	2,673,511	2,305,392
Acquisition cost during the year	(2,497,759)	(2,020,130)	(1,916,670)	(1,597,103)
	969,804	853,729	756,841	708,289
Current	969,804	853,729	756,841	708,289
Non-current	-	-	-	-
	969,804	853,729	756,841	708,289

The breakdown of deferred acquisition cost by class of business is as follows:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Deferred acquisition cost - Fire	125,242	138,526	71,921	99,613
Deferred acquisition cost - Motor vehicle	150,745	114,781	100,488	80,491
Deferred acquisition cost - General Accident	460,905	376,108	411,226	345,803
Deferred acquisition cost - Marine & Aviation	47,564	53,641	33,441	40,142
Deferred acquisition cost - Agric	5,342	3,565	-	-
Deferred acquisition cost - Oil & Gas	64,194	50,710	23,953	25,842
Deferred acquisition cost - Group Life	115,812	116,398	115,812	116,398
	969,804	853,729	756,841	708,289

12 Investment in joint venture

This represent the Company's investment in joint venture, Mingol Properties Ltd after the liquidation of CAP Phoenix Limited.

(a) The movement in the investment in joint venture is as follows:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	510	271,295	280	137,738
Additional cash paid for equity interest during the year	-	-	-	-

Receivable from Mingol Properties Ltd (see note (b) below)	(46,778)	(415,266)	(21,080)	(227,989)
Current year share of profit/ (loss) of the joint venture (see note (b) below)	-	95,232	-	68,201
Exchange gain	46,778	49,249	21,080	22,330
Dividends paid during the year	-	-	-	-
Balance, end of the year	510	510	280	280

(b) The analysis of the carrying amount of the investment in joint venture is as follows:

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
At 1 January 2020	366,527	271,295.00	205,939	137,738.00
	366,527	271,295	205,939	137,738
Current year share of profit/(loss) of the joint venture (see note (iii) below)	-	95,232	-	68,201
Receivable from Mingol Properties Ltd	(46,778)	(415,266)	(21,080)	(227,989)
Exchange gain	46,778	320,034	21,080	159,788
	366,527	366,527	205,939	205,939
Current	-	-	-	-
Non-current	366,527	366,527	205,939	205,939
	366,527	366,527	205,939	205,939

(ii) The following information, which relates to the joint venture (2020: Mingol Properties Limited), details the analysis of the share of the profit/loss of the venture:

In thousands of naira	**2022**	**2021**
Assets	-	2,416,196
Liabilities	-	1,191,854
Revenue	-	20,829
Loss from continuing operation	-	(554,921)

The loss from the joint venture arising mainly from the retention on disposal of the investment property, was shared by the participating companies as follows:

	% holding	**2022**	**2021**
Cornerstone Insurance Plc	28	-	(155,378)
Fin Insurance Company Limited	23	-	(127,632)
Cornerstone Group	51	-	(283,010)
CAP Phoenix Limited	49	-	(271,912)
Loss from continuing operation	100	-	(554,922)

(iii) The analysis of the gain from investment in joint venture is as follows:

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Receivable from Mingol Properties Ltd	46,778	415,266	21,080	227,989
Exchange gain	(46,778)	(320,034)	(21,080)	(159,788)
Opening carrying amount	(366,527)	(271,295.00)	(205,939)	(137,738.00)
Closing carrying amount	366,527	271,295.00	205,939	137,738.00
	-	95,232	-	68,201

13 Investment in subsidiaries

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Fin Insurance Company Limited (see note (a)(i) below)	(100,000)	-	3,154,748	3,154,748
Hilal Takaful Nigeria Limited previously called Cornerstone Takaful Nigeria Li	-	-	466,099	466,099
Cornerstone Leasing and Investment Limited	-	-	-	100,000
	(100,000)	-	3,620,847	3,720,847
Impairment allowance (see note (a) below)	100,000.00	-	-	(100,000)
	-	-	3,620,847	3,620,847
Current	-	-	-	-
Non-current	-	-	3,620,847	3,620,847
	-	-	3,620,847	3,620,847

(a) The Company assessed its investment in its subsidiaries for impairment during the year. The investment in Cornerstone Leasing and Investment Limited has been fully impaired from prior years and there was no change to the impairment allowance during the year. The movement in the allowance for impairment during the year was as follows:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	-	-	100,000	100,000
Write-back during the year (see note (a)(iv) below)	-	-	(100,000)	-
	-	-	-	100,000

(i) **Fin Insurance Company Limited**

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	-	-	3,154,748	3,154,748
Addition during the year (see note (a)(iii) below)	-	-	-	-
	-	-	3,154,748	3,154,748

(ii) In the year 2020, the Company discontinued its Takaful Insurance business segment following the approval and license to operate Takaful Insurance as a separate stand alone Company. Consequently, the net asset of NGN466.09million for Takaful Insurance on the date of discontinuation were derecognised against investment in the newly formed Takaful Company which is a wholly owned subsidiary of Cornerstone Insurance Plc. Detailed disclosure regarding the computation of net assets which as at the date of commencement was the deemed cost of the subsidiary is stated in note 5.

(iii) In the year 2020, the Company invested additional N200million in Fin Insurance Company Limited through right issue of shares.

(b) **Principal subsidiary undertakings**

The Group is controlled by Cornerstone Insurance Plc ("the Parent Company") which is incorporated in Nigeria. The controlling interests of Cornerstone Insurance Plc in the group entities are as follows:

Company name	Country of incorporation	Nature of business	% equity holdings
Fin Insurance Company Limited	Nigeria	Non-life insurance business	96.68%
Cornerstone Leasing and Investment Limited	Nigeria	Leasing services	100.00%
Hilal Takaful Nigeria Limited previously called Cornerstone Takaful Nigeria	Nigeria	Takaful insurance business	100.00%

(c) **Other information on subsidiaries**

(i) Cornerstone Leasing and Investment Limited commenced operation on 1 July 2004 as part of the parent company's ultimate strategic plan to provide world class leasing services. The Company was formerly a subsidiary of Cornerstone Asset Management Limited who later in 2009 transferred its shareholding in the company to the ultimate parent, Cornerstone Insurance Plc. Cornerstone Leasing and Investment Limited provides convenient asset acquisition options to both corporate organisations and individuals. The Company's primary place of business is Lagos, Nigeria.

(ii) Fin Insurance Company Limited is a private limited liability company incorporated in Nigeria and its primary activity is the provision of Non-life insurance business. Cornerstone Insurance Plc acquired 96.68% equity interest in Fin Insurance Company Limited in 2015. The acquisition was made in a bid to increase the market share of the Non-life Insurance business of the entity. The Company's primary place of business is Lagos, Nigeria. The proportion of the equity interest of the Company owned by the non-controlling interest is 3.32%.

(d) **Significant restrictions**

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the regulatory frameworks under which the insurance business operates. The regulatory frameworks require all insurance companies to maintain certain levels of regulatory capital and liquid assets and comply with other ratios such as the solvency margin.

(e) Condensed results of consolidated entities

The condensed financial data of the consolidated entities are as follows:

31 December 2022

Condensed statement of profit or loss

In thousands of naira	**Cornerstone Insurance Plc**	**Hilal Takaful Nigeria**	**Fin Insurance Company Limited**	**Cornerstone Leasing and Investment**	**Elimination entries**	**Group balances**
Total income	23,009,511	702,809	4,297,721	-	-	28,010,041
Total expenses	(20,260,034)	(528,652)	(3,693,337)	-	(211,677)	(24,693,700)
Profit before tax	2,749,477	174,157	604,384	-	(211,677)	3,316,341
Tax expense	-	-	-	-	-	-
Profit from continued operation	2,749,477	174,157	604,384	-	(211,677)	3,316,341

Condensed statement of financial position

In thousands of naira	**Cornerstone Insurance Plc**	**Hilal Takaful Nigeria**	**Fin Insurance Company Limited**	**Cornerstone Leasing and Investment**	**Elimination entries**	**Group balances**
Total assets	39,412,481	1,623,559	12,543,628	11,445	(4,262,112)	49,329,001
Total liabilities	23,799,757	941,089	2,616,436	636,601	(532,083)	27,461,800
Shareholders' funds	15,612,725	682,470	9,927,192	(625,156)	(3,730,032)	21,867,200

31 December 2021

Condensed statement of profit or loss

In thousands of naira	**Cornerstone Insurance Plc**	**Hilal Takaful Nigeria**	**Fin Insurance Company Limited**	**Cornerstone Leasing and Investment**	**Elimination entries**	**Group balances**
Total income	20,279,112	463,222	3,466,288	-	-	24,208,622
Total expenses	(17,426,746)	(422,330)	(2,628,355)	-	18,248	(20,459,183)
Profit before tax	2,852,366	40,892	837,933	-	18,248	3,749,440
Tax expense	(111,555)	-	(93,517)	-	-	(205,072)
Profit for the year	2,740,811	40,892	744,416	-	18,248	3,544,368

Condensed statement of financial position

In thousands of naira	**Cornerstone Insurance Plc**	**Hilal Takaful Nigeria**	**Fin Insurance Company Limited**	**Cornerstone Leasing and Investment**	**Elimination entries**	**Group balances**
Total assets	40,417,429	1,524,427	11,670,398	11,445	(4,322,674)	49,301,025
Total liabilities	25,540,899	1,016,119	2,426,115	636,601	(790,867)	28,828,867
Shareholders' funds	14,876,530	508,308	9,244,283	(625,156)	(3,531,807)	20,472,158

14 Investment properties

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	625,000	602,000	-	-
Fair value gains	-	23,000	-	-
Balance, end of the year	625,000	625,000	-	-
Current	-	-	-	-
Non-current	625,000	625,000	-	-
	625,000	625,000	-	-

The balance in this account can be analysed as follows:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Cost	625,000	625,000	-	-
Fair value gain	-	23,000	-	-
	625,000	625,000	-	-

(a) The details of the investment properties of the Group are presented in the table below:

The investment properties are being carried in the name of Yankari Insurance Limited, which is Fin Insurance former business name.

Details of the property	Documentation	aken for perfection	Owner	Carrying amount
Land and Twin Duplex, Plot 667 (A&B) Umozi Street, off Ladoke Akintola Boulevant, Garki II, Abuja	C of O DD 02.08.2005	The Group has a certified true copy of C of O, though its in the name of Yankari Insurance Co. Ltd.	Fin Insurance Company Limited	570,000
Land and Two Blocks Flats, House no 16&18, 2nd Avenue, 21(D) Road by Babangida market, beside Dominion Chapel, FHA Estate, Lugbe, Abuja	FHA allocation letter FHA/ES/FCT/lg/ nhp/33 DD 09.11.2001	The Group has a certified true copy of letter of allocation in the name of Yankari Insurance Co. Ltd.	Fin Insurance Company Limited	32,000
				602,000

(b) **Measurement of fair values**

(i) ***Fair value hierarchy***

The fair value of investment properties was determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer, John Odibah & Partners with FRC number FRC/2022/00000014211 valued the properties on the basis of open market value as at 31 December 2022. The principal valuer is Mr. Odiba John Malik.

The fair value measurement for the investment properties of ₦625 million (2020: ₦602 million) has been categorised as a Level 3 fair value based on the inputs into the valuation technique used.

(ii) ***Valuation technique and significant unobservable inputs***

The following table shows the valuation technique used in measuring the fair value of investment property, 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	-Prices per square meter '-Rate of development in the area '-Quality of the building '-Influx of people and/or business 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).

and off-site facilities.		

Notes to the Financial Statements (cont'd)

15 Property and equipment

(a) Group

31 December 2022

In thousands of naira	**Land**	**Buildings**	**Right of use assets**	**Leasehold improvements**	**Motor vehicles**	**Equipment**	**Furniture & fittings**	**Total**
Cost								
At 1 January 2022	1,265,808	587,114	-	64,877	836,046	642,640	198,434	3,594,919
Additions	-	1,775	-	-	223,817	39,968	4,353	269,913
Disposals	-	-	-	-	(57,750)	(1,055)	-	(58,805)
Revaluation	314,679	192,418						507,097
Reversal of accum dep	-	(136,841)	-	-	-	-	-	(136,841)
Reclassification	-	-	-	-	-	-	-	-
At 31 December 2022	1,580,487	452,048	-	64,877	1,002,113	681,553	202,787	4,176,283
Accumulated depreciation								
At 1 January 2022	72,017	304,989	-	27,478	564,265	603,504	184,352	1,756,605
Charge for the year	-	14,078	-	-	138,557	27,647	2,276	182,558
Reversal of accumm dep	-	(136,841)	-	-	-	-		(136,841)
Disposals	-	-	-	-	(53,731)	(1,054)	6,474	(48,311)
Reclassification	-	-	-	-	-	-	-	-
At 31 December 2022	72,017	182,226	-	27,478	649,091	630,097	193,102	1,754,011
Net book value								
At 31 December 2022	1,508,470	269,822	-	37,399	353,022	51,456	9,685	2,462,978
At 31 December 2021	1,193,791	282,125	-	37,399	271,781	39,136	14,082	1,838,314

Group

31 December 2021

In thousands of naira	**Land**	**Buildings**	**Right of use assets**	**Leasehold improvements**	**Motor vehicles**	**Equipment**	**Furniture & fittings**	**Total**
Cost								
At 1 January 2021	1,265,808	585,339	88,943	64,877	718,123	613,759	197,536	3,534,385
Additions	-	1,775	-	-	247,776	31,259	2,268	283,078
Disposals	-	-	-	-	(129,853)	(2,378)	(1,370)	(133,601)
Reclassification	-	-	(88,943)	-	-	-	-	(88,943)
At 31 December 2021	1,265,808	587,114	-	64,877	836,046	642,640	198,434	3,594,919
Accumulated depreciation								
At 1 January 2021	72,017	295,165	63,100	22,289	545,822	574,657	181,315	1,754,365
Charge for the year	-	9,824	-	5,189	148,296	31,225	4,406	198,940
Reclassification	-	-	(63,100)	-	-	-	-	(63,100)
Disposals	-	-	-	-	(129,853)	(2,378)	(1,369)	(133,600)
At 31 December 2021	72,017	304,989	-	27,478	564,265	603,504	184,352	1,756,605
Net book value								
At 31 December 2021	1,193,791	282,125	-	37,399	271,781	39,136	14,082	1,838,314
At 31 December 2020	1,193,791	290,174	25,843	42,588	172,301	39,102	16,221	1,780,020

(b) Company

31 December 2022

In thousands of naira	Land	Buildings	Right of use assets	Leasehold improvements	Motor vehicles	Equipment	Furniture & fittings	Total
Cost								
At 1 January 2022	135,321	294,423	-	64,877	577,883	528,487	131,042	1,732,033
Additions					223,817	31,492	4,277	259,586
Revaluation Surplus	314,679	192,418						507,097
Reversal of Accum Dep on revaluation		(136,841)						(136,841)
Disposals					(57,750)			(57,750)
Reclassification								-
At 31 December 2022	450,000	350,000	-	64,877	743,950	559,979	135,319	2,304,125
Accumulated depreciation								
At 1 January 2021	-	126,948	-	27,479	380,965	477,881	136,312	1,149,585
Charge for the year		9,893			113,572	22,710	1,381	147,556
Reversal of Accum Dep on revaluation		(136,841)						(136,841)
Disposals	-				(53,731)		6,474	(47,257)
Reclassification	-							-
At 31 December 2022	-	(0)	-	27,479	440,806	500,591	144,167	1,113,043
Net book value								
At 31 December 2022	450,000	350,000	-	37,398	303,144	59,388	(8,848)	1,191,082
At 31 December 2021	135,321	167,475	-	37,398	196,918	50,606	(5,270)	582,448

Company

31 December 2021

In thousands of naira	Land	Buildings	Right of use assets	Leasehold improvements	Motor vehicles	Equipment	Furniture & fittings	Total
Cost								
At 1 January 2020	135,321	294,423	75,100	64,877	537,690	494,380	137,795	1,739,586
Additions	-	-	-	-	164,106	25,510	1,844	191,460
Disposals	-	-	-	-	(123,913)	-	-	(123,913)
Reclassification	-	-	(75,100)	-	-	-	-	(75,100)
At 31 December 2021	135,321	294,423	-	64,877	577,883	528,487	131,042	1,732,033
Accumulated depreciation								
At 1 January 2020	-	122,379	51,099	22,290	386,849	452,691	134,185	1,169,493
Charge for the year		4,569.0	-	5,189.0	118,029.0	25,190.0	2,127.0	155,104
Reclassification	-	-	(51,099)	-	-	-	-	(51,099)
Disposals	-	-	-	-	(123,913)	-	-	(123,913)
At 31 December 2021	-	126,948	-	27,479	380,965	477,881	136,312	1,149,585
Net book value								
At 31 December 2021	135,321	167,475	-	37,398	196,918	50,606	(5,270)	582,448
At 31 December 2020	135,321	172,044	24,001	42,587	150,841	41,689	3,610	570,093

Notes to the Financial Statements (cont'd)

16 Intangible assets

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Cost				
Balance, beginning of the year	225,533	217,971	185,897	185,599
Additions	7,264	7,562	-	298
Disposals	-	-	-	-
Balance, end of the year	232,797	225,533	185,897	185,897
Amortisation				
Balance, beginning of the year	213,728	200,323	182,500	172,099
Charge for the year	5,149	13,405	2,145	10,401
Disposals	-	-	-	-
Balance, end of the year	218,877	213,728	184,645	182,500
Carrying amount	13,920	11,805	1,252	3,397

17 Statutory deposit

This represents the amount deposited with the Central Bank of Nigeria in accordance with section 9(1) and section 10(3) of Insurance Act 2003. The cash amount held is considered to be a restricted cash as Management does not have access to the balances in its day-to-day activities. Interest income earned on this deposit is discretionary and is included in investment income.

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Non life business	800,000	800,000	300,000	300,000
Life business	200,000	200,000	200,000	200,000
Cornerstone Takaful Nigeria	200,000	200,000	-	-
	1,200,000	**1,200,000**	**500,000**	**500,000**
Current	-	-	-	-
Non-current	1,200,000	1,200,000	500,000	500,000
	1,200,000	1,200,000	500,000	500,000

18 Investment contract liabilities

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Investment contract liabilities	3,760,318	3,735,317	3,347,223	3,268,015

The movement in investment contract liabilities is analysed below:

	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	3,735,317	3,674,861	3,268,015	3,226,593
Contributions	1,774,886	1,782,020	1,510,430	1,472,755
Withdrawals	(1,912,420)	(1,887,409)	(1,593,757)	(1,597,178)
Guaranteed interest	162,535	165,845	162,535	165,845
Derecognition of Takaful DA	-	-	-	-
Balance, end of the year	3,760,318	3,735,317	3,347,223	3,268,015
Current	-	-	-	-
Non-current	3,760,318	3,735,317	3,347,223	3,268,015
	3,760,318	3,735,317	3,347,223	3,268,015

(a) Profit on investment contract liabilities

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Income				

Interest income (See note 30)	-	199,653	-	199,653
Fees and commission income	-	-	-	-
Guaranteed interest	(162,535)	(165,845)	(162,535)	(165,845)
	(162,535)	33,808	(162,535)	33,808

19 Insurance contract liabilities

Insurance contract liabilities comprise:

In thousands of naira	Carrying amount Group 2022	Carrying amount Group 2021	Carrying amount Company 2022	Carrying amount Company 2021	Movement Group	Movement Company
Outstanding claims (see note (i) below)	6,706,217	7,450,809	6,050,942	6,685,301	(744,592)	(634,359)
IBNR (see note (ii) below)	1,464,849	1,578,300	1,246,323	1,335,008	(113,451)	(88,685)
Unearned premium (see note (iv) below)	7,539,064	7,563,579	6,169,121	6,656,590	(24,515)	(487,469)
Life fund (see note (v) below)	713,348	663,765	713,348	646,729	49,583	66,619
Life annuity fund (see note (vi) below)	2,493,644	2,480,381	2,493,644	2,480,381	13,263	13,263
	18,917,122	19,736,834	16,673,378	17,804,009	- 819,712	- 1,130,631
Current	15,710,130	16,592,688	13,466,386	14,676,899		
Non-current	3,206,992	3,144,146	3,206,992	3,135,714		
	18,917,122	19,736,834	16,673,378	17,812,613		

The breakdown of insurance contract liabilities by business segment is as follows:

(a) Life insurance contract liabilities

In thousands of naira			Group 2022	Group 2021	Company 2022	Company 2021
Outstanding claims			1,231,918	1,206,047	1,231,918	1,206,047
IBNR			218,372	184,411	218,372	184,411
Unearned premium (see note (iv) below)			808,101	1,674,217	808,101	1,674,217
Life fund			646,729	663,765	646,729	655,333
Life annuity fund			2,493,644	2,480,381	2,493,644	2,480,381
	-	-	5,398,764	6,208,821	5,398,764	6,200,389

(b) Non-Life insurance contract liabilities

In thousands of naira			Group 2022	Group 2021	Company 2022	Company 2021
Outstanding claims			5,474,299	6,244,762	4,819,024	5,479,254
IBNR			1,246,477	1,393,889	1,027,951	1,150,597
Unearned premium			6,730,963	5,889,362	5,361,020	4,982,373
	-	-	13,451,739	13,528,013	11,207,995	11,612,224

(i) Movement in outstanding claims:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	7,450,809	7,450,809	6,685,301	6,685,301
Takaful Insurance	-	-	-	-
(Decrease)/ Increase during the year (see note 28(a))	(744,592)	-	(634,359)	-
Balance, end of the year	6,706,217	7,450,809	6,050,942	6,685,301

(ii) Movement in IBNR:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	1,578,300	1,578,300	1,335,008	1,335,008
Reclassification of Life IBNR	-	-	-	-
Takaful Insurance	-	-	-	-
Increase during the year (see note 28(a))	(113,451)	-	(88,685)	-
Balance, end of the year	1,464,849	1,578,300	1,246,323	1,335,008

(iii) Movement in additional reserve on cost overruns:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	-	-	-	-
Increase/ (Decrease) during the year	-	-	-	-
Balance, end of the year	-	-	-	-

(iv) Movement in unearned premium

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	7,563,579	7,563,579	6,656,590	6,656,590
Takaful Insurance	-	-	-	-
Increase during the year (see note 26(b))	(24,515)	-	(487,469)	-
Balance, end of the year	7,539,064	7,563,579	6,169,121	6,656,590

(v) Movement in Life fund:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	663,765	663,765	646,729	655,333
Life	-	-	-	-
Additions during the year (see note 26('c))	49,583	-	66,619	-
Balance, end of the year	713,348	663,765	713,348	646,729

(vi) Movement in Life annuity fund:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	2,480,382	3,394,085	2,480,382	3,394,085
(Increase)/ Decrease during the year (see note 26(c))	13,263	(913,703)	13,263	(913,703)
Balance, end of the year	2,493,645	2,480,382	2,493,645	2,480,382

('c) During the year, the Company recognised additional deposits to the annuity liability plan of N383.8million in gross premium accounts and pay-outs of N370.3million in the claims paid account. The impact of the actuarial valuation of the annuity plan of N913.7million has also been recognised separately in the income statement.

(d) Aging analysis

(i) Age analysis of outstanding claims - Group

Outstanding claims per claimant	Number of Claimants	0-90 days	91-180 days	181-360 days	More than 360 days	**Total**
1-250,000	2,725	29,838	22,586	45,897	144,902	243,224
250,001 - 500,000	986	59,583	42,068	72,486	228,170	402,307
500,001 - 1,500,000	686	120,132	47,614	98,454	337,501	603,701
1,500,001 - 2,500,000	423	79,235	58,175	120,229	353,138	610,776
2,500,001 - 5,000,000	321	107,722	97,238	95,205	317,657	617,822
5,000,000 and Above	164	454,669	135,398	948,165	3,434,748	4,972,980
		851,179	**403,079**	**1,380,435**	**4,816,117**	**7,450,809**

(ii) Age analysis of outstanding claims - Company

Outstanding claims per claimant	Number of Claimants	0-90 days	91-180 days	181-360 days	More than 360 days	**Total**
1-250,000	2,473	25,716	19,373	39,967	136,116	221,172
250,001 - 500,000	927	51,958	39,874	66,057	219,176	377,065
500,001 - 1,500,000	640	107,797	46,286	93,903	320,060	568,046
1,500,001 - 2,500,000	343	66,931	58,175	59,400	290,063	474,568
2,500,001 - 5,000,000	307	77,022	97,238	94,705	300,312	569,277
5,000,000 and Above	142	361,559	135,398	789,364	3,188,852	4,475,173
		690,983	**396,344**	**1,143,395**	**4,454,580**	**6,685,301**

Though the Group and Company had outstanding claims of more than 90days at year end ranging from outstanding claims awaiting settlement decision, support documents and loss adjusters' reports, there were no outstanding claims with signed executed discharge voucher that were more than 90 days in accordance with Section 70 (1a) of the Insurance Act 2003.

(iii) The aging analysis of the Company's outstanding claims for the Non-life business is as follows:

Outstanding claims per claimant		0-90 days	91-180 days	181-360 days	More than 360 days	**Total**
1-250,000	1490	11,846	5,574	9,974	82,901	110,295
250,001 - 500,000	556	31,320	26,325	34,320	146,376	238,341
500,001 - 1,500,000	347	63,166	24,782	44,212	192,189	324,349
1,500,001 - 2,500,000	253	28,980	26,009	36,170	212,642	303,801
2,500,001 - 5,000,000	257	62,215	46,434	76,393	220,273	405,315
5,000,000 and Above	115	210,601	90,515	774,111	3,021,926	4,097,153
		408,127	**219,639**	**975,179**	**3,876,308**	**5,479,254**

(iv) The aging analysis of the outstanding claims for the Life business is as follows:

Outstanding claims per claimant		0-90 days	91-180 days	181-360 days	More than 360 days	**Total**
1-250,000	983	13,870	13,799	29,992	53,216	110,877
250,001 - 500,000	371	20,638	13,549	31,737	72,801	138,725
500,001 - 1,500,000	293	44,631	21,504	49,692	127,871	243,697
1,500,001 - 2,500,000	90	37,951	32,166	23,230	77,420	170,767
2,500,001 - 5,000,000	50	14,807	50,804	18,312	80,039	163,962
5,000,000 and Above	27	150,958	44,883	15,253	166,925	378,019
		282,855	**176,704**	**168,216**	**578,272**	**1,206,047**
Aging analysis for Non-Life and Life		**690,983**	**396,343**	**1,143,395**	**4,454,580**	**6,685,301**

20 Trade payables

Trade payables represent amounts payable for reinsurers, co-insurers, agents and brokers at year end. The carrying amounts disclosed below approximate the fair values at the reporting date.

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Payables to reinsurers	371,056	247,522	157,677	39,895
Payables to coinsurers	93,441	6,405	93,441	6,405
Commission payable	(30,916)	41,422	- 30,916	41,422
Premium Deposits	2,419,556	2,444,355	2,000,022	2,322,397
	2,853,137	2,739,704	2,220,224	2,410,119
Current	2,853,137	2,739,704	2,220,224	2,410,119
Non-current	-	-	-	-
	2,853,137	2,739,704	2,220,224	2,410,119

(a) Premium deposits represent premiums received in advance but for which the policy risk period is yet to commence as at the reporting date as well as other premium payments by customers into the Group and Company's bank accounts which are yet to be matched with specific policies as at the reporting date due to unavailability of relevant policy information. These are usually reconciled and matched with the appropriate policies on a regular basis.

The movement in premium deposits during the year was as follows:

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Balance, beginning of the year	2,444,355	1,304,856	2,322,397	2,322,397
Additions during the year	2,535,584	2,535,584	2,530,882	2,530,882
Transfers to premium income	- 2,560,383	- 1,396,085	- 2,853,257	- 2,530,882
Balance, end of the year	2,419,556	2,444,355	2,000,022	2,322,397

21 Other payables and accruals

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Financial				
Performance bonus	290,693	12,317	250,693	693
Other staff payables	(10,107)	4,263	(12,131)	2,239
National Housing Fund payable	9,085	7,846	9,085	7,846
Accounts payable (see note (ii) below)	80,866	71,089	42,600	38,803
Professional fee payable (see note (iii) below)	8,907	8,907	8,907	8,907
NAICOM levy payable	238,185	171,795	206,416	149,593
Co-insurers claims deposit	-	-	-	-
Sundry creditors (see note (i) below)	48,742	354,964	49,650	173,997
	666,371	631,181	555,220	382,078
Non-financial				
Accrued expenses	193,244	379,612	185,530	365,362
PAYE	28,678	43,816	23,816	39,532
Withholding tax payable	(13,092)	3,472	(13,092)	3,472
	208,830	426,900	196,254	408,366
	875,201	1,058,081	751,474	790,444
Current	875,201	1,058,081	751,474	790,444
Non-current	-	-	-	-
	875,201	1,058,081	751,474	790,444

(i) Sundry creditors comprise vat and other payables to vendors in the ordinary course of business.

(ii) Accounts payables comprise audit fees and rent payable.

(iii) Professional fees payables comprise of fees to Reward investment ltd and Cowry asset management ltd.

22 Deferred commission income

The analysis of deferred commission income by class is as follows:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Motor	6,905	5,957	4,981	3,143
Fire	103,802	121,064	69,497	73,603
General Accident	14,397	15,105	13,936	13,997
Bond	300	422	292	415
Engineering	322,132	354,101	269,709	324,384
Marine	38,713	27,982	30,754	18,076
Aviation	574	1,064	-	1,030
Agric	4,450	3,072	-	-
Oil and Gas	30,314	65,517	6,175	57,123
Group life	83,697	387,493	83,697	387,493
	605,284	981,777	479,041	879,264
Current	605,284	981,777	479,041	879,264
Non-current	-	-	-	-
	605,284	981,777	479,041	879,264

(a) Movement in deferred commission income:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	981,777	770,626	879,265	704,472
Additions during the year	2,242,294	2,439,129	1,654,538	2,132,249
Fees and commissions earned during the year (see note 27)	(2,618,787)	(2,227,978)	(2,054,760)	(1,957,456)
Balance, end of the year	605,284	981,777	479,043	879,265

23 Taxation

(a) Tax expense

The tax expense recognised in profit or loss is as follows:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Income tax based on the taxable profit/loss for the year	115,875	89,751	115,875	35,276
Tertiary Education Tax	-	48,562	-	37,982
Police Trust Fund Levy	-	182	-	142
Information technology development levy (NITDA)	-	36,560	-	28,528
Total current income tax for the year	115,875	175,055	115,875	101,928
Adjustment in respect of prior years	-	7,194	-	7,194
Deferred tax charge/ (credit) recognised in profit or loss	-	20,390	-	-
Income tax charge/(credit)	115,875	202,639	115,875	109,122
Minimum tax	-	2,433	-	2,433
Total tax charge/(credit) for the year	115,875	205,072	115,875	111,555

(b) Current tax liabilities

The movement in current tax liabilities during the year is as follows:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	475,575	445,799	345,704	276,964
Income tax for the year (see note (a) above)	115,875	175,055	115,875	101,928
Adjustment in respect of prior years	-	7,194	-	7,194
Minimum tax	-	2,433	-	2,433
Payment during the year	(248,231)	(154,906)	(173,842)	(42,817)
Balance, end of the year	343,219	475,575	287,737	345,704
Current	343,219	475,575	287,737	345,704
Non-current	-	-	-	-
	343,219	475,575	287,737	345,704

(c) Deferred taxation

Deferred 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 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.

(i) The movement on the deferred tax assets account is as follows:

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Balance, beginning of the year	861,211	838,000	861,211	838,000
Recognised in profit or loss	-	23,211	-	23,211
	861,211	861,211	861,211	861,211

24 Employees' Retirement Obligations

This represents the Company's liabilities from its defined benefit contribution pension plan which is in compliance with the Pension Reform Act, 2014. All pension contributions are remitted to the relevant registered Pension Fund Administrators.

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Balance, beginning of the year	13,553	3,793	11,529	1,769
Pension expense for the year	77,906	115,687	45,996	88,666
Payments made during the year	(71,966)	(105,927)	(40,056)	(78,906)
	19,493	13,553	17,469	11,529
Current	19,493	13,553	17,469	11,529
Non-current	-	-	-	-
	19,493	13,553	17,469	11,529

25 Equity

(a) Share capital

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Authorised:				
18,500,000,000 ordinary shares of 50k each	9,250,000	9,250,000	9,250,000	9,250,000
Issued and fully paid:				
Balance, beginning of the year	9,083,196	9,083,196	9,083,196	9,083,196
Bonus issues transfer from share premium	-	-	-	-
Balance, end of the year	9,083,196	9,083,196	9,083,196	9,083,196

(b) Share premium

This represents the amounts paid by shareholders above the nominal price of the shares.

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Balance, beginning of the year	183,165	183,165	183,165	183,165
Transfer to Share Capital by way of Bonus issues	-	-	-	-
Share issuing cost	-	-	-	-
Balance, end of the year	**183,165**	**183,165**	**183,165**	**183,165**

(c) Treasury shares

Treasury shares are owner equity instruments which are deducted from equity. No dividends are allocated to them.

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	(67,130)	(58,440)	(67,130)	(58,440)
Addition during the year	-	(8,690)	-	(8,690)
Balance, end of the year	**(67,130)**	**(67,130)**	**(67,130)**	**(67,130)**

(d) Retained Earnings/(losses)

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	5,855,597	3,101,415	1,769,197	(431,800)
Transfer to contingency reserves (see note (e) below)	(1,101,252)	(717,896)	(627,986)	(539,814)
Profit for the year	2,980,660	3,511,220	2,383,602	2,740,811
Dividend paid	(908,320)	-	(908,320)	-
Reclassification of deferred tax liability	-	(39,142)	-	-
Impairment write back from Cornerstone Leasing	-	-	-	-
Balance, end of the year	6,826,686	5,855,597	2,616,493	1,769,197

(e) Contingency reserve

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	4,735,167	4,017,271	3,844,841	3,305,027
Transfer from retained earnings (See note (d) above)	1,101,252	717,896	627,986	539,814
Balance, end of the year	5,836,419	4,735,167	4,472,827	3,844,841

In compliance with section 21(1) of Insurance Act 2003, the contingency reserve for Non-life insurance business is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the greater of minimum paid-up capital and 50% percent of the net premium. For life business, the contingency reserve is credited with an amount equal to 1% of gross premium or 10% of net profit (whichever is greater) and accumulated until it reaches the amount of minimum paid-up capital.

(f) Fair value reserve

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	387,889	1,132,194	63,261	906,871
Fair value changes on Available-for-sale securities	(1,206,791)	(739,022)	(1,276,911)	(843,610)
Fair value changes on investment properties	-	(5,283)	-	-
Balance, end of the year	(818,902)	387,889	(1,213,650)	63,261

(g) Non-controlling interest in Equity

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year	294,274	265,650	-	-
Share of profit for the year	20,067	24,716	-	-
Share of other comprehensive income	2,328	3,908	-	-
Balance, end of the year	316,669	294,274	-	-

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
(h) Revaluation Reserve				
Balance, beginning of the year	-	-	-	-
Addition during the year	507,097		507,097	
Balance as at Year end	507,097		507,097	

Notes to the Financial Statements (cont'd)

26 Premium income

(a) Gross premium written

Gross premium written by business is as follows:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Non-life insurance	16,080,884	15,163,393	12,642,165	12,920,543
Life insurance	5,627,019	5,367,596	5,627,019	5,367,596
Takaful insurance	573,888	389,564	-	-
Gross written premium	**22,281,791**	**20,920,553**	**18,269,184**	**18,288,139**

(b) Gross premium income

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Gross premium written (see note (a) above)	22,281,791	20,920,553	18,269,184	18,288,139
Changes in unearned premium (see note 19(iv))	(1,649,717)	(3,127,934)	(1,186,748)	(2,940,341)
Gross premium income	**20,632,074**	**17,792,619**	**17,082,436**	**15,347,798**

(c) Changes in Life Business

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Changes in life fund (see note 19(v))	(1,616,202)	(928,394)	(1,616,202)	(936,826)
Changes in life annuity fund (see note 19(vi))	13,263	(913,703)	13,263	(913,703)
	(1,602,939)	**(1,842,097)**	**(1,602,939)**	**(1,850,529)**

(d) Reinsurance expenses

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Non-life insurance	10,357,119	9,234,874	8,216,675	7,911,582
Life insurance	1,823,422	2,394,277	1,823,422	2,394,277
Takaful insurance	192,985	138,393	-	-
Total reinsurance cost	12,373,526	11,767,544	10,040,097	10,305,859
Changes in prepaid reinsurance cost	509,921	(799,094)	648,357	(660,163)
	12,883,447	**10,968,450**	**10,688,454**	**9,645,696**
Net premium income	**9,351,566**	**8,666,266**	**7,996,921**	**7,552,631**

(e) Movement in reinsurance costs

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Balance, beginning of the year (See note 10(b)(i))	4,441,553	3,642,459	4,023,079	3,362,916
Reinsurance cost for the year	12,373,526	11,767,544	10,040,097	10,305,859
	16,815,079	15,410,003	14,063,176	13,668,775
Reinsurance cost amortised	(12,883,447)	(10,968,450)	(10,688,454)	(9,645,696)
Total reinsurance cost	(12,883,447)	(10,968,450)	(10,688,454)	(9,645,696)
Balance, end of the year (See note 10(b)(i))	3,931,632	4,441,553	3,374,722	4,023,079

27 Fees and commission income

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Fee and commission income (see note 22(a))	2,618,787	2,227,978	2,054,760	1,957,456
	2,618,787	**2,227,978**	**2,054,760**	**1,957,456**

(a) **Analysis of gross fees and commission income by line of business:**

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Non-life insurance	1,404,314	1,520,495	975,233	1,238,482
Life insurance	679,305	893,767	679,305	893,767
Takaful insurance	53,134	24,869	-	-
	2,136,751	**2,439,131**	**1,654,538**	**2,132,249**

(b) **Analysis of movement in deferred commission income by line of business:**

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Non-life insurance	178,238	(50,627)	96,426	(14,267)
Life insurance	303,796	(160,526)	303,796	(160,526)
Takaful insurance	-	-	-	-
	482,034	**(211,153)**	**400,222**	**(174,793)**

('c) **Analysis of fees and commission income by line of business:**

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Non-life insurance	1,582,552	1,469,868	1,071,659	1,224,215
Life insurance	983,101	733,241	983,101	733,241
Takaful insurance	53,134	24,869	-	-
	2,618,787	**2,227,978**	**2,054,760**	**1,957,456**

28 (a) Gross claims incurred

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Gross benefits and claims paid	5,373,595.00	4,996,046.00	4,828,843	4,563,740
Change in outstanding claims (see note 19(i))	(792,502.00)	(182,762.00)	(633,882)	(295,240)
Changes in IBNR (see note 19(ii))	(156,367.00)	(112,467.00)	(122,645)	(185,821)
	4,458,687.00	**4,700,817.00**	**4,106,277**	**4,082,679**

(i) Analysis of gross claims incurred by line of business:

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Non-life insurance	2,549,601	2,203,211	2,286,951	1,659,359
Life insurance	1,819,326	2,423,320	1,819,326	2,423,320
Takaful insurance	89,760	74,286	-	-
	4,458,687	**4,700,817**	**4,106,277**	**4,082,679**

(b) Analysis of claims recoveries from reinsurers:

In thousands of naira	**Group 2022**	**Group 2021**	**Company 2022**	**Company 2021**
Recoveries from reinsurance on claims paid	2,960,366	2,002,018	2,776,501	1,861,578
Changes in reinsurers' share of outstanding claims (see note 10(b)(ii))	(833,870)	63,443	(828,139)	13,580
Changes in reinsurers' share of IBNR	1,986	33,164	4,177	-
Changes in reinsurances' share of claims paid	(879,497)	7,064	(910,652)	-
	1,248,985	**2,105,689**	**1,041,887**	**1,875,158**

(i) Analysis of claims recoveries from reinsurers

Non-life insurance	580,407	867,893	421,591	645,019
Life insurance	620,296	1,230,139	620,296	1,230,139
Takaful insurance	48,282	7,657	-	-
	1,248,985	**2,105,689**	**1,041,887**	**1,875,158**

29 Underwriting expenses

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Acquisition costs (see note (a) below)	2,497,759	2,020,130	1,916,670	1,597,103
Maintenance expenses (see note (b) below)	1,343,394	1,028,697	1,141,040	921,359
	3,841,153	**3,048,827**	**3,057,710**	**2,518,462**

(a) Acquisition costs by business is as follows:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Acquisition cost - Life	418,128.00	264,849	418,128	264,849
Acquisition cost - Non-life	2,114,622.00	1,978,344	1,546,516	1,574,346
Acquisition cost - Takaful	63,068.00	63,068	-	-
Total commission during the year	2,595,818.00	2,306,261	1,964,644	1,839,195
Changes in deferred acquisition cost	(98,059.00)	(286,131)	(47,974)	(242,092)
	2,497,759	**2,020,130**	**1,916,670**	**1,597,103**

(b) Maintenance expenses by business is as follows:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Maintenance cost - Life	109,903	80,628	109,903	80,628
Maintenance cost - Non-life	1,229,999	943,309	1,031,137	840,731
Maintenance cost - Takaful	3,492	4,760	-	-
	1,343,394	**1,028,697**	**1,141,040**	**921,359**

30 Investment income

This comprises:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Interest income on financial assets	2,029,265	1,332,864	1,658,591	896,498
Interest income - Investment contract liabilities (see note 18(a))	-	199,653	-	199,653
Total interest income	2,029,265	1,532,517	1,658,591	1,096,151
Rental income	6,500	12,500	-	-
Dividend income	342,693	263,987	273,159	195,466
Total investment income	**2,378,458**	**1,809,004**	**1,931,750**	**1,291,617**
Less: Interest income - Investment contract liabilities	-	(199,653)	-	(199,653)
Investment income on financial assets	**2,378,458**	**1,609,351**	**1,931,750**	**1,091,964**

(a) Interest income on financial assets:

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Interest income received (see note (i) below)	105,425	1,257,177	212,313	1,065,757
Accrued interest:				
- Available-for-sale financial assets (see note 7(a)(iv))	1,932,059	80,401	1,446,278	26,889
- Loans and receivables (see note 7(c)(iii))	-	3,505	-	3,505
- Held-to-maturity investments (see note 7(d)(i))	191,434	191,434	-	-
	2,228,918	1,532,517	1,658,591	1,096,151

(i) Interest income received comprises of income from short term deposits and bonds.

31 Net fair value gain

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Fair value gain on financial assets at FVTPL (see note 7(b)(i))	(511,774)	(742,348)	(511,774)	(742,348)
	(511,774)	**(742,348)**	**(511,774)**	**(742,348)**

32 (a) Net exchange gain

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Unrealised exchange gain:				
- Available-for-sale (AFS) financial assets	2,838	66,446	2,838	66,446
- Fair value through profit or loss (FVTPL) financial assets	104,040	267,496	104,040	267,496
- Other	662,235	1,051,981	454,460	379,875
	-	-	-	-
	769,113	1,385,923	561,338	713,817
Realised exchange gain - AFS financial assets	-	-	-	-
	769,113	**1,385,923**	**561,338**	**713,817**

The net exchange gain resulted from translation of foreign currency denominated balances of the entity using the closing rate as at reporting date in line with IAS 21 *The effect of changes in foreign exchange rates* and also from sales of foreign currency denominated assets during the year.

(b) Net trading income

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Gain on disposal of financial assets (see note (i) below)	287,174	-	287,174	-
	287,174	**-**	**287,174**	**-**

(i) This largely represents the gain on disposal of the MTN ordinary shares during the year.

33 Other operating income

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Miscellaneous income (see note (a) below)	33,478	61,431	888	59,896
Profit on disposal of property & equipment	52	139	-	-
Mudarabah Income	-	-	-	-
	33,530	**61,570**	**888**	**59,896**

(a) This largely represents recovery on Cornerstone Assets Management & Leasing Company debt previously written-off which were recovered during the year.

34 **Impairment losses**

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Write-back on trade receivables (see note 8(c))	-	-	-	-
Loss on financial assets (see note 7(a))	-	75,315	-	75,315
Loss on other receivables	-	-		-
Write-back on Cornerstone Leasing Company (see note 13 (a))	-	-		-
Write-back on CAPIC	(173,332)	-	(173,332)	-
	(173,332)	**75,315**	**(173,332)**	**75,315**

35 **Personnel expenses**

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Salaries	1,642,037	1,414,649	1,224,770	1,050,375
Auxiliary staff costs	313,757	280,570	284,461	251,832
Other staff allowances	664,649	432,632	544,880	372,816
Defined contribution pension costs	77,906	115,687	45,996	88,666
	2,698,349	**2,243,538**	**2,100,107**	**1,763,689**

36 **Other operating expenses**

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Advertising and promotions	77,566	42,760	71,438	33,073
Rents and rates	128,644	97,043	87,636	78,535
Consultancy fees	260,894	260,870	203,750	195,451
Legal fees	30,240	41,509	26,660	41,446
Repairs, fuel and maintenance	297,950	246,621	278,627	227,244
Other Statutory dues and NAICOM levy	256,071	193,688	211,364	166,681
Directors' costs	106,932	41,981	69,868	15,703
Auditor's remuneration***	42,008	38,688	24,908	25,000
Staff training and development	77,176	31,571	49,586	26,359
Subscription	27,985	21,727	16,310	17,514
Business travels	95,852	76,226	79,984	65,137
Fines and Penalties	854	6,650	604	6,650
Insurance	107,912	68,453	88,446	55,670
Medicals	26,378	33,166	17,941	25,219
AGM expenses	10,931	19,544	10,650	19,044
Telephone and postages	19,732	16,811	15,624	14,803
Electricity	34,277	22,159	22,180	16,814
Stationery and printing	21,297	14,179	17,228	11,393
Office expenses	44,110	35,243	40,988	33,884
IT Consumables	40,177	25,526	31,857	18,746
Loss on disposal of property & equipment	-	-	-	-
Donation*	2,950	7,200	2,950	7,100
Software maintenance cost	-	-	-	-
Other expenses**	99,152	40,964	24,119	4,495
	1,809,088	**1,382,579**	**1,392,718**	**1,105,961**

*Donation made to Chartered Insurance Institute of Nigeria (CIIN) in support of office building, Nigeria Insurers Association (NIA) for investiture of new chairman, Nigerian Council of Registered Insurance Brokers (NCRIB) for investiture of new chairman, Ijumu Anglican Science Secondary School Iyara for academic program.

**Other expenses includes entertainment, offices expenses, short travels, newspapers and magazine etc.

***Auditor's remuneration is fees to statutory(external) auditor. The external auditor (KPMG Professional Services) was not engaged in non-audit services.

37 **Finance cost**

In thousands of naira	Group 2022	Group 2021	Company 2022	Company 2021
Bank charges	75,051	62,041	61,155	46,604
	75,051	**62,041**	**61,155**	**46,604**