Royal Exchange Plc
(RC: 6752)

Consolidated Unaudited Financial Statements
31 December 2023

ROYAL EXCHANGE PLC RC: 6252

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Table of Contents

ROYAL EXCHANGE PLC

RESULTS AT A GLANCE
FOR YEAR ENDED 31 DECEMBER 2023

	31-Dec-23	**31-Dec-22**	**%**
EARNED INCOME	882,315	249,612	253
PROFIT/(LOSS) BEFORE TAX	494,025	(148,333)	433
PROFIT/(LOSS) AFTER TAX	460,092	(150,474)	406
SHARE CAPITAL	2,572,685	2,572,685	-
SHAREHOLDERS' FUND	2,571,218	2,104,781	22
PROFIT/(LOSS) PER SHARE (NAIRA) - BASIC	9	(6)	259
STOCK EXCHANGE QUOTATION (NAIRA)	0.50	0.88	(43)

Consolidated Statements of Financial Position

At 31 December 2023

In thousands of Naira	Note	Unaudited Group 31-Dec-23	Audited Group 31-Dec-22	Unaudited Company 31-Dec-23	Audited Company 31-Dec-22
ASSETS					
Cash and cash equivalents	5	585,105	608,573	101,244	127,890
Loans and advances to customers	6	982,071	1,140,139	-	-
Advances under finance lease		86,277	68,431	-	-
Investment securities:					
Measured at Fair Value Through Profit or Loss (FVPL)	8(a)	41,863	30,820	4,857	17,440
Measured at Fair Value Through Profit or Loss (FVOCI)	8(b)	-	-	-	-
Amortized Cost	8(c)	-	-	-	-
Investment in subsidiaries	9	-	-	509,389	509,389
Assets classified as held for sale	9(b)	-	-	-	-
Trade receivables	10	-	-	-	-
Reinsurance assets	11	-	-	-	-
Deferred acqusition cost	12	-	-	-	-
Other receivables and prepayments	13	164,223	163,342	141,182	105,361
Investment in associates	14	5,728,913	5,080,554	5,728,914	5,080,554
Investment properties	15	-	-	-	-
Property and equipment	17	14,135	17,440	2,260	1,493
Right of Use Asset	17(b)	-	942	0	942
Intangible assets	18	-	-	-	-
Employees retirement benefit asset (Net)	19	-	-	-	-
Statutory deposits	20	-	-	-	-
Deferred tax assets	21	-	-	-	-
Investment Properties classified as held for sale	16	-	-	-	-
Deposit for shares	14(c)	39,000	39,000	39,000	39,000
Total assets		**7,641,588**	**7,149,241**	**6,526,846**	**5,882,071**
LIABILITIES					
Borrowings	29	2,029,541	544,777	750,933	544,777
Deferred Income	22	-	-	-	-
Trade payables	23	-	-	-	-
Other liabilities	24	2,765,242	3,037,411	2,979,264	2,996,833
Depositors' funds	25	-	1,226,428	-	-
Insurance contract Liabilities	26	-	-	-	-
Investment contract Liabilities	27	-	-	-	-
Finance Lease Obligation	29	168	168	15,229	13,699
Current income tax liabilities	28(b)	268,920	234,702	266,527	232,594
Employees benefit liability	19(a)	4,515	974	974	974
Deferred tax liabilities	21	-	-	-	-
Deposit for Shares		1,985	-	-	-
Total liabilities		**5,070,371**	**5,044,460**	**4,012,926**	**3,788,877**
EQUITY					
Share capital	30	2,572,685	2,572,685	2,572,685	2,572,685
Share premium	31	2,690,936	2,690,936	2,690,936	2,690,936
Contingency reserve	32	-	-	-	-
Treasury shares	33	-	-	-	-
Retained earnings	34	(3,080,391)	(3,612,013)	(2,704,182)	(3,124,904)
Other component of equity	35(c)	387,988	453,173	(45,524)	(45,524)
Capital and reserves attributable to owners		**2,571,218**	**2,104,781**	**2,513,917**	**2,093,193**
Non-controlling interests	35(d)	**-**	**-**	**-**	**-**
Total Equity		**2,571,218**	**2,104,781**	**2,513,917**	**2,093,193**
Total equity & liabilities		**7,641,586**	**7,149,241**	**6,526,844**	**5,882,070**

The Financial Statements was approved by the board of directors on 22nd January, 2024 and signed on its behalf by:

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

Anthony Ogunade
Accountant
(FRC/2023/PRO/ICAN/001/580489)

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For period ended 31 December 2023

In thousands of Naira	Note	Group 31-Dec-23	Audited Group 31-Dec-22	Company 31-Dec-23	Audited Company 31-Dec-22
Gross premium written:	36(a)	-	-	-	-
Unearned premium		-	-	-	-
Gross premium income		-	-	-	-
Reinsurance expenses	36(b)	-	-	-	-
Net premium income		-	-	-	-
Fees and commission income	37	-	-	-	-
Net underwriting income		-	-	-	-
Insurance claims and benefits incurred	38	-	-	-	-
Insurance claims and benefits incurred - recoverable from reinsurers	39	-	-	-	-
Net claims expenses		-	-	-	-
Changes in insurance contract liabilities		-	-	-	-
Underwriting expenses	40	-	-	-	-
Total underwriting expenses		-	-	-	-
Underwriting profit		-	-	-	-
Interest Income	41	298,180	262,173	3,959	3,377
Interest Expense	41	(188,340)	(229,222)	(26,049)	(53,410)
Net Interest Income		109,840	32,951	(22,089)	(50,033)
Investment and other income	42	97,872	67,015	97,872	3,668
Share of profit/loss on investment in associate	14	591,546	240,327	591,546	240,327
Net fair value gain or loss on financial assets	43	9,034	-	(15,833)	-
Charge/write-back of impairment allowance	44	61	(90,877)	61	(117,708)
ECL Impairment Allowance	44(a)	3,869	-	-	-
Operating income (Revenue)		-	-	-	-
Other operating income	45	70,093	196	26,691	196
Foreign exchange gains/(losses)	46	-	-	-	-
Net Income		**882,315**	**249,612**	**678,249**	**76,450**
Management expenses	47	(388,290)	(397,945)	**(223,593)**	(239,576)
Total expenses		**(388,290)**	**(397,945)**	**(223,593)**	**(239,576)**
Profit/(Loss) before tax		**494,025**	**(148,333)**	**454,656**	**(163,126)**
Minimum tax	28(a)	(33,933)	-	(33,933)	-
Income taxes	28(a)	-	(2,141)	-	(34)
(Loss)/Profit after taxation from continuing operations		**460,092**	**(150,474)**	**420,723**	**(163,160)**
Discontinued operations:					
Loss for the year from discontinued operations	49	-	(392,664)	-	-
Gain/(Loss) on disposal of Subsidiary	15(c)	-	254,666	-	352,900
(Loss)/Profit after taxation from discontinued operations		-	(137,998)	-	352,900
(Loss)/Profit after taxation for the year		460,092	(288,472)	420,723	189,740
Profit/(Loss) is attributable to:					
Owners of Royal Exchange Plc		460,092	(289,205)	420,723	189,740
Non-controlling interest		-	733	-	-
		460,092	**(288,472)**	**420,723**	**189,740**
Other comprehensive income, net of tax					
Items that will never be reclassified subsequently to profit or loss:					
Net actuarial gains/(losses) of defined benefit obligations		-	-	-	-
Share of returns in associates		-	-	-	-
Items that are or may be reclassified subsequently to profit or loss:					
Changes in fair value of FVOCI investments		-	-	-	-
Total other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the period		**460,092**	**(288,472)**	**420,723**	**189,740**
Total comprehensive income attributable to:					
Owners of Royal Exchange Plc		460,092	(288,472)	420,723	189,740
Non-controlling interest		-	-	-	-
		460,092	**(288,472)**	**420,723**	**189,740**
Total comprehensive income for the period attributable to owners of Royal Exchange Plc arising from:					
Continued operations		460,092	(288,472)	420,723	189,740
Loss for the year from Discontinued operations		-	-	-	-
Gains/(Loss) on disposal of Subsidiary			-		-
		460,092	**(288,472)**	**420,723**	**189,740**
Profit/(Loss) per share - Basic and diluted (kobo)		**9**	**(6)**	**8**	**4**

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

Statement of Changes in Equity
At 31st December 2023

Group
In thousands of Naira

	Share Capital	Share Premium	Contingency Reserve	Retained Earnings	Treasury Shares	Other components of equity: Regulatory risk reserve	Actuarial Gain/Loss Reserve	Fair value reserve	Other Component of Equity	Total	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
At 1 January 2023	2,572,685	2,690,936	-	(3,612,013)	-	504,801	(162)	(51,470)	-	453,171	2,104,779	-	2,110,739
										-			
Fair value reserve	-	-	-	-	-	-	-	-		-	-	-	-
Share of returns in associates	-	-	-	-	-	-		-		-	-	-	-
Net actuarial gains/losses	-	-	-	-	-	-	-	-		-	-	-	-
(Loss)/Profit for the year	-	-	-	460,092	-	-	-	-		-	460,092	-	460,092
										-			
										-			
Total comprehensive income	**2,572,685**	**2,690,936**	**-**	**(3,151,921)**	**-**	**504,801**	**(162)**	**(51,470)**	**-**	**453,171**	**2,564,871**	**-**	**2,570,831**
Share of newly recognized Non-controlling Interest (NCI)	-	-	-	-	-	-	-	-		-	-	-	-
Disposal on Non-controlling Interest (NCI)												-	-
Contigency reserve	-	-	-	-	-	-	-	-		-	-	-	-
Share of returns in associates	-	-	-	-	-	-	-	-		-	-	-	-
Retained earnings	-	-	-	71,530	-	-	-	-		-	71,530	-	71,530
Transfer to contingency reserve	-	-	-	-	-	-	-	-		-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	-	-	-		-	-	-	-
	-	-	-	-	-	-	-	-		-	-	-	-
										-	-	-	-
Transactions with owners in their capacity as owners:										-	-	-	-
Other reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment for divested subsidairies			-	-		-	-	-		-	-	-	-
At 31st December 2023	**2,572,685**	**2,690,936**	**-**	**(3,080,391)**	**-**	**504,801**	**(162)**	**(51,470)**	**-**	**453,171**	**2,636,401**	**-**	**2,642,361**

Statement of Changes in Equity
At 31st December 2022

Group
In thousands of Naira

						Other component of equity							
	Share Capital	**Share Premium**	**Contingency Reserve**	**Retained Earnings**	**Treasury Shares**	**Regulatory risk reserve**	**Actuarial Gain/Loss Reserve**	**Fair value reserve**	**Other Component of Equity**	**Total**	**Equity attributable to Parent's Shareholders**	**Non-controlling Interests**	**Total Equity**
At 1 January 2022	2,572,685	2,690,936	417,436	(4,258,421)	-	472,006	49,058	(51,470)	-	469,594	1,892,231	117,248	2,015,440
										-			
Fair value reserve	-	-	-	-	-	-	-	-		-	-	-	-
Changes in fair value of FVOCI investments	-	-	-	-	-	-		-		-	-	-	-
Share of returns in associates	-	-	-	-	-	-	-	-		-	-	-	-
Net actuarial gains/losses	-	-	-	-	-	-	-	-		-	-	-	-
Loss/(profit) for the year	-	-	-	(288,472)	-	-	-	-		-	(288,472)	(30,192)	(318,664)
										-			
Total comprehensive income	**2,572,685**	**2,690,936**	**417,436**	**(4,546,893)**	**-**	**472,006**	**49,058**	**(51,470)**		**469,594**	**1,603,759**	**87,056**	**1,696,776**
Share of newly recognized Non-controlling Interest (NCI)	-	-	-	-	-	-	-	-		-	-	(87,056)	(87,056)
Disposal on Non-controlling Interest (NCI)												-	-
Contigency reserve	-	-	-	-	-	-	-	-		-	-	-	-
Share of returns in associates	-	-	-	-	-	-	-	-		-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-		-	-	-	-
Transfer to contingency reserve	-	-	-	-	-	-	-	-		-	-	-	-
Transfer to regulatory reserve	-	-	-	-	-	32,796	14,624	-		47,420	47,420	-	47,420
											-		
Transactions with owners in their capacity as owners:													
Other reserve	-	-	-	-	-	-	-	-		-	-	-	-
Adjustment for loss of control			(417,436)	934,880		-	(63,844)	-		(63,844)	453,600	-	453,600
At 31st December 2022	**2,572,685**	**2,690,936**	**-**	**(3,612,013)**	**-**	**504,801**	**(162)**	**(51,470)**		**453,171**	**2,104,779**	**-**	**2,110,739**

Statement of Changes in Equity
At 31st December 2023
Company

In thousands of Naira	Share Capital	Share Premium	Retained Earnings	Other Component of Equity: Actuarial Gain/Loss Reserve	Other Component of Equity: Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
At 1 January 2023	2,572,685	2,690,936	(3,124,900)	(45,524)	(45,524)	2,093,197	-	2,093,197
						-		-
Profit for the period	-	-	420,721	-	-	420,721	-	420,721
Net actuarial gains/losses	-	-	-	-	-	-	-	-
Share of current year results in associates - OCI					-	-		-
Total comprehensive income	**2,572,685**	**2,690,936**	**(2,704,179)**	**(45,524)**	**(45,524)**	**2,513,918**	**-**	**2,513,918**
Transactions within equity:								
Dividend paid	-	-	-	-	-	-	-	-
At 31st December 2023	**2,572,685**	**2,690,936**	**(2,704,179)**	**(45,524)**	**(45,524)**	**2,513,918**	**-**	**2,513,918**

Statement of Changes in Equity
At 31st December 2022
Company

In thousands of Naira	Share Capital	Share Premium	Retained Earnings	Other Component of Equity: Actuarial Gain/Loss Reserve	Other Component of Equity: Other Component of Equity (Total)	Equity attributable to Parent's Shareholders	Non-controlling Interests	Total Equity
At 1 January 2022	2,572,685	2,690,936	(3,314,643)	(45,524)	(45,524)	1,903,453	-	1,903,453
Profit for the	-	-	-	-	-	-	-	-
Net actuarial gains/losses	-	-	189,739	-	-	189,739	-	189,739
Share of current year results in associates - OCI	-	-	-	-	-	-		-
					-			
Total comprehensive income	**2,572,685**	**2,690,936**	**(3,124,904)**	**(45,524)**	**(45,524)**	**2,093,193**	**-**	**2,093,193**
Transactions within equity:								
Dividend paid	-	-	-	-	-	-	-	-
At 31st December 2022	**2,572,685**	**2,690,936**	**(3,124,900)**	**(45,524)**	**(45,524)**	**2,093,193**	**-**	**2,093,193**

Consolidated Statements of Cashflows
At 31 December 2023

In thousands of Naira	Notes	Group 31-Dec-23	Audited Group 31-Dec-22	Company 31-Dec-23	Audited Company 31-Dec-22
(Loss)/Profit for the year		460,092	(288,472)	420,723	189,739
Add: Minimum tax		33,933	-	33,933	-
Add: Income tax	28(a)	-	2,141	-	34
Profit before taxes		**494,025**	**(286,331)**	**454,656**	**189,773**
Adjustments for:					
ECL Impairment Allowance	44	3,869	-	-	-
Charge/(write-back) of impairment allowance	44	-	90,877	-	117,708
Depreciation on property and equipment	17	6,466	6,536	768	389
Depreciation on Right of Use Asset	17(b)	(942)	-	(941)	3,762
Amortization of intangible assets	18	308	1,618	-	-
Profit/(Loss) on disposal of property and equipment	45	-	-	-	-
Profit/(Loss) on disposal of Investment property		-	-	-	-
Income from Investment management			(74)		
Dividend from investment in subsidiaries	42	-	-	-	-
Fair value gain on recognition of associates			(29)		-
Income on disposal of equities (FVTPL & FVTOCI)			(29)		(29)
Dividend income on equity investments (FVTOCI & FVTPL)	42	12,006	(13,501)	-	(455)
Rental income	45	-	-	-	-
Interest income	41	23,435	(262,173)	3,959	(3,377)
Interest expense on borrowings	41	(45,525)	225,150	(26,049)	53,410
Foreign exchange (loss)/gains	46	-	-	-	-
Fair value gain/(loss) on FVTPL investment securities	43	12,284	593	(12,583)	13
Fair value gain/(loss) on FVTPL investment properties	43	-	-	-	-
Loss on disposal of discontinued operations			392,664		-
Fair value gain/(loss) on disposal of investment in subsidiaries	42	-	(254,666)	-	(352,900)
Adjustment on derecognition of Investment in associates		(56,815)		(56,815)	-
Share of loss/(profit) of associate	14(a)	(591,546)	(240,327)	(591,546)	(240,327)
Movement in deferred tax assets			201,592		-
Non-cash movement in current tax liabilities			(7,522)		(275)
		(142,434)	**(145,622)**	**(228,549)**	**(232,308)**
Changes in working capital:					
Loans and advances to customers	50(viii)	(66,186)	(60,963)	-	-
Advance under finance lease	50(ix)	(1,965)	36,147	-	-
Trade receivables	50(iii)	-	17,021	-	-
Other assets	50(iv)	44,526	-	-	-
Investment securirties at fair value through profit or loss		-	47		46
Deferred acquisition cost		-	393	-	-
Other receivables and prepayment	50(ii)	35,820	(152,341)	35,821	79,583
Deferred income		-	-	-	-
Trade and other payables		-	-	-	-
Other liabilities		(137,713)	1,534,773	(17,569)	2,211,432
Depositors' funds	50(x)	52,180	(140,204)	-	-
Statutory deposit		-	-	-	-
Investment contract liabilities		-	-	-	-
Tax Expense		(438)			
Changes in unearned premium	50(vii)	-	196,900	-	-
Changes in provision for outstanding claims	50(vi)	-	(127,555)	-	-
Changes in employee retirement benefits	50(i)	-	(3,194)	-	-
		(216,211)	**1,155,402**	**(210,298)**	**2,058,753**
Income tax paid	28(b)	-	-	0	-
Employee benefits paid	19(f)(i)	-	-	-	-
Interest expense paid		0	-	-	-
Net cash provided by operating activities		**(216,210)**	**1,155,402**	**(210,297)**	**2,058,753**

Cash flows from investing activities:

In thousands of Naira	Notes	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Purchases of property and equipment	17	(1,606)	(10,487)	(1,606)	(1,510)
Purchases of Right of Use Asset	17(b)	-	-	-	-
Purchase of intangible assets	18	-	-	-	-
Placement with Banks		9,088	-	-	-
Proceed from disposal of investment properties		-	413,858	-	-
Proceed from disposal of property and equipment		-	-	-	-
Proceed from changes in ownership interest in subsidiary		-	-	-	-
Proceed from redemption/disposal of investment securities	50(v)	-	(195,090)	-	-
Additional investment in associates		56,815	-	56,815	-
Additional investment in subsidiary		-	-	-	-
Purchase of investment securities		-	-	-	-
Deposit for shares		(0)	(12,000)	-	(12,000)
Dividend received		(97,872)	13,501	(97,872)	484
Rent received		-	-	-	-
Net interest received		22,089	262,173	22,089	3,377
Share of loss/(profit) of associate		-	-	-	0
Fair value gain/(loss) on FVTPL investment securities		12,583	-	12,583	-
Net cash provided by investing activities		**1,097**	**471,955**	**(7,992)**	**(9,648)**

Cash flows from financing activities:

Repayment of borrowings		-	(2,000,000)	-	(2,000,000)
Proceeds from new borrowings		206,155	-	206,155	-
Repayment of finace lease		1,530	-	1,530	(998)
interest paid on borrowings		(16,039)	(93,412)	(16,039)	(32,483)
Unclaimed dividend paid		-	(0)	-	-
Net used in financing activities		**191,646**	**(2,093,412)**	**191,646**	**(2,033,481)**
Cash and cash equivalent at beginning of year		608,573	621,091	127,890	112,326
Adjustment on disposal of subsidiaries			453,600		
Effect of exchange rate flunctuations on cash and cash equivalents		-	-	-	-
Net increase in cash and cash equivalent		(23,468)	(466,118)	(26,644)	15,564
Cash and cash equivalent at end of the year	**49**	**585,105**	**608,573**	**101,244**	**127,890**

Group information and statement of accounting policies

1 Reporting Entity

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

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

The principal activities of the Group are life assurance, health insurance and credit financing.

The financial statements of the Group are as at and for the year ended 31 December 2023.

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

2 Basis of preparation

(a) These financial statements for year ended 31 December 2023 have been prepared in accordance with, and comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The financial statements comply with the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, the Insurance Act of Nigeria and National Insurance Commission of Nigeria ("NAICOM") circulars.

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

(b) Functional and presentation currency

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

(c) Basis of measurement

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

(i) Carried at fair value:

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

(ii) *Carried at amortised cost:*

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

(iii) *Carried at a different measurement basis*

• Retirement benefit obligations are measured in terms of the projected unit credit method;

• Insurance contract liabilities are measured using a gross premium valuation approach for indivdual and group life risk business while discounted cashflows approach are used for measuring annuity and the risk reserve for individual deposit based businesses.

(d) Reporting period

The financial statements have been prepared for a 12 month period.

(e) Use of estimates and judgment

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

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

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

(f) Changes in accounting policies and disclosures

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

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

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

In September 2020, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

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

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

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

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

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

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

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

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

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

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

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

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

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

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

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

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

ii(b) **Impact of the initial application of Interest Rate Benchmark Reform amendments to**

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

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

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

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:
a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c) There is no substantive change to other terms and conditions of the lease.

iii Standards, amendments and interpretations issued but not yet effective

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

iii(a) **IFRS 17 Insurance Contracts**

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features,described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.
The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2023.
For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

iii(b) **IFRS 10 and IAS 28 (amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.
The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

iii(c) **Amendments to IAS 1 – Classification of Liabilities as Current or Non-current**

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

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

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

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

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

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

iii(e) **Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use**

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

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

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

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

iii(f) **Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract**

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

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

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

iv Annual Improvements to IFRS Standards 2018 - 2020

The Annual Improvements include amendments to four Standards.

iv(a) IFRS 1 First-time Adoption of International Financial Reporting Standards.

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

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

iv(b) IFRS 9 Financial Instruments

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

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

iv(c) IFRS 16 Leases

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

3 Summary of Significant Accounting Policies

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

(a) Consolidation

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

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

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

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

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

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

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

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

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

Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

Changes in the Company's ownership interests in existing subsidiaries

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

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

Disposal of subsidiaries

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

Transactions eliminated on Consolidation

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

a (i) Business Combination

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

The Group measures goodwill at the acquisition date as the total of:
- the fair value of the consideration transferred, which is generally measured at fair value; plus
- the recognized amount of any non-controlling interests in the acquiree; plus if the business combination is achieved
-the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.The consideration Transactions costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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

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

a (ii) ***Non-controllling interest***

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

a (iii) ***Subsidiaries***

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

a(iv) ***Associates***

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

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

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

a(v) ***Loss of control***

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

a(vi) *Transaction eliminated on consolidation*

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

(b) Foreign currency transactions

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

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

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

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

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

• Fair value throught other comprehensive income (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

• Fair value throught other comprehensive income debt securities investments, in which case foreign currency differences on the fair value difference are recognised in OCI.

(c) Cash and Cash Equivalents

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

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

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

(d) Financial Instruments

(i) Measurement methods

Amortised cost and effective interest rate

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

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

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

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

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

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

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

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

d(ii) Financial assets
(i) Classification and subsequent measurement
The Group classifies its financial assets in the following measurement categories:
- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

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

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

Classification and subsequent measurement of debt instruments depend on:
(i) the company's business model for managing the asset; and
(ii) the cash flow characteristics of the asset (SPPI).

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

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

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

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

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

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

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

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

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

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

ii) Impairment

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

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

iii) Modification of loans

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

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

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

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

iv) Derecognition other than on a modification

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

(e) Impairment of other non-financial assets

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

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

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

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

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

(f) Reinsurance Assets

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

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

Reinsurance assets are assessed for impairment at each reporting date. If there is reliable objective evidence that a reinsurance asset is impaired as a result of an event that occurred after initial recognition of the reinsurance asset, that the Group may not receive all amounts due to it under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairement loss is calculated and recognised following the same method used for financial assets.

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

(g) Deferred acquisition costs

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

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

(h) Other Receivables and Prepayments

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

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

(i) Investment Properties

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

Recognition and measurement

Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost can be measured reliably.
Investment properties are measured initially at cost, including all transaction costs.
Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair value of investment properties are included in the statement of profit or loss in the period in which they arise. Fair values are evaluated and assessed annually by a Financial Reporting Council's accredited external valuer.

De-recognition

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

Transfers

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

(j) Property and Equipment

Recognition and measurement

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

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

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

Freehold land is not depreciated
The estimated useful lives of property and equipment are as follows:

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

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

(k) Intangible Assets
Software expenditure
An internally-generated intangible asset arising from the Group's software development is recognized if and only if all of the following conditions are met:

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

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

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

Acquired computer software

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

Amortization

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

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

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

(l) Taxation

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

Current income taxes

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

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

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

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

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

Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill (arising in a business combination) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

(m) Statutory Deposits

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

(n) Borrowings

Borrowings by way of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Borrowings have been measured in line with the Group's accounting policy for financial instruments (see note 3(d))
Borrowing costs comprise interest payable on loans and bank overdrafts. They are charged to profit or loss as incurred, except those that relate to qualifying assets. Arrangement fees in respect of financing arrangements are charged to borrowing costs over the life of the related facility.

(o) Deferred income

Deferred income comprises deferred rental income and deferred commission.

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

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

(p) Provisions and other liabilities

Provisions

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

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

Other liabilities

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

(q) Finance and operating lease obligations

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

Lease assets - lessee

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

Assets held under other leases are classified as operating leases.

Lease payments

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

Lease assets - lessor

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

(r) Insurance Contract Liabilities

r(i) Classification

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

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

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

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

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

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

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

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

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

Insurance contract with discretionary participating features (DPF)

Some insurance contracts and investment contracts contain a discretionary participating feature (DPF), which is a contractual right to receive as, a supplement to guaranteed benefits, additional benefits that are:
- Likely to be a significant portion of the total contractual benefits;
- The amount or timing is contractually at the discretion of the insurer; and
- That are contractually based on:

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

Recognition and measurement

Insurance contracts with DPF are classified into two main categories, depending on the duration of risk and whether

(i) Short-term insurance contracts

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

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

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

(ii) Long-term insurance contracts with fixed and guranteed terms

These contracts insure events associated with human life (for example, death or survival) over a long duration. Premiums are recognized as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recognized as an expense when they are incurred. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognized. The liability is actuarially determined based on assumptions such as mortality, persistency, maintenance expenses and investment income that are estabilished at the time the contract is issued. The change in liabilities are recorded in gross premium on the statement of profit or loss.

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

(s) Recognition and Measurement of Insurance Contract

Premium

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

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

Reinsurance

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

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

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

Claims and policy holders benefit payable

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

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

(t) Investment contract liabilities

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

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

(u) Employee Benefits liabilities

u(i) Short-term benefits

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

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

u(ii) Defined Contribution Plans

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

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

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

u(iii) Termination Benefits

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

u(iv) Pension

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

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

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

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

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

u(v) Other Long term benefits

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

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

The liability is valued annually by a qualified actuary (Logic Professional Services) under the supervision of Mr Ganiu Shefiu with FRC number (FRC/2021/004/00000022718) using the projected unit credit method.

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

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

v Capital and Reserves

v(i) Share capital

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

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

v(ii) Share premium

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

v(iii) Contingency reserve

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

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

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

v(iv) Retained Earnings

The reserve comprises undistributed profit/ (loss) from previous years and the current year. Retained Earnings is

v(v) Fair value reserves

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

v(vi) Regulatory risk reserve

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

v(vii) Other reserves - employee benefit actuarial surplus

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

v(viii) Treasury shares

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

v(ix) Dividends on ordinary shares

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

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

(w) Revenue Recognition

w(i) Gross Written Premium

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

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

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

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

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

w(ii) Reinsurance expenses

Reinsurance cost represents outward premium paid/payable to reinsurance companies less the unexpired portion as at

w(iii) Fees and commission income

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

w(iv) Interest income

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

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

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

w(v) Investment Income

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

w(vi) Dividend income

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

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

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

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

w(viii) Other operating income

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

x Expense Recognition

x(i) Insurance claims and benefits incurred

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

Salvage

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

Subrogation

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

x(ii) Underwriting expenses

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

x(iii) Management expenses

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

y Segment reporting

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

The Group's reportable segments, for management purpose, are organized into business units based on the products

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

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

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

z Earnings per share

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

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

aa Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that results in the holding and placing of assets on behalf of clients and oversight functions over certain funds. The value of the assets held on behalf of clients as at reporting date are excluded from the statement of financial position of the Group as they are not assets of the Group. The carrying value of the assets under custody were determined as follows:
- Cash and cash equivalents are carried at amortised cost.
- Loans and receivables and Held-to maturity investments are carried at amortised cost.
- Other Liabilities are measured at amortized cost using the effective interest rate method.

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

4 Critical accounting estimates and judgments

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

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

A Judgements

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

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

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

B Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 Deceember 2021 is set out below in relation to the impairment of financial instruments and in the following notes in relation to other areas:

(i) *Deferred tax assets*

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

(ii) Liabilities arising from insurance contracts

Claims arising from non-life insurance contracts

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

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

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

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

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

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

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

(v) *Defined benefit plan*

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

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

(vi) *Current income tax*

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

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

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

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

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

5 **Cash and cash equivalents**

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Cash	18,972	800	4	-
Bank balances	14,832	51,321	14,832	-
Short-term deposits (including demand and time deposits)	551,301	473,980	86,409	-
Write back/(charge) of impairment allowance on Short term deposits	-	(61)	-	-
At 31 December	585,105	526,040	101,244	112,326

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

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

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

6 **Loans and advances to customers**

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Term loan	982,071	1,317,806	-	-
Impairment Allowance	(219,939)	(177,667)	-	-
At 31 December	762,132	1,140,139	-	-

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	177,667	224,439	-	-
Write-off during the year	-	-	-	-
Impairment allowance recognised during the year	42,272	(46,772)	-	-
At 31 December	219,939	177,667	-	-
Within one year	762,132	1,140,139	-	-
More than one year	-	-	-	-
	762,132	1,140,139	-	-

7 **Advances under finance lease**

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Gross investment in finance lease	86,277	84,312	-	-
Impairment allowance (see note 7(a) below)	(15,560)	(15,560)	-	-
	70,717	68,752	-	-

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	15,560	15,560	-	-
Write back of impairment	-	-	-	-
Impairment allowance recognised during the year	-	-	-	-
At 31 December	15,560	15,560	-	-
Within one year	70,717	68,752	-	-
More than one year	-	-	-	-
	70,717	68,752	-	-

8 Investment securities

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Fair value through profit or loss (FVTPL) (see note 8(a) below)	41,863	30,820	4,857	17,440
Fair value through Other Comprehensive Income (FVOCI) (see note 8(b) below)	-	-	-	-
Amortised cost (see note 8(c) below)	-	-	-	-
At 31 December	41,863	30,820	4,857	17,440
Within one year	-	-	-	-
More than one year	41,863	30,820	4,857	17,440
	41,863	30,820	4,857	17,499

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Listed equities	41,863	30,820	4,857	17,440
	41,863	30,820	4,857	17,499

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Federal government bonds	-	-	-	-
Treasury bills	-	-	-	-
Unlisted equities at cost	-	-	-	-
Specific impairment allowance (see note 8(ii) below)	-	-	-	-
	-	-	-	-

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

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	9,576	13,027	-	-
Impairment/(write back) allowance recognised during the year	-	(3,451)	-	-
At 31 December	9,576	9,576	-	-

(c) Amortised cost

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Treasury bills	-	-	-	-
Staff Personal Loan	-	-	-	-
Staff mortgage loans	-	-	-	-
Policy holders loan	-	-	-	-
Placement with financial institutions	-	-	-	-
Specific impairment allowance	-	-	-	-
	-	-	-	-

9 Investment in subsidiaries

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Royal Exchange Finance Company Limited	-	-	509,389	777,802
Royal Exchange Healthcare Company Limited	-	-	-	-
	-	-	509,389	777,802
Allowance for Impairment	-	-	-	(268,413)
	-	-	509,389	509,389

(a) Movement in gross investment in subsidiaries

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	-	-	509,389	848,548
Additoinal (impairement)/writeback on Asset transferred	-	-	-	(187,490)
Reclassification to Investment in Associates (see notes (ii) & (iii) below)	-	-	-	(151,669)
Reclassification to Assets classified as held for sale (see note (vi) below, note 15 and	-	-	-	-
Disposal of subsidiaries (see note (iv) below)				-
Additional Investment in Subsidiaries				-
At 31 December	-	-	509,389	509,389

(i) The subsidiary companies comprise of the following:

Name of Entity	Nature of business	Dec-23	31-Dec-23	31-Dec-22
Royal Exchange Finance Company Limited (ii)	Credit Financing	31-Dec	99.90	99.90

The subsidiary is incorporated in Nigeria.

(i) This represents the Company's 99.9% (2022: 99.9%) shareholdings in Royal Exchange Finance Company Limited, a Nigerian registered company involved in the business of finance, financial advisory, fund management, leasing and investment management. The investment which has been carried at cost was impaired, based on management judgement, by the sum of N80.9million in 2011.

(b) Assets classified as held for sale

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Royal Exchange Prudential Life Assurance Plc.	-	-	-	-
	-	-	-	-
Allowance for Impairment	-	-	-	-
	-	-	-	-

(b) The condensed financial data of the consolidated entities as at 31 December 2023, are as follows:

(i) **Condensed statement of profit or loss for period ended 31 December 2023**

In thousands of Naira	**Group balances**	**Elimination entries**	**Gross amount**	**Royal Exchange Plc**	**Royal Exchange Finance Company Ltd.**
Gross premium income	-	-	-	-	-
Reinsurance expenses	-		-	-	-
Net premium income	-	-	-	-	-
Fee and commission income	-	-	-	-	
	-	-	-	-	-
Total underwriting expenses	-	-	-	-	-
Underwriting Loss	-	-	-	-	-
Share of (loss) on investment in associate	591,546	-	591,546	591,546	-
Write-back/(charge) of impairment allowance	61	-	61	61	-
Investment and other income	286,838	-	286,838	86,640	200,198
Foreign exchange gain	-		-	-	-
Net income	878,445	-	878,445	678,247	200,198
Total expenses	388,290	-	388,290	223,593	164,697
(Loss)/Profit before tax	490,155	-	490,155	454,654	35,501
Minimum tax	(33,933)	-	(33,933)	(33,933)	-
Income tax expense	-	-	-	-	-
(Loss)/Profit after taxation	456,224	-	456,223	420,721	35,501
					-

Condensed Statement of financial position as at 31 December 2023

In thousands of Naira	**Group balances**	**Consolidation entries**	**Gross amount**	**Royal Exchange Plc**	**Royal Exchange Finance Company Ltd.**	
ASSETS						
Cash and cash equivalents	585,104	-	585,104	101,244	483,860	
Loans and advances to customers	982,072	(206,843)	1,188,915	-	1,188,915	
Advances under finance lease	86,277	(15,061)	101,338	-	101,338	
Financial assets	41,863	-	41,863	4,857	37,006	
Investment in subsidiaries	-	(509,389)	509,389	509,389	-	
Trade receivables	-	-	-	-	-	
Reinsurance assets	-	-	-	-	-	
Deferred acquisition cost	-	-	-	-	-	
Other receivables and prepayments	164,224	-	164,224	141,181	23,043	97818.25306
Investment in associates	5,728,913	-	5,728,913	5,728,913	-	
Investment properties	-	-	-	-	-	(43,363)
Right of Use Asset	0		0	0	-	
Property and equipment	14,135		14,135	2,259	11,876	
Intangible assets	0	-	0	-	0	
Employees retirement benefits	-	-	-	-	-	
Statutory deposits	-	-	-	-	-	
Deferred tax assets	-	-	-	-	-	
Assets classified as held for sale	-	-	-	-	-	
Deposit for shares	39,000		39,000	39,000		
Total assets	7,641,590	(731,294)	8,372,882	6,526,846	1,846,038	
LIABILITIES						
Borrowings	2,029,541	-	2,029,541	750,932	1,278,609	
Deferred income	-	-	-	-	-	
Trade payables	-	-	-	-	-	
Other liabilities	2,765,243	(206,843)	2,972,086	2,979,264	(7,178)	2946300.118
Depositors' funds	-	-	-	-	-	(32,964)
Insurance contract liabilities	-	-	-	-	-	
Investment contract liabilities	-	-	-	-	-	
Finance Lease Obligations	168	(15,061)	15,229	15,229		
Current income tax liabilities	268,919	-	268,919	266,527	2,392	
Employees benefit liability	4,515	-	4,515	974	3,541	
Deferred tax liabilities	-	-	-	-	-	
Deposit for shares	1,985		1,985		1,985	
Total liabilities	5,070,371	(221,904)	5,292,275	4,012,926	1,279,349	
EQUITY						
Share capital	2,572,685	(217,888)	2,790,573	2,572,685	217,888	
Share premium	2,690,936	(559,914)	3,250,850	2,690,936	559,914	
Contingency reserve	-	-	-	-	-	
Treasury shares	-	-	-	-	-	
Retained earnings	(3,080,391)	268,413	(3,348,804)	(2,704,178)	(644,626)	
Other component of equity	387,988	-	387,988	(45,524)	433,512	
Capital and reserves attributable to owners	2,571,218	(509,389)	3,080,608	2,513,920	566,688	
Total Equity	2,571,218	(509,389)	3,080,608	2,513,920	566,688	
Total equity & liabilities	7,641,590	(731,293)	8,372,883	6,526,846	1,846,037	

The condensed financial data of the consolidated entities for the period ended December 2022, are as follows

(ii) **Condensed statement of profit or loss for the period ended 31st December 2022**

In thousands of Naira	**Group balances**	**Elimination entries**	**Gross amount**	**Royal Exchange Plc**	**Royal Exchange Finance Company Ltd.**
Gross premium income	-	-	-	-	-
Reinsurance expenses	-		-	-	-
Net premium income	-	-	-	-	-
Fee and commission income	-	-	-	-	
	-	-	-	-	-
Total underwriting expenses	-	-	-	-	-
Underwriting Loss	-	-	-	-	-
Interest Income	262,173		262173	3,377	258,796
Interest Expense	-229222		-229222	-53410	(175,812)
Net Interest Income	32,951		32,951	(50,033)	82,984
Share of (loss) on investment in associate	240,327	-	240,327	240,327	-
Write-back/(charge) of impairment allowance	(90,877)	-	(90,877)	(117,708)	26,831
Investment and other income	67,015	-	67,015	3,668	63,347
Other operating income	196		196	196	
Foreign exchange gain	-		-	-	-
Net income	249,612	-	249,612	76,450	173,162
Total expenses	(397,945)	-	(397,945)	(239,576)	(158,369)
(Loss)/Profit before tax	(148,333)	-	(148,333)	(163,126)	14,793
Minimum tax		-	-	-	-
Income tax expense	(2,141)	-	(2,141)	(34)	(2,107)
(Loss)/Profit after taxation	(150,474)	-	(150,474)	(163,160)	12,686

Condensed Statement of financial position as at 31st December 2022

In thousands of Naira	**Group balances**	**Consolidation entries**	**Gross amount**	**Royal Exchange Plc**	**Royal Exchange Finance Company Ltd.**
ASSETS					
Cash and cash equivalents	608,573	-	608,573	127,890	480,683
Loans and advances to customers	1,140,139	-	1,140,139	-	1,140,139
Advances under finance lease	68,431	(13,532)	68,431	-	68,431
Financial assets	30,820	-	30,820	17,440	13,380
Investment in subsidiaries	-	(509,389)	509,389	509,389	-
Trade receivables	-	-	-	-	-
Reinsurance assets	-	-	-	-	-
Deferred acquisition cost	-	-	-	-	-
Other receivables and prepayments	163,342	(7,824)	163,342	105,361	57,981
Investment in associates	5,080,554	-	5,080,554	5,080,554	-
Investment properties	-	-	-	-	-
Right of Use Asset	942		942	942	0
Property and equipment	17,440		17,440	1,493	15,947
Intangible assets	-	-	-	-	-
Employees retirement benefits	-	-	-	-	-
Statutory deposits	-	-	-	-	-
Deferred tax assets	-	-	-	-	-
Assets classified as held for sale	-	-	-	-	-
Deposit for shares	39,000		39,000	39,000	(0)
Total assets	7,149,241	(718,235)	7,658,630	5,882,069	1,776,561
LIABILITIES					
Borrowings	544,777	-	544,777	544,777	-
Deferred income	-	-	-	-	-
Trade payables	-	-	-	-	-
Other liabilities	3,037,411	(7,824)	3,037,411	2,996,833	40,578
Depositors' funds	1,226,428	-	1,226,428	-	1,226,428
Insurance contract liabilities	-	-	-	-	-
Investment contract liabilities	-	-	-	-	-
Finance Lease Obligations	168	(13,532)	168	13,699	(13,532)
Current income tax liabilities	234,702	-	234,702	232,594	2,108
Employees benefit liability	974	-	974	974	0
Deferred tax liabilities	-	-	-	-	-
Total liabilities	5,044,460	(21,356)	5,044,460	3,788,877	1,255,582
EQUITY					
Share capital	2,572,685	(217,888)	2,572,685	2,572,685	0
Share premium	2,690,936	(559,914)	2,690,936	2,690,936	(0)
Contingency reserve	-	-	-	-	-
Treasury shares	-	-	-	-	-
Retained earnings	(3,612,013)	80,923	(3,612,013)	(3,124,904)	(487,109)
Other component of equity	453,173	-	453,173	(45,524)	498,697
Capital and reserves attributable to owners	2,104,781	(696,879)	2,104,781	2,093,193	11,588
Non-controlling interests	-	-	-	-	-
Total Equity	2,104,781	(696,879)	2,104,781	2,093,193	11,588
Total equity & liabilities	7,149,241	(718,235)	7,149,241	5,882,071	1,267,170

10 Trade receivables

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Due from agents (see note 10(a) below)	-	-	-	-
Due from co-insurers (see note 10(b) below)	-	-	-	-
	-	-	-	-
Within one year	-	-	-	-
More than one year	-	-	-	-
	-	-	-	-

The carrying amount is a reasonable approximation of fair value

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Gross receivable from agents	-	-	-	-
Less: Impairment allowance (see note 10a(i) below)	-	-	-	-
	-	-	-	-

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	-	-	-	-
Allowance made during the year	-	-	-	-
Write off	-	-	-	-
Write back	-	-	-	-
At 31 December	-	-	-	-

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Reinsurance receivables	-	-	-	-
Less: Impairment allowance (see note 10(b)(i) below)	-	-	-	-
	-	-	-	-

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	-	-	-	-
Allowance made during the year	-	-	-	-
Reversal during the year	-	-	-	-
At 31 December	-	-	-	-

11 Reinsurance assets

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Non-life business reinsurance share of insurance liabilities (see 11(a)	-	-	-	-
Life business reinsurance share of insurance liabilities (see 11(b)	-	-	-	-
	-	-	-	-
Within one year	-	-	-	-
More than one year	-	-	-	-
	-	-	-	-

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

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Prepaid reinsurance premium (see note (a)(i))	-	-	-	-
Reinsurance claims recoverable (see note (a) (ii))	-	-	-	-
Reinsurer's share of incurred but not reported claims (see note (a) (iii))	-	-	-	-
	-	-	-	-

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

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
At 1 January	-	-	-	-
Movement during the year	-	-	-	-
At 31 December	-	-	-	-

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

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
At 1 January	-	-	-	-
Movement during the year	-	-	-	-
At 31 December	-	-	-	-

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

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
At 1 January	-	-	-	-
Movement during the year	-	-	-	-
At 31 December	-	-	-	-

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

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Fire	-	-	-	-
Accident	-	-	-	-
Motor	-	-	-	-
Marine and aviation	-	-	-	-
Oil & Gas	-	-	-	-
Engineering	-	-	-	-
Bond	-	-	-	-
Agric	-	-	-	-
	-	-	-	-

(b) Life business reinsurance share of insurance liabilities

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Reinsurance asset (actuarial valuation) (i)	-	-	-	-
Reinsurer and facultative asset	-	-	-	-
Impairment on reinsurance assets	-	-	-	-
	-	-	-	-

(i) Reinsurance assets (actuarial valuation)

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Short term insurance contracts	-	-	-	-
Long term Insurance contracts	-	-	-	-
	-	-	-	-

(ii) The movement in life business reinsurance assets is as shown below:

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
At 1 January	-	-	-	-
Additions in the year	-	-	-	
Receipts during the year	-	-	-	-
Impairment of reinsurance assets	-	-	-	
At 31 December	-	-	-	-

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

12 Deferred acquisition costs

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	-	-	-	-
Additions in the year	-	-	-	-
Amortization in the year	-	-	-	-
	-	-	-	-
Within one year	-	-	-	-
More than one year	-	-	-	-
	-	-	-	-

13 Other receivables and prepayment

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Intercompany receivables (see note 13(a) below)	17,312	-	9,481	9,482
Accrued investment income (see note 13(b) below)	38,031	-	38,031	-
Other receivables (see note 13(c) below)	151,355	304,248	151,356	146,023
Prepayments	45,179	59,712	29,967	29,967
	251,877	363,960	228,836	185,472
Impairment on other receivables (see 13(d)) below	(87,654)	(200,618)	(87,654)	(80,111)
	164,223	163,342	141,182	105,361
Within one year	116,711	153,860	93,669	95,879
More than one year	47,512	9,482	47,512	9,482
	164,223	163,342	141,182	105,361

(a) Due from related parties

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Royal Exchange Microfinance Bank Limited	50	-	50	50
Royal Exchange Finance Company Ltd.	7,831	-	-	-
Royal Exchange Healthcare Limited	9,431	-	9,431	9,431
Royal Exchange General Insurance Company	-	-	-	-
Royal Exchange Prudential Life Limited	-	-	-	-
	17,312	-	9,481	9,482

(b) Accrued investment income

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Investment income	38,031	-	38,031	-
	38,031	-	38,031	-

(c) Other receivables

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Management fees receivable	-	-	-	-
Withholding tax receivables	80,748	75,415	80,748	75,415
Trustee fees receivable	1,001	1,001	1,001	1,001
Deposit for investment	-	-	-	-
Other receivables	882	140,084	882	882
Other assets	68,724	87,748	68,724	68,724
	151,355	304,248	151,356	146,023

(d) Impairment allowance on other receivables

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	-	250,462	-	149,895
Impairement allowance relating to divested subsidiaries	-	-		
Allowance made during the year	(87,654)	(49,844)	(87,654)	(69,784)
Write off	-	-	-	-
Write back	-	-	-	-
	(87,654)	200,618	(87,654)	80,111

14 Investment in associates

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

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
At 1 January	5,080,553	4,688,559	5,080,553	4,688,559
Additional investment during the year	56,815	151,669	56,815	151,669
Disposal within the year	-	-	-	-
Share of current year result recognised in OCI	-	-	-	-
	5,137,368	4,840,228	5,137,368	4,840,228
Share of current year result recognised in profit or loss	591,546	240,327	591,546	240,327
	591,546	240,327	591,546	240,327
	5,728,913	5,080,553	5,728,914	5,080,553

(b) This represents the Group's investment in Royal Exchange General Company Limited (REGIC) Royal Exchange Microfinance Bank Limited (REMFB) and Royal Exchange Healthcare Limited (REHL), now known as DotHMO, Nigerian registered companies involved in general insurance business, health insurance and financing of micro and small enterprises, representing 39.21% (December 2022: 39.21%) equity interest in REGIC and 30% (2022: 30%) equity interest in REMFB. REGIC became an investee company of the Group in September of 2021 following the acquisition of a minority stake by AfricInvest, a leading Pan-African asset management platform covering Private Equity, Venture Capital, and Private Credit while REMFB became an associate in December, 2021 following the acquisition of 70% stake in REMFB by

The summarised financial information of REGIC, REMFB & REHL are as set out below:

In thousands of Naira	**REGIC**	**REMFB**	**REHL/ DOTHMO**	**31-Dec-23**
Percentage ownership interest	**39.21%**	**30%**	**29.84%**	
Non-Current Assets	4,822,332	39,032	276,767	5,138,132
Current Assets	21,627,531	738,800	1,147,927	23,514,257
Total Assets	26,449,863	777,832	1,424,693	28,652,389
Non-Current Liabilities	(284,632)	(146,906)	-	(431,538)
Current Liabilities	(11,267,572)	(555,740)	(1,105,909)	(12,929,221)
Total Liabilities	(11,552,204)	(702,646)	(1,105,909)	(13,360,759)
Net assets	14,897,659	75,187	318,784	15,291,630
Company's share of net assets	5,841,372	22,556	95,125	5,959,053
Revenue	3,625,534	116,823	409,167	4,151,524
Profit/(Loss) after tax from continuing operations	669,080	33,442	(13,525)	688,997
Other comprehensive income	-	-	-	-
Total comprehensive income	669,080	33,442	(13,525)	688,997
Company's share of total comprehensive income	262,346	10,033	(4,036)	268,343
Company's share of other comprehensive income	-	-	-	-
Company's share of profit	262,346	10,033	(4,036)	268,343

(c) Deposit for shares

Deposit for shares represents cash deposit for additional shares in Royal Exchange Microfinance Bank Ltd., during the year ended 31 December 2023

In thousands of Naira *In thousands of Naira*	**Group** 31-Dec-23	**Group** 31-Dec-22	**Company** 31-Dec-23	**Company** 31-Dec-22
Deposit for shares in Royal Exchange Microfinance Ltd.	39,000	39,000	39,000	39,000
	39,000	**39,000**	**39,000**	**39,000**

15 Investment Properties

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
At 1 January	-	-	-	-
Additions during the year	-	-	-	-
Reclassification	-	-	-	-
Disposals during the year	-	-	-	-
Fair value gains (see note 43)	-	-	-	-
0	-	-	-	-

16 Investment Properties classified as held for sale

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 31 December	-	-	-	-

At 31 December 2023, the non current assets held for sale was stated at its carrying amount; as investment properties are measured at the lower of its carrying amount and fair value less cost to sell.

17 Property, plant & equipment

(a) Group

In thousands of Naira	Land	Freehold buildings	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
Cost						
At 1 January	-	-	20,457	25,893	57,847	104,197
Additions	-	-	1,426	180	-	1,606
Disposals	-	-	-	-	-	-
At 31 December 2023	-	-	21,883	26,073	57,847	105,803
At 1 January 2022	-	-	18,947	25,893	57,847	102,687
Additions	-	-	1,510	-	-	1,510
Disposals	-	-	-	-	-	-
At 31st December 2022	-	-	20,457	25,893	57,847	104,197

Accumulated Depreciation

In thousands of Naira		Freehold buildings	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
At 1 January	-	-	19,020	25,837	57,847	102,704
Charge for the year	-	-	775	64	-	839
Disposals	-	-	-	-	-	-
At 31 December 2023	-	-	19,795	25,901	57,847	103,543
At 1 January 2022	-	-	18,659	25,809	57,847	102,315
Charge for the year	-	-	361	28	-	389
Reclassification/ transfers	-			-	-	-
Disposals	-	-	-	-	-	-
At 31st December 2022	-	-	19,020	25,837	57,847	102,704
Carrying amounts:						
At 31 December 2023	-	-	2,088	172	-	2,260
At 31st December 2022	-	-	1,437	56	-	1,493

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2022: nil).
(ii) The Group had no capital commitments as at the balance sheet date (2022: nil)
(iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the period. (2022: Nil)

(b) Company

In thousands of Naira	Freehold buildings	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
Cost					
At 1 January	-	20,457	25,893	57,847	104,197
Additions	-	1,426	180	-	1,606
	-	21,883	26,073	57,847	105,803
Depreciation					
At 1 January 2023	-	19,020	25,837	57,847	102,704
Charge	-	775	64	-	839
Reclassification	-	-	-	-	-
Disposals	-	-	-	-	-
	-	19,795	25,901	57,847	103,543
Carrying amounts:					
At 31 December 2023	-	2,088	172	-	2,260
At 31st December 2022	-	1,437	56	(0)	1,492

(i) There were no capitalised borrowing costs related to the acquisition of property and equipment during the period (2022: nil).
(ii) The Group had no capital commitments as at the balance sheet date (2022: nil)
(iii) There was no property and equipment that has been pledged as security for borrowing as at the end of the period. (2022: Nil)

17(b) Right of Use Asset

(a) Group

Right of Use Asset

In thousands of Naira	**31-Dec-23**	**31-Dec-22**
At 1 January	44,963	44,963
Addition	-	-
Prepayments amortisation on long term leases	(44,963)	(44,022)
	-	941
Total Carrying Amount	**-**	**941**

Amounts recognized in profit or loss

Right of use asset- rent prepayment	-	-
	-	-

(b) Company

In thousands of Naira	**31-Dec-23**	**31-Dec-22**
Cost		
At 1 January	44,963	44,963
Additions	-	-
Disposals	-	-
	44,963	44,963

Accumulated Depreciation	**31-Dec-23**	**31-Dec-22**
In thousands of Naira		
At 1 January	44,022	40,260
Charge for the year	941	3,762
Disposals		
	44,963	44,022
At 31 December 2023	0	941
At 31st December 2022	941	941

18 Intangible assets

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Cost:				
At 1 January	6,434	9,375	-	9,375
Additions	-	-	-	-
	6,434	9,375	-	9,375
Accumulated amortisation:				
At 1 January	(6,434)	9,375	-	9,375
Charge for the year	-	-	-	-
	(6,434)	9,375	-	9,375
At 31 December 2023	-	-	-	-

The Intangible assets of the Group comprised computer software.The computer software is accounted for using the cost model less accumulated amortization and accumulated impairment. The amortization is charged to the income statements in accordance with the Group's policy. As at 31 December 2023, these assets were tested for impairment, and Management has determined that no impairment is required of these intangibles.

19 Employee benefit obligations

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

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

	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Defined benefit obligations (see Note 19.1 below)	-	-	-	-
Employee benefit asset in statement of financial position	-	-	-	-

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

	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Defined benefit obligations (see Note 19.1 below)	(4,515)	(974)	(974)	(974)
Employee benefit asset in statement of financial position	(4,515)	(974)	(974)	(974)

19.1 Defined benefit plan:

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

The defined benefit obligations were actuarially determined at the year end by Logic Professional Services under the supervision of Mr. Chidebere Orji with FRC number (FRC/2021/004/00000022718. The actuarial valuation is done based on the "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to other comprehensive income.

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

	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Pension (net asset)	-	-	-	-
Employee benefit asset in statement of financial position	-	-	-	-
Long service award (outstanding liability)	(4,515)	(974)	(974)	(974)
Employee benefit liability in statement of financial position	**(4,515)**	**(974)**	**(974)**	**(974)**

(b) Company's obligations for:-

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
–Pension benefits (see note 19.1(d) below)	-	-	-	-
– Long service award (see note 19.1(e) below)	(9,369)	(9,369)	(974)	(974)
Total Company Obligation	(9,369)	(9,369)	(974)	(974)

(c) Fair value of Company's plan assets

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
–Pension benefits (see note 19.1(d) below)	-	-	-	-
	-	-	-	-

i Income statement charge for:-

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
– Pension benefits (see note 19.1(d)(iii) below)	-	-	-	-
– Long service award (see note 19.1(e)(ii) below)	-	-	-	-
Total	-	-	-	-

ii Gain/ (loss) on other comprehensive income

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
-Adjustments for net pension assets (see note 19.1(d)(iv))	-	-	-	-
-Adjustments for long-service awards obligations (see note 19.1(e)(iii))	-	-	-	-
Total	-	-	-	-
Tax effect of remeasurement	-	-	-	-
Total in other comprehensive income	-	-	-	-

(d) Pension benefits

The amounts recognised in the statement of financial position are determined as follows:

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Present value of funded obligations (see note 19.1(d)(i) below)	-	-	-	-
Fair value of plan assets (see note 19.1(d)(ii) below)	-	-	-	-
Net asset in the statement of financial position	-	-	-	-
Current	-	-	-	-
Non-current	-	-	-	-

	-	-	-	-

i The movement in the present value of the funded pension benefits obligation over the year is as follows:

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
At 1 January	-	-	-	-
Interest cost	-	-	-	-
Actuarial (gains)/ losses-assumption	-	-	-	-
Actuarial (gains)/losses-experience	-	-	-	-
Benefits paid by the fund	-	-	-	-
At 30 June	-	-	-	-

ii The movement in the fair value of plan assets of the year is as follows:

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
At 1 January	-	-	-	-
Expected return on plan assets	-	-	-	-
Benefits paid	-	-	-	-
Actuarial (loss)/gains	-	-	-	-
At 31 December 2023	-	-	-	-

iii The amounts recognised in the profit or loss are as follows:

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Current service costs	-	-	-	-
Net interest costs/income:				
- Interest costs (see note 19.1(d)(i))	-	-	-	-
- Expected return on plan asset (see note 19.1(d)(i))	-	-	-	-
Past service costs (including curtailment) (see note 20(d)(i))	-	-	-	-
At 31 December 2023	-	-	-	-

iv The amounts recognised in other comprehensive income are as follows:

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Actuarial (gains)/ losses-assumption for obligation (see note	-	-	-	-
Actuarial (losses)-experience for obligation (see note 19.1(d)(i))	-	-	-	-
Actuarial (losses) on plan asset (see note 19.1(d)(ii))	-	-	-	-
At 31 December 2023	-	-	-	-

The periodic pension costs are included in the staff costs for the reporting period and treated as a single line item.

The principal actuarial assumptions used were as follows:

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Discount rate	-	-	-	-
Rate of pension increase	-	-	-	-
Inflation rate	-	-	-	-

The mortality rates assumed for the employees are the rates published in the A67/70 Ultimate Tables published jointly by the Institute and Faculty of Actuaries in the United Kingdom.

The average life expectancy in years of a pensioner retiring at age 65, at the end of the reporting period is as follows:

In years	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Male	-	-	-	-
Female	-	-	-	-

The sensitivity of overall pension liability to changes in the weighted principal assumptions is:

	31-Dec-23			
	Change in assumption		Impact on liability	
Discount rate	0.50%	-0.50%	225,263	241,085

	31-Dec-22			
	Change in assumption		Impact on liability	
Discount rate	0.50%	-0.50%	225,263	241,085

(e) Long Service Awards

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Present value of unfunded obligations (see note 19.1(e)(i) below)	9,369	9,369	974	974
	9,369	9,369	974	974
Current	-	-	-	-
Non-current	9,369	9,369	974	974
	9,369	9,369	974	974

(i) The movement in the defined benefit obligation over the year is as follows:

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	9,369	9,369	974	974
Current service cost				
Interest cost				
Benefits paid				
Actuarial (gains)/losses				
At 31 December	9,369	9,369	974	974

(ii) The amounts recognised in the profit or loss are as follows:

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Current service costs (see note 19.1(e)(i))	-	-	-	-
Net interest costs/income:				
- Interest costs (see note 19.1(e)(i))	-	-	-	-
- Expected return on plan asset	-	-	-	-
Past service costs (including curtailment)	-	-	-	-
At 31 December 2023	-	-	-	-

(iii) The amounts recognised in other comprehensive income are as follows:

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Actuarial gains on obligations (see note 19.1(e)(i))	-	-	-	-

The principal actuarial assumptions used were as follows:

	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Discount rate	13%	13%	13%	13%
Future salary increases	12%	12%	12%	12%
Inflation rate	13%	13%	13%	13%
Benefit escalation rate	0%	0%	0%	0%

The mortality rates assumed for the employees are the rates published in the A67/70 Ultimate Tables published jointly by the Institute and Faculty of Actuaries in the United Kingdom.

The sensitivity of overall long service award liability to changes in the weighted principal assumptions is:

	31-Dec-23			
	Change in assumption		Impact on liability	
Discount rate	0.50%	-0.50%	9,149	9,599
Future salary increases	0.50%	-0.50%	9,576	9,170
Inflation rate	0.50%	-0.50%	N/A	N/A
Mortality	0.50%	-0.50%	9,348	9,388

	31-Dec-22			
	Change in assumption		Impact on liability	
Discount rate	0.50%	-0.50%	9,149	9,599
Future salary increases	0.50%	-0.50%	9,576	9,170
Inflation rate	0.50%	-0.50%	N/A	N/A
Mortality	0.50%	-0.50%	9,348	9,388

20 Statutory deposits

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

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Deposits with CBN	-	-	-	-
The analysis of the statutory deposit is as follows:				
Deposit with CBN for non-life business	-	-	-	-
Deposit with CBN for life business	-	-	-	-
	-	-	-	-

In September 2021, AfricInvest, a leading Pan-African asset management platform covering Private Equity, Venture Capital, and Private Credit, completed the acquisition of a minority stake in Royal Exchange General Insurance Company ("REGIC") the Non-life business of the Group. Consequent upon above, Royal Exchange Plc. currently holds 39.21% stake in REGIC. REGIC is currently classified as investment in associate in line with IFRS 3, IFRS 10 & IAS 28.

Deposit for shares

Deposit for shares represents cash deposit for additional shares in Royal Exchange Microfinance Bank Ltd., during the year ended 31 December 2023

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Deposit for shares in Royal Exchange Microfinance Ltd.	40,985	39,000	39,000	39,000
	40,985	**39,000**	**39,000**	**39,000**

21 Deferred taxation

Group

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

For the year ended 31 December 2023

	Note	**At 1 January**	**Recognised in profit or loss**	**Recognised in OCI**	**At 30 September**
In thousands of Naira					
Deferred tax assets					
Property and equipment, and software			-	-	-
Allowances for loans and receivables			-	-	-
Unrelieved loss			-	-	-
Employee benefits			-	-	-
Foreign exchange			-	-	-
Deferred tax assets		**-**	**-**	**-**	**-**
Deferred tax liabilities					
Property and equipment, and software		-	-		-
Allowances for loans and receivables		-	-		-
Unrelieved loss		-	-		-
Investment properties			-	-	-
Employee Benefits			-		-
Deferred tax Liabilities		**-**	**-**		**-**
Net deferred tax assets/(liabilities)		**-**	**-**	**-**	**-**

Group

In thousands of Naira

For the year ended 31 December 2022

	Note	**A 1 January**	**Recognised in profit or loss**	**Recognised in OCI**	**At 31 December**
Deferred tax assets					
Property and equipment, and software			-	-	-
Allowances for loans and receivables			-	-	-
Unrelieved loss			-	-	-
Employee benefits			-	-	-
Foreign exchange			-	-	-
Deferred tax assets		**-**	**-**	**-**	**-**
Deferred tax liabilities					
Property and equipment, and software		-	-		-
Allowances for loans and receivables		-	-		-
Unrelieved loss		-	-		-
Investment properties			-	-	-
Employee Benefits			-		-
Deferred tax liabilities		**-**	**-**	**-**	**-**
Net deferred tax assets/(liabilities)		**-**	**-**	**-**	**-**

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

(a) Unrecognised deferred tax assets

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

22 Deferred income

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Deferred rental income (see 22(a) below)	-	-	-	-
Deferred acquisition income (see 22(b) below)	-	-	-	-
At 31 December 2023	-	-	-	-
Within one year	-	-	-	-
More than one year	-	-	-	-
	-	-	-	-

(a) Deferred rental income

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	-	-	-	-
Additions during the year	-	-	-	-
Amortised for the year	-	-	-	-
At 31 December 2023	-	-	-	-

(b) Deferred acquisition income

This represents the unexpired portion of commission received from businesses ceded to Reinsurers as at the reportir

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
At 1 January	-	-	-	-
Additions in the year	-	-	-	-
Amortization in the year	-	-	-	-
At 31 December 2023	-	-	-	-

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

In thousands of Naira	Group 31-Dec-23	Group 31-Dec-22	Company 31-Dec-23	Company 31-Dec-22
Fire	-	-	-	-
Accident	-	-	-	-
Motor	-	-	-	-
Marine and aviation	-	-	-	-
Oil & Gas	-	-	-	-
Engineering	-	-	-	-
Bond	-	-	-	-
Agric	-	-	-	-
At 31 December 2023	-	-	-	-

23 Trade payables

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Reinsurance payables	-	-	-	-
Deposit for premium (See note 23 (a) below)	-	-	-	-
Premium payables to Co-insurers	-	-	-	-
Other trade payables	-	-	-	-
At 31 December 2023	-	-	-	-
Within one year	-	-	-	-
More than one year	-	-	-	-
	-	-	-	-

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

(a) Deposit for premium represents premium collected in advance with respect to policies with policy period between January 2023 to 31 December 2023.

24 Other liabilities

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Due to related parties (see 24(a) below)	367,802	367,802	367,801	420,707
Other liabilities (see 24(b) below)	2,397,440	2,669,609	2,611,463	2,576,126
At 31 December 2023	2,765,242	3,037,411	2,979,264	2,996,833
Within one year	2,940,749	2,962,435	3,154,771	2,921,857
More than one year	(175,507)	74,976	(175,507)	74,976
	2,765,242	3,037,411	2,979,264	2,996,833

(a) Due to related parties

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Royal Exchange General Insurance Company	367,802	367,802	367,802	367,802
Royal Exchange Prudential Life Limited	-	-	-	-
Royal Exchange Finance Company Limited	-	-	0	52,906
	367,802	367,802	367,801	420,707

(b) Analysis of other liabilities is as follows:

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Defferred income	-	(8,894)	-	-
Accruals	(73,901)	62,457	(73,901)	59,457
PAYE and WHT payables	(1,464)	1,527	(1,464)	1,527
VAT Payable	(25,422)	25,422	(25,422)	25,422
intercompany Payable	(7,824)		(7,825)	
Other Statutory payables	(5,602)	3,048	(5,602)	-
Deposit for shares	-	-	-	-
Staff payables	(3,696)	3,696	(3,696)	3,696
Dividend payable held as collateral	(100,531)	-	(100,531)	-
Unclaimed Dividend	(47,240)	47,240	(47,240)	47,240
Trustee Fund	-	-	-	-
Discontinued Liability	(2,314)	2,314	(2,314)	2,314
Other payables	(2,129,446)	2,532,799	(2,343,467)	2,436,471
At 31 December 2023	2,397,440	2,669,609	2,611,463	2,576,126

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

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

25 Depositors' funds

In thousands of Naira	**Group 31-Dec-23**	**Group 31-Dec-22**	**Company 31-Dec-23**	**Company 31-Dec-22**
Royal Exchange investment notes (see note 25(a) below)	-	225,245	-	-
High yield investment papers (see note 25(b) below)	-	969,057	-	-
Savings	-	-	-	-
Demand deposit	-	-	-	-
Term deposit and call deposits	-	7,581	-	-
Interest Payable	-	24,545		
	-	1,226,428	-	-

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

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