INTERNATIONAL ENERGY INSURANCE PLC

Management Account

for the period ended 30th June 2024

	Page
Statement of Profit or Loss	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cashflows	5
Notes to the Financial Statements	6

Statement of Profit or Loss
for the period ended 30th June 2024

In thousands of naira	Notes	Unaudited 30-Jun-24	Unaudited 30-Jun-23
Insurance revenue	9	3,031,289	1,616,713
Insurance service expense	10	(427,034)	(198,420)
Net expenses from reinsurance contracts held	11	(147,074)	(84,484)
Insurance service result		**2,457,181**	**1,333,809**
Interest revenue calculated using the effective interest method	12	246,936	21,227
Other interest and similar income	12	3,987	-
Net gains on FVTPL investments	13	21,321	32,744
Net investment income		**272,244**	**53,972**
Finance expenses from insurance contracts issued		-	-
Finance income from reinsurance contracts held		-	-
Net insurance finance expenses		-	-
Net insurance and investment result		**2,729,425**	**1,387,780**
Other income	14	26,406	23,555
Credit loss Expense	15	(15,243)	(22,989)
Other operating expenses	17	(1,306,864)	(644,421)
Operating Profit/Loss		**1,433,724**	**743,925**
Other finance cost	16	(5,046,042)	-
Profit before income tax		**(3,612,318)**	**743,925**
Income tax expense	32.1	(97,533)	(20,086)
Profit for the year		**(3,709,850)**	**723,839**
Profit attributable to			
Owners of the Company			
Earnings per share			
Basic earning per share (Kobo)	18	(289)	56

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

Statement of Comprehensive Income
for the period ended 30th June 2024

In thousands of naira	Notes	30-Jun-24	31-Mar-23
Profit/(Loss) for the year		(3,709,850)	723,839
Items that may be reclassified to profit or loss			
Net gains on investments in debt securities measured at FVOCI		-	-
Net gain/(loss) on equity instrument designated at fair value through other comprehensive income		50,438	-
Net gains on investments in debt securities measured at FVOCI reclassified to profit or loss on disposal		-	-
Finance expenses from insurance contracts issued		-	-
Finance income from reinsurance contracts held		-	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		-	-
Income tax relating to these items		-	-
Items that will not be reclassified to profit or loss			
Revaluation of land and buildings		-	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		-	-
Remeasurements of post-employment benefit obligations, before tax		-	-
Income tax relating to these items		-	-
Other comprehensive income, net of tax		50,438	-
Total comprehensive income/ (loss) for the year		(3,659,412)	723,839
Total comprehensive income attributable to:			
Owners of the Company		(3,659,412)	723,839
		-	-

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

Statement of Financial Position
As at 30th June 2024

In thousands of naira	Note	Unaudited 30-Jun-24	Audited 31-Dec-23
Assets			
Cash and cash equivalents	20	6,239,688	4,401,203
Investment assets	21	4,447,025	4,238,806
Trade Receivables	22	165,868	8,640
Reinsurance contract assets	23	279,576	271,943
Other receivables and prepayments	24	154,324	278,495
Investment properties	25	6,387,746	6,373,615
Intangible assets	26	122,687	37,554
Property and equipment	27	862,105	780,526
Statutory deposit	28	322,500	322,500
Total assets		**18,981,519**	**16,713,283**
Liabilities and equity			
Liabilities			
Insurance contract liabilities	29	4,147,374	5,061,377
Trade payable	30	271,244	240,041
Provisions and other payables	31	1,613,077	1,922,209
Current income tax liabilities	32	495,978	398,445
Deferred tax liabilities	33	206,209	206,209
Lease obligations	34	23,331	43,389
Borrowings	35	14,868,259	9,826,151
Deposit for shares	36	7,066,041	5,066,041
Total liabilities		**28,691,512**	**22,763,862**
Equity			
Share capital	37.1	642,042	642,042
Share premium	37.2	963,097	963,097
Statutory contingency reserve	38	2,821,299	2,745,448
Capital reserve	39	7,926,399	7,926,399
Property revaluation reserve	40	1,206,428	1,206,428
Fair value reserve	41	469,126	418,688
Accumulated losses	42	(23,738,383)	(19,952,681)
Non-controlling interest		-	-
Total equity of the Company		**(9,709,993)**	**(6,050,579)**
Total liabilities and equity		**18,981,519**	**16,713,283**

These financial statements were signed

Uyi Osagie
Chief Financial Officer
FRC/2016/ICAN/00000015704

Olasupo Sogelola
Managing Director/CEO
FRC/2016/CIIN/00000013713

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

Statement of Changes in Equity
As at 30th June 2024

In thousands of naira	Share capital	Share premium	Statutory contingency reserve	Capital reserve	Accumulated losses	Property revaluation reserve	Fair value reserve	Total
As at 1 January 2024	642,043	963,097	2,745,448	7,926,399	(19,952,681)	1,206,428	418,688	(6,050,579)
Impact of initial application of IFRS 17	-	-	-	-	-	-	-	-
Restated balance as at 1 January 2024	642,043	963,097	2,745,448	7,926,400	(19,952,681)	1,206,428	418,688	(6,050,579)
Profit/(Loss) for the year	-	-	-	-	(3,709,850)	-	-	(3,709,850)
Other comprehensive income	-	-	-	-	-	-	50,438	50,438
Total comprehensive profit/(loss)	-	-	-	-	(3,709,850)	-	50,438	(3,659,412)
Transactions with owners of the Company					-			-
Contributions and distributions								
Transfer between reserves	-	-	75,851	-	(75,851)	-	-	-
					-			-
At 30th June 2024	642,043	963,097	2,821,299	7,926,400	(23,738,385)	1,206,428	469,126	(9,709,993)

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

Statement of Cash Flows

for the period ended 30th June 2024

In thousands of naira	Note	Unaudited 30-Jun-24	Audited 31-Dec-23
Operating activities			
Premium received from policy holders	22	2,371,142	5,119,082
Reinsurance premium paid	11	(169,725)	(335,374)
Minimum ans Deposit Premium paid	8	(6,199)	(18,250)
Commission received	8	19,636	36,278
Commission paid	8	(100,650)	(117,401)
Maintenance cost paid	8	(504,193)	(471,646)
Claims paid	8	(183,749)	(740,919)
Claims recoverable from re-insurers	8	9,384	190,236
Premium received in advance		(34,059)	114,946
Other operating cash payments		(1,462,672)	(126,491)
Other operating income		26,406	38,396
Cash used in operating activities		**(34,678)**	**3,688,857**
Income tax paid		-	(105,817)
Net cash used in operating activities		**(34,678)**	**3,583,040**
Investing activities			
Purchase of property, plant and equipment	23	(244,151)	(675,096)
Proceeds from disposal of property, plant and equipment		5,155	1,178
Purchase of investment properties	21	(14,131)	(12,302)
Purchase of Intangible assets		(87,103)	(36,715)
Dividend received	22	3,987	3,388
Interest received	9	246,936	169,938
Purchase of treasury bill			(3,614,705)
Disposal of investment		-	14,546
Cash provided by investing activities		(89,306)	(4,149,768)
Financing activities			
Payment of lease liabilities		(16,122)	(37,537)
Receipts of Deposit for shares during the period		2,000,000	-
Interest paid		(3,936)	(8,677)
Repayment of deposit for shares		-	(250,300)
Cash used in financing activities		1,979,942	(296,514)
Net decrease in cash and cash equivalents		**1,855,958**	**(863,242)**
Cash and cash equivalents at beginning of the year		**4,401,204**	**5,254,685**
Effect of foreign exchange differences		**1,603**	**9,761**
		-	-
Cash and cash equivalents at end of the period		**6,258,765**	**4,401,204**

Notes to the Financial Statements

1 General Information

The International Energy Insurance Plc ("the Company") was incorporated as Nigeria Exchange Insurance Limited on 26 March 1969. The name was changed to Mutual Life and General Insurance Limited in 1995. In 2000, the name of the Company was changed to Global Assurance Limited. In 2003, the Company's name was changed to International Energy Insurance Limited following the acquisition of 70% of the shares of Global Assurance Limited by SKI Consult. The Company merged its operations with Rivbank Insurance Limited on 30 November 2006 with the name of the combined business changing to International Energy Insurance Plc., thereafter; the Company was listed on the Nigerian Stock Exchange in 2007.

Following the acquisition of the majority shareholding by a group of investors - Norrenberger Investment and Capital Management Limited on October 8, 2021, the Company has sought and obtained the "No Objection" approval of NAICOM for the 100 % equity stake of the company by Norrenberger Investment and Capital Management Limited. Norrenberger Investment and Capital Management Limited has received all the necessary permissions from the Federal Competition and Consumer Protection Commission (FCCPC), the Securities & Exchange Commission (SEC), the National Insurance Commission (NAICOM) and the National Pension Commission (PENCOM) for the acquisition.

Principal activities

The activities of the Company include general insurance business with special focus on Oil and Energy. The activities include insurance underwriting, claims administration and management of liquidity by investing the surplus in fixed deposits, bonds, held for trading and treasury bills.

Going concern

The Directors assess The Company's future performance and financial position on a going concern basis and have no reason to believe that the Company will not be a going concern in the year ahead. For this reason, these financial statements are prepared on a going-concern basis.

2 Basis of accounting

2.1 *Statement of compliance*

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The financial statements comply with the Companies and Allied Matters Act of Nigeria, Financial Reporting Council of Nigeria Act, the Insurance Act of Nigeria and relevant National Insurance Commission (NAICOM) guidelines and circulars.

2.2 Going concern

These financial statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The directors have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Company has adequate resources to continue as going concern for the foreseeable future.

2.3 *Functional and presentation currency*

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

2.4 *Basis of measurement*

These financial statements have been prepared under the historical cost convention, as modified by the valuation of investment property, available-for-sale financial assets, insurance liabilities, and financial assets and liabilities designated at fair value.

Notes to the Financial Statements

These financial statements have being prepared on the going concern basis. The Company has no intention or need to reduce substantially its business operations.

2.5 *Use of estimates and judgement*

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in note to the financial statements below.

2.6 Regulatory authority and financial reporting

The Company is regulated by the National Insurance Commission of Nigeria (NAICOM) under the National Insurance Act of Nigeria. The Act specifies certain provisions which have impact on financial reporting as follows:

(I) Section 20 (1a) provides that provisions for unexpired risks shall be calculated on a time apportionment basis of the risks accepted in the year;

(ii) Section 20 (1b) requires provision for outstanding claims to be credited with an amount equal to the total estimated amount of all outstanding claims with a further amount representing 10 percent of the estimated figure for outstanding claims in respect of claims incurred but not reported at the end of the year under review;

(iii) Sections 21 (1a) and 22 (1b) require maintenance of contingency reserves for general and life businesses respectively at specified rates as set out under Note 3.25 to cover fluctuations in securities and variation in statistical estimates;

(iv) Section 24 requires the maintenance of a margin of solvency to be calculated in accordance with the Act;

(v) Section 10(3) requires insurance companies in Nigeria to deposit 10 percent of the minimum paid up share capital with the Central Bank of Nigeria;

(vi) Section 25 (1) requires an insurance company operating in Nigeria to invest and hold invested in Nigeria assets equivalent to not less than the amount of policy holders' funds in such accounts of the insurer.

(vii) However, section 59 of the Financial Reporting Council Act, 2011 (FRC Act) provides that in matters of financial reporting, if there is any inconsistency between the FRC Act and other Acts which are listed in section 59(1) of the FRC Act, the FRC Act shall prevail. The Financial Reporting Council of Nigeria acting under the provisions of the FRC Act has promulgated IFRS as the national financial reporting framework for Nigeria. Consequently, the following provision of the National Insurance Act, 2003 which conflict with the provisions of IFRS have not been adopted:

Notes to the Financial Statements - (Continued)

3 Changes in accounting policies and disclosures

3.1 New and amended standards and interpretations

In these financial statements, the Company has applied IFRS 17 for the first time. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3.2 IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023.

The Company has restated comparative information for 2022 applying the transitional provisions to IFRS 17. The nature of the changes in accounting policies can be summarised, as follows:

3.2.1 Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts.

The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

Under IFRS 17, the Company's insurance contracts issued and reinsurance contracts held are all eligible to be measured by applying the PAA. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differ from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.
- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart.
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non-financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision).
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not reported (IBNR) claims) is determined on a discounted probability-weighted expected value basis, and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts.

Notes to the Financial Statements - (Continued)

3 Changes in accounting policies and disclosures (continued)

3.2.1 Changes to classification and measurement (continued)

The Company allocates the acquisition cash flows to groups of insurance contracts issued or expected to be issued using a systematic and rational basis. Insurance acquisition cash flows include those that are directly attributable to a group and to future groups that are expected to arise from renewals of contracts in that group. Where such insurance acquisition cash flows are paid (or where a liability has been recognised applying another IFRS standard) before the related group of insurance contracts is recognised, an asset for insurance acquisition cash flows is recognised. When insurance contracts are recognised, the related portion of the asset for insurance acquisition cash flows is derecognised and subsumed into the measurement at initial recognition of the insurance liability for remaining coverage of the related group.

3.2.2 Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance and reinsurance contracts issued and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets.
- Portfolios of insurance and reinsurance contracts issued that are liabilities.
- Portfolios of reinsurance contracts held that are assets.
- Portfolios of reinsurance contracts held that are liabilities.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements. Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross premium income
- Reinsurance expenses
- Commission income
- Claims expenses
- Acquisition expenses
- Maintenance costs

Instead, IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

3.2.3 Transition

On transition date, 1 January 2022, the Company:

- Has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied.
- Has identified, recognised and measured assets for insurance acquisition cash flows as if IFRS 17 has always applied. However no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed and no impairment loss was identified.
- Derecognised any existing balances that would not exist had IFRS 17 always applied.
- Recognised any resulting net difference in equity.

Notes to the Financial Statements - (Continued)

4 Segment reporting

For management purpose, the Company is organized into business units based on their products and services and two reportable operating segments as follows:

Following the management approach of IFRS the Company is organized into two operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. Management identifies its reportable segments by product lines. These segments and their respective operations are as follows:

Non-life insurance business

The non -life reportable segment offers a wide variety of insurance products for both personal and corporate customers. The products offer range from fire, motor, general accident, engineering, aviation, marine liability as well as oil and energy. The main source of income in this segment is the premium received from the insured on risk covered by the entity and the investment income earned on placements and deposit with financial institutions.

Non-Life Revenue Account
for the period ended 30th June 2024

REVENUE	Fire =N='000	Motor =N='000	General accident =N='000	Bonds =N='000	Travel Insurance =N='000	Marine =N='000	Oil and energy =N='000	30-Jun-24 =N='000	30-Jun-23 =N='000
Direct premium	129,105	1,779,434	300,910	23,601	86,235	174,137	6,571	2,499,794	1,884,465
Inward premium	2,815	11,353	3,002	-	-	11,397	-	28,577	19,833
Gross written premium	108,491	1,555,927	187,811	11,406	75,388	177,472	6,371	2,528,370	1,904,299
Change in unearned premium	(58,811)	739,534	(127,741)	(11,134)	-	(17,166)	(1,664)	502,919	(287,585)
Insurance revenue	128,421	2,280,244	(217,497)	(215)	75,388	199,718	6,371	3,031,289	1,616,714
Insurance service expenses									
Gross claims paid	1,006	105,809	40,743	-	-	-	35,191	183,749	271,920
Change in outstanding claims reserve	(15,760)	65,082	(1,300)	(10,000)	-	1,401	(549,745)	(520,323)	(156,372)
Change in IBNR	(11,828)	150,254	94,429	(20,330)	-	(11,785)	(34,342)	166,398	-
Change in Risk adjustment	5,935	3,484	8,291	4,245	-	3,100	(35,866)	(10,811)	-
Change in Discount adjustment	155	141	444	121	-	60	275	1,200	-
Change in Loss component	1,978	-	-	-	-	-	-	1,978	-
Gross incurred Claims	(37,658)	319,526	147,112	(33,867)	-	(6,138)	(605,866)	(177,809)	115,548
Acquisition costs	25,449	42,894	44,843	5,377	-	30,612	992	150,177	30,089
Change in insurance acquisition cashflow	(11,275)	(13,546)	(15,198)	(4,175)	-	(4,999)	(333)	(49,527)	(15,187)
Maintenance costs	3,038	462,490	49,065	-	-	9,600	-	504,193	67,970
Net insurance service expenses	(9,789)	734,597	161,976	(34,143)	-	35,377	(604,887)	427,034	198,420
Net expenses from reinsurance contracts									
Outward reinsurance	55,257	13,249	44,837	3,695	-	58,886	-	175,924	100,247
Change in reinsurance outgo/recoveries during the period	(3,015)	(6,139)	(60)	-	-	-	-	(9,214)	(125)
Commission earned	(4,977)	(8,079)	(1,445)	(740)	-	(4,395)		(19,636)	(15,437)
Net expenses from reinsurance contracts	52,242	7,110	44,777	3,695	-	58,886	-	147,073	84,684
Insurance Service result	99,618	1,558,225	(402,761)	33,989	75,448	97,392	611,258	2,457,182	1,333,809

Notes to the Financial Statements - Continued

5 Insurance operations

5.1 Summary of material accounting policies for insurance contracts

Summary of measurement approaches

The Company uses different measurement approaches, depending on the type of contract, as follows:

	Product classification	Measurement model
Contract issued		
Non-life insurance	Insurance contracts	PAA for policies issued (with coverage of one year or less)
Reinsurance contracts held		
non-life third party liability – excess of loss reinsurance	Reinsurance contract held	PAA (with coverage of one year or less), with underlying groups of contracts

5.1.(a) Definition and classification

Insurance contracts are contracts under which the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.
In making this assessment, all substantive rights and obligations, including those arising from law or regulation, are considered on a contract-by-contract basis. The Company uses judgement to assess whether a contract transfers insurance risk (that is, if there is a scenario with commercial substance in which the Company has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.
In the normal course of business, the Company uses reinsurance to mitigate its risk exposures. A reinsurance contract transfers significant risk if it transfers substantially all of the insurance risk resulting from the insured portion of the underlying insurance contracts, even if it does not expose the reinsurer to the possibility of a significant loss.
All references to insurance contracts in these financial statements apply to insurance contracts issued or acquired, reinsurance contracts held and investment contracts with DPF, unless specifically stated otherwise.

5.1.(b) Unit of account

The Company manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts. Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are: (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts. These groups represent the level of aggregation at which insurance contracts are initially recognised and measured. Such groups are not subsequently reconsidered.

For each portfolio of contracts, the Company determines the appropriate level at which reasonable and supportable information is available, to assess whether these contracts are onerous at initial recognition and whether non-onerous contracts have a significant possibility of becoming onerous. This level of granularity determines sets of contracts. The Company uses significant judgement to determine at what level of granularity the Company has reasonable and supportable information that is sufficient to conclude that all contracts within a set are sufficiently homogeneous and will be allocated to the same group without performing an individual contract assessment.

Notes to the Financial Statements - Continued

5.1.(b) Unit of account (continued)

Non-life insurance contracts acquired in the run-off period in January 2023 were included in a single group of contracts and assessed as having no significant possibility of becoming onerous through the pre-acquisition due diligence

For other non-life contracts measured using the PAA, the Company assumes that no such contracts are onerous at initial recognition, unless facts and circumstances indicate otherwise. If facts and circumstances indicate that some contracts are onerous, an additional assessment is performed to distinguish onerous contracts from non-onerous ones. For non-onerous contracts, the Company assesses the likelihood of changes in the applicable facts and circumstances in the subsequent periods in determining whether contracts have a significant possibility of becoming onerous. Similar to Life Risk and Savings contracts, this assessment is performed at a policyholder-pricing-groups level.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the grouping requirements to reinsurance contracts held, the Group aggregates reinsurance contracts held concluded within a calendar year (annual cohorts) into groups of: (i) contracts for which there is a net gain at initial recognition, if any; (ii) contracts for which, at initial recognition, there is no significant possibility of a net gain arising subsequently; and (iii) remaining contracts in the portfolio, if any.

Reinsurance contracts held are assessed for aggregation requirements on an individual contract basis. The Company tracks internal management information reflecting historical experiences of such contracts' performance. This information is used for setting pricing of these contracts such that they result in reinsurance contracts held in a net cost position without a significant possibility of a net gain arising subsequently.

Before the Company accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct services other than insurance contract services.

The Company applies IFRS 17 to all remaining components of the contract. The Company does not have any contracts that require further separation or combination of insurance contracts.

5.1.(c) Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Company determines that a group of contracts becomes onerous.

Reinsurance contracts held are recognised as follows:

- a group of reinsurance contracts held that provide proportionate coverage (quota share reinsurance) is recognised at the later of:
  i. the beginning of the coverage period of the group; and
  ii. the initial recognition of any underlying insurance contract;
- all other groups of reinsurance contracts held are recognised from the beginning of the coverage period of the group of reinsurance contracts held;

Unless the Company entered into the reinsurance contract held at or before the date when an onerous group of underlying contracts is recognised prior to the beginning of the coverage period of the group of reinsurance contracts held, in which case the reinsurance contract held is recognised at the same time as the group of underlying insurance contracts is recognised.

Notes to the Financial Statements - Continued

5.1.(c) Recognition and derecognition - (continued)

Only contracts that individually meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts restriction. Composition of the groups is not reassessed in subsequent periods.

Accounting for contract modification and derecognition

An insurance contract is derecognised when it is:

- extinguished (that is, when the obligation specified in the insurance contract expires or is discharged or cancelled); or
- the contract is modified and additional criteria discussed below are met.

When an insurance contract is modified by the Company as a result of an agreement with the counterparties or due to a change in regulations, the Company treats changes in cash flows caused by the modification as changes in estimates of the FCF, unless the conditions for the derecognition of the original contract are met. The Company derecognises the original contract and recognises the modified contract as a new contract if any of the following conditions are present:

a. if the modified terms had been included at contract inception and the Company would have concluded that the modified contract:
   i. is not within the scope of IFRS 17;
   ii. results in different separable components;
   iii. results in a different contract boundary; or
   iv. belongs to a different group of contracts;
b. the original contract represents an insurance contract with direct participation features, but the modified contract no longer meets that definition, or vice versa; or
c. the original contract was accounted for under the PAA, but the modification means that the contract no longer meets the eligibility criteria for that approach.

When an insurance contract accounted for under the PAA is derecognised, adjustments to remove related rights and obligations to account for the effect of the derecognition result in the following amounts being charged immediately to profit or loss:

a. if the contract is extinguished, any net difference between the derecognised part of the LRC of the original contract and any other cash flows arising from extinguishment;
b. if the contract is transferred to the third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or
c. if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

5.1.(d) Measurement

5.1.(d)(i) Fulfillment cash flows

Fulfilment cash flows within contract boundary

The FCF are the current estimates of the future cash flows within the contract boundary of a group of contracts that (App A) the Company expects to collect from premiums and pay out for claims, benefits and expenses, adjusted to reflect the timing and the uncertainty of those amounts.

The estimates of future cash flows:

a. are based on a probability-weighted mean of the full range of possible outcomes;
b. are determined from the perspective of the Group, provided that the estimates are consistent with observable market prices for market variables; and
c. reflect conditions existing at the measurement date.

Notes to the Financial Statements - Continued

5.1.(d) Measurement - (continued)

5.1.(d)(i) Fulfillment cash flows - (continued)

Fulfilment cash flows within contract boundary - (continued)

An explicit risk adjustment for non-financial risk is estimated separately from the other estimates. For contracts measured under the PAA, unless the contracts are onerous, the explicit risk adjustment for non-financial risk is only estimated for the measurement of the LIC.

The estimates of future cash flows are adjusted using the current discount rates to reflect the time value of money and the financial risks related to those cash flows, to the extent not included in the estimates of cash flows. The discount rates reflect the characteristics of the cash flows arising from the groups of insurance contracts, including timing, currency and liquidity of cash flows. The determination of the discount rate that reflects the characteristics of the cash flows and liquidity characteristics of the insurance contracts requires significant judgement and estimation.

Risk of the Company's non-performance is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability-weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the

The Company estimates certain FCF at the portfolio level or higher and then allocates such estimates to groups of

The Company uses consistent assumptions to measure the estimates of the present value of future cash flows for the group of reinsurance contracts held and such estimates for the groups of underlying insurance contracts.

Contract boundary

The Company uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts.

Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation ends when:

a. the Company has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
b. both of the following criteria are satisfied:
   i. the Company has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
   ii. the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date

In assessing the practical ability to reprice, risks transferred from the policyholder to the Company, such as insurance risk and financial risk, are considered; other risks, such as lapse or surrender and expense risk, are not included.

Riders, representing add-on provisions to a basic insurance policy that provide additional benefits to the policyholder at additional cost, that are issued together with the main insurance contracts form part of a single insurance contract with all of the cash flows within its boundary.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Company is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive insurance contract services from the

The excess of loss reinsurance contracts held provides coverage for claims incurred during an accident year. Thus, all cash flows arising from claims incurred and expected to be incurred in the accident year are included in the measurement of the reinsurance contracts held. Some of these contracts might include mandatory or voluntary reinstatement reinsurance premiums, which are guaranteed per the contractual arrangements and are thus within the respective reinsurance contracts' boundaries.

Cash flows that are not directly attributable to a portfolio of insurance contracts, such as some product development and training costs, are recognised in other operating expenses as incurred.

Notes to the Financial Statements - Continued

Insurance acquisition costs

The Company defines acquisition cash flows as cash flows that arise from costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) and that are directly attributable to the portfolio of insurance contracts to which the group belongs.

Insurance acquisition cash flows are allocated to groups of insurance contracts on a systematic and rational basis. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts are allocated:

a. to that group; and
b. to groups that will include insurance contracts that are expected to arise from renewals of the insurance contracts in that group.

Insurance acquisition cash flows not directly attributable to a group of contracts but directly attributable to a portfolio of contracts are allocated to groups of contracts in the portfolio or expected to be in the portfolio.

Before a group of insurance contracts is recognised, the Company could pay (or recognise a liability, applying a standard other than IFRS 17) for directly attributable acquisition costs to originate them. Such balances, which for the Companyp are typically limited to non-refundable costs prepaid for non-life insurance contracts measured under PAA, are recognised as insurance acquisition cash flows assets within the carrying amount of insurance contracts issued and are subsequently derecognised (in full or to the extent that insurance contracts expected to be in the group have been recognised at that date) when respective groups of insurance contracts are recognised and the insurance acquisition cash flows are included in the group's measurement. The amounts allocated to groups of insurance contracts yet to be recognised are revised at each reporting date, to reflect any changes in assumptions that determine the inputs to the method of allocation used.

Insurance acquisition cash flows assets not yet allocated to a group are assessed for recoverability if facts and circumstances indicate that the assets might be impaired. Impairment losses reduce the carrying amount of these assets and are recognised in insurance service expenses. Previously recognised impairment losses are reversed to the extent that the impairment conditions no longer exist or have improved.

The recoverability assessment is performed in two steps, as follows:

1. an impairment loss is recognised to the extent that the carrying amount of each asset for insurance acquisition cash flows exceeds the expected net cash inflow as determined by the FCF as at initial recognition for the related group of insurance contracts;
2. in addition, when insurance acquisition cash flows directly attributable to a group of contracts are allocated to groups that include expected contract renewals, such insurance acquisition cash flows should not exceed the expected net cash inflow from the expected renewals as determined by the FCF as at initial recognition for the expected renewals; an impairment loss is recognised for the excess to the extent not recognised in step (1) above.

Other pre-recognition cash flows within the contract boundary

Before a group of insurance contracts is recognised, the Company could recognise assets or liabilities for cash flows related to a group of insurance contracts other than insurance acquisition cash flows, either because of the occurrence of the cash flows or because of the requirements of another IFRS standard. Cash flows are related to the group of insurance contracts if they would have been included in the FCF at initial recognition of the group if they had been paid or received after that date. Such assets or liabilities (referred to as 'other pre-recognition cash flows') are included in the carrying amount of the related portfolios of insurance contracts issued or in the carrying amount of the portfolios of

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is applied to the present value of the estimated future cash flows, and it reflects the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows from non-financial risk as the Company fulfils insurance contracts.

For reinsurance contracts held, the risk adjustment for non-financial risk represents the amount of risk being transferred by the Group to the reinsurer.

Notes to the Financial Statements - Continued

5.1.(d)(ii) Initial and subsequent measurement

The Company uses the PAA for measuring contracts with a coverage period of one year or less. This approach is used for originated non-life insurance contracts, because each of these contracts has a coverage period of one year or less.

The excess of loss reinsurance contracts held provide coverage on the non-life insurance contracts originated for claims incurred during an accident year and are accounted for under the PAA.

For insurance contracts issued, insurance acquisition cash flows allocated to a group are deferred and recognised over the coverage period of contracts in a group. For reinsurance contracts held, broker fees are recognised over the coverage period of contracts in a group.

For insurance contracts issued, on initial recognition, the Company measures the LRC at the amount of premiums received, less any acquisition cash flows paid and any amounts arising from the derecognition of the insurance acquisition cash flows asset and the derecognition of any other relevant pre-recognition cash flows.

For reinsurance contracts held, on initial recognition, the Company measures the remaining coverage at the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer and any amounts arising from the derecognition of any other relevant pre-recognition cash flows.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

a. the LRC; and
b. the LIC, comprising the FCF related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

a. the remaining coverage; and
b. the incurred claims, comprising the FCF related to past service allocated to the group at the reporting date.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

a. increased for premiums received in the period, excluding amounts that relate to premium receivables included in the LIC;
b. decreased for insurance acquisition cash flows paid in the period;
c. decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period; and
d. increased for the amortisation of insurance acquisition cash flows in the period recognised as insurance service expenses

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

a. increased for ceding premiums paid in the period;
b. increased for broker fees paid in the period; and
c. decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period.

The Company does not adjust the LRC for insurance contracts issued and the remaining coverage for reinsurance contracts held for the effect of the time value of money, because insurance premiums are due within the coverage period of contracts, which is one year or less.

The Company adjusts the remaining coverage for reinsurance contracts held for the effect of the risk of reinsurer's nonperformance.

There are no investment components within insurance contracts issued and reinsurance contracts held that are measured under the PAA.

For contracts measured under the PAA, the LIC is measured similarly to the LIC's measurement under the GMM. Future cash flows are adjusted for the time value of money, since non-life insurance contracts issued by the Company and measured under the PAA typically have a settlement period of over one year.

Notes to the Financial Statements - Continued

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or becomes onerous subsequently, the Group increases the carrying amount of the LRC to the amounts of the FCF determined under the GMM with the amount of such an increase recognised in insurance service expenses, and a loss component is established for the amount of the loss recognised. Subsequently, the loss component is remeasured at each reporting date as the difference between the amounts of the FCF determined under the GMM relating to the future service and the carrying amount of the LRC without the loss component. Where applicable, resulting changes in the loss component are disaggregated between insurance service expenses and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the asset for remaining coverage for reinsurance contracts held measured under the PAA is increased by the amount of income recognised in profit or loss and a loss-recovery component is established or adjusted for the amount of income recognised. The referred income is calculated by multiplying the loss recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contract held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.
When underlying insurance contracts are included in the same group with insurance contracts issued that are not reinsured, the Group applies a systematic and rational method of allocation to determine the portion of losses that relates to underlying insurance contracts.

Where applicable, changes in the loss-recovery component are disaggregated between net income from reinsurance contracts held and insurance finance income or expenses for the effect of the time value of money, financial risk and effect of changes therein in proportion to the disaggregation applied to the changes in the underlying loss component.
The Company does not have any reinsurance contracts held measured under the PAA with underlying contracts measured under the GMM.

5.1.(e) Amounts recognised in comprehensive income

5.1.(e)(i) Insurance service result from insurance contracts issued

Insurance revenue

As the Company provides insurance contract services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration that the Company expects to be entitled to in exchange for those services.

Insurance service expenses

Insurance service expenses include the following:

a. incurred claims and benefits, excluding investment components reduced by loss component allocations;
b. other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
c. insurance acquisition cash flows amortisation
d. changes that relate to past service – changes in the FCF relating to the LIC; and
e. changes that relate to future service – changes in the FCF that result in onerous contract losses or reversals of those losses; and
f. insurance acquisition cash flows assets impairment, net of reversals

Notes to the Financial Statements - Continued

5.1.(e)(ii) Insurance service result from reinsurance contracts held

Net income (expenses) from reinsurance contracts held

The Company presents financial performance of groups of reinsurance contracts held on a net basis in net income (expenses) from reinsurance contracts held, comprising the following amounts:

a. reinsurance expenses;
b. for groups of reinsurance contracts measured under the PAA, broker fees are included within reinsurance expenses;
c. incurred claims recovery, excluding investment components reduced by loss-recovery component allocations;
d. other incurred directly attributable expenses;
e. changes that relate to past service – changes in the FCF relating to incurred claims recovery;
f. effect of changes in the risk of reinsurers' non-performance; and
g. amounts relating to accounting for onerous groups of underlying insurance contracts issued:
    i. income on initial recognition of onerous underlying contracts
    ii. reinsurance contracts held under the GMM: reversals of a loss-recovery component other than changes in the FCF of reinsurance contracts held; and
    iii. reinsurance contracts held under the GMM: changes in the FCF of reinsurance contracts held from onerous underlying contracts.

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services. Additionally, for reinsurance contracts held measured under the PAA, broker fees are included in reinsurance expenses.

For groups of reinsurance contracts held measured under the PAA, the Company recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses. Ceding commissions that are contingent on claims of the underlying contracts issued reduce incurred claims recovery.

5.1.(e)(iii) Insurance finance income or expenses

Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

a. the effect of the time value of money and changes in the time value of money; and
b. the effect of financial risk and changes in financial risk.

For contracts measured under the PAA, the main amounts within insurance finance income or expenses are:

a. interest accreted on the LIC; and
b. the effect of changes in interest rates and other financial assumptions.

The Company disaggregates changes in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expenses.

For the contracts measured under the PAA, the Company includes all insurance finance income or expenses for the period in profit or loss (that is, the profit or loss option (the PL option) is applied.

The groups of insurance contracts, including the CSM, that generate cash flows in a foreign currency are treated as monetary items. Applying IAS 21 at the end of the reporting period, the carrying amount of the group of insurance contracts, including the CSM, is translated into the functional currency at the closing rate. The Company has chosen to present the resulting foreign exchange differences within the line item 'finance expenses from insurance contracts'.

5.2 Significant judgements and estimates in applying IFRS 17

5.2.1 Judgements

Areas of potential judgement	Applicable to the Company
Definition and classification – Whether contracts are within the scope of IFRS 17 and, for contracts determined to be within the scope of IFRS 17, what measurement model is applicable:	
For insurance contracts with a coverage period of more than one year and for which the entity applies the PAA, the eligibility assessment as required by paragraphs 53(a),54, 69(a) and 70 of IFRS 17 and might involve significant judgement.	All contracts measured by the Company under the PAA have a coverage period of one year or less. Thus, no assessment for the PAA is separately required and no judgement was involved.
Unit of account – Judgements involved in combination of insurance contracts and separation of distinct components	
Combination of insurance contracts – whether the contracts with the same or related counterparty achieve or are designed to achieve, an overall commercial effect and require combination.	No respective judgement is applicable to the Company
Separation – whether components in paragraphs 11–12 of IFRS 17 are distinct (that is, they meet the separation criteria).	No respective judgement is applicable to the Company
Separation of contracts with multiple insurance coverage – whether there are facts and circumstances where the legal form of an insurance contract does not reflect the substance and separation is required.	No respective judgement is applicable to the Company

Areas of potential judgement	Applicable to the Company
Unit of account – Insurance contracts aggregation	
Judgements involved in the identification of portfolios of contracts, as required by paragraph 14 of IFRS 17 (that is, having similar risks and being managed together).	Not an area of significant judgement for the Company. The Company is a multi-line insurer where each product line is managed independently. The products offer range from fire, motor, general accident, engineering, aviation, marine liability as well as oil and energy.
Aggregation of insurance contracts issued on initial recognition into groups of onerous contracts, groups of contracts with no significant possibility of becoming onerous, and groups of other contracts. Similar grouping assessment for reinsurance contracts held. Areas of potential judgements include: a. paragraph 17 of IFRS 17 – the determination of contract sets within portfolios and whether the Company has reasonable and supportable information to conclude that all contracts within a set would fall into the same group, as required by paragraph 16 of IFRS 17; and b. paragraphs 18 and 19 of IFRS 17 – judgements might be applied on initial recognition to distinguish between nononerous contracts (those having no significant possibility of becoming onerous) and other contracts. For contracts not measured under the PAA, the assessment of the likelihood of adverse changes in assumptions that might result in contracts becoming onerous is an area of potential judgement. For contracts measured under the PAA, the assessment of the likelihood of adverse changes in applicable facts and circumstances is an area of potential judgement.	
For insurance contracts issued measured under the PAA, management judgement might be required to assess whether facts and circumstances indicate that a group of contracts has become onerous. Further, judgement is required to assess whether facts and circumstances indicate that any changes in the onerous group's profitability and whether any loss component remeasurement is required.	This area of judgement is potentially applicable to the Company. In 2022 and 2023, the Company did not identify any facts or circumstances that might have indicated that a Company of contracts measured under the PAA had become onerous. All contracts measured by the Company in 2022 and 2023 under the PAA were determined to be non-onerous on initial recognition.
The determination of whether laws or regulations constrain the Company's practical ability to set a different price or level of benefits for policyholders with different risk profiles, so that the Company might include such contracts in the same group, disregarding the aggregation requirements set in paragraphs 14–19 of IFRS 17, is an area of judgement.	The regulatory environment in which the Company operates does not impose any price or other constraints. Thus, no judgment has been applied by the Company

Areas of potential judgement	Applicable to the Company
Recognition and derecognition – Accounting for contract modification and derecognition	
When contracts are modified, judgement might be applied to establish if the modification meets the criteria for derecognition. In particular, after the modification, judgement is applied to determine whether: a. significant insurance risk still exists; b. there are elements that are to be distinct from the contract; c. contract boundaries have changed; d. the contract would have to be included in a different group, subject to aggregation requirements; and e. the contract no longer meets the requirements of the measurement model.	No respective judgement is applicable to the Company
Measurement – Fulfilment cash flows	
The concept of a contract boundary is used to determine which future cash flows should be considered in the measurement of a contract within the scope of IFRS 17. Judgements might be involved to determine when the Company is capable of repricing the entire contract to reflect the reassessed risks, when policyholders are obliged to pay premiums, and when premiums reflect risks beyond the coverage period. Where features such as options and guarantees are included in the insurance contracts, judgement might be required to assess the entity's practical ability to reprice the entire contract to determine if related cash flows are within the contract boundary.	No respective judgement is applicable to the Company. Where annuity options are provided in the insurance contracts, they are non-guaranteed and are not within the contract boundary.
An entity can use judgement to determine which cash flows within the boundary of insurance contracts are those that relate directly to the fulfilment of the contracts.	The Company performs regular expense studies and uses judgement to determine the extent to which fixed and variable overheads are directly attributable to fulfilling insurance contracts.
Financial performance	
The determination of what constitutes an investment component might be an area of judgement significantly affecting amounts of recognised insurance revenue and insurance service expenses, because investment components should be excluded from those.	No respective judgement is applicable to the Company.
An entity might apply judgement to determine whether the treatment of certain consequential insurance risks within LRC or LIC reflects the most useful information about the insurance services provided by the entity to the policyholder.	The Company treats the disability claims within the LIC for its automobile insurance contracts.

5.2.2 Methods used and judgements applied in determining the IFRS 17 transition amounts

The Company has adopted IFRS 17 retrospectively, The full retrospective approach was applied to the insurance contracts in force at the transition date that were originated less than two years prior to transition.

The transition approach was determined at the level of a group of insurance contracts and affected the approach to calculating the CSM on initial adoption of IFRS 17:

For non-life insurance contracts issued, the Company has used the full retrospective approach to identify, recognise and measure insurance acquisition cash flows assets as at transition date, except that the retrospective impairment test has not been performed prior to the transition date. The Company has not recognised any insurance acquisition cash flows assets relating to other insurance contracts issued or expected to be issued.

The Company has determined that it would be impracticable to apply the full retrospective approach where any of the following conditions existed:

a. The effects of the full retrospective application were not determinable, for example:

   i. Some reasonable and supportable information about actual historical cash flows might have been available from the Company's systems, but in many cases such information was only available at higher levels or different levels of aggregation compared to the groups required by IFRS 17. This lack of information makes it impracticable to accurately calculate the FCF on a retrospective basis and to segregate groups based on profitability.

   ii. The information necessary to estimate the effect of contracts derecognised before the transition date on allocation of the CSM between past and future periods on the transition date was not available in many cases. This was particularly challenging for large portfolios of long-term contracts for which terms and circumstances (for example, size and number of contracts issued in prior reporting periods) often change.

b. The full retrospective application required assumptions that would have been made in an earlier period, for example:

   i. For contracts with direct participation features, the Group's expectations regarding the policyholder's share of underlying assets at contract inception would not have been possible to recreate without the use of hindsight.

   ii. Difficulties in retrieving relevant reliable information existed where assumptions developed at the date of initial recognition were not on an IFRS 17 basis (such as discount rates, risk adjustment for non-financial risk or expenses).

   iii. Changes in assumptions have not been historically documented on an ongoing basis.

   iv. The older the in force contracts (such as term life products), the more challenging it would have been to retrieve data from the past on assumptions.

   The full retrospective application required significant estimates of amounts, and it was impossible to distinguish objectively between information about those estimates that provided evidence of circumstances that (i) existed on the date at which those amounts were to be recognised, measured or disclosed; and (ii) would have been available when the consolidated financial statements for that prior period were authorised for issue, and other information, for example:

   i. The Group had limited or no information required for the allocation of acquisition cash flows to respective groups of insurance contracts issued or expected to be issued and other overhead expenses to respective groups under IFRS 17. Systems have not been tracking or allocating acquisition costs, because previous accounting policies did not require this. In addition, the allocation of applicable overheads to groups of contracts could require information that has not historically been tracked/recorded.

   ii. The Company has not historically been accumulating information about the changes in estimates that would have been recognised in profit or loss for each accounting period, because they did not relate to future service, and the extent to which changes in the FCF would have been allocated to the loss component.

Full retrospective approach

The Company has determined that reasonable and supportable information was available for all contracts in force at the transition date that were issued within three years prior to the transition.

In addition, for insurance contracts originated by the Group that are eligible for the PAA, the Group has concluded that only current and prospective information was required to reflect circumstances at the transition date, which made the full retrospective application practicable and, hence, the only available option for non-life insurance contracts issued by the Company.

Accordingly, the Company has: identified, recognised and measured each group of insurance contracts and each insurance acquisition cash flows asset in this category as if IFRS 17 had always applied (except that a retrospective impairment test has not been performed); derecognised any existing balances that would not exist if IFRS 17 had always applied; and recognised any resulting net difference in equity.

5.2.3 Estimates and assumptions

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results.

This note provides an overview of items that are more likely to be materially adjusted due to changes in estimates and assumptions in subsequent periods. Detailed information about each of these estimates is included in the notes below, together with information about the basis of calculation for each affected line item in the consolidated financial

In applying IFRS 17 measurement requirements, the following inputs and methods were used that include significant estimates. The present value of future cash flows is estimated using deterministic scenarios, except where stochastic modelling is used to measure financial guarantees. The assumptions used in the deterministic scenarios are derived to approximate the probability-weighted mean of a full range of scenarios.

5.2.3.1 Discount rates

Insurance contract liabilities are calculated by discounting expected future cash flows at a risk free rate, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid AAA-rated sovereign securities in the currency of the insurance contract liabilities. The illiquidity premium is determined by reference to observable market rates.

Discount rates applied for discounting of future cash flows are listed below:

31 December 2023

Product	Currency	1 year	5 years	10 years	20 years	30 years
Fire	Naira					
Motor	Naira					
General accident	Naira					
Marine	Naira					
Bonds	Naira					
Oil &	Naira					

31 December 2022

Product	Currency	1 year	5 years	10 years	20 years	30 years
Fire	Naira					
Motor	Naira					
General accident	Naira					
Marine	Naira					
Bonds	Naira					
Oil &	Naira					

5.2.3.2 Estimates of future cash flows to fulfil insurance contracts

Included in the measurement of each group of contracts within the scope of IFRS 17 are all of the future cash flows within the boundary of each group of contracts. The estimates of these future cash flows are based on probability-weighted expected future cash flows. The Company stimates which cash flows are expected and the probability that they will occur as at the measurement date. In making these expectations, the Company uses information about past events, current conditions, and forecasts of future conditions. The Company's estimate of future cash flows is the mean of a range of scenarios that reflect the full range of possible outcomes. Each scenario specifies the amount, timing and probability of cash flows. The probability-weighted average of the future cash flows is calculated using a deterministic scenario representing the probability-weighted mean of a range of scenarios.

Where estimates of expenses-related cash flows are determined at the portfolio level or higher, they are allocated to groups of contracts on a systematic basis, such as activity-based costing method. The Group has determined that this method results in a systematic and rational allocation. Similar methods are consistently applied to allocate expenses of a similar nature. Expenses of an administrative policy maintenance nature are allocated to groups of contracts based on the number of contracts in force within groups.

Acquisition cash flows are typically allocated to groups of contracts based on gross premiums written. This includes an allocation of acquisition cash flows among existing, as well as future, groups of insurance contracts issued. For automobile insurance contracts issued, the allocation of certain commissions to the existing groups of contracts, and to groups of contracts that will include insurance contracts that are expected to arise from renewals of the insurance contracts in existing groups, involves assumptions about future contract renewal rates.

5.2.3.3 Methods used to measure non-life contracts

The Company estimates insurance liabilities in relation to claims incurred for automobile insurance separately for liability coverage and for major products. Estimates are performed on an accident year basis. A separate estimation is performed for the run-off automobile business acquired in January 2023.

Judgement is involved in assessing the most appropriate technique to estimate insurance liabilities for the claims incurred. In certain instances, different techniques or a combination of techniques have been selected for individual accident years or groups of accident years within the same type of contract.

The most common methods used to estimate property damage claims incurred are the chain-ladder and the Bornhuetter-Ferguson methods, which are the industry standards for this type of claim.

The chain-ladder technique involves an analysis of historical claims development factors and the selection of estimated development factors based on this historical pattern. The selected development factors are then applied to cumulative claims data for each accident year that is not yet fully developed, to produce an estimated ultimate claims cost for each accident year. The chain-ladder technique is the most appropriate for those accident years and classes of business that have reached a relatively stable development pattern. The chain-ladder technique is less suitable in cases in which the Company does not have a developed claims history for a particular type of claim.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure, such as gross or reinsurance premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined, using a formula that gives more weight to the experience-based estimate as time passes. This technique has been used in situations in which developed claims experience was not available for the projection (that is, in relation to recent accident years or new products).

For the bodily injury claims incurred estimations, the Group uses the frequency severity method. The estimated cost of claims for each year and each class is the product of the projections of claims number and the average claims sizes adjusted for inflation projections. These amounts are then summed up over years, subject to maximum loss payable under the terms of the policies.

The Company has not changed the methods used to estimate incurred claims in 20X5, with the exception of a small number of policy groups where the Group now has sufficient claims statistics to apply the chain-ladder method instead of the Bornhuetter-Ferguson method, which was previously used. The change in method applied had no significant impact on the financial statements of the Company.

In its claims incurred assessments, the Group uses internal and market data. Internal data is derived mostly from the Group's claims reports. This information is used to develop scenarios related to the latency of claims that are used for the projections of the ultimate number of claims. Market data consists of inflation projections, large claims threshold, large claims quantity, market claims ratios and other.

5.2.3.4 Methods used to measure the risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that is required for bearing the uncertainty about the amount and timing of cash flows that arises from non-financial risk as the insurance contract is fulfilled. Because the risk adjustment represents compensation for uncertainty, estimates are made on the degree of diversification benefits and expected favourable and unfavourable outcomes in a way that reflects the Company's degree of risk aversion. The Company estimates an adjustment for non-financial risk separately from all other estimates. TheCompany does not consider the effect of reinsurance in the risk adjustment for non-financial risk of the underlying insurance contracts.

The risk adjustment was calculated at the issuing entity level and then allocated down to each group of contracts in accordance with their risk profiles. The cost of capital method was used to derive the overall risk adjustment for non-financial risk.

In the cost of capital method, the risk adjustment is determined by applying a cost rate to the present value of projected capital relating to non-financial risk. The cost rate is set at 6% per annum, representing the return required to compensate for the exposure to non-financial risk. The capital is determined at a 99.5% confidence level, and it is projected in line with the run-off of the business. The diversification benefit is included to reflect the diversification in contracts sold across geographies, because this reflects the compensation that the entity requires.

Notes to the Financial Statements - Continued

6 Financial operations

6.1 Summary of material accounting policies for financial instruments

6.1.1 Financial assets and liabilities

6.1.1.(a) Summary of measurement categories

The Company classifies its financial assets into the following categories:

Type of financial instruments	Classification	Reason
Cash and cash equivalents	AC	SPPI, hold to collect business model
Debt instruments	AC	SPPI, hold to collect business model
Equity securities	FVTPL	Mandatory
Equity securities	FVOCI	Mandatory
Other financial assets	AC	SPPI, hold to collect business model
Other financial liabilities	AC	Mandatory

6.1.1.(b) Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date (that is, 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 (in the case of a financial asset or financial liability not at FVTPL) 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 FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at AC and investments in debt instruments measured at FVOCI.

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 (that is, 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.

6.1.1.(b) Initial recognition and measurement

AC 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 for any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate (EIR) 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 (that is, its AC before any impairment allowance) or to the AC of a financial liability. The calculation does not consider the ECL and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the EIR.

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

Interest revenue is calculated by applying the EIR to the gross carrying amount of financial assets recognised at AC or FVOCI.

6.1.2 Financial assets

6.1.2.(a) Classification and subsequent measurement

The Company classifies its financial assets into the following measurement categories:

a. AC
b. FVOCI; or
c. FVTPL

6.1.2.(b) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as government and corporate bonds.

The classification and subsequent measurement of debt instruments depend on:

a. the Company's business model for managing the asset; and
b. the cash flow characteristics of the asset (represented by SPPI).

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

a. **AC**: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at AC. The carrying amount of these assets is adjusted by any ECL allowance recognised and measured, as described further below. Interest revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR

b. **FVOCI**: Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at 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 AC, 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 revenue from these financial assets is included in interest revenue from financial assets not measured at FVTPL using the EIR method.

c. **FVTPL**: Assets that do not meet the criteria for AC or FVOCI are measured at FVTPL. Also, some assets are voluntarily measured at FVTPL, because this significantly reduces an accounting mismatch. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised and presented in the consolidated statement of profit or loss within net gains on FVTPL investments in the period in which it arises.

The business model reflects how the Company manages assets in order to generate cash flows. That is, it reflects whether the Company's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (for example, financial assets are held for trading purposes), the financial assets are classified as part of the other 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. For example, the Company's business model for the investments underlying direct participating contracts is to hold to collect and sell contractual cash flows. The proceeds from the contractual cash flows of the financial assets are used to settle insurance contract liabilities as they become due. To ensure that the contractual cash flows from the financial assets are sufficient to settle those liabilities, the Company undertakes significant buying and selling activity on a regular basis, to rebalance its portfolio of assets and to meet cash flow needs as they arise. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the other business model and measured at FVTPL.

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 SPPI (the SPPI test). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (that is, 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 is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The Company reclassifies debt investments 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.

The Company might also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. The Company has determined that an accounting mismatch is reduced if financial assets backing insurance contracts in the Life Risk, Savings (except for underlying assets) and Property and Casualty product lines are measured at FVTPL. For these instruments, the Company has applied the option to designate these financial assets at FVTPL.

6.1.2.(c) 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). Examples of equity instruments include basic ordinary shares.

The Company subsequently measures all equity investments at FVTPL. Gains and losses on equity investments at FVTPL are included in the line 'Net gains on FVTPL investments' in the consolidated statement of profit or loss.

The Company chooses not to apply the FVOCI option for equity instruments that are not held for trading.

6.1.2.(d) Impairment

The Company assesses on a forward-looking basis the ECL associated with its debt instrument assets carried at AC and FVOCI. The Company recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

b. the time value of money; and

c. 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.

6.1.2.(e) 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 of the risks and rewards of ownership; or (ii) the Company neither transfers nor retains substantially all of the risks and rewards of ownership and the Company has not retained control.

The Company enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as pass-through transfers that result in derecognition if the Company:

a. has no obligation to make payments unless it collects equivalent amounts from the assets;

b. is prohibited from selling or pledging the assets; and

c. has an obligation to remit any cash that it collects from the assets without material delay.

6.1.3 Financial liabilities

6.1.3.(a) Classification and subsequent measurement

In both the current and prior periods, financial liabilities are classified and subsequently measured at AC, except for derivatives and investment contracts without DPF, which are measured at FVTPL.

Investment contracts without DPF are financial liabilities whose fair value is dependent on the fair value of underlying financial assets and are designated at inception at FVTPL. The Company designates these investment contracts to be measured at FVTPL, because it eliminates or significantly reduces a measurement or recognition inconsistency (that is, an accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company's main valuation techniques incorporate all factors that market participants would consider and make maximum use of observable market data. The fair value of financial liabilities for investment contracts without fixed terms is determined using the current unit values in which the contractual benefits are denominated. These unit values reflect the fair values of the financial assets contained within the Company's unitised investment funds linked to the financial liability. The fair value of the financial liabilities is obtained by multiplying the number of units attributed to each contract holder at the end of the reporting period by the unit value for the same date.

When the investment contract has an embedded put or surrender option, the fair value of the financial liability is never less than the amount payable on surrender, discounted for the required notice period where applicable.

Changes in the fair value of financial liabilities measured at FVTPL related to own credit risk are presented in OCI, while all other fair value changes are presented in the consolidated statement of profit or loss.

6.1.3.(b) Derecognition

Financial liabilities are derecognised when they are extinguished (that is, when the obligation specified in the contract is discharged, is cancelled or expires).

The exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, is accounted for as an extinguishment of the original financial liability and a recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original EIR, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors (such as the currency in which the instrument is denominated, changes in the type of interest rate, new conversion features attached to the instrument, and changes in covenants) are also taken into consideration. If an exchange of debt instruments or a modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

6.1.4 Derivatives

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured at fair value. All derivatives are carried as assets when fair value is positive, and as liabilities when fair value is negative.

Certain derivatives are embedded in hybrid contracts. If the hybrid contract contains a host that is a financial asset, the Company assesses the entire contract for classification and measurement purposes. Otherwise, the embedded derivatives are treated as separate derivatives when:

a. their economic characteristics and risks are not closely related to those of the host contract;

b. a separate instrument with the same terms would meet the definition of a derivative; and

c. the hybrid contract is not measured at FVTPL.

These embedded derivatives are separately accounted for at fair value, with changes in fair value recognised in the statement of profit or loss, unless the Company chooses to designate the hybrid contracts at FVTPL.

6.2 Significant judgements and estimates in applying IFRS 9

6.2.1 Judgements

This note provides an overview of the areas that involve a higher degree of judgement or complexity. More detailed information about these judgements is included in the notes.

Judgement	Description
Classification of financial instruments	The Company has made judgements in applying the business model criteria to its portfolio of debt instruments. The Company has also applied judgement as to whether designating debt instruments at FVTPL significantly reduces an accounting mismatch.
Expected credit loss	A number of significant judgements are required in applying the accounting requirements for measuring the ECL, such as: a. determining criteria for a significant increase in credit risk (SICR); b. choosing appropriate models and assumptions for the measurement of the ECL; c. establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and d. establishing Companys of similar financial assets for the purposes of measuring the ECL.

Notes to the Financial Statements - Continued

7 Material accounting policies - continued

7.1 Other Receivables and Prepayments

Other receivables and prepayments are carried at cost less accumulated impairment losses.

7.1.1 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there have separately identifiable cash inflows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of The Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

7.2 Investment Properties

Investment properties comprise of completed property and property under construction that are held by the Company to earn rental income or for capital appreciation or both.

Investment properties are measured initially at their cost, including related transaction costs. Transaction costs include professional fees for legal services and other commissions to bring the properties to the condition necessary for them to be capable of operating. After initial recognition, investment properties are carried at fair value with any changes therein recognized in the statements of profit or loss.

An external, independent valuer, having appropriate recognized professional qualifications, certified by the Financial Reporting Council (FRC) of Nigeria and with recent experience in the location and category of the Investment properties being valued, values the Company's investment properties annually. Fair value is evaluated annually by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee which reflects market conditions at the reporting date.

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

7.3 Intangible assets

Intangible assets comprise computer software purchases from third parties. They are measured at cost less accumulated amortization and accumulated impairment losses. Purchased computer software are capitalized on the basis of costs incurred to acquire and bring into use the specific software. These costs are amortized on straight-line basis over the useful life of the asset.

Amortization is recognized in the statement of profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is 10 years. The residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An Intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

7.4 Property, plant, and equipment

Recognition and measurement

Intangible assets comprise computer software purchases from third parties. They are measured at cost less accumulated amortization and accumulated impairment losses. Purchased computer software are capitalized on the basis of costs incurred to acquire and bring into use the specific software. These costs are amortized on straight-line basis over the useful life of the asset.

Subsequent costs

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

Depreciation

All property, plant and equipment (except land and buildings) are stated at historical cost less accumulated depreciation and impairment losses. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts over their estimated useful lives.

Depreciation is recognized in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognized or classified as held-for sale in accordance with IFRS 5 - Non-current Assets Held-for-Sale and Discontinued Operations.

The estimated useful lives for the current and comparative period are as follows:

Buildings	1%
Leasehold improvements	20%
Plant and Machinery	20%
Furniture, fittings and office equipment	10%
Computer equipment	10%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Revaluation of land and building

Land is shown at fair value based on periodic valuations by external independent valuers less subsequent depreciation for buildings. Buildings are subsequently carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. When an individual property is revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve through OCI, except to the extent that it reverses a revaluation decrease of the same property previously recognized as an expense in the statement of profit or loss. When the value of an individual property is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve through OCI in respect of that property. However, to the extent that it exceeds any surplus, it is recognized as an expense in the statement of profit or loss.

De-recognition

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

7.5 Statutory deposit

The Company's Statutory deposit represents the fixed deposit with the Central Bank of Nigeria in accordance with section 10(3) of the Insurance Act, 2003. The deposit is recognized at the cost in the statement of financial position being 10% of the statutory minimum capital requirement of N3 billion for the General insurance business. Interest income on the deposit is recognized in the statement of profit or loss in the period the interest is earned.

7.6 Trade payables

Trade payables (i.e. insurance payables) are recognized when due and measured on initial recognition at the fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method. Trade payables include payables to agents and brokers, payables to reinsurance companies, payables to coinsurance companies, and commission payable.

The effective interest method is a method of calculating the amortized cost of the financial liabilities and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liabilities, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The fair value of a non-interest-bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted. Trade payables are derecognized when the obligation under the liability is settled, cancelled, or expired

7.7 Provisions and Other Payables

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the Director's best estimate of the expenditure required to settle the obligation at the end of the reporting period. The provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

Other payables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method. They comprise of other short-term monetary liabilities such as professional fees payable, insurance levy payable, and staff pension liability.

7.8 Retirement obligations and employee benefits

The operates the following contribution and benefit schemes for its employees:

Defined contribution pension scheme

The Company operates a defined contributory pension scheme for eligible employees. Employers and employees contribute 10% and 8% respectively of the employees' Basic, Housing, and Transport allowances in line with the provisions of the Pension Reform Act 2014. The Company pays the contributions to a pension fund administrator. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefits expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognized as employee benefit expenses and paid in arrears when the associated services are rendered by the employees of the Company.

7.9 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in Nigeria. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognized directly in equity or other comprehensive income is recognized in equity or other comprehensive income and not in the statement of profit or loss and other comprehensive income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

7.10 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as a transaction cost of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the company has an unconditional right to defer the settlement of the liabilities for at least twelve months after the date of the statement of financial position.

7.11 Deposit for share

Deposit for share is recognized at cost, being the amount of deposit received from potential shareholders of the Company. The deposit is derecognized when the Company's equity instruments have been issued to the depositors or a refund made.

7.12 Share capital

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

7.13 Dividends on ordinary share capital

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company's shareholders. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Thus, such dividends are only disclosed in the notes to the financial statements.

7.14 Share premium

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

7.15 Contingency reserve

In compliance with Section 21(2) of Insurance Act, CAP I17 LFN 2004, contingency reserve is credited with the greater of 3% of total premium, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

7.16 Accumulated losses

Accumulated losses comprise the undistributed (losses)/profits from previous years, which have not been reclassified to the other equity reserves.

7.17 Management expenses

Management expenses are expenses other than claims, investment expenses, employee benefits, expenses for marketing and administration and underwriting expenses. They include wages, professional fee, depreciation expenses and other non-operating expenses. Management expenses are accounted for on accrual basis and recognized in the statement of profit or loss upon utilization of the service or at the date of their origin.

7.18 Losses per share

The Company presents basic earnings/losses per share (EPS/LPS) data for its ordinary shares. Basic EPS/LPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

7.19 Significant judgments, estimates, and assumption

7.19.1 Judgement

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

These conditions give rise to a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern therefore they may be unable to realize their assets and discharge their liabilities in the normal course of business.

Management plans to recapitalize the Company. The recapitalization of the business will be achieved through the injection of Funds by potential investors. The Company is discussing with prospective investors. However, if the Company gets an investor, it is estimated that the timing of completion of the recapitalization process may take about 6 months because of the logistics around capital raising for a listed and regulated Company. The success of this plan will potentially lead to a turnaround of the Company's performance from adverse regulatory ratios, losses, and inadequate liquidity to improved market share, cash flows, and liquidity. In addition, the Company may then be able to meet the minimum regulatory capital requirements of NAICOM and thus be able to re-commence its oil and gas line of businesses. In addition, Management has put in place plans to improve its retail business base by exploring new opportunities that may improve its revenues and performance. Specifically, some of the plans are leveraging personal relationships and opportunities created by the Government on compulsory insurance to increase its reach and spread. The Company plans to achieve this by retaining its existing clients and selling permissible services to clients in new locations across the country through strategic partnerships with other insurance and insurance brokerage firms. The Company plans to optimize its costs by converting some of its branches to office representatives.

The financial statements are prepared on the basis that The Company will continue to be a going concern. This basis of preparation is dependent on the presumption of the ability of the Company to comply with the minimum regulatory capital requirement and the solvency margin requirement as well as its ability to realize its assets and discharge its liabilities in the ordinary course of business.

7.19.2 Estimates and assumption

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described below:

Valuation of investment properties

The valuation of the properties is based on the price for which comparable land and properties are being exchanged or are being marketed for sale. Therefore, the market-approach method of valuation is used; this reflects existing use with recourse to comparison approach that is the analysis of recent sale transactions on similar properties in the neighbourhood. The best price that subsisting interest in the property will reasonably be expected to be sold if made available for sale by a private treaty between a willing seller and buyer under competitive market conditions

Revaluation of property, plant, and equipment

The Company measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Company engaged an independent valuation specialist to assess fair value as at December 31, 2018. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location, and condition of the property.

8 Standards and interpretations issued but not yet effective

As at 30 June 2023, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2023.

Title	Key requirements	Effective date
Classification of liabilities as Current or Non-curret - Amendments to IAS 1 Non-current Liabilities with Covenents - Amendments to IAS 1	Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include: • the carrying amount of the liability • information about the covenants, and • facts and circumstances, if any, that indicate that that the entity may have difficulty complying with the covenants. The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note. The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional	01 January 2024

Title	Key requirements	Effective date
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the sellerlessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.	01 January 2024
Supplier finance arrangements – Amendments to IAS 7 and IFRS 7	The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following: The terms and conditions of SFAs: 1. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented 2. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers. 3. The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements. 4. Non-cash changes in the carrying amounts of financial liabilities in (b). 5. Access to SFA facilities and concentration of liquidity risk with finance providers. The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.	01 January 2024

Title	Key requirements	Effective date
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. ** In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.	N/A

Notes to the Financial Statements - Continued

Definitions
The terminology used in this report is described as follows.

Gross claims paid

The amounts paid to IEI excluding any applicable taxes and including direct claims handling expenses and salvages.

Gross case reserves / claims outstanding / case estimates

Case estimates provided by IEI that represent claims which have been reported but not yet settled.

Incurred But Not Reported ("IBNR") claims

Claims which have been incurred by IEI but which have not yet been reported as at the valuation date for all accident years up to and including the valuation date.

Unexpired Premium Reserve ("UPR")
Total value of premiums received but which have not yet been earned as at the valuation date. The figures shown in this report are balances as at the valuation date.

Insurance Acquisition Cashflows ("IACF")
The portion of acquisition costs that relates to the portion of premiums which have not been earned at the valuation date.

Initial Expected Loss Ratio ("IELR")
The ultimate expected loss ratio that is estimated at the start of the contract without knowledge of future claim experience.

Loss Component ("LC")
If business written is unprofitable, this reserve allows for the additional cost of claims and expenses that will be incurred on the unexpired business for which the UPR reserve will be insufficient to cover during that period.

Combined Ultimate Loss Ratio ("CULR")
The ultimate claims loss ratio plus expense ratio that was observed over the current financial year and is therefore expected to be experienced during the period of unexpired risk.

Liability for Incurred Claims (LIC)
An entity's obligation to investigate and pay valid claims for insured events that have already occurred, including events that have occurred but for which claims have not yet been reported, and other incurred insurance expenses. In this case the includes the Incurred But Not Reported claims (IBNR), Outstanding Claims Reserve (OCR) and the Risk Adjustment (RA).

Liability for Remaining Coverage
An entity's obligation to investigate and pay valid claims under existing insurance contracts for insured events that have not yet occurred (ie the obligation that relates to the unexpired portion of the coverage period). In this case this includes the Unearned Premium Reserve (UPR) and Loss Component (LC).

Notes to the Financial Statements - Continued

9 Insurance revenue

In thousands of naira	Unaudited 30-Jun-24	Unaudited 30-Jun-23
Contracts measured using the premium allocation approach		
Direct premium	2,499,794	1,884,465
Inward reinsurance premiums	28,577	19,833
Total premium written	2,528,370	1,904,298
Changes in Liability for Remaining Coverage	502,919	(287,585)
Insurance revenue	3,031,289	1,616,713

10 Insurance service expenses

In thousands of naira	30-Jun-24	30-Jun-23
(a) Claims paid during the period	183,749	271,920
Changes in outstanding claims liability	(520,323)	(121,873)
Changes in Incurred but not Reported	166,398	(34,499)
	(170,176)	115,548
(b) Changes in Loss component	1,978	-
Changes in Risk Adjustment - Outstanding claims	(9,611)	-
Total Claims incurred (a+b)	**(177,809)**	**115,548**
(c) Amortization of Insurance acquisition cash flows	100,650	30,089
Maintenance cost	504,193	52,783
	604,843	**82,872**
Total Insurance Service Expenses for the year	427,034	198,420

11 Net expenses from reinsurance contracts held

In thousands of naira	30-Jun-24	30-Jun-23
Contracts measured using the premium allocation approach		
Changes in prepaid re-insurance	169,725	91,096
Changes in Minimum & deposit premium paid in advance in previous years	6,199	9,051
Re-insurance expenses incurred	175,924	100,147
Insurance Claims Recovered from Reinsurers (see note 11.1)	(28,850)	(15,663)
Changes in Ri share of Liability for incurred claims:		
Changes in Risk Adjustment -Reinsurance on recoverable	-	-
	(28,850)	(15,663)
Total net expenses from reinsurance contract held	147,074	84,484

11.1	30-Jun-24	30-Jun-23
Insurance Claims Recovered from Reinsurers	(9,384)	(416)
Commission received	(19,636)	(15,417)
Changes in reinsurance share of outstanding claims	1,845	(1,373)
Changes in reinsurance share of IBNR	(1,675)	1,543
Total claims recoveries/outgo from reinsurance	(28,850)	(15,663)

11.2 Re-insurance premium incurred

In thousands of naira	30-Jun-24	30-Jun-23
Fire	55,257	15,400
Motor	13,249	6,210
General Accident	44,837	29,990
Marine	58,886	45,245
Bonds	3,695	3,302
Oil & Energy	-	-
	175,924	100,147

Notes to the Financial Statements - Continued

12 Investment income
In thousands of naira

	30-Jun-24	30-Jun-23
Interest income - bank deposits	201,150	21,227
Interest on statutory deposit	12,025	-
Interest on treasury bills/commercial papers	33,761	-
Dividend income earned	3,987	-
	250,923	21,227

13 Net Realised gains/(loss) on financial assets
In thousands of naira

	30-Jun-24	30-Jun-23
Realised gain on sales of Quoted equity securities	9,363	32,744
Net fair value gains/(loss) on financial assets at fair value through profit or loss	-	-
	9,363	32,744

14 Other income
In thousands of naira

	30-Jun-24	30-Jun-23
Rental Income	19,637	23,555
Foreign exchange gains	1,604	-
Proceed from sale of assets	5,155	
Sundry income	10	-
	26,406	23,555

15 Charge on impairment of assets
In thousands of naira

	30-Jun-24	30-Jun-23
Impairment on cash and cash equivalents	-	22,989
Impairment on Financial assets at FVOCI	15,243	-
	15,243	22,989

16 Finance costs
In thousands of naira

	30-Jun-24	30-Jun-23
Interest on lease	3,936	-
Exchange loss on borrowings	5,042,106	-
	5,046,042	-

17 Other operating expenses
In thousands of naira

	30-Jun-24	30-Jun-23
Personnel cost	334,948	275,440
Directors emoluments	12,500	12,498
Auditors remuneration	10,000	10,752
Depreciation	75,467	58,926
Amortisation	1,971	-
Legal and other professional fees	124,610	20,547
Motor running expenses	23,803	9,880
Subscription	19,613	15,978
Donations	600	
Brand and Communications	109,527	21,316
AGM Expenses	12,456	-
Repairs and maintenance	4,330	13,245
Ibadan Estate Repairs	250	1,100
Rent and rates	84,532	46,686
Postage and telephone	461	2,032
Transport and travelling	109,968	12,813
Printing and stationery	17,612	9,232
Security expenses	4,453	2,018
Oil and diesel	1,095	4,278
Insurance and license	13,523	16,747
State and local goverment levy	1,258	4,916
NAICOM Levy	26,171	19,543
Entertainment expenses	3,171	2,193
Board Expenses	258,019	24,911
Filing fees	1,938	-
Office Cleaning	4,254	3,905
Newspapers & Periodicals	54	1,466
ICT consumables	12,774	17,831
Internet subcription	1,989	2,879

Notes to the Financial Statements - Continued

17 Other operating expenses (cont'd)

In thousands of naira	30-Jun-24	30-Jun-23
Bank charges	5,662	15
Electricity and utilities	1,661	1,485
Fines and penalty	1,510	20
Marketing Expenses	25,017	31,770
Corporate Strategy Expenses	1,667	-
	1,306,864	644,421

18 Basic and diluted loss per share

Basic loss per share is calculated by dividing the results attributable to shareholders by the weighted average number of ordinary shares in issue at the reporting date.

The following reflects the loss and share data used in the basic loss per share computations:

In thousands of naira	30-Jun-24	30-Jun-23
Net profit/losses attributable to owners	(3,709,850)	723,839
Weighted average number of shares for the year	1,284,085	1,284,085
Basic and diluted loss per share	(288.91)	56.37

19 Net (loss)/gain on available-for-sale financial assets

In thousands of naira	30-Jun-24	30-Jun-23
Fair value gain/loss on available-for-sale financial assets	50,439	-
Gain on disposal	-	-
Impairment recycled through p or l	-	-
	50,439	-

20 Cash and cash equivalents

In thousands of naira	Unaudited 30-Jun-24	Audited 31-Dec-23
Cash in hand	1,831	1,505
Cash and bank balances	5,292,637	3,139,464
Short term deposits	974,713	1,270,651
ECL impairment	- 10,416	- 10,416
	6,258,765	4,401,204
Current	6,258,765	4,401,204
Non-current	-	-
	6,258,765	4,401,204
Of the cash and cash equivalents,the following are related to insurance funds		
Policyholder insurance funds	6,258,765	4,401,204
Shareholders' funds		-
	6,258,765	4,401,204

20.1 ECL impairment on cash and cash equivalents

At Beginning of year	10,416	10,416
Changes during the year	-	-
At End of period	10,416	10,416

20.2 Cash and Cash Equivalents for Cash flow

Cash and bank balances	5,292,637	3,140,454
Short term deposits	974,713	1,260,750
	6,267,350	4,401,203

21 Financial assets

In thousands of naira	Unaudited 30-Jun-24	Audited 31-Dec-23
Financial assets at Fair Value through Profit or Loss (see note 21.1,	131,735	110,415
Financial assets at Fair Value through Other comprehensive	548,883	513,687
Financial assets at Amortised Cost (see note 21.3, below)	3,747,330	3,614,705
	4,427,948	4,238,807
Current	4,427,948	4,238,807
Non-current	-	-
	4,427,948	4,238,807
Policyholder insurance funds	4,427,948	2,238,807
Shareholders' funds		2,000,000
	4,427,948	4,238,807

Notes to the Financial Statements - Continued

21.1 Financial assets at Fair Value through Profit or Loss

In thousands of naira

	Unaudited 30-Jun-24	Audited 31-Dec-23
At Beginning of year	110,415	89,492
Purchase/(Disposal)during the year	-	- 14,546
Net realised gain	5,888	23,282
Net fair value gain	15,433	12,187
At end of period	131,735	110,415

21.2 Financial assets at Fair Value through Other comprehensive income

In thousands of naira

	Unaudited 30-Jun-24	Audited 31-Dec-23
Heritage Banking Company Limited	-	15,243
WAICA RE	494,645	444,206
EAIPN	52,694	52,694
First Aluminium	1,294	1,294
West Africa Glass Industry	250	250
At end of period	548,883	513,687
Movement in FVOCI/AFS		
At Beginning of year	513,687	350,368
Additions/(Disposal)	-	-
Fair value Gain/(loss) (see note 19)	50,438	163,319
ECL impairment	- 15,243	-
At end of period	548,883	513,687

21.3 Debts Instrument at amortised cost

In thousands of naira

	Unaudited 30-Jun-24	Audited 31-Dec-23
At Beginning of year	3,614,705	-
Additions during the year	-	3,614,705
Interest accrued during the period	132,625	-
At end of period	3,747,330	3,614,705

22 Trade receivables

In thousands of naira

	Unaudited 30-Jun-24	Audited 31-Dec-23
At Beginning of year	8,640	-
Gross Premium written	2,528,370	5,127,722
Premium Received from policy holders	- 2,371,142	- 5,119,082
Premium deposit received in previous year	-	-
At end of period	165,868	8,640
Age analysis of Premium receivable		
(i) Within 14 Days	22,801	1378
(ii) Within 15 - 30 Days	49,077	7262
(iii) Within 31 - 90 Days	89,002	-
(iv) Within 91 Days	4,988	-
Above 180 Days	-	-
	165,868	8,640

23 Reinsurance contract assets

In thousands of naira

	Unaudited 30-Jun-24	Audited 31-Dec-23
Reinsurance share of outstanding claims	109,806	128,234
Reinsurance share of IBNR on OCR	39,278	49,341
Reinsurance Risk adjustment	2,120	2,480
Prepaid reinsurance expenses	114,684	73,638
Minimum & Deposit Premium	13,688	18,250
At end of period	279,576	271,943

Notes to the Financial Statements - Continued

22 Other receivables and prepayments
In thousands of naira

		Unaudited 30-Jun-24	Audited 31-Dec-23
(i)	Financial assets:		
	Sundry receivables	28,771	60,008
		28,771	60,008
(ii)	Non-financial assets:		
	Prepayments	135,732	228,665
	Gross other Receivables and prepayments	135,732	228,665
	Less:		
	impairment allowance on:		
	Financial assets:		
	Sundry receivables	(10,179)	(10,179)
	Total impairment losses on Financial assets	(10,179)	(10,179)
	Net Other Receivables and prepayments	154,324	278,494
	Current	96,305	220,475
	Non-current	58,019	58,019
		154,324	278,494

Notes to the Financial Statements

25 Investment properties

In thousands of naira	Unaudited 30-Jun-24	Audited 31-Dec-23
At 1 January	6,373,615	4,880,000
Additions during the year	14,131	12,302.00
Reclassification	-	1,491,244
Disposal of property	-	-
Net fair value adjustments	-	-9,931
At end of period	6,387,746	6,373,615

Further analysis and details of the investment properties including their location are stated below. These includes the carrying amount and the corresponding fair value adjustments recognized in the profit or loss.

(a) Description of properties

In thousands of naira	30-Jun-24	31-Dec-23
IEI Ibadan Estate, Liberty Road, Oke Ado, Ibadan	1,398,746	1,384,616
Rabbah Road, Kaduna, Kaduna State	115,000	115,000
8, Ohaeto Street, D-Line, Port Harcourt, Rivers State	74,000	74,000
14, Aba Road, Port Harcourt, Rivers State	3,150,000	3,150,000
Plot 294 Jide Oki Street, Victoria Island, Lagos	1,650,000	1,650,000
	6,387,746	6,373,616

Valuation techniques used for fair valuation of investment properties

This represents the Company's investment in building and landed property for the purpose of capital appreciation. The investment properties are stated at fair value, which has been determined based on valuations performed by a qualified estate surveyor. The investment properties were independently valued by Messrs Osas & Oseji (a registered estate surveyor & valuer) as at 31 December 2023, based on valuation model in accordance with that recommended by the International Valuation Standards Committee. The determination of fair value of the investment property was supported by market evidence.

(b) The movement in investment properties are as follows;

S/N	Description/Location *In thousands of naira*	Opening Balance	Additions/ Transfer	Revaluation Gain/(loss)	Closing Balance	Status of Title
(I)	LIBERTY ROAD, OPPOSITE LIBERTY STADIUM, OFF RING ROAD, IBADAN, OYO STATE	1,384,616	14,131		1,398,746	Undergoing Perfection
(ii)	No. 5, RIBADU ROAD, OFF SWIMMING POOL ROAD, GRA, KADUNA, KADUNA STATE	115,000	-		115,000	Undergoing Perfection
(iii)	8, OHAETO STREET, D-LINE, PORT HARCOURT, RIVERS STATE	74,000	-		74,000	Undergoing Perfection
(iv)	14, ABA ROAD, PORT HARCOURT, RIVERS STATE	3,150,000	-		3,150,000	Undergoing Perfection
(v)	PLOT 294, JIDE OKI STREET, VICTORIA ISLAND, LAGOS	1,650,000	-		1,650,000	Undergoing Perfection
		6,373,616	14,131	-	6,387,746	

26 Intangible assets

In thousands of naira	30-Jun-24
Cost:	
At 1 January 2024	49,871
Disposal	-
Additions	1,000
Work - In - Progress (Core Application)	86,103
At end of the period	136,974
Accumulated amortisation:	
At 1 January 2024	12,316
Charge during the year	1,971
At end of the period	14,287
Carrying amount:	
At 30th June 2024	122,687
At 31st December 2023	37,554

Notes to the Financial Statements

27 Property, plant and equipment

In thousands of naira	Land	Buildings	Plant and machinery	Motor vehicles	Furniture, fittings, office & computer equipment	Total
Cost/valuation:						
At 1 January 2024	-	-	159,064	506,923	685,969	1,351,956
Additions	-	-	3,038	88,419	65,591	157,048
Disposals	-	-		(4,106)	-	(4,106)
Revaluation	-	-	-	-	-	-
At end of the period	-	-	162,102	591,236	751,560	1,504,898
Accumulated depreciation:						
At 1 January 2024	-	-	112,981	234,127	224,324	571,432
Charge for the period	-	-	5,524	43,092	26,851	75,467
Disposals	-	-	-	(4,105)	-	(4,105)
Reversal of accumulated depreciation	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
At end of period	-	-	118,506	273,113	251,175	642,793
Carrying value						
At 30th June 2024	-	-	43,596	318,123	500,385	862,105
31 December 2023	-	-	46,082	272,796	461,646	780,524

28 Statutory deposit

In thousands of naira	30-Jun-24	31-Dec-23
Minimum statutory deposit	322,500	322,500

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with Section 9 (1) and Section 10 (3) of Insurance Act 2003. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at cost and attract

29 Insurance contract liabilities

In thousands of naira	Unaudited 30-Jun-24	Audited 31-Dec-23
Liability for Remaining Coverage (see note 29.1 below)	2,339,527	2,842,446
Insurance Acquisition Cash flow (see note 29.2)	(98,426)	(48,899)
Liability for Incurred Claims (see note 29.3 below)	1,481,108	2,001,431
Incurred But Not Reported (IBNR) (see note 29.4 below)	350,000	183,602
Risk adjustment (see note 29.5 below)	32,890	43,701
Loss Component (see note 29.7 below)	21,761	19,784
Discount adjustment	20,512	19,312
At end of the period	4,147,374	5,061,377

29.1 Liability for Remaining Coverage

In thousands of naira	30-Jun-24	31-Dec-23
Fire	89,227	30,416
Motor	1,995,854	2,735,389
General Accident	164,087	36,345
Marine	64,535	37,370
Bonds	14,160	2,926
Oil & Energy	1,664	-
	2,339,527	2,842,446

Notes to the Financial Statements

29.2 Insurance Acquisition Cash flow
In thousands of naira

	Unaudited 30-Jun-24	Audited 31-Dec-23
At Beginning of year	48,899	12,472
Acquisition cost during the year	150,177	117,401
Amortized during the year	- 100,650	- 80,974
At end of the period	98,426	48,899

In thousands of naira

	30-Jun-24	31-Dec-23
Fire	17,259	5,984
Motor	42,448	24,998
General Accident	22,127	11,330
Marine	11,580	6,586
Bonds	4,679	-
Oil & Energy	333	-
	98,426	48,899

29.3 Liability for Incurred Claims
In thousands of naira

	30-Jun-24	31-Dec-23
Fire	19,472	35,232
Motor	105,697	40,615
General Accident	21,410	22,710
Marine	54,078	52,677
Bonds	71,246	91,246
Oil & Energy	1,209,206	1,758,951
	1,481,108	2,001,431

29.4 Incurred but not reported (IBNR)
In thousands of naira

	30-Jun-24	31-Dec-23
Fire	6,191	18,019
Motor	179,916	29,662
General Accident	157,192	62,763
Marine	5,539	17,324
Bonds	1,162	21,492
Oil & Energy	-	34,342
	350,000	183,602

29.5 Discount adjustment
In thousands of naira

	30-Jun-24	31-Dec-23
At end of period	19,312	9,007
Charge during the year	1,200	10,305
At end of the period	20,512	19,312
Fire	2,735	2,580
Motor	4,826	4,685
General Accident	5,376	4,932
Marine	1,258	1,198
Bonds	2,547	2,426
Oil & Energy	3,770	3,492
	20,512	19,312

29.6 Risk adjustment

	30-Jun-24	31-Dec-23
Fire	7,000	1,065
Motor	4,890	1,406
General Accident	10,000	1,709
Marine	4,500	1,400
Bonds	6,500	2,255
Oil & Energy	-	35,866
	32,890	43,701

Notes to the Financial Statements

29.7 Loss Component

In thousands of naira

	Unaudited 30-Jun-24	Audited 31-Dec-23
At 1 January	19,784	2,926
Charge during the year	1,978	19,784
At 31 December	21,762	22,710
Fire	21,762	19,784
Motor		-
General Accident	-	-
Marine	-	-
Bonds	-	-
Oil & Energy	-	-
	21,762	**19,784**

30 Trade payables

In thousands of naira

	Unaudited 30-Jun-24	Audited 31-Dec-23
Reinsurance payable	70,248	4,987
Deposit premium (see note 30.1 below)	200,995	235,054
	271,244	**240,041**

30.1 Movement in premium deposit

	Unaudited 30-Jun-24	Audited 31-Dec-23
At Beginning of year	235,054	181,312
Additions/(Allocation) during the year	- 34,059	114,946
Transfer to other Income	-	61,204
At end of the period	**200,995**	**235,054**

31 Provisions and other payables

In thousands of naira

	Unaudited 30-Jun-24	Audited 31-Dec-23
Staff pension	5,325	26,530
Accruals (Note 31.1)	657,577	802,822
Sundry creditors (Note 31.2)	885,964	1,028,648
Unclaimed dividend	64,211	64,211
At end of the period	**1,613,077**	**1,922,210**

31.1 Accruals comprise:

	Unaudited 30-Jun-24	Audited 31-Dec-23
Accrued expenses	621,654	773,987
Rent Received in advance	25,675	22,220
Audit fee	10,248	6,615
	657,577	**802,822**

31.2 Sundry creditors comprise:

	Unaudited 30-Jun-24	Audited 31-Dec-23
Amount due to NICML	532,212	651,930
Staff cooperative	8,037	8,037
Other creditors	345,715	368,681
	885,964	**1,028,648**

Notes to the Financial Statements

32 Current income tax liabilities *In thousands of naira*	Unaudited 30-Jun-24	Audited 31-Dec-23
At Beginning of year	398,445	307,162
Current year charge	97,533	197,100
Payment made during the year	-	-105,817
At end of the period	495,978	398,445

32.1 Income tax expenses:	Unaudited 30-Jun-24	Unaudited 30-Jun-23
Company income tax		
Minimum tax	90,308	18,598
Education tax	7,225	1,488
Information technology development levy	-	-
	97,533	20,086

33 Deferred taxation *In thousands of naira*	Unaudited 30-Jun-24	Audited 31-Dec-23
Deferred taxation	206,209	206,209
At end of the period	206,209	206,209

34 Lease obligation *In thousands of naira*	30-Jun-24	31-Dec-23
At 1 January	43,389	-
Lease during the year	-	89,603.00
Payment made during the year	(20,058)	(46,213.70)
At end of the period	23,331	43,389

35 Borrowings *In thousands of naira*	30-Jun-24	31-Dec-23
Daewoo Securities (Europe) Limited (Note 35.1)	14,868,259	9,826,153
At end of the period	14,868,259	9,826,153

35.1 Daewoo Securities (Europe) Limited *In thousands of naira*		
At 1 January	9,826,153	14,092,842
Exchange rate differences	5,042,106	-
	14,868,259	9,826,153

International Energy Insurance Plc issued a bond valued at 1,850,000,000 Japanese Yen (JPY) to Daewoo Securities (Europe) Limited who have acted as the foreign agent. The bond has a tenor of 20 years commencing on 24 January 2008 and maturing on 23 January 2028. The bond was issued at a zero coupon interest rate. A premium of 29% of the face value of the bond is payable on the maturity date.

The bond has options to subscribe to the equity of the Company for the period commencing on 25 January 2009 and closing on 24 January 2028. The option rights under clause 3 of the option agreement states that the Naira equivalent value of the bond held shall form the consideration for the shares for which the option rights are being issued.

The Company instituted litigation against the bond issuer on the ground that the bonds were to be issued for long term finance from multiple individual and institutional investors and also that it never anticipated that Daewoo who acted as her Financial Adviser, Fund Arranger and Lead Manager would be the Sole Financer, Assignee or Beneficiary of the Global Bonds/options.

Notes to the Financial Statements

36 Deposit for shares

In thousands of naira	Unaudited 30-Jun-24	Audited 31-Dec-23
Private placement - Norrenberger Advisory Partners Ltd	7,000,000	5,000,000
Private placement	29,360	29,360
Staff	36,681	36,681
At end of period	**7,066,041**	**5,066,041**

36.1 Deposit for shares

At Beginning of year	5,029,360	5,279,360
Additions/(Withdrawals)	2,000,000	(250,000)
At end of period	**7,029,360**	**5,029,360**

Deposit for shares relates to monies received for purchase of shares in the Company awaiting allotments and approvals.

36.2 Deposit for shares - Staff

	Unaudited 30-Jun-24	Audited 31-Dec-23
At Beginning of year	36,681	36,981
Withdrawal	-	(300)
At end of period	**36,681**	**36,681**

37 Capital and reserves

37.1 Share capital

In thousands of naira	30-Jun-24	31-Dec-23
Authorized		
1,284,085,489 ordinary shares of 50 kobo each	642,043	642,043

37.2 Share premium

In thousands of naira	30-Jun-24	31-Dec-23
Share premium	963,097	963,097

38 Statutory contingency reserve

In thousands of naira	30-Jun-24	31-Dec-23
At 1 January	2,745,448	1,630,192
Transfer from profit or loss	75,851	1,115,256
At end of period	**2,821,299**	**2,745,448**

Notes to the Financial Statements

39 Capital reserve

In thousands of naira	Unaudited 30-Jun-24	Audited 31-Dec-23
Share premium	7,926,399	7,926,399

40 Property revaluation reserve

In thousands of naira	30-Jun-24	31-Dec-23
At 1 January	1,206,428	1,206,428
Transfer from OCI	-	-
At end of period	**1,206,428**	**1,206,428**

This reserve contains surplus on revaluation of Property, Plant and Equipment. A revaluation surplus is recorded in Other Comprehensive Income and credited to the property revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it

41 Fair value reserve

In thousands of naira	30-Jun-24	31-Dec-23
At 1 January	418,688	255,369
Transfer from OCI	50,438	163,319
At end of period	**469,126**	**418,688**

The fair value reserve shows the effects from the fair value measurement of financial instruments. Any gains or losses on disposal are not recognised in profit or loss remains in equity.

42 Accumulated losses

In thousands of naira	Unaudited 30-Jun-24	Audited 31-Dec-23
At Beginning of year	(19,952,681)	(24,413,703)
Opening balance adjustment	-	-
Restated opening balance	(19,952,681)	(24,413,703)
Transfer to contingency reserves	(75,851)	(1,115,256)
Transfer from profit or loss	(3,709,850)	5,576,278
At end of period	**(23,738,382)**	**(19,952,681)**