

STACO INSURANCE PLC

**CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020**

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

TABLE OF CONTENT	Pages
Corporate information	i
Consolidated financial highlights	iv
Directors' report	v
Certification pursuant to section 60(2) of investment Act No 29 of 2007	viii
Management comments and analysis	ix
Report of the Audit and Compliance Committee	xi
Statement of Directors' Responsibilities	1
Independent auditors report	2
Summary of significant accounting policies	7
Consolidated and separate statement of financial position	34
Cosolidated and separate statement of profit or loss and other comprehensive income	35
Statement of changes in equity - Group	36
Statement of changes in equity - Company	37
Consolidated and separate statement of cash flows	38
Notes to consolidated financial statements	39
Other national disclosures:	
Statement of value added - Group	105
Statement of value added - Company	106
Financial summary - Group	107
Financial summary - Company	109

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

CORPORATE INFORMATION

Incorporation Certificate - RC 167274 of 10 October, 1994

Nature of business The principal activity of the Company is underwriting of Non-life insurance business while its subsidiary is engaged in the underwriting of Life and Non-life insurance businesses.

Directors:

Mr. Muhammad Sidi-Aliyu - Group Chairman

Mr. Omotola Talabi - Chairman, Finance, Investment and General Purpose Committee
Member, Enterprise Risk Management and Governance Committee

Ms Helen Emore - Chairman, Enterprise Risk Management and Governance Committee
Member, Finance, Investment and General Purpose Committee

Prince Sam Turoti - Member, Enterprise Risk Management and Governance Committee
Member, Finance, Investment and General Purpose Committee

Mr. Bayo Fakorede - Ag. Group Managing Director/CEO

Mr. Tayo Ajibulu - Executive Director (Management Services)

Mr. Sakiru Oyefeso - Director

Registered Office/Head Office

209, Herbert Macaulay Way, Ebute-Metta,
Sabo, Yaba, Lagos State.

Tel: (234) 01 - 7741181, 7740571, 4758852 - 3 Fax: 013425466

E-mail: info@stacopl.com

Website: www.stacopl.com

Group Secretary

Jackson, Etti & Edu

3-5, Sinari Daranijo Street, Off Ajoye Adeogun Street,
Victoria Island, Lagos State.

Legal Adviser

Tokunbo Orimobi & Co.

Plot 1963B, Buraimoh Kenku Street,
Off Oyin Jolayemi Street,
Victoria Island, Lagos State.

Lagos Control Office

292F, Ajoye Adeogun Street, Victoria Island, Lagos

Branch Manager: Mr. Shogo Mojeed

Tel No: 017410184

Mobile No: 08023187896

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

CORPORATE INFORMATION - Cont'd

Ibadan Branch

49, Ring Road, by Ajeigbe B/Stop, Ibadan, Oyo State.
Branch Manager: Mr. Oyekan Adesina
Mobile No: 08033448216

Ilorin Branch

170, Ibrahim Taiwo Road, Ilorin, Kwara State.
Branch Manager: Taiwo Ayanbadejo
Mobile No: 08037222882

Akure Branch

1st Floor, BOI House (left wing), Opp. Olam Nig. Ltd, Ado/Owo Road,
Alagbaka, Akure, Ondo State.
Branch Manager: Mr. Ayedogbon Olanipekun
Mobile Nos: 08035746695

Abuja Branch

118, Aminu Kano Crescent, Wuse, Abuja.
Regional Head: Mr. Joseph Adebayo
Mobile Nos: 08033454504

Port Harcourt Branch

31, King Perekule Street, G.R.A. Phase II, Port Harcourt, Rivers State.
Branch Head: Mr Idowu Osikoya
Mobile No: OB037323770

Warri Branch

255, Effurun/Sapele Road, Effurun, Delta State.
Branch Manager: Mr Mene Otubu
Mobile No: 08033247681, 07029954959

Bankers

First Bank of Nigeria Ltd
Wema Bank Plc
Ecobank Plc
Access Bank Plc
United Bank for Africa Plc
Zenith Bank Plc

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

CORPORATE INFORMATION - Cont'd

Auditors

PKF Professional Services
PKF House, 205A, Ikorodu Road,
Obanikoro, Lagos State.
Office Tel: +234 9030001351
www.pkf-ng.com

Registrar

Coronation Registrars Limited
Plot 9, Amodu Ojikutu Street,
Victoria Island, Lagos, Nigeria
Lagos Tel: 012272570
Email:info@coronationregistrars.com

Reinsurers

African Reinsurance Corporation
Continental Reinsurance Plc
WAICA Reinsurance Pool
Nigeria Reinsurance Corporation

Actuary

Logic Professional Services
Rear Wing, 4th Floor, Oshopey Plaza, 17/19, Allen Avenue, Ikeja, Lagos State.

Investors/Shareholders Relations:

Amos Olalere (Mobile 08027574933)
Tayo Ajibulu (Mobile 08023154582)

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL HIGHLIGHTS

	Group			Company		
	2020	2019	Growth	2020	2019	Growth
	₦'000	₦'000	%	₦'000	₦'000	%
Major statement of financial position						
Total assets	-	3,693,126	(100.00)	2,114,449	2,466,192	(14.26)
Shareholders' funds	-	<u>(7,814,664)</u>	(100.00)	<u>(9,046,058)</u>	<u>(7,833,840)</u>	15.47
Major statement of profit or loss and other comprehensive income						
Gross premium	-	3,315,048	(100.00)	682,410	2,393,682	(71.49)
Net premium earned	-	3,316,397	(100.00)	227,006	2,488,721	(90.88)
Net underwriting income	-	3,488,304		251,230	2,645,847	
Net underwriting and claims expenses	-	(1,686,977)	(100.00)	(374,431)	(1,398,393)	(73.22)
Investment income	-	156,694	(100.00)	134,371	112,582	19.35
Other income	-	84,527	(100.00)	314,402	14,673	2,042.72
Loss before tax	-	(909,914)	100	(936,581)	(1,405,212)	33.35
Loss after tax	-	<u>(1,085,796)</u>	100	<u>(961,581)</u>	<u>(1,481,147)</u>	35.08
Information per 50k ordinary share						
Loss per share (kobo)	-	(11)	100	(9)	(15)	39.01
Net assets (kobo)	-	0.40	(100.00)	0.23	0.26	(0.14)
Stock exchange quotation (kobo) at 31 December	-	48	(100.00)	48	48	-
Price earning ratio	-	<u>(0.24)</u>	-	<u>(0.19)</u>	<u>(0.31)</u>	-
Number of 50k shares issued	-	9,341,088	-	9,341,088	9,341,088	-
Number of employees	-	240	-	116	201	-
Number of branches	-	14	-	6	14	-

STACO INSURANCE PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors are pleased to submit their report together with the audited financial statements of Staco Insurance Plc ("the Company") and its subsidiary ("the Group") for the year ended 31 December 2020.

Legal form and Principal activities

The Company, Staco Insurance Plc (formerly known as Standard Trust Assurance Plc) was incorporated on October 10, 1991 as a public limited liability company with incorporation No. RC 167274. The company acquired Alpha Insurance Plc and commenced non-life insurance business on 1st October, 1994 having been duly licensed by National Insurance Commission (NAICOM) with certificate of registration No. RIC-038.

The Company changed its name to Staco Insurance Plc by special resolution on the 30th of October, 2006 following the merger of Standard Trust Assurance Plc and Summit Insurance Company Limited as a result of the directive by NAICOM on the increase in share Capital of insurance companies in Nigeria. The company became listed on The Nigerian Stock Exchange on 25th June, 2007.

The Company has one subsidiary called Staco Sierra Leone. The subsidiary has been disposed during the year.

Principal activities

The Group is principally engaged in providing non-life and life insurance businesses.

Operating results

The following is a summary of the Group operating results for the year ended 31 December 2020:

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
Loss before tax	-	(909,914)	(936,581)	(1,405,212)
Income tax expense	-	(175,882)	(25,000)	(75,935)
Loss after tax	-	(1,085,796)	(961,581)	(1,481,147)
Transfer to statutory contingency reserve	-	(140,426)	(20,472)	(91,063)
Non-controlling interest	-	94,765	-	-
Transfer to retained earnings for the year	-	(1,131,457)	(982,053)	(1,572,210)

Directors and their interests

The Directors' interests in the issued share capital of the Company as recorded in the register of members and as advised by the Company's registrars for the purposes of Sections 275 and 276 of the Companies and Allied Matters Act, Cap C20, LFN 2004 and the listing requirements of the Nigerian Stock Exchange in units are as follows:

31 December 2020

Name of Director	Direct	Indirect	Total
Prince Samuel Turoti	-	310,000,002	310,000,002
Dr. Sakiru Oyefeso	496,144,841	-	496,144,841
Mr. Bayo Fakorede	1,570,000	-	1,570,000
Mr. Tayo Ajibulu	716,666	-	716,666
Mr. Omotola Talabi	-	1,000,000,000	1,000,000,000
Mr. Abdul-Ganiyu Alimson (Died 2020)	-	718,380,000	718,380,000
Mr. Muhammad Sidi-Aliyu	-	764,444,445	764,444,445
Ms Helen Emore	-	-	-

STACO INSURANCE PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

31 December 2019

Name of Director	Direct	Indirect	Total
Prince Samuel Turoti	-	310,000,002	310,000,002
Dr. Sakiru Oyefeso	496,144,841	-	496,144,841
Mr Bayo Fakorede	1,570,000	-	1,570,000
Mr. Tayo Ajibulu	716,666	-	716,666
Mr. Omotola Talabi	-	1,000,000,000	1,000,000,000
Mr. Abdul-Ganiyu Alimson	-	718,380,000	718,380,000
Mr. Muhammad Sidi-Aliyu	-	764,444,445	764,444,445
Ms Helen Emore	-	-	-

Directors' interest in contracts

In accordance with Section 277 of the Companies and Allied Matters Act, Cap C20 LFN, 2004 none of the Directors has notified the Company of any declarable interests in contracts or proposed contracts with the Company.

Retiring Directors

In accordance with Section 259 of Companies and Allied Matters Act, Cap C20 LFN, 2004, Ms Helen Emore and Mr Tola Talabi will retire by rotation and being eligible, they offer themselves for re-election.

Major Shareholding

The called-up and fully paid-up shares of the Company were beneficially held as follows at 31 December 2020:

	2020		2019	
	Number of shares	% Holding	Number of shares	% Holding
Hat Koobs Industry Limited	718,380,000	7.69	718,380,000	7.69
Electron Energy	1,000,000,000	10.71	1,000,000,000	10.71
Ventry Development Ltd	800,000,000	8.56	800,000,000	8.56
Seaforce Investment Ltd	764,444,445	8.18	764,444,445	8.18
Dr. Sakiru Oyefeso	496,144,841	5.31	496,144,841	5.31
Nigerian Citizens and Associations	<u>6,280,498,323</u>	<u>67.24</u>	<u>6,280,498,323</u>	<u>67.24</u>
Total	<u>9,341,087,609</u>	<u>100</u>	<u>9,341,087,609</u>	<u>100</u>

Analysis of shareholding

According to the register of members, no shareholder other than the ones mentioned above held more than 5% of the issued share capital of the Company as at 31 December 2020.

Donations and charitable gifts

The Company identifies with the aspiration of the community as well as the environment within which it operates and therefore makes charitable donations for community development activities. However, there was no donation during the year (31 Dec 2019: Nil).

2020	2019
₦	₦
<u>Nil</u>	<u>Nil</u>
<u>-</u>	<u>-</u>

STACO INSURANCE PLC

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Employment of disabled persons

The Company's recruitment and staff development policies and practices are non-discriminatory.

Employee involvement and training

The Company ensures that employees are informed of matters concerning them through formal and informal fora with an appropriate two-way feedback mechanism. In accordance with the Company's policy of continuous development, in-house training is provided on various aspects of the organisation. In addition, employees are nominated to attend both local and international courses and workshops which are complemented by on-the-job trainings.

Health, safety at work and welfare of employees

Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. The Company gives priority to the health and safety of its employees by ensuring that health and safety procedures are substantially complied with and maintained in its daily operations.

Acquisition of own shares

The Company did not purchase any of its own shares during the year.

Research and development

The Company is on a continuous basis carrying out research into Insurance Products and Services.

Investment in subsidiary

Consistent with its expansion program, the Company set up a subsidiary in the preceding years. Below is the name and the percentage of holdings in the subsidiary:

Name	Staco's % Holding	Status
Staco Sierra Leone	60%	Set up

However, the subsidiary has been disposed during the year. See note 14.6 for details.

Consolidated financial statements

Except for the comparative disclosures, no consolidation was done during the year because the subsidiary has been disposed.

The financial statements of Staco Sierra Leone was not consolidated with those of the Company. See note 14.6 for details.

Related party Transactions

There were no material related party transactions amongst the members of the Company except for the following transactions that have been carried out at arm's length:

- i) **CFS Financial Services Limited:** The company Granted loans to the related company.
- ii) **Staco Cooperative:** The company staff contributions
- iii) **Staco Insurance Company (Sierra Leone) Limited:** The company Granted loans to the subsidiary and the loan has been fully paid up.

Post balance sheet events

There were no post-balance sheet events that could have a material effect on the financial position of the Company as at 31 December 2020 and the profit attributable to equity holders on that date other than as disclosed in the financial statements.

Auditors

PKF Professional Services have indicated their willingness to continue in office in accordance with section 357(2) of the Companies and Allied Matters Act, Cap C20, LFN 2004. A resolution will be proposed authorising the Directors to determine their remuneration.

By order of the Board
JACKSON, ETTI & EDU
Company Secretary
Jackson, Etti & Edu
Company Secretary
FRC/2025/PRO/NBA/002/877226

Dated: 13 June 2025

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

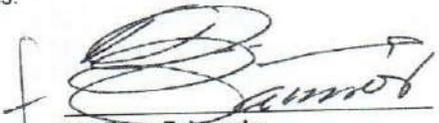
CERTIFICATION PURSUANT TO SECTION 60(2) of INVESTMENT AND SECURITIES ACT NO. 29 of 2007

We the undersigned hereby certify the following with regard to our consolidated and separate audited financial statements for the year ended 31 December 2020 that:

- a) We have reviewed the report;
- b) To the best of our knowledge, the report does not contain:
 - i) Any untrue statement of a material fact, or
 - ii) Omit to state a material fact, which would make the consolidated and separate financial statements misleading in the light of circumstances under which such statements were made;
- c) To the best of our knowledge, the consolidated and separate financial statements and other financial information included in the report are fairly present in all material respects the financial condition and results of operation of the Group as of, and for the periods presented in the report.
- d) We;
 - (i) Are responsible for establishing and maintaining internal controls
 - (ii) Have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiary are made known to such officers by others within those entries particularly during the period in which the periodic reports are being prepared;
 - (iii) Have evaluated the effectiveness of the Group's internal controls as of date within 90 days prior to the report;
 - (iv) Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- (e) We have disclosed to the auditors of the Company and Finance, Investment and General-Purpose Committee:
 - (i) All significant deficiencies in the design or operation of internal controls that would adversely affect the Group's and the Company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
 - (ii) Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;
 - (f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.


Mr. Jide Omotere
Chief Financial Officer
FRC/2013/ICAN/00000002180

Dated: 13 June 2025


Mr. Bayo Fakorede
Ag. Managing Director
FRC/2013/CIIN/00000004099

Dated: 13 June 2025

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

MANAGEMENT'S COMMENTS AND ANALYSIS (MC & A)

In order to give an insight into our structure, strategy, and mode of operation, we have outlined this MC & A at **31 December 2020**. It should be read in conjunction with the audited financial statements of Staco insurance Plc and its subsidiary . All figures are in thousands of Nigerian Naira except otherwise stated.

Nature of business

The Staco Group is made up of Staco Insurance Plc ("the Company) and its subsidiary in Sierra Leone. The principal activity of the Company is the underwriting of Non-life insurance business . The Company's portfolio cuts across Nigeria's public and private sectors covering Oil and Gas, Engineering/Construction, Manufacturing, Trade, Aviation, Marine, etc. The Company is also developing its micro insurance arm.

Business objective and strategy

The Company is registered and incorporated in Nigeria while its subsidiary is registered and incorporated in Sierra Leone. The Company provides non-life insurance services to both retail and corporate clients all over Nigeria. The Company aims to rank among the highly rated insurance companies in Nigeria by the year 2026. To achieve this, it is the company's wish to strengthen service delivery through the deployment of modern Information Technology techniques and branch/agency network expansion. Intensification of direct and indirect marketing activities by awareness creation amongst others will also contribute to the achievement of target.

Quality policy statement

Staco Insurance Plc is committed to delivering insurance and financial services of superior quality, surpassing customers expectations and ensuring strict compliance with regulatory and statutory requirements. We continually improve the effectiveness of our quality management system in line with Global Credit Rating Company Rate- 2009 (A-).

We establish measurable goals and objectives at departmental levels which we review as the need arises ensuring timely and effective implementation of company strategy.

i) Performance indicators

Operating results, cash flow and financial position.

	Group			Company		
	2020 ₦'000	2019 ₦'000	Change %	2020 ₦'000	2019 ₦'000	Change %
Gross written premium	-	3,315,048	(1.00)	682,410	2,393,682	(0.71)
Net premium earned	-	3,316,397	(1.00)	227,006	2,488,721	(0.91)
Underwriting results	-	1,801,327	(1.00)	(123,201)	1,247,454	(1.10)
Investment income	-	156,694	(1.00)	134,371	112,582	0.19
Operating and administrative expenses	-	(1,836,197)	(1.00)	(896,759)	(1,572,177)	(0.43)
Loss before tax	-	(909,914)	(1.00)	(936,581)	(1,405,212)	(0.33)
Loss per share (k)	-	(11)	(1.00)	(9)	(15)	(0.39)

There was a decrease of 71% in gross written premium for the company in 2020 in comparison with 2019 due to decline in performance in the reporting period while no movement in the group due to no consolidation carried out in the year as a result of disposal of investment in subsidiary.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

MANAGEMENT'S COMMENTS AND ANALYSIS (MC & A)

The decrease in performance also had significant effect on the net premium income decreasing from ₦2,488,721,000 (2019) to ₦227,006,000 (2020) for the company.

The Company's underwriting results decreased to ₦123,201,000 (2020) from ₦1,247,545,000 (2019).

The Company's investment income increased from ₦112,582,000 (2019) to ₦134,371,000 (2020) representing an increase of 19%.

The Company's operating expenses summed up to ₦896 million (2020) and ₦1.57 billion (2019).

At the reporting date, the Company had ₦428.83 million in the cash and cash equivalents, including short-term deposits of ₦14.08 million with maturity of not more than three months.

ii) Liquidity, capital resources and risk factors

At 31 December 2020, the Company had a negative ₦8.99 billion (2019 : negative ₦11.99 billion) in net cash reserves. The Company's cash investment is in accordance with its investment policy and complies with the regulatory requirements. The company's investment strategy is influenced by a focus on highly liquid financial instruments such as term deposit, equity and debt instruments. At the end of December 2020, the Company had approximately ₦ Nil million (2019 : 794.14) invested in fixed income and ₦ Nil (2019 : N180.19) million in equity instruments.

iii) Forward-looking statements

This MC&A contains expectations, estimates, forecasts, projections and targets which the group should attain provided all other factors end up being equal. Experience has however shown that projections, expectations, etc. are subject to risks and uncertainties that result in actual achievements being different from projections. This is buttressed by the use of words like "anticipate", "believe", "estimate", "expect", "may", "plan", "project", "should", "will", or the adverse variants of such which appear within the body of this document.

Without prejudice to the group, such projections, expectations, estimates, forecasts and targets reflect management's current belief and are based on available information which are subject to risks and uncertainties as identified. Therefore the eventual action and/or outcome could differ materially/immaterially from those expressed or implied.

The forward-looking statements, which are subject to change after **31 December, 2020** reflect the group's expectations as at the time the Board of Directors approved this document. No obligation is undertaken by the group to update this document publicly or to review the forward looking statements unless required by law.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

REPORT OF THE AUDIT AND COMPLIANCE COMMITTEE IN RESPECT OF THE 2019 AUDITED ACCO

To the Members of Staco Insurance Plc

In compliance with the provision of section 359(3) to 6 of the Companies and Allied Matters Act (Cap C20) Laws of the Federation of Nigeria 2004, the Committee considered the Audited Financial Statements for the year ended **31 December 2020** together with the Management Control Report from the Auditors and the Group's and the Company's responses to this report at its meeting held on **13 June 2025**.

In our opinion, the scope and planning of the audit for the year ended **31 December 2020** were adequate.

After due consideration, the committee accepted the report of the auditors that the consolidated financial statements were in accordance with ethical practice, International Financial Reporting Standards (IFRSs), Companies and Allied matters act CAP C20 LFN 2004, Nigerian Insurance Act and Financial Reporting Council and give a true and fair view of the state of the Group's and the Company's financial affairs.

The Committee reviewed management's responses to the Auditor's findings in respect of Management matters both the Auditors and our members are satisfied with management's responses thereto. On the review of insider/related party transactiona, the Committee was satisfied with their status.

The Committee therefore recommended that the audited financial statements of the Company for the yer ended 31 December 2020 together with audited consolidated financial statements of the comparative year and the Auditor's report thereon be presented for adoption at the Annual General Meeting.

The Committee also approved the provision made in the financial statements together with consolidated financial statements of the comparative period in relation to the remuneration of the auditors.



Mr. M.O. Kassim
Chairman, Audit and Compliance Committee
FRC/2013/ODN/00000004302

Dated: 13 June 2025

Members of the Audit and Compliance Committee are:-

Mr. M.O. Kassim	- Chairman - Shareholders' Representative
Mr. E. Rewane	- Member - Shareholders' Representative
Mr. Olusegun Alimson	- Member - Non Executive Director
Mr. Omotola Talabi	- Member - Non Executive Director

STACO INSURANCE PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

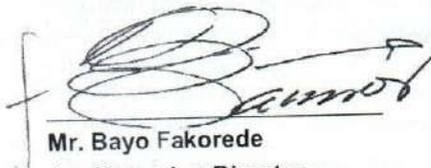
The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the Group and the Company:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the companies and allied matters act, CAP C20, Laws of the Federation of Nigeria, 2004;
- b) establishes adequate internal controls to safeguard its asset and to prevent and detect fraud and other irregularities; and
- c) prepares its consolidated financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statements together with the comparative consolidated and separate financial statements, which has been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; in compliance with Financial Reporting Council of Nigeria Act No. 6, 2011 and in the manner required by the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, 2004.

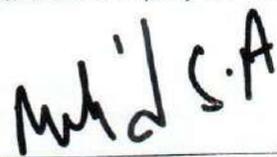
The Directors are of the opinion that the financial statements together with the comparative consolidated and separate financial statements give a true and fair view of the state of the financial affairs of the Group and the Company and of its profit for the year ended **31 December 2020**. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements together with the comparative consolidated and separate financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Group and the Company will not remain a going concern for at least twelve months from the date of this statement.



Mr. Bayo Fakorede
Ag. Managing Director
FRC/2013/CIIN/00000004099

Dated: 13 June 2025



Mr. Muhammad Sidi Aliyu
Chairman
FRC/2020/003/00000021442

Dated: 13 June 2025

Independent Auditor's Report**To the Shareholders of Staco Insurance Plc****Opinion**

We have audited the consolidated and separate financial statements of Staco Insurance Plc. ("the Company") and its subsidiary ("the Group"), which comprises the consolidated and separate statement of financial position at 31 December 2020, the consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows for the year ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and with the requirements of the Financial Reporting Council of Nigeria Act, No 6, 2011, Companies and Allied Matters Act, Cap C20, LFN 2004, the Insurance Act, Cap I 17, LFN 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter**Material Uncertainty Related to Going Concern**

We draw your attention to the following notes in the consolidated financial statements:

(i) Note 46.b. which indicates that, as of 31 December 2020, the Company had deficiencies in asset cover (Hypothecation of assets) for Policy Holder's fund and shareholders fund for General Business of N2.89 billion (2019: N2.46 billion) and N6.11 billion (2019: N5.33 billion) respectively.

(ii) Note 5.j. which indicates that, as of 31 December 2020, the company had a negative solvency margin of ₦9.81 billion (2019 : ₦8.99 billion) which was below the minimum requirement of N3 billion for a general insurance business by ₦12.814 billion (2019 : ₦11.986 billion).

These conditions as set forth in the notes mentioned above, indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

The note also explains the Directors' remedial plans which formed the basis for preparing the financial statements using accounting policies applicable to going concern.

Our opinion is not modified in respect of this matter.

The following summarises how the matter was addressed in the audit:

- We checked adverse market conditions, trends and events and also performed other risk assessment procedures to identify any adverse events or conditions.
- We asked management whether they have identified any events or conditions that may cast significant doubts on the company's ability to continue as a going concern.

- We reviewed all court cases against the Group in order to obtain reasonable assurance that no litigation threatens the going concern of the Group either by suppliers, government, customers employees aggrieved third parties or shareholder of the Group.
- We reviewed minutes of board meetings held for all the quarters in the reporting period to assess any issues that could border on regulatory or legal challenges as it relates to the going concern of the Group.
- We obtained assurance from management that significant accounting and reporting judgments are supported by a degree of rigor and analysis appropriate to the circumstances of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How the matter was addressed in the audit
<p>a) Valuation of Insurance Contract Liabilities</p> <p>The Group and the Company have significant life and non-life insurance contract liabilities for the Group Nil billion while Company N3.7 billion (2019: Group N4.0 billion and Company N3.4 billion). The valuation of insurance contract liabilities involves high estimation uncertainties and significant judgment over uncertain future outcomes.</p> <p>Provisions for reported claims are based on historical experience, however, the eventual liabilities may differ from the estimated amounts. Furthermore, the estimated liability for claims that have occurred but are yet to be reported in respect of non-life insurance contracts involve economic assumptions about inputs such as inflation rate, ultimate loss ratio and discount rates, hence the eventual outcome is uncertain.</p> <p>The actuarial assumptions used in the valuation of life insurance contract liabilities are judgmental, particularly with respect to mortality rates, claims handling expenses, maintenance expenses and discount rates.</p> <p>The level of complexity, the assumptions and judgment involved in estimating these amounts make insurance contract liabilities a matter of significance to our audit.</p> <p>The Group's accounting policy on the valuation of insurance and investment contract liabilities and related disclosures are shown in notes 5.16 (accounting policies), note 3.3 (critical accounting estimates and judgments) and note 21 (insurance contract liabilities).</p>	<p>Our approaches in relation to management's valuation of insurance contract liabilities using a firm of Actuaries include:</p> <ul style="list-style-type: none"> • We evaluated the design, implementation and operating effectiveness of key controls instituted by the Group which includes management review of data used for the valuation of insurance and investment contract liabilities. • We tested the accuracy and completeness of the underlying data used in actuarial valuations by checking the claims paid, outstanding claims and underwriting data recorded in the Group's books. • We engaged our actuarial specialists to challenge the appropriateness of the methodology used by the Group's external actuary in calculating the insurance contract liabilities. This involved an assessment of the appropriateness of the valuation methods, taking into account available industry data and specific product features of the Group. • With the assistance of our actuarial specialists, we evaluated the reasonableness of the actuarial assumptions used by the Group's external actuary and performed liability adequacy tests on insurance and investment contract liabilities including assumptions and estimates on the projected cash flows, basic chain ladder runoff period, inflation rate, mortality and discount rate by comparing them to Group specific data, available industry data and market experience. • We considered the Group's valuation methodology and assumptions for consistency between reporting periods as well as indicators of possible management bias. We were also assisted by our actuarial specialists in this regard.

b) Valuation of investment property and land & buildings in property, plant & equipment

The valuation of the Company's investment property is a key audit matter due to the significance of the balance and judgment required in assessing the key valuation assumptions and methodology.

The investment properties are valued annually using the income capitalization methodology. Key assumptions in the valuation methodology include capitalization rate, vacancy rate, estimated expenses and future rental income.

The Company's accounting policy on investment property and related disclosures are shown in notes 5.9 (accounting policy), note 3.3 (critical accounting estimates and judgments) and note 15 (investment property). Also, its policy on properties and equipment and related disclosures are shown in note 5.12 (accounting policy), note 3.3 (critical accounting estimates and judgments) and note 18 (property and equipment).

Our audit procedures included the following:

- We assessed the appropriateness of the valuation methodology adopted by giving due consideration to the requirements of the relevant accounting standards and the Company accounting policies.
- We challenged key assumptions applied in the valuation of the properties, including the capitalization rates, vacancy rate, estimated expenses and future rental income, by comparing the assumptions to publicly available sales information, historical data, market experience and properties specific attributes such as location and asset condition.

Other information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report, Audit Committee's Report, Corporate Governance Report and Company Secretary's report which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appeared to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and those charged with Governance for the consolidated and separate financial statements

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRSs) and with the requirements of the Financial Reporting Council of Nigeria Act, No 6, 2011, Companies and Allied Matters Act, Cap C20, LFN 2004, the Insurance Act, Cap I 17, LFN 2003 and relevant policy guidelines issued by the National Insurance Commission (NAICOM) and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Concluded on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C20, LFN 2004 and Section 28(2) of the Insurance Act, Cap I17, LFN 2003.

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

Contraventions and Penalties

The Company paid fines and penalty in respect of contravention of the requirements of the National Insurance Commission and Securities and exchange Commission of Nigeria's Operational Guidelines during the year ended 31 December 2020. Details of penalty and fines paid are disclosed in Note 43 to the consolidated financial statements.



Benson O. Adejayan, FCA
FRC/2013/PRO/ICAN/004/00000002226
For: PKF Professional Services
Chartered Accountants
FRC/2023/COY/141906
Lagos, Nigeria



Dated: 13 June 2025

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity:

The Company known as Staco Insurance Plc has a partly owned (60%) subsidiary known as Staco Insurance Company Limited in Sierra Leone, West Africa. The subsidiary was floated as a private limited liability company on 27th February, 2008 and is a composite insurance company engaged in the provision of life and non-life insurance cover to retail and corporate customers in Sierra Leone, West Africa. The Company has disposed its investment in Sierra Leone during the year.

The Group is principally engaged in the provision of non-life and life insurance businesses.

The issuance of these Group consolidated financial statement were authorised by the Board of Directors on **13 June 2025**.

The principal activities of the Group is mainly the underwriting of non-life businesses insurance risks.

2. Going Concern

The company's solvency margin is below the requirements of the Insurance Act CAP I17, LFN 2004. The Company reported a solvency margin deficit of N9.84 billion for the year ended 31 December, 2020 (2019 : N8.99 billion) which occurred as a result of the backing out or derecognition of the unsubstantiated balances.

The Company's management has performed an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. This conclusion is based on the Group Executive Management's plans aimed at returning the Group to profitability and a healthy financial position and would enhance the Company's Going Concern assumption consideration. These plans are as follows:

- **Further Capital Injection:** Egerton Global Services plans to inject between N2-N3 billion into Staco within 120 days of receipt of agreed equity shares in Staco Insurance Plc. In addition, a further N5 billion is to be raised over the next 120 days to improve solvency margin and working capital.
- **Profitability and Investment attraction:** Post the satisfaction of Staco's Daewoo-managed loan, and the current improvement in profitability, the Company is positioned to attract additional investment within 18 months+.
- **Debt repayment and equity swap:** Loan acquisition and conversion: Egerton Global Services, the new Investor, agrees to Purchase the Company's convertible bond of JPY 902,000,000 zero coupon bond due 2029 liability owe to the Daewoo which form major liability of the company- Managed loan from the current bond holder representatives and convert it to equity. This will translate to a capital injection of on or about N10 billion. This agrees with letter dated January 6th ,2025 from the board of directors of Staco Insurance Plc where Staco will transfer 80% of equity to Egerton Global Ltd in exchange for satisfaction of the Daewoo-managed loan. This is anticipated not later than July 30th 2025.
- **Grow the activities level:** In anticipation of the funds to be injected into the business in the year (2025), the Management has put some strategies in place for a focused and rigorous marketing activities to improve the turnover and general activities level in order to return the Company to profitability and viability. In addition, the growth of market share based on reopening of energy sector subject to liability settlemeent and NAICOM reinstatement of oil & gas will further drive our expectations.
- **Expenditure management:** The Company has made plans to reduce overhead and administrative expenditures and also put in place practical capital expenditure strategies to delay any form of capital expenditure, postpone major maintenance activities and for only critical assets that needed to be acquired will be by cash subject to availability of fund.
- **Process redesign:** The management has reviewed the current business processes and has redesigned the processes with a view to improve performance metrics like cost management, quality service and also to reduce waste in order to increase profitability.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The liquidity generated through the asset restructuring, expenditure management and capital raise will be applied to grow and manage the business profitably through aggressive marketing, service delivery, efficient internal control and investment activities to the satisfaction of all stakeholders. We believe that the above action plan will help reverse the current loss position to profitability in the near future. The going concern status of the business of Staco Insurance Plc. is therefore assured.

3. Basis of preparation

These consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), IFRS interpretations committee and in compliance with the Financial Reporting Council Act, No 6 2011, the Companies and Allied Matters Act, Cap C20, LFN 2004, the Insurance Act 2003 and National Insurance Commission (NAICOM) Guidelines and Circulars. Additional requirements issued by national regulators have been included where appropriate, to the extent that they do not conflict with IFRS.

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

3.1. Statement of compliance with IFRS

These financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB).

These financial statements of the group comply with the requirement of the Companies and Allied Matters Act, 2020, Insurance Act of Nigeria, 2003, the Financial Reporting Council Act, 2011 and the Guidelines issued by the the National Insurance Commission to the extent that they are not in conflict with the International Financial Reporting Standards (IFRS).

3.2 Basis of measurement

The financial statements have been prepared under the historical cost convention as modified by the remeasurement of investment properties, available for sale investments and financial assets at fair value.

3.3. Use of estimates and judgements

The presentation of the group's consolidated financial statements requires management to make estimates and judgement that affect the reported amounts of assets and liabilities at the reporting date and the reported amount of income and expenses during the year ended. Management bases and evaluates its estimates and judgements on an ongoing basis. Management bases its estimates and judgements on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The following estimates and judgements are considered key significant judgements and estimates uncertainty in relation to the financial position and performance of the group.

3.4 Functional and presentation currency

Items included in the consolidated financial statements of each entity of the group are measured using the currency that best reflects the economic substance of the underlying events and circumstance relevant to that entity ("the functional currency"). These consolidated financial statements are presented in Nigerian Naira (N), which is the Company's functional currency. The financial information has been rounded to the nearest thousand, except as otherwise indicated.

3.5 'Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (Subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The results of subsidiary set up, acquired or disposed off during the year are included in the consolidated statement of profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, incomes and expenses have been eliminated on consolidation.

3.6 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense are not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the group.

4. Application of new and revised International Financial Reporting Standards (IFRS)

The accounting policies adopted are consistent with those of the previous financial year despite the adoption of IFRS. For the preparation of these financial statements, the following new, revised or amended requirements are mandatory for the first time for the financial year beginning 1 January 2020.

4.1. Summary of Standards and Interpretations effective for the first time

a) IFRIC 23 - Uncertainty over Income Tax Treatments

The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

Effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

b) IFRS 9 - Financial instruments

IFRS 9 introduces a new approach for classification and measurement of financial instruments, a more forward looking Impairment methodology and a new general hedge accounting requirement.

Classification and Measurement

IFRS 9 requires financial assets to be classified into one of three measurement categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by collecting both contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest.

Financial assets not meeting either of these two business models; and all equity instruments (unless designated at inception to fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss. An entity may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. The Group has undertaken an assessment to determine the potential impact of changes in classification and measurement of financial assets. Our assessment revealed that the adoption of IFRS 9 is unlikely to result in significant changes to existing asset measurement bases. IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk shall be presented in Other

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk shall be presented in Other Comprehensive Income.

The hedge accounting requirements in IFRS 9 are optional. If certain eligibility and qualification criteria are met, hedge accounting allows an entity to reflect risk management activities in the financial statements by matching gains or losses on financial hedging instruments with losses or gains. The amendments had no material effect on the Group's Financial Statements.

Impairment Methodology

The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantees not measured at fair value through profit or loss.

IFRS 9 replaces the existing 'incurred loss' impairment approach with an Expected Credit Loss ('ECL') model, resulting in earlier recognition of credit losses compared with IAS 39. Expected credit losses are the unbiased probability weighted average credit losses determined by evaluating a range of possible outcomes and future economic conditions. The ECL model has three stages.

Entities are required to recognise a 12 month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39.

The requirement to recognise lifetime ECL for assets which have experienced a significant increase in credit risk since origination, but which are not credit impaired, does not exist under IAS 39. The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument, not the change in the amount of expected credit losses. Reasonable and supportable forward looking information will also be used in determining the stage allocation. In general, assets more than 30 days past due, but not credit impaired, will be classed as stage 2.

IFRS 9 requires the use of more forward looking information including reasonable and supportable forecasts of future economic conditions. Reporting entities will be required to develop the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes.

Appropriate governance and oversight needs to be established around the process.

An assessment of the ECL in the Group's balance sheet reflects an increase in the provisions for credit losses. However, this increase does not have a significant impact on regulatory capital and invariably the Capital adequacy due to the Group's strong earnings and retention capacity over the years.

The Group conducted an initial predominance assessment and having met the criteria for exemption, the Board opted for temporary exemption option (deferral approach). The result of the predominance assessment using 2015 financial report as stated in IFRS 4 amended 2016 section 20D of the standard is stated below:

The carrying amount of its liabilities arising from insurance contracts and insurance connected liabilities for the group sum up to Nil billion as at 31 Dec 2020 (31 Dec 2019 : N4.83 billion), Company N4.52 billion (31 Dec 2019: 4.14 billion) which is greater than 60 per cent of the total carrying amount of all its liabilities as at 31 Dec 2020 and 31 Dec 2019 respectively.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company is registered with C.A.C. to carry out insurance activities and its activities are predominantly connected with insurance contracts.

Predominance Assessment Using 2015 Financial Report

Insurance Liabilities	Group		Company	
	Carrying amount N'000	Admissible for predominance test N'000	Carrying amount N'000	Admissible for predominance test N'000
Insurance contract liabilities	5,541,750	5,541,750	5,335,335	5,335,335
Financial liabilities	2,128,187	-	2,124,405	-
Trade payables	94,230	94,230	2,085	2,085
Bank overdraft	69,252	-	69,252	-
Other payables and accruals	98,143	-	67,190	-
Deferred tax liabilities	102,615	-	98,050	-
Employee benefit liability	1,306	-	-	-
Current tax liability	66,772	66,772	32,374	32,374
Deposit for shares	1,475,000	-	1,475,000	-
	9,577,255	5,702,752	9,203,691	5,369,794
Predominance ratio		60%		58%

Given a score of 60% for the Group (Parent: 58%), we assessed whether the Group engages in a significant activity unconnected with insurance. Based on our assessment, we concluded that the Group does not engage in a significant activity unconnected with insurance since majority of the activities from which the Group earns income and incur expenses are insurance-related.

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

- Its activities are predominantly connected with insurance contracts;
- As at 31 December 2015, which is the reporting date that immediately precedes 1 April 2016, the carrying amount of its liabilities arising from insurance contracts was =N=5.70 billion (Parent: =N=5.34 billion) which was 60% (Parent: 58%) of the total carrying amount of all its liabilities as at that date.
- The company's activities have remained the same and are predominantly connected with insurance contracts. The majority of the activities from which the Group earns income and incur expenses are insurance-related.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The impact assessment of IFRS 9 on the Group's financial assets as December 31, 2017 which is the reporting date that immediately precedes January 1, 2018, , i.e. the effective implementation date of the standard and that of the year 2018 & 2019, after the deferral of IFRS 9, are stated below:

Group

2017 impact analysis on Financial Assets

	2017 Group		
	IAS 39 N'000	IFRS 9 N'000	Impact N'000
Financial Assets:			
At fair value through profit or loss	-	-	-
Available for sale(FVOCI)	293,384	293,384	-
Held to maturity(Amortised Cost)	429,634	386,671	42,963
Loans and receivables (Amortised Cost)	118,140	106,326	11,814
Trade receivables	347,200	312,480	34,720
	1,188,358	1,098,861	89,497

Company

2017 impact analysis on Financial Assets

	2017 Company		
	IAS 39 N'000	IFRS 9 N'000	Impact N'000
Financial Assets:			
At fair value through profit or loss	-	-	-
Available for sale(FVOCI)	264,889	264,889	-
Held to maturity(Amortised Cost)	11,748	10,573	1,175
Loans and receivables (Amortised Cost)	115,437	103,893	11,544
Trade receivables	60,137	54,123	6,014
	452,211	433,478	18,733

Group

2018 impact analysis on Financial Assets

	2018 Group		
	IAS 39 N'000	IFRS 9 N'000	Impact N'000
Financial Assets:			
At fair value through profit or loss	-	-	-
Available for sale(FVOCI)	180,186	180,186	-
Held to maturity(Amortised Cost)	196,920	76,345	120,575
Loans and receivables (Amortised Cost)	67,939	10,789	57,150
Trade receivables	223,026	223,026	-
	668,071	490,346	177,725

Company

2018 impact analysis on Financial Assets

	2018 Company		
	IAS 39 N'000	IFRS 9 N'000	Impact N'000
Financial Assets:			
At fair value through profit or loss	-	-	-
Available for sale(FVOCI)	115,139	115,139	-
Held to maturity(Amortised Cost)	88,177	10,573	77,604
Loans and receivables (Amortised Cost)	2,791	8,805	(6,014)
Trade receivables	5,280	5,280	-
	211,387	139,797	71,590

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Group

2019 impact analysis on Financial Assets

	2019 Group		
	IAS 39 N'000	IFRS 9 N'000	Impact N'000
Financial Assets:			
At fair value through profit or loss	-	-	-
Available for sale(FVOCI)	180,186	180,186	-
Held to maturity(Amortised Cost)	196,920	194,950	1,970
Loans and receivables (Amortised Cost)	67,939	67,260	679
Trade receivables	223,026	223,026	-
	668,071	665,422	2,649

Company

2019 impact analysis on Financial Assets

	2019 Company		
	IAS 39 N'000	IFRS 9 N'000	Impact N'000
Financial Assets:			
At fair value through profit or loss	-	-	-
Available for sale(FVOCI)	115,139	115,139	-
Held to maturity(Amortised Cost)	88,177	87,295	882
Loans and receivables (Amortised Cost)	2,791	2,763	28
Trade receivables	5,280	5,280	-
	211,387	210,477	910

2020 impact analysis on Financial Assets

	2020 Company		
	IAS 39 N'000	IFRS 9 N'000	Impact N'000
Financial Assets:			
At fair value through profit or loss	-	-	-
Available for sale(FVOCI)	8,429	8,429	-
Held to maturity(Amortised Cost)	1,419	1,419	-
Loans and receivables (Amortised Cost)	132,312	115,139	17,173
Trade receivables	1,883	1,883	-
	144,043	126,870	17,173

Fair value disclosures

Financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest:

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

	31 December	
	2020 N'000	2019 N'000
Premium receivables	-	223,026
Loans and receivables	-	67,939
Other receivables net off prepayments	-	23,246
Short term placement	-	529,285
Investment securities:		
Treasury bills	-	116,221
Bonds	-	80,699
	-	1,040,416

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These are financial assets that meets the definition of held for trading in line with IFRS 9; or that is managed and whose performance is evaluated on a fair value basis. These assets are as follows:

	31 December	
	2020	2019
	N'000	N'000
Quoted equity securities	-	65,047
Unquoted equity securities	-	115,139
	<u>-</u>	<u>180,186</u>

4.2. Standards and interpretations issued/amended but not yet effective.

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but not yet effective: This includes:

4.2.1. IAS 1 — Presentation of Financial Statements

IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction.

The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

IAS 1 has been revised to incorporate a new definition of "material" and IAS 8 has been revised to refer to this new definition in IAS 1.

The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

4.2.2. IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information.

Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.

The amendment is effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.

4.2.3. IFRS 17 — Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2022. The IASB also tentatively decided to defer the fixed expiry date for the temporary exemption to IFRS 9 in IFRS 4 by one year so that all insurance entities must apply IFRS 9 for annual periods on or after January 1, 2022.

The Group is assessing the potential impact of the new standard which will be effective for annual reporting periods beginning on or after 1 January 2022.

4.3 New standards, amendments and interpretations issued but without an effective date

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but without an effective date: This includes:

Amendments to IFRS 10 and IAS 28 Consolidated Financial Statements and Investments in Associates and Joint Ventures

Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- Require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations).
- Require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

4.2.4. The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements

4.4.4.1 Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) IFRS 14 Regulatory Deferral Accounts

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).

Equity Method in Separate Financial Statements (Amendments to IAS 27).

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28).

5. Significant accounting policies

5.1 Consolidation

The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The consolidation principles are statements were prepared as of the parent company's reporting date. The consolidation principles are unchanged as against prior year.

5.1.1 Investment in subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that, presently, are exercisable are taken into account.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group has adopted IFRS 3 Business Combination (2008). Its adoption though prospectively applied had no material impact on earnings per share. The new accounting policy in respect to business combinations is presented as follows:

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Accounting method of consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated financial statement from the effective acquisition date and or up to the effective date on which control ceases, as appropriate. The integration of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances. Subsidiaries are not consolidated from the date on which control ceases.

Transactions eliminated on consolidation

Intra-group balances, and income and expenses (except for foreign currency translation gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interest

The group applies IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for non-controlling interests. Under this accounting policy, non-controlling interests are accounted for as transactions with equity holders in their capacity as owners, and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on the proportionate amount of the net assets of the subsidiary.

5.2 Foreign currency translation

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

5.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.4 Financial assets

5.4.1 Non-derivative financial assets

The Company classifies its financial assets into the following categories: at fair value through profit and loss, loans and receivables, held to maturity and available for sale. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

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

The Company has the following non-derivative financial assets: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

5.4.1.1 Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

5.4.1.2 Held-to-maturity financial assets

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Company from classifying investment securities as held-to-maturity for the current and the following two financial years.

5.4.1.3 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

5.4.1.4 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Company's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.4.2 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

5.4.3 Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Company has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

5.4.4 Derecognition of financial assets

A financial asset is derecognised when:

- a) The rights to receive cash flows from the asset have expired.
- b) The Company retains the right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - * the Company has transferred substantially all the risks and rewards of the asset; or
 - * the Company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the assets.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the amount of the asset and the maximum amount of consideration that the Company could be required to repay.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.5 Trade receivables

Insurance receivables are recognised when due and measured on initial recognition at the fair value of the consideration received or receivable. Subsequent to initial recognition, trade receivables are measured at amortised cost, using the effective interest rate method. The carrying value of insurance receivables is reviewed for impairment when events or circumstances indicate that the carrying amount may not be recoverable. The impairment loss is calculated as the difference between the carrying amount and present value of expected future cash flows discounted using the effective interest rate. Trade receivables are derecognised when the derecognition criteria for financial assets have been met.

Impairment of trade receivables

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Group will not be able to collect all the amount due under the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversed date. Any subsequent reversal of an impairment loss is recognised in the profit and loss.

5.6 Reinsurance assets

Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or insurance contract liabilities associated with the reinsurer's policies and are in accordance with the related reinsurance contract. Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer. The impairment loss is recorded in the profit or loss.

Commission income is received on buying reinsurance and is recognised in the profit or loss immediately at the date of purchase and is not amortised. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

5.7 Other receivables and prepayments

They are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtors) that the company will not be able to collect all the amount due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible. If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previous recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the profit or loss. Prepayments are carried at cost less accumulated impairment losses.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.8 Deferred acquisition costs (DAC)

Deferred acquisition cost are those direct and indirect costs incurred during the reporting period arising from the writing or renewing of insurance contracts and/or investment contracts and are deferred to the extent that these costs are recoverable out of future premiums. All other acquisition costs are recognised as expense when incurred. Subsequent to initial recognition, DAC for general insurance is amortised over the period in which the related revenues are earned. The reinsurers' share of DAC is amortised in the same manner as the underlying asset. An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value an impairment loss is recognised in the profit or loss. DAC are also considered in the liability adequacy test for each reporting period. DAC is derecognised when the related contracts are either settled or disposed of.

5.9 Investment properties

Property held for long-term rental yields that is not occupied by the companies in the Group is classified as investment property. Investment property comprises freehold land and buildings. It is carried at fair value, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as discounted cash flow projections or recent prices in less active markets. These valuations are reviewed annually by an independent valuation expert. Changes in fair values are recorded in the income statement.

The initial cost of the property shall be the fair value (where available). When not available the initial cost shall be used. The property is carried at fair value after initial recognition. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. carried at fair value after initial recognition. If an investment property becomes owner occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

5.10 Deferred tax

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

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.11 Leases

5.11.1. Initial recognition and measurement

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

5.11.1.1. Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The cost of a right-of-use asset at inception of the lease includes an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The Company incurs the obligation for those costs at the commencement date or as a consequence of having used the underlying asset during a particular period.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (Real Estate 2 to 5 years). If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section(s) Impairment of non-financial assets Property and equipment - (Note 3.2.4).

The Company's lease arrangements are majorly real estate leases which include leases of office spaces. These lease arrangements do not contain an obligation to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to a specified condition.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not clearly stated in the lease contract. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Tenant deposits

Tenant deposits are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Company's incremental borrowing rate.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.12 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for land and buildings.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets for which the commencement date for capitalization is on or after 1 January 2011.

Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

After recognition as an asset, an item of property and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Land and building as well as motor vehicles are measured at fair value less accumulated depreciation on leasehold land and buildings, motor vehicles impairment losses recognised after the date of the revaluation. Valuations are carried out frequently on land and buildings, while valuation is carried out on motor vehicles periodically to ensure that the fair value of revalued assets are maintained.

Subsequent costs

The cost of replacing a part of an item of property 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 carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives (cum depreciation rates) for the current and comparative periods are as follows:

Leasehold land and building	Over the lease period
Buildings	50 years
Plant and machinery	10 years
Office equipment	10 years
Motor vehicle	5 years
Fixtures and fittings	10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Estimates in respect of certain items.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.13 Investment property

Investment properties comprise properties held to earn rental income and/or for capital appreciation. Investment properties are initially measured at cost and subsequently carried at fair value based on valuers hired by the Group. Investment properties are revalued with sufficient regularity by external professional. The valuer's value is determined by discounting expected future cash flows at appropriate market interest rates. Changes in fair value of investment properties are recognised in the statement of comprehensive income as investment surplus. When investment properties become owner-occupied, the group reclassifies them to owner-occupied properties at a deemed cost equal to the fair value of properties at the date of reclassification. The difference between the carrying value and fair value of the properties at the date of reclassification to investment properties is recognised directly in equity as a revaluation surplus. Investment properties are derecognised when they have either been disposed of or when they are permanently withdrawn from use and no future benefit is expected from their disposal.

5.14 Statutory deposit

Statutory deposit represents 10% of the paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act, 2003. Statutory deposit is measured at cost.

5.15 Intangible assets

Software license costs and computer software that is not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Company are recognised as intangible assets. Amortisation is calculated using the straight line method to write down the cost of each license or item of software to its residual value over its estimated useful life.

Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Amortisation ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised and ceases temporarily while the residual value exceeds or is equal to the carrying value.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite lives are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

An intangible asset with an infinite life is initially recognised at cost and subsequently at fair value. Intangible assets with an infinite life are not subject to amortization on an annual basis but subject to review for impairment.

An intangible asset shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Amortization is calculated using the straight line method to write down the cost of each intangible asset to its residual value over its estimated useful life or the license term.

5.16 Insurance contract liabilities

Non-life insurance contract liabilities include the outstanding claims provision, the provision for unearned premium and the provision for premium deficiency. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other recoveries. Delays can be experienced in the notification and settlement of certain types of claims, therefore the ultimate cost of these cannot be known with certainty at the reporting date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the obligation to pay a claim expires, is discharged or is cancelled.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date. The provision is recognised when contracts are entered into and premiums are charged, and is brought to account as premium income over the term of the contract in accordance with the pattern of insurance service provided under the contract.

At each reporting date the Group reviews its unexpired risk and a liability adequacy test is performed, which is a requirement of IFRS 4 on insurance contracts as to determine whether there is any overall excess of expected claims and deferred acquisition costs over unearned premiums. This calculation uses current estimates of future contractual cash flows after taking account of the investment return expected to arise on assets relating to the relevant non life insurance technical provisions. If these estimates show that the carrying amount of the unearned premiums (less related deferred acquisition costs) is inadequate, the deficiency is recognised in the income statement by setting up a provision for premium deficiency.

5.17 Financial liabilities

Financial liabilities are carried at fair value through profit or loss (including financial liabilities held for trading and those that designated at fair value). Financial liabilities are derecognised when extinguished.

Financial liabilities at fair value through profit or loss

This category comprises two sub - categories: Financial liabilities classified as held for trading and financial liabilities designated by the company as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near future term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking. Derivatives are also categorized as held for trading, unless designated as an effective hedging instrument.

Gain and losses arising from changes in the fair value of financial liabilities classified held for trading are included in the statement of comprehensive income in fair value gains and losses.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group did not have any financial liabilities that meet the classification criteria of held for trading and did not designate any financial liabilities as at fair value through profit or loss.

Borrowings/Bank overdraft

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as 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 there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 months after the date of the statement of financial position.

5.18 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. 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.

5.19 Other payables and accruals

Other payables and accruals are measured initially at fair value and subsequently measured at amortised cost.

5.20 Employee benefit liability

Defined contribution plans

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit rated bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on settlement of the plan liabilities.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

Termination benefit

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

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

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

5.21 Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

5.22 Impairments

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognized in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss previously recognized in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security in excess of the amount previously recognized in profit or loss is recognized in other comprehensive income.

Non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

5.23 Salvage and subrogation reimbursements

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

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognized in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognized in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

5.24 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investment Property

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Company and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

5.25 Provisions

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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

5.26 Share capital and premium

Ordinary shares are recognized at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

5.27 Revaluation reserve

Revaluation reserve includes the net cumulative change in the fair value of property, plant and equipment until the asset is derecognised or disposed.

5.28 Fair value reserve

The fair value reserve includes the net cumulative change in the fair value of available-for-sale investments until the investment is derecognised or impaired.

5.29 Contingency reserve

Compliance with Section 21 (2) of Insurance Act 2003, the contingency reserve is credited with the greater of 3% of total premiums, 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.

5.30 Translation reserve

The translation reserve includes the net change in the translation differences in foreign currency as a result of the consolidation of the foreign subsidiary.

5.31 Retained earnings

Retained earnings are the carried forward recognised income net of expenses plus current period profit attributable to shareholders.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.32 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding at the reporting date.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

5.33 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, All operating segments' operating results are reviewed regularly by the Company's Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

5.34 Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognized on financial assets, and losses on hedging instruments that are recognized in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

5.35 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

For qualifying assets commencing on or before 1 January 2012, borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that necessarily took a substantial period of time to get ready for its intended use or sale) were expensed as incurred.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.36 Gross premium written

Gross premiums comprise the premiums on general insurance entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was considered direct business, taking into account the product classification of the reinsured business

5.36 Unearned premiums

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time proportionate basis, or another suitable basis for uneven risk contracts. Provision for unexpired risk is made for unexpired risks arising where the expected value of claims and expenses attributable to the unexpired period of policies in force at the reporting date exceeds the unearned premium in relation to such policies after deduction of any deferred acquisition costs.

5.37 Reinsurance premium and claims

The Company cedes insurance risk in the normal course of its business for businesses that exceed its risk retention limit. However there are some special schemes where management applies its discretion irrespective of the limiting factors. Reinsurance claims and premiums are recognised when the related gross insurance claim and premium is recognised according to the terms of the relevant contract.

5.38 Commission income

When the Company acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognized is the net amount of commission made by the Company.

5.39 Gross benefits and claims

Gross benefits and claims for general insurance are included in the cost of all claims arising during the year, including internal and external claims handling costs that are directly related to the processing and settlement of claims as well as changes in the gross valuation of insurance contract liabilities.

5.40 Reinsurance claims.

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

5.41 Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. The provision for outstanding claims represents the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the statement of financial position date whether reported or not.

The provision includes an allowance for claims management and handling expenses. The provision for outstanding claims for reported claims, is estimated based on current information and the ultimate liability may vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provision for prior years are reflected in the profit or loss in the financial period in which adjustments are made, and disclosed separately if material. Reinsurance recoverable are recognized when the Company records the liability for the claims and are not netted off claims expense but are presented separately in the income statement. Claims incurred in respect of long-term insurance contracts consist of claims arising during the year including provision for policyholders' liabilities. Outstanding claims on long-term insurance contracts that have occurred at the statement of financial position date and have been notified by the insured are carried at the claim amounts advised.

STACO INSURANCE PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.42 Underwriting expenses

Underwriting expenses are made up of acquisition and maintenance expenses comprising commission and policy expenses, and other underwriting expenses.

Underwriting expenses for insurance contracts are recognised as expense when incurred, with the exception of acquisition cost which are recognised on a time apportionment basis in respect of risk.

Acquisition cost comprise all direct and indirect costs arising from the writing of insurance contracts.

Maintenance expenses are those other expenses incurred in servicing existing policies/ contracts. These expenses are charged in the accounting period in which they are incurred.

5.43 Investment income

Investment income is recognised in the profit or loss as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument. Investment income also includes dividend income which is recognised when the right to receive the payment is established. Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

5.44 Realized/unrealized gain and losses

Realised / unrealised gains and losses recorded in the profit or loss on investments include any gains and losses on financial assets and investment properties. Gains and losses on the sale of investments is the difference between net sales proceeds and the original carrying or amortised cost and is recorded on occurrence of the sale transaction.

5.45 Other operating expenses

Other operating expenses are expenses other than claims, investment expenses and underwriting expenses. They include wages and salaries, professional fees, depreciation, management and other non - operating expenses. Other operating expenses are accounted for on an accrual basis and recognise in the income statement upon utilization of the service or the date of their origin.

5.46. Events after the reporting period

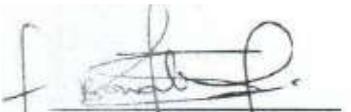
The consolidated financial statements are adjusted to reflect events that occurred between the consolidated and separate statement of financial position date and the date when the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed at the consolidated and separate statement of financial position date. Events that are indicative of conditions that arose after the statement of financial position date are disclosed, but do not result in an adjustment of the consolidated financial statements.

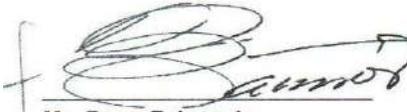
STACO INSURANCE PLC

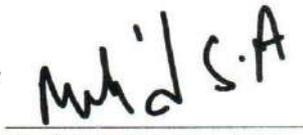
CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	Group		Company	
		2020 N'000	2019 N'000	2020 N'000	2019 N'000
Assets					
Cash and cash equivalents	8	-	955,125	428,825	189,226
Financial assets	9	-	445,045	142,160	206,107
Trade receivables	10	-	223,026	1,883	5,280
Reinsurance assets	11	-	450,359	332,176	450,359
Other receivables and prepayments	12	-	35,261	3,613	1,506
Deferred acquisition cost	13	-	76,106	34,168	76,106
Investment in subsidiary	14	-	-	-	342,545
Investment properties	15	-	1,000,000	760,000	760,000
Right-of-use assets	17.1	-	71,024	68,636	71,024
Property and equipment	18	-	75,298	42,988	64,040
Statutory deposit	19	-	355,770	300,000	300,000
Intangible asset	20	-	6,112	-	-
Total assets		-	3,693,126	2,114,449	2,466,192
Liabilities					
Insurance contract liabilities	21	-	4,003,580	3,683,766	3,382,333
Financial liabilities	22	-	5,360,221	5,458,949	5,341,550
Trade payables	23	-	826,535	834,612	762,303
Other payables and accruals	24	-	661,262	904,957	562,873
Lease liabilities	17.3	-	47,381	49,631	47,381
Deferred tax liabilities	16.2	-	106,191	98,050	98,050
Employee benefit liabilities	25	-	7,470	-	-
Current tax liabilities	26	-	240,462	130,542	105,542
Total liabilities		-	11,253,102	11,160,507	10,300,032
Equity					
Issued share capital	27.a	-	4,670,544	4,670,544	4,670,544
Share premium	27.b	-	434,164	434,164	434,164
Fair value reserve	27.d	-	105,437	107,853	358,489
Contingency reserve	27.e	-	2,404,145	2,326,007	2,305,535
Translation reserve	27.f	-	(618,414)	-	-
Loss sustained	27.g	-	(14,810,540)	(16,584,626)	(15,602,572)
Shareholders' funds		-	(7,814,664)	(9,046,058)	(7,833,840)
Non-controlling interest	27.h	-	254,689	-	-
		-	(7,559,975)	(9,046,058)	(7,833,840)
Total Liabilities and Equity		-	3,693,126	2,114,449	2,466,191

The consolidated financial statements were approved by the Board of Directors on **13 June 2025** and signed on its behalf by:


Mr. Jide Omotere
 Chief Financial Officer
 FRC/2013/ICAN/00000002180


Mr. Bayo Fakorede
 Ag. Managing Director
 FRC/2013/CIIN/00000004099


Mr. Muhammad Sidi Aliyu
 Chairman
 FRC/2020/003/00000021442

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

STACO INSURANCE PLC

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Group		Company	
		2020 N'000	2019 N'000	2020 N'000	2019 N'000
Continuing operations					
Gross premium written	28	-	3,315,048	682,410	2,393,682
Change in unearned premium	21.1c&d	-	601,868	(85,823)	641,741
Gross premium income	28.a	-	3,916,916	596,587	3,035,423
Reinsurance expenses	28.b	-	(600,519)	(369,581)	(546,702)
Net premium income		-	3,316,397	227,006	2,488,721
Fees and commission income	29	-	171,907	24,224	157,126
Net underwriting income		-	3,488,304	251,230	2,645,847
Net claims expense	30	-	(969,370)	(185,124)	(827,567)
Underwriting expenses	31	-	(717,607)	(189,307)	(570,826)
Net underwriting and claims expenses		-	(1,686,977)	(374,431)	(1,398,393)
Underwriting results	7	-	1,801,327	(123,201)	1,247,454
Investment income	32	-	156,694	134,371	112,582
Other income	33	-	84,527	314,402	14,673
Fairvalue gain on investment property		-	141,473	-	-
Impairment losses charge	34	-	(889,182)	(127,289)	(841,244)
Management and administrative expenses	35	-	(1,836,197)	(896,759)	(1,572,177)
Net operating loss		-	(541,358)	(698,476)	(1,038,712)
Finance costs	36	-	(368,556)	(238,105)	(366,500)
Loss before tax		-	(909,914)	(936,581)	(1,405,212)
Income tax expense	26.1	-	(175,882)	(25,000)	(75,935)
Loss after tax		-	(1,085,796)	(961,581)	(1,481,147)
Other comprehensive income/(loss)					
Items that are or may be reclassified to profit or loss:					
Net fair value gain on available-for-sale financial assets	27.d	-	45,491	17,174	34,711
Translation loss	27.f	-	(17,790)	-	-
Appreciation on investment in subsidiary	27.d	-	-	97,601	58,094
Items that will not be reclassified to profit or loss:					
Revaluation gain on property and equipment	27.c	-	-	-	-
Total comprehensive income loss		-	(1,058,095)	(846,806)	(1,388,342)
(Loss)/profit attributable to:					
Owners of equity		-	(1,183,366)	(961,581)	(1,481,147)
Non-controlling interest	27.g	-	97,570	-	-
		-	(1,085,796)	(961,581)	(1,481,147)
Total comprehensive (loss)/income attributable to:					
Owners of equity		-	(1,155,665)	(846,806)	(1,388,342)
Non-controlling interest	27.g	-	94,765	-	-
		-	(1,060,900)	(846,806)	(1,388,342)
Loss per share (kobo):					
- Basic		-	(11)	(9)	(15)
- Diluted		-	(11)	(9)	(15)

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

STACO INSURANCE PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

Group

	Share capital ₦'000	Share premium ₦'000	Revaluation reserve ₦'000	Fair value (available-for- sale) reserve ₦'000	Contingency reserve ₦'000	Translation reserve ₦'000	Loss sustained ₦'000	Non controlling interest ₦'000	Total equity ₦'000
At 1 January 2020	4,670,544	434,164	-	105,437	2,404,145	(618,414)	(14,810,540)	254,689	(7,559,975)
(Loss)/profit for the year	-	-	-	-	-	-	-	-	-
Translation for the year	-	-	-	-	-	-	-	-	-
Diminution in the value of investment unquoted securities	-	-	-	-	-	-	-	-	-
Appreciation on investment in subsidiary	-	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	-	-	-	-	-
Derecognised on disposal of subsidiary (Note 14.5)	(4,670,544)	(434,164)	-	(105,437)	(2,404,145)	618,414	14,810,540	(254,689)	7,559,975
Transactions with equity holders recorded directly in equity:	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-
At 31 December 2020	-	-	-	-	-	-	-	-	-
At 1 January 2019	4,670,544	434,164	260,508	64,258	2,263,719	(607,740)	(13,728,178)	167,613	(6,475,112)
(Loss)/profit for the year	-	-	-	-	-	-	(1,183,366)	97,570	(1,085,796)
Translation for the year	-	-	-	-	-	(10,674)	-	(7,116)	(17,790)
Diminution in the value of investment unquoted securities	-	-	-	41,179	-	-	-	4,312	45,491
Appreciation on investment in subsidiary	-	-	-	-	-	-	-	-	-
Transfer to contingency reserve	-	-	-	-	140,426	-	(159,505)	19,079	-
Derecognised on impairment of land and buildings	-	-	(260,508)	-	-	-	260,508	-	-
Transactions with equity holders recorded directly in equity:	-	-	-	-	-	-	-	(26,770)	(26,770.00)
Dividend paid	-	-	-	-	-	-	-	(26,770)	(26,770.00)
At 31 December 2019	4,670,544	434,164	-	105,437	2,404,145	(618,414)	(14,810,540)	254,689	(7,559,977)

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

STACO INSURANCE PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

Company

	Share capital N'000	Share premium N'000	Revaluation reserve N'000	Fair value (available-for- -sale) reserve N'000	Contingency reserve N'000	Loss sustained N'000	Total equity N'000
At 1 January 2020	4,670,544	434,164	-	358,489	2,305,535	(15,602,573)	(7,833,841)
Loss for the year	-	-	-	-	-	(961,581)	(961,581)
Diminution in the value of investment unquoted securities	-	-	-	17,174	-	-	17,174
Diminution on investment in subsidiary	-	-	-	97,601	-	-	97,601
Transfer to contingency reserve	-	-	-	-	20,472	(20,472)	-
Derecognised on discontinued operations	-	-	-	(365,411)	-	-	(365,411)
Transactions with equity holders recorded directly in equity:							
Dividend	-	-	-	-	-	-	-
At 31 December 2020	4,670,544	434,164	-	107,853	2,326,007	(16,584,626)	(9,046,058)
At 1 January 2019	4,670,544	434,164	260,508	265,684	2,214,472	(14,290,870)	(6,445,498)
Loss for the year	-	-	-	-	-	(1,481,147)	(1,481,147)
Appreciation in the value of investment unquoted securities	-	-	-	34,711	-	-	34,711
Appreciation on investment in subsidiary	-	-	-	58,094	-	-	58,094
Transfer to contingency reserve	-	-	-	-	91,063	(91,063)	-
Derecognised on impairment of land and buildings	-	-	(260,508)	-	-	260,508	-
Transactions with equity holders recorded directly in equity:							
Dividend	-	-	-	-	-	-	-
At 31 December 2019	4,670,544	434,164	-	358,489	2,305,535	(15,602,573)	(7,833,839)

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

STACO INSURANCE PLC

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Group		Company	
		2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
Cash flow from operating activities					
Premium received from policyholders		-	2,721,992	685,807	2,444,102
Commission received			171,907	24,224	157,126
Other operating cash receipts			241,221	448,773	127,255
Claims recovered from/(paid to) reinsurance	30.4	-	494,351	313,912	494,351
Reinsurance premium paid		-	(683,549)	(193,696)	(629,732)
Minimum and deposit reinsurance paid		-	(9,925)	-	(9,925)
Cash paid to and on behalf of employees	35.1	-	(921,343)	(592,258)	(827,789)
Other operating cash payments		-	(577,817)	(481,051)	(568,345)
Commission paid	31.1	-	(527,916)	(104,793)	(381,135)
Maintenance paid		-	(89,104)	(42,576)	(89,104)
Claims paid	30.1	-	(1,087,395)	(256,174)	(945,592)
Cash used in operating activities		-	(267,578)	(197,832)	(228,788)
Gravuity paid		-	(1,914)	-	-
Tax paid		-	(186,417)	-	(99,998)
Net cash used in operating activities	44	-	(455,909)	(197,832)	(328,786)
Cash flow from investing activities					
Purchase of property and equipment	18	-	(101,668)	(1,587)	(1,608)
Purchase of available-for-sale financial assets	9.4	-	(4,187)	-	(3,564)
Purchase of held-to-maturity financial assets	9.4	-	(118,856)	-	(83,636)
Proceed received from disposal of investment in subsidiary	14.6	-	-	279,685	-
Addition to loans and receivables financial assets	9.4	-	(65,292)	-	(2,110)
Proceeds on disposal of financial assets	9.4	-	104,065	145,027	103,628
Dividend received		-	-	77,580	37,747
Interest received		-	154,535	40,254	73,118
Proceeds from disposal of property and equipment		-	253,174	14,928	253,174
Net cash from investing activities		-	221,771	555,887	376,749
Cash flow from financing activities					
Repayment of short-term loans	22.3	-	(132,760)	(118,456)	(288,762)
Additions to short-term loan	22.3	-	65,000	-	65,000
Statutory deposit		-	(55,770)	-	-
Net cash used in financing activities		-	(123,530)	(118,456)	(223,762)
Net decrease in cash and cash equivalents		-	(357,668)	239,598	(175,799)
Cash and cash equivalents at 1 January		-	1,312,793	189,227	365,026
Cash and cash equivalents at 31 December		-	955,125	428,825	189,227
Represented by:					
Cash at bank and in hand	8	-	955,125	428,825	189,226

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

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General Information

Staco Insurance Pic was incorporated on 10th October, 1991. The group commenced operations on 1st October, 1994. In Staco Group, we transact all classes of Insurance businesses, in addition to undertaking Real Estate Business and High Impact Financial Services.

The combined authorized share capital in the Group is in excess of ₦6.5 billion with a paid-up share capital of over ₦5 billion and total assets base of ₦3.9 billion.

The Group Business Plans, Programmes and Processes have equally undergone major upgrades and modernization to enhance our efficiency, competitiveness, and earning capacity. Staco clientele cuts across all sectors of the economy, and in the last few years, made significant in road in the Oil and Gas and Public Sectors, where we lead underwrite some major insurance businesses.

Staco Insurance Pic's vision is to transform and grow the Staco Group into a World-Class Financial Services Mega brand.

The issuance of these consolidated financial statements were authorized by the Board of Directors on **13 June 2025**.

2. Reporting Entity

Staco Insurance Pic is a company incorporated and domiciled in Nigeria. The Company emerged in July, 1994 as a result of a discreet acquisition and restructuring carried out on Alpha Insurance Pic. The RC No. of the company is 167274 of 10th October, 1991 and was subsequently licensed to transact all classes of non-life insurance business with Registration No. RI 135 and RI 135L on 1st October, 1994. The company under the new name commenced General Insurance Business and Special Risks with Registration No. RIC-053. The address of the Company's registered office is 209, Herbert Macaulay Street, Ebute Metta, Lagos. The company is listed on the Nigerian Stock Exchange.

The company is owned by Nigerians who have distinguished themselves in their various business endeavours and managed by seasoned professionals who have proven integrity in the Nigerian Insurance Industry.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are disclosed on pages 12 to 37.

These policies have been consistently applied to all the years presented unless otherwise stated.

4. Critical accounting estimates and judgments

a) Liabilities arising from insurance contracts

i) Claims arising from non-life insurance contracts

Liabilities for unpaid claims are estimated on case by case basis. The reserves made for claims fluctuate based on the nature and severity of the claim reported. Claims incurred but not reported are determined using statistical analyses and which reserve the Group deems adequate.

ii) Liabilities arising from life insurance contracts

The liabilities for life insurance contracts are estimated using appropriate and acceptable base tables of standard mortality according to the type of contract being written. Management makes various assumptions such as expenses inflation, valuation interest rate, mortality and further mortality improved in estimating the required reserves for life contracts.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

b) Impairment of trade receivables

In accordance with the accounting policy, the Group tests annually whether trade receivables have suffered any impairment. The recoverable amounts of the trade receivables have been carried in line with the number of days the amounts are outstanding. All outstanding premium above ninety days is considered to be impaired and have been fully provided for.

5. Risk Management Framework

a).Risk Oversight

The Board sets the organization's risk appetite, approves the strategy for managing risk and is ultimately responsible for the organization's system of internal control. This function is carried out via its Board committees as follows:

Board Committee

Finance and Investment Committee

Functions

- Review and approve the company's investment policy
- Approve investments over and above managements' approval limit
- Ensure that optimum asset allocation is achieved.

The Technical Committee of the company recommends to the Risk management Committee of the Board an amount at risk that it is prudent for the Risk Committee to approve in line with the company's business strategies. The Board Risk Management Committee approves the Company's risk appetite each year, based on a well-defined set of risk measures.

The Chief Risk Officer (CRO) plays a pivotal role in informing the Board, about the risk profile of the Company and also communicates the views of the Board and senior management down the Company. The CRO is also responsible for independently monitoring the Board risk limits set by the Board throughout the year, and delegating some responsibilities to the heads of the various strategic business units within the Company.

The Enterprise-wide risk management function which reports to the CRO, is in charge of identifying, evaluating, monitoring and recommending risk management solutions for the broad risk categories.

The internal audit function evaluates the design and conceptual soundness of risk measures, accuracy of risk modules, soundness of elements of the risk management information systems, adequacy and effectiveness of the procedures for monitoring risk, the progress of plans to upgrade risk management systems, and adequacy and effectiveness of application controls within the risk management information system, and the reliability of the vetting processes.

b).Risk Appetite

The company recognizes that its long-term sustainability is dependent upon the protection of our land, preservation of value and relationship with customers. To this end, we will not accept risks that materially impair reputation and value and requires that our customers are always treated with integrity. The company's risk appetite is defined by a clear risk strategy and limit structure. Close risk monitoring and reporting allows us to detect potential deviations from our risk tolerance at an early stage at both the group and operating entity levels.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

c).Risk Management and Procedures

We have developed policies and procedures for each broad category inherent in our business. The policies set out and ensure alignment and consistency in the way in which we deal with major risk types across the group, from identification to reporting, procedures targeted at managing each broad risk category are embedded in our Enterprise-wide Risk Management framework approved by the Board.

Risk Management is an ongoing activity and should be carried out as a part of day-to-day business. The risk are identified by different portfolio and strategic business unit and reassessed regularly to determine whether there are new or emerging risk in the light of any current or anticipated changes. Treatment plans for identified risk are also monitored to ensure that risks are being mitigated as planned.

The company-wide risk assessment is refreshed and reported on twice per year. Management is responsible and accountable for ensuring that:

Risk management policies, framework and processes are compiled with;

The risk profiled for the areas under their control are refreshed and updated on a timely basis to enable the collation, analysis and reporting of risk to the Board committees. Explanations are provided to the Board committees for any major gaps in the risk profiled and any significant delays in planned treatments for high risk and high priority matters.

Our internal audit function, conducts a risk based audit on all business unit outputs of the annual Company-wide risk assessment to guide its annual audit planning.

d).Risk Categorization

Staco Insurance Pic is exposed to an array of risk through its operations. The Company has identified and categorized its exposure to these broad risks as listed below:

- Market risk
- Underwriting risk
- Credit risk
- Liquidity risk
- Business risk
- Reputational risk

d.1.).Market Risk: This reflects the possibility that the value of investment's funds will fall as a result of changes are caused by factors specific to the individual investment or factors affecting all investments traded in the market. The Company is exposed to this risk through its financial assets and comprises.

Equity Price Risk: The risk associated with volatility in the stocks in our investment portfolio.

Foreign Exchange Risk: May arise from movement of currency price on assets held in foreign currency.

Interest Rate Risk: The risk that the value of a fixed income security will fall as a result of movement in market interest rate.

Property Price Risk: The Company's portfolio is subject to property price risk arising from changes in the market value of properties.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

d.1).Market Risk Management Cont'd

The identification, Management and reporting of market risk are aligned towards the sub-risk categories namely:

- Equity price risk
- Foreign exchange risk
- Interest-rate risk
- Property price risk

d.1.i).Equity price risk

The group's management of equity price risk is guided by the following:

- Investment Quality and Limit Analysis
- Stop Loss Limit Analysis
- Stock to Total Loss Analysis

Investment quality and limit analysis

Finance and investment Committee established and approves a list of eligible listed and unlisted stocks aligned with investment approval/dealer limits as approved by the Board through its Board Investment Committee. These approval lists are illustrated using an approval hierarchy that establishes different levels of authority necessary to approve investment decisions of different naira amounts.

The approval limits system:

- Sets a personal discretionary limit for Chief Executive Officer;
- Requires that investment decisions above this personal discretionary limit requires approval by the Board of Directors and;
- Sets out lower limits for Investment officer (10) and or provides the 10 with the authority to assign limits to subordinates

Stock to total limit analysis

Considering the volatility of stocks (typically quoted stocks), the Company monitors the contribution of individual stock to the total stock holding in the portfolio. The objective is to evaluate the company's concentration on individual stock and ultimately exposure to market volatility if the price of any of the stocks should drop.

The risk management function considers all classes of equity (trading, long term and unquoted equities) whilst performing this analysis to closely monitor the company's exposure to market risk from quoted equity and liquidity risk that might arise from unquoted equity.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

A summary of the Company's stock to limit position on equities is as follows:

STOCK TO TOTAL LIMIT ANALYSIS ON COMPANY'S INVESTMENT PORTFOLIO				
STOCK MARKET				
SECTOR OF STOCK	2020		2019	
	Market price		Market price	
	₦'000	%	₦'000	%
BANKING	0.00%	0.00%	0.00%	#DIV/0!
BANKING 2	0.00%	0.00%	0.00%	#DIV/0!
INSURANCE	0.00%	0.00%	0.00%	#DIV/0!
FOOD PRODUCTS	0.00%	0.00%	0.00%	#DIV/0!
BREWERS /DISTILLERS	0.00%	0.00%	0.00%	#DIV/0!
OIL & GAS	0.00%	0.00%	0.00%	#DIV/0!
IND GOODS	0.00%	0.00%	0.00%	#DIV/0!
MANUFACTURING	0.00%	0.00%	0.00%	#DIV/0!
TOTAL	-	0%	0%	#DIV/0!

Stock loss limit analysis

Market volatility, liquidity and market capitalizations are part of the criteria used to classify eligible stocks. These are categorized into different class A,B and C. There are stop limits (which depicts the maximum loss the Company is willing to accept) per stock holding. Periodic reviews and reassessment are undertaken on the performance of the stocks.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

d.1.ii).Foreign Exchange Risk

Staco Insurance Plc. is exposed to:

1. The risk of an investment's value changing due to changes in currency exchange rates.
2. The risk that an investor will have to close out a long or short position in a foreign currency at a loss due to an adverse movement in exchange rates. Also known as "currency risk" or "exchange-rate risk."

The Company is exposed to foreign currency denominated in dollars through investment in unquoted equity and money market dollar denominated fixed deposits and bank balances in other foreign currencies.

The carrying amounts of the foreign currency - denominated assets as at the end of the year are as follows:

	Cash and cash equivalents ₦'000	Available- for-sale ₦'000	Total ₦'000
Dollars	356,986	70,362	427,348
Euro	11,281	-	11,281
Pounds	6,231	-	6,231
	<u>374,498</u>	<u>70,362</u>	<u>444,860</u>

The Company further manages its exposure to foreign exchange risk using sensitivity analysis to assess potential changes in the value foreign exchange positions and impact of such changes on Company's investment income. At the year end, the foreign currency holdings held in the portfolio were on equity and cash and cash equivalents.

The following table details the effect on the loss as at 31st December 2020 from a ₦394.2/\$1 (31 Dec 2019: ₦360/\$1) closing rate favourable change in US dollars against the Naira with all other variables held constant.

	Increase by 30%	Increase by 60%	Decrease by 30%	Decrease by 60%
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Cash and cash equivalents	107,096	214,191	(107,096)	(214,191)
Available-for-sale	21,109	42,217	(21,109)	(42,217)
Impact on financial assets before tax	<u>128,204</u>	<u>256,409</u>	<u>(128,204)</u>	<u>(256,409)</u>
Impact on financial assets after tax	<u>89,743</u>	<u>179,486</u>	<u>(89,743)</u>	<u>(179,486)</u>

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

d.1.ii).Foreign Exchange Risk cont'd

The following table details the effect on the profit as at 31st December 2020 from a ₦473.43/€1 (31 Dec 2019: ₦407.66/€1) closing rate favourable change in Euro against the Naira with all other variables held constant.

	Increase by 30% ₦'000	Increase by 60% ₦'000	Decrease by 30% ₦'000	Decrease by 60% ₦'000
Financial assets				
Cash and cash equivalents	3,384	6,769	(3,384)	(6,769)
Available-for-sale	-	-	-	-
Impact on financial assets before tax	<u>3,384</u>	<u>6,769</u>	<u>(3,384)</u>	<u>(6,769)</u>
Impact on financial assets after tax	<u>2,369</u>	<u>4,738</u>	<u>(2,369)</u>	<u>(4,738)</u>

The following table details the effect on the profit as at 31st December 2020 from a ₦521.14/£1 (31 Dec 2019: ₦480.71/£1) closing rate favourable change in Pounds against the Naira with all other variables held constant.

	Increase by 30% ₦'000	Increase by 60% ₦'000	Decrease by 30% ₦'000	Decrease by 60% ₦'000
Financial assets				
Cash and cash equivalents	1,869	3,739	(1,869)	(3,739)
Available-for-sale	-	-	-	-
Impact on financial assets before tax	<u>1,869</u>	<u>3,739</u>	<u>(1,869)</u>	<u>(3,739)</u>
Impact on financial assets after tax	<u>1,308</u>	<u>2,617</u>	<u>(1,308)</u>	<u>(2,617)</u>

The method used to arrive at the possible risk of foreign exchange rate was based on both statistical and non-statistical analyses. The statistical analysis was based on movement in main currencies for the last five years.

This information was then revised and adjusted for reasonableness under the current economic circumstances.

d.1.iii).Interest rate risk

Staco Insurance Plc is moderately exposed to interest rate risk.

The risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship. Such changes usually affect securities inversely and can be reduced by diversifying (investing in fixed-income securities with different durations).

Interest rate risk is managed principally through monitoring interest rate gaps and sensitivity analysis across all investment portfolios. The Company's major exposure to interest rate sensitive liabilities arises from investment-linked products which accounts for substantial portion of the business. The fluctuations in interest rates cannot significantly impact our balance sheet as interest - rate small compared with the interest - rate sensitive assets.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

d.1.iii.) Interest rate risk cont'd

The table below details the interest rate sensitivity analysis of Staco Insurance Plc as at **31st, December 2020**, holding all other variable constant. Based on historical data, 200 and 500 basis point changes are deemed to be reasonably possible and are used when reporting interest rate risk.

	Maturity Profile			Carrying amount N'000
	0-6 months N'000	6-12 months N'000	Above 12 months N'000	
31 December 2020				
Interest-earning assets				
Cash and cash equivalents	14,079	-	-	14,079
Financial assets	8,783	1,065	-	9,848
Total interest-earning assets	22,862	1,065	-	23,927
Interest-bearing liabilities				
Lease liabilities	-	49,631	-	49,631
Financial liabilities	-	37,045	5,421,904	5,458,949
Total interest-bearing liabilities	-	86,676	5,421,904	5,508,580
Gap (asset - liabilities)	22,862	(85,610)	(5,421,904)	(5,484,653)
Cummulative Gap	22,862	(62,749)	(5,484,653)	
Increase by 100bp	1,905	(7,134)	(451,825)	
Increase by 500bp	9,526	(35,671)	(2,259,127)	
Decrease by 100bp	-1,905	7,134	451,825	
Decrease by 500bp	-9,526	35,671	2,259,127	
31 December 2019				
Interest-earning assets				
Cash and cash equivalents	131,649	-	-	131,649
Financial assets	8,452	82,516	-	90,968
Total interest-earning assets	140,101	82,516	-	222,617
Interest-bearing liabilities				
Lease liabilities	-	47,381	-	47,381
Financial liabilities	-	19,781	5,321,769	5,341,550
Total interest-bearing liabilities	-	67,162	5,321,769	5,388,931
Gap (asset - liabilities)	140,101	15,354	(5,321,769)	(5,166,314)
Cummulative Gap	140,101	155,455	(5,166,314)	
Increase by 100bp	11,674	1,279	(443,481)	
Increase by 500bp	58,374	6,397	(2,217,404)	
Decrease by 100bp	(11,675)	(1,279)	443,481	
Decrease by 500bp	(58,374)	(6,397)	2,217,404	

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

d.2.).Underwriting Risk: Our activities are primarily concerned with the pricing, acceptance and management of risk arising from our contracts with customers.

It entails the risk that:

- The prices charged by the company for insurance contracts will be ultimately inadequate to support the future obligations arising from those contracts, risk exposure under its insurance contracts that were unanticipated in the design and pricing of the insurance contract;
- Risks are not adequately ceded to reinsurers exposing the company to potential high claims payout; and
- many more claims occur than expected or that some claims that occur are much larger than expected claims resulting in unexpected losses and the company's policyholder will act in ways that are unanticipated and have an adverse effect on the company.

d.2.1.).Underwriting Risk Management

The Group faces underwriting risk through its core business when actual claims and benefits payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, actual benefits paid and subsequent development of long-term.

Staco Insurance Pic manages its underwriting risk by diversification across large portfolio of Insurance. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. The company purchases reinsurance as part of its risk mitigation program and establishes retention limits for reinsurance across product lines.

The Group's internal processes and policies also ensure that amounts recoverable from reinsurance estimated in a manner consistent with the outstanding claims provision and are in accordance with reinsurance contracts. In addition, the group recognises that its reinsurance program with respect to ceded reinsurance is exposed to credit risk, to the extent that any reinsurer is unable to meet its obligation assumed under such reinsurance agreements thus it is not relieved of its direct obligations to its policyholders.

The Group also recognises that a concentration of risk may arise from insurance contracts issue in a specific geographical location since most of the insurance contracts are written in Nigeria and constantly conducts concentration risk analysis to evaluate and manage its exposure to risk.

The Group holistically manages the risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are limited by having documented underwriting limits and criteria.

Pricing experience amongst others in an attempt to correctly match policy revenue with exposed risk.

d.3).Credit Risk: This is the risk from the uncertainty of an obligor's ability to perform its contractual obligations. As the company is not in the business of granting loans like banks, credit risks in terms of customer default on loan repayment is not applicable. However, in terms of premium payment and investment in counterparties, considerable risks exist that brokers and large corporate who are allowed extended payment period may default and this is closely allied to cash flow risk.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The three sources of credit risk identified are:

Direct Default Risk: Risk that the company will not receive the cash flow assets to which it is entitled because a party with which the firm has a bilateral contract defaults on one or more obligations.

Downgraded Risk: Risk that changes in the possibility of a future default by an obligor will adversely affect the present value of the contract with the obligor today.

Settlement Risk: Risk arising from the lag between the value and settlement dates of securities transactions.

Operational Risk: This is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. This includes legal risk, strategic risk and reputational risk. Legal risk includes, but not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

Liquidity Risk: Staco Insurance Pic recognizes the risk of loss due to insufficient liquid assets to meet cash flow requirements or to fulfil its financial obligation once claims crystallize.

Our exposure to liquidity risk comprises:

Funding Liquidity Risk: Risk arising from our investment-linked products where there is a financial obligation to customers.

Assets Liquidity Risk: Risk arising from our financial assets where we might not be able to execute transactions at prevailing market price because there is temporarily, no appetite for the deal at the other side of the market.

Business Risk: Business risk relates to the potential erosion of our market position or revenue shortfall compared to the cost base due to strategic and/or reputational reasons.

Reputational Risk: The Company is exposed to this risk through events that damage its image amongst stakeholders at the public which may impair the ability to retain, generate and drive sustainable business. We understand that reputational risk is the biggest risk to our business as it poses a special threat to the confidence of our customers, regulators and industry.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

d.4).Liquidity Risk Management

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The Group mitigates this risk by monitoring cash activities and expected outflows. The Group's current liabilities arise as claims are made. The Group has no material commitments for capital expenditure and there is no need for capital expenditures in the normal course of business. Claims payments are funded by current operating cash flow including investment income. The Group has no tolerance for liquidity risk and is committed to meeting all liabilities as they fall due at a reasonable cost.

The limits are monitored and reported on a periodic basis to ensure that exposure of the Group's investment portfolio to this risk is properly managed.

Below is summary of the contractual reprising or maturity dates (whichever is earlier) of financial assets matched with financial liabilities.

31 December 2020	Carrying Amount ₦'000	Maturity Profile		
		0-6 months ₦'000	6-12 months ₦'000	Above 12 months ₦'000
Financial assets				
Cash and cash equivalents	428,825	428,825	-	-
Trade and other receivables	1,883	1,883	-	-
Reinsurance assets	332,176	332,176	-	125,601
Investment in subsidiary	-	-	-	-
Loan and receivables	1,419	495	-	924
Investment securities				
Held-to-maturity	8,429	8,288	-	141
Available-for-sale	132,312	-	-	132,312
Total assets	905,044	771,666	-	258,979
Financial liabilities				
Trade and other payables	1,739,569	1,739,569	-	755,647
Insurance contract liabilities	3,683,766	2,925,144	-	758,622
Financial liabilities	5,458,949	37,045	-	5,421,904
Lease liabilities	49,631	-	-	49,631
Total liabilities	10,931,915	4,701,758	-	6,985,804
Gap (assets - liabilities)	(10,026,871)	(3,930,091)	-	(6,726,825)
Cumulative financial assets over financial liabilities	(10,026,871)	(3,930,091)	-	(6,726,825)
Financial asset to financial liabilities	0.08	0.16	0.00	0.04

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

d.4). Liquidity Risk Management cont'd

31 December 2019

	Carrying Amount ₦'000	Maturity Profile		
		0 - 6 months ₦'000	6 - 12 months ₦'000	Above 12 months ₦'000
Financial assets				
Cash and cash equivalents	189,226	189,226	-	-
Trade and other receivables	5,280	5,280	-	-
Reinsurance assets	450,359	450,359	-	-
Investment in subsidiary	342,545	-	-	342,545
Loan and receivables	2,791	973	-	1,818
Investment securities:				
Held-to-maturity	88,177	7,479	-	80,698
Available-for-sale	115,139	-	-	115,139
Total assets	1,193,517	653,317	-	540,200
Financial liabilities				
Trade and other payables	1,325,176	1,215,425	22,098	87,653
Insurance contract liabilities	3,382,333	2,685,787	-	696,546
Financial liabilities	5,341,550	19,781	-	5,321,769
Lease liabilities	47,381	-	-	47,381
Total liabilities	10,096,440	3,920,993	22,098	6,153,349
Gap (assets - liabilities)	(8,902,923)	(3,267,676)	(22,098)	(5,613,149)
Cumulative financial assets over financial liabilities	(8,902,923)	(3,267,676)	(22,098)	(5,613,149)
Financial asset to financial liabilities	0.12	0.17	0.00	0.09

Business Risk

Business risk is managed by management underwriting and investment committee through consistent monitoring of product lines' profitability. Stakeholder engagement to ensure positive outcomes from external factors beyond the Group's control and prompt response to changes in external environment.

Reputational Risk

Staco Insurance Pic's norms and values set a tone for acceptance behaviours required for all staff members, and provide structure and guidance for non-quantifiable decision making, thereby assisting in the management of the group's reputation.

The Group identifies, assesses and manages reputational risks predominantly within its business processes. Management of reputational risk is based on the group risk governance framework. In addition, company-wide risks are identified and assessed qualitatively as part of the annual risk and control self assessment. The Group's functions analyse the overall risk profile and regularly inform management about the current profile and potential exposure to risk. Risk functions presentation of potential reputational risk guides management decisions in executing business operations and strategies.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

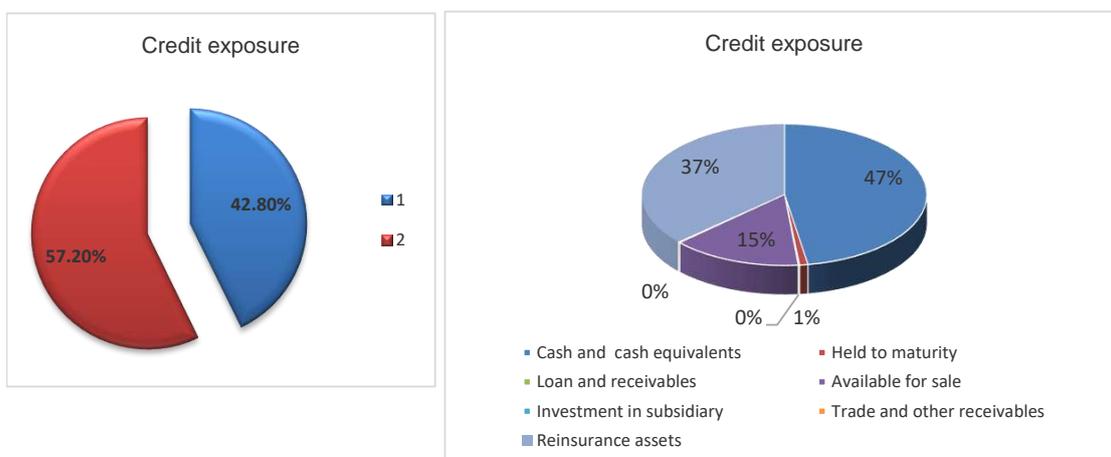
d.5).Credit risk management

Credit risk arises from the failure of an obligor of the Company to repay amount due at the stipulated time or failure to perform as agreed. Staco Insurance Plc is exposed to risk relating to its debt holdings in its investment portfolio, outstanding premium from customers and the reliance on reinsurers to make payment when certain loss conditions are met.

5.e.).Investment Portfolio

The Company's investment policy puts limits on the Fixed Income and Money Market instruments including portfolio composition limits, issuer type limits, aggregate issuer limits and corporate sector limits

The Company's investment portfolio is exposed to credit risk through its Fixed Income and Money Market instruments. The contribution of the fixed income and money market instruments to the Group's investment is as follows:



The company further manages its exposure to credit risk through counterparty using established limits as approved by the Board. These limits are determined based on credit ratings of the counterparty amongst other factors. All fixed income investments are investments measured for performance on a quarterly basis and monitored by the management on a monthly basis.

Reinsurance is placed with only reinsurers with a minimum credit rating of BB . Management monitor the creditworthiness of all reinsurers by reviewing their annual financial statements and through ongoing communications. Reinsurance treaties are reviewed annually by management prior to renewal of the reinsurance contract.

An analysis of the Company's exposure per reinsurers' credit ratings as at 31 December, 2020 is as follows:

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

5.f.) Maximum exposure to credit

	2020 K'000	2019 K'000
Cash and cash equivalents	428,825	189,226
Held to maturity	8,429	88,177
Loan and receivables	1,419	2,791
Available for sale	132,312	115,139
Investment in subsidiary	-	342,545
Trade and other receivables	1,883	5,280
Reinsurance assets	332,176	450,359
Credit exposure	905,044	1,193,517
Other assets value	1,209,405	1,272,675
Total	<u>2,114,449</u>	<u>2,466,192</u>

Besides credit risk exposure from our investment policies, the company is also exposed to this risk from its core business operation- outstanding premiums from clients. Account receivables are short-term in nature consisting of a large number of policyholders and are subject to moderate credit risk. The company categorised its exposure to this risk based on business types (direct and brokered business) and periodically reviews outstanding receivable to ensure credit risk exposure to direct business is low and the company requires debtors to provide guarantees (collateral) before inception of insurance policies.

5.g.) Impairment of receivables

Impairment of assets is to ensure that assets are carried at no more than their recoverable amount.

If an asset's carrying amount value exceeds the amount that could be received through use or selling the asset, then the asset is impaired and the standard requires a company to make provision for the impairment loss.

In conformity with NAICOM requirements on the new IFRS accounting standard, IAS 39 requires that impairment be calculated only where there is objective evidence that losses have been incurred and explicitly states that futures losses (from future trigger events) must not be taken into account.

The framework also mandated that impairment may be identifiable on a portfolio basis – for a large population of receivables, some degree of non – payment is normally regarded as probable.

Estimation of future cash flow may change because of economic factors affecting a group of receivables, such as country and industry factors, even if there is no objective evidence of impairment of an individual receivable.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

Assumptions

Estimated future cash flows is defined as follow:

Outstanding period less than 90 days: 100% of the contractual amount is the estimated future cash flow.

Outstanding receivable for a period of between 90 – 180 days: 50% of the outstanding balance.

Outstanding receivable above 180 days: Zero is the estimated future cash flow.

Valuation period is one (1) year.

The carrying values exclude all negative outstanding balances.

Discount rate is equivalent to the 2019 CBN Monetary Policy Rate at 12%.

Impairment reflects incurred losses. The method employs incurred loss model as required by IAS 39. The outcome of the impairment valuation of the Company's premium receivable as at **31 December, 2020** is summarised as below:

	₦'000
Assets carrying amount as at year end 2020	2,398,913
Total present value of estimated future cash flows	1,883
Impairment loss	<u>2,397,030</u>

5.h.) Insurance risk

The risk in any insurance contract is the possibility that the insured event occurs which could result in a claim. The risk is very random and unpredictable.

The principal risk that the Group faces under its insurance contracts is that the actual claims and benefit payment exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims are greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from the level established using statistical techniques.

The Group has developed its Insurance underwriting strategy to diversify the type of Insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Insurance risk is increased by the lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

Management assesses risk concentration per class of business. The concentration of insurance risk before and after reinsurance by class in relation to the type of insurance risk accepted is summarized below with reference to the carrying amount of the insurance liabilities (gross and net reinsurance).

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

31 December 2020

Products	Gross sum insured ₦'000	Treaty sum insured ₦'000	Net sum insured ₦'000
Fire	192,531,762	35,803,554	156,728,208
Engineering	35,223,123	4,242,150	30,980,973
Marine Cargo	112,039,439	14,344,654	97,694,785
Marine Hull	5,208,787	1,002,787	4,206,000
Bond	2,813,996	204,599	2,609,397
	<u>347,817,107</u>	<u>55,597,744</u>	<u>292,219,363</u>

31 December 2019

Products	Gross sum insured ₦'000	Treaty sum insured ₦'000	Net sum insured ₦'000
Fire	132,942,254	98,714,412	34,227,842
Engineering	174,924,727	145,928,713	28,996,014
Marine Cargo	365,730,900	41,504,665	324,226,235
Marine Hull	122,748,709	16,918,739	105,829,970
Bond	3,764,026	731,107	3,032,919
	<u>800,110,616</u>	<u>303,797,636</u>	<u>496,312,980</u>

The Gross sum-insured relates to treaty portfolio only.

31 December 2020

Class of business	Outstanding claim reserve ₦'000	Outstanding reported claims reserves ₦'000	Incurred but not reported ₦'000
Accident	456,405	370,868	85,537
Engineering	102,737	84,398	18,339
Fire	653,263	593,086	60,178
Marine	412,069	374,952	37,117
Motor	210,763	176,845	33,918
Bond	16,248	8,271	7,978
Aviation	27,869	24,437	3,432
Oil & Gas	1,201,782	1,171,322	30,460
Total	<u>3,081,136</u>	<u>2,804,178</u>	<u>276,959</u>

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

31 December 2019

Class of business	Outstanding	Outstanding	Incurred but
	claim reserve	reported	not reported
	₦'000	claims	not reported
		reserves	₦'000
		₦'000	
Accident	366,039	348,716	17,323
Engineering	76,023	71,638	4,385
Fire	658,901	622,040	36,861
Marine	334,669	277,519	57,150
Motor	166,259	100,856	65,403
Bond	10,790	(72,757)	83,547
Aviation	5,528	4,572	956
Oil & Gas	1,252,751	1,252,751	-
Total	2,870,960	2,605,335	265,625

5.i).Reserving risk

The reserving method adopted by the company ensures it meets with the liability adequacy test and also incorporates the various assumptions made in order to estimate the ultimate cost of claims. The two methods more commonly used are the basic Chain ladder and the Loss Ratio methods adjusted for assumed experience to date. However, where the claim development seems slower than in the past, a Bornheuter-Ferguson Method was used based on a combination of expected loss ratio and loss ratio experience to date.

Claims data was grouped into triangles by accident year or quarter and payment year. The choice between quarters or years was based on the volume of data in each segment. The claims paid data was sub-divided into large and attritional claims. Large claims were projected separately as they can significantly distort patterns. Where there was insufficient claims data, large and attritional claims were projected together as removing large claims would reduce the volume odd data in the triangles and compromise the credibility.

Development factors were calculated using the last 5 years of data by accident year. Ultimate development factors are calculated for each of the permutations and the most prudent result is selected. Ultimate development factors are applied to the paid data per accident year or quarter and an ultimate claim amount is calculated. The future claims (the ultimate claim amount less paid claims to date) are allocated to future payment periods in line with the development pattern calculated below. The outstanding claims reported to date are then subtracted from the total future claims to give the resulting IBNR figure per accident year.

Our estimated reserves are derived statistically through analysing our data base of policies underwritten and the emerging claims over each of the past five (10) underwriting years. Based on the Company's 2020 actuarial valuation report, the Group/Company has adopted ₦3.68 billion (31 Dec 2019: N3.820), which is made up of ₦3.08 billion(31 Dec 2019: N3.309 billion) for Gross claim reserve and ₦212.05 million (31 Dec 2018: N511.37 million) for Gross Unearned Premium Reserve (UPR) using the Discounted Inflation Adjusted Basic Chain Ladder Method which has allowed for inflation factors over the years.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

Claims Development Pattern: Motor

Accident year	Incremental Chain Ladder- Yearly Projections (R'm)										
	1	2	3	4	5	6	7	8	9	10	11
2007	154.12	36.32	23.15	8.60	2.00	-	-	-	-	-	-
2008	276.60	65.18	20.56	10.60	11.36	3.64	0.32	-	-	-	-
2009	291.09	57.12	23.60	27.40	-	-	-	-	-	-	-
2010	285.75	62.79	46.64	0.43	0.96	1.05	-	2.21	-	-	-
2011	285.72	92.79	11.62	24.05	21.69	13.12	9.76	15.52	1	-	-
2012	414.91	146.29	31.46	2.46	0.73	0.97	-	-	-	-	-
2013	261.25	196.40	13.98	6.22	0.34	2.80	-	-	-	-	-
2014	295.76	156.39	27.62	4.75	0.10	-	-	-	-	-	-
2015	339.63	141.68	6.93	7.40	-	-	-	-	-	-	-
2016	325.62	139.44	14.80	2	-	-	-	-	-	-	-
2017	265.62	195.14	11.11	-	-	-	-	-	-	-	-
2018	216.07	85.01	-	-	-	-	-	-	-	-	-
2019	128.65	-	-	-	-	-	-	-	-	-	-
2020	20.86	-	-	-	-	-	-	-	-	-	-
LDF		1.403	1.055	1.024	1.011	1.007	1.000	1.000	1.000	1.000	1.000

Claims Development Pattern: General Accident

Accident year	Incremental Chain Ladder- Yearly Projections (R'm)										
	1	2	3	4	5	6	7	8	9	10	11
2007	96.76	99.43	19.72	8.60	1.00	-	2.17	-	0.38	-	-
2008	101.12	88.70	20.61	8.38	3.97	1.16	0.21	1.51	-	-	-
2009	106.25	75.94	19.03	13.02	12.56	4.28	1.36	2.17	-	-	-
2010	125.03	78.56	21.27	17.12	12.25	3.41	0.60	-	-	-	-
2011	130.65	104.31	33.63	18.37	10.91	10.53	6.04	1.80	0.80	-	-
2012	141.02	142.07	59.02	14.09	3.52	2.02	0.56	0.12	-	-	-
2013	97.48	145.84	31.39	11.74	5.32	1.59	0.10	-	-	-	-
2014	99.56	100.37	24.53	7.73	5.98	1.75	-	-	-	-	-
2015	68.49	105.68	19.06	9.38	3.94	-	-	-	-	-	-
2016	66.71	78.74	16.84	4.49	-	-	-	-	-	-	-
2017	95.68	94.28	16.73	-	-	-	-	-	-	-	-
2018	50.10	73.79	-	-	-	-	-	-	-	-	-
2019	22.76	-	-	-	-	-	-	-	-	-	-
2020	1.55	-	-	-	-	-	-	-	-	-	-
LDF		1.982	1.129	1.050	1.027	1.012	1.007	1.004	1.000	1.000	1.000

Claims Development Pattern: Fire

Accident year	Incremental Chain Ladder- Yearly Projections (R'm)										
	1	2	3	4	5	6	7	8	9	10	11
2007	120.98	78.36	37.47	0.87	0.55	-	-	0.04	-	-	-
2008	197.41	74.06	41.36	1.15	0.73	0.03	1.52	0.01	-	-	-
2009	157.69	85.78	40.77	4.04	3.21	0.31	-	0.10	-	-	-
2010	186.87	83.49	75.27	8.29	1.12	1.96	-	-	-	-	-
2011	173.44	104.16	38.86	37.81	24.93	28.22	13.12	1.96	-	-	-
2012	227.01	156.01	74.80	15.25	0.47	0.04	0.01	0.94	-	-	-
2013	151.65	135.46	31.37	6.06	0.98	0.08	7.80	0.56	-	-	-
2014	105.19	162.29	19.48	19.48	0.87	0.87	-	-	-	-	-
2015	129.11	114.75	36.30	3.13	0.47	0.43	0.25	-	-	-	-
2016	224.86	227.43	24.68	7.61	-	-	-	-	-	-	-
2017	178.13	136.61	15.99	-	-	-	-	-	-	-	-
2018	82.93	104.11	-	-	-	-	-	-	-	-	-
2019	70.92	-	-	-	-	-	-	-	-	-	-
2020	1.91	-	-	-	-	-	-	-	-	-	-
LDF		1.733	1.145	1.029	1.012	1.013	1.007	1.004	1.000	1.000	1.000

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

Claims Development Pattern: Marine

Accident year	Incremental Chain Ladder- Yearly Projections (N'm)										
	1	2	3	4	5	6	7	8	9	10	11
2007	17.59	4.94	3.70	0.23	0.13	-	-	-	-	-	-
2008	23.92	11.56	8.09	0.38	0.21	0.10	-	-	-	-	-
2009	26.06	21.71	9.71	0.50	-	-	-	-	-	-	-
2010	30.34	17.15	9.65	2.88	-	-	0.03	-	-	-	-
2011	41.26	23.32	8.90	20.49	27.07	7.79	9.97	4.66	-	-	-
2012	51.30	30.57	9.83	0.27	-	-	0.40	-	-	-	-
2013	23.65	25.32	9.28	2.06	0.85	-	-	-	-	-	-
2014	45.72	40.57	7.98	3.01	-	-	-	-	-	-	-
2015	35.54	51.09	13.20	0.04	1.22	-	-	-	-	-	-
2016	44.67	41.29	4.48	0.40	-	-	-	-	-	-	-
2017	44.43	45.08	3.13	-	-	-	-	-	-	-	-
2018	22.68	27.44	-	-	-	-	-	-	-	-	-
2019	21.93	-	-	-	-	-	-	-	-	-	-
2020	0.71	-	-	-	-	-	-	-	-	-	-
LDF		1.809	1.140	1.059	1.053	1.017	1.013	1.000	1.000	1.000	1.000

5.j).Capital management

The Group's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory and to best utilize capital allocations.

The deficit in asset cover for Policy Holder's fund and shareholders fund for General Business of N2.89 billion (31 Dec 2019: N2.461 billion) and N6.11 billion (31 Dec 2019: N5.326 billion) respectively recorded in Hypothecation under the Insurance and Investment Contracts Liabilities as at the reporting date arose as a result of the restrictions placed on investment of the policy holders funds by the Insurance Act 2003 and NAICOM regulations, as the Company has adequate assets to provide cover to the liabilities.

The Directors have commenced the process of restructuring the investment portfolio towards liquidity and admissibility of the Group and have obtained the permission of the NAICOM accordingly.

The Company's continued existence as a going concern is dependent on the following:

- **Further Capital Injection:** Egerton Global Services plans to inject between N2-N3 billion into Staco within 120 days of receipt of agreed equity shares in Staco Insurance Plc. In addition, a further N5 billion is to be raised over the next 120 days to improve solvency margin and working capital.
- **Profitability and Investment attraction:** Post the satisfaction of Staco's Daewoo-managed loan, and the current improvement in profitability, the Company is positioned to attract additional investment within 18 months+.
- **Debt repayment and equity swap:** Loan acquisition and conversion: Egerton Global Services, the new Investor, agrees to Purchase the Company's convertible bond of JPY 902,000,000 zero coupon bond due 2029 liability owe to the Daewoo which form major liability of the company- Managed loan from the current bond holder representatives and convert it to equity. This will translate to a capital injection of on or about N10 billionn. This agrees with letter dated January 6th ,2025 from the board of directors of Staco Insurance Plc where Staco will transfer 80% of equity to Egerton Global Ltd in exchange for satisfaction of the Daewoo-managed loan. This is anticipated not later than July 30th 2025.
- **Grow the activities level:** In anticipation of the funds to be injected into the business in the year (2025), the Management has put some strategies in place for a focused and rigorous marketing activities to improve the turnover and general activities level in order to return the Company to profitability and vaibility. In addition, the growth of market share based on reopening of energy sector subject to liability settlemeent and NAICOM reinstatement of oil & gas will further drive our expectations.
- **Expenditure management:** The Company has made plans to reduce overhead and administrative expenditures and also put in place practical capital expenditure strategies to delay any form of capital expenditure, postpone major maintenance activities and for only critical assets that needed to be acquired will be by cash subject to availability of fund.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

- **Process redesign:** The management has reviewed the current business processes and has redesigned the processes with a view to improve performance metrics like cost management, quality service and also to reduce waste in order to increase profitability.

The liquidity generated through the asset restructuring, expenditure management and capital raise will be applied to grow and manage the business profitably through aggressive marketing, service delivery, efficient internal control and investment activities to the satisfaction of all stakeholders. We believe that the above action plan will help reverse the current loss position to profitability in the near future. The going concern status of the business of Staco Insurance Plc. is therefore assured.

The Directors believe that the above on-going actions and plans will be successful, and remains confident of the going concern assumption. Accordingly, the consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern.

However, if the on going actions and plans as enumerated above do not yield the desired results, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Solvency margin

Insurance industry regulator measures the financial strength of Non-life insurers using a solvency margin model, NAICOM generally expects non-life insurer to comply with this capital adequacy requirement.

Section 24 of the Insurance Act 2003 defines Solvency Margin of a Non-life insurer as the difference between the admissible assets and liabilities and this shall not be less than 15% of net premium income (gross premium income less re-insurance premium paid) or the minimum capital base (3 billion) whichever is higher.

The test compares insurers' capital against the risk profile. The regulator indicated that the insurer should produce a minimum solvency margin of 100%. During the year, the Group consistently operated below the minimum. The regulator has the authority to request more extensive reporting and can place restrictions on the Group's operations as deemed necessary if the Group falls below this requirement.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

5.j).Capital management cont'd

The solvency margin for the Company as at 31 December 2020 is as follows:

	Admissible ₦'000	Inadmissible ₦'000	Total ₦'000
Assets			
Cash and cash equivalents	73,825	355,000	428,825
Financial assets:			
Bonds	-	141	141
Unquoted shares	-	132,312	132,312
Treasury bills	8,288	-	8,288
Loan - staff	-	1,419	1,419
Trade receivables	1,883	-	1,883
Reinsurance assets	308,129	24,047	332,176
Other receivables and prepayments	3,613	-	3,613
Deferred acquisition cost	34,168	-	34,168
Investment in subsidiary	-	-	-
Investment properties	760,000	-	760,000
Right-of-use assets	0	68,636	68,636
Property and equipment	42,988	-	42,988
Statutory deposit	300,000	-	300,000
Total assets	1,532,894	581,554	2,114,449
Liabilities			
Insurance contract liabilities	3,683,766	-	3,683,766
Financial liabilities	5,458,949	-	5,458,949
Trade payables	834,612	-	834,612
Other payables	904,957	-	904,957
Lease liabilities	49,631	-	49,631
Deferred tax liabilities	-	98,050	98,050
Current income tax liabilities	130,542	-	130,542
Total liabilities	11,062,457	98,050	11,160,507
Solvency margin	(9,529,563)		
15% of Net Premium			34,051
Minimum required	3,000,000	3,000,000	3,000,000
Deficit in solvency margin	(12,529,563)	(3,000,000)	
Solvency ratio	(318)	-	

Note: The title documents of all the landed properties are not in the name the company.

Capital management

The Company further developed an internal capital adequacy model that assesses the risk of assets, policy liabilities and other exposures by applying various factors.

As at year end, the Company showed a negative solvency margin of ₦12,814,425,065 (2019: ₦11,986,969,246) and a solvency ratio of -328% (2019: -300%).

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

RISK MANAGEMENT FRAMEWORK (CONT'D)

The solvency margin for the Company as at 31 December 2019 is as follows:

	Admissible ₦'000	Inadmissible ₦'000	Total ₦'000
Assets			
Cash and cash equivalents	189,226	-	189,226
Financial assets	206,107	-	206,107
Trade receivables	5,280	-	5,280
Reinsurance assets	450,359	-	450,359
Other receivables and prepayments	(0)	1,506	1,506
Deferred acquisition cost	-	76,106	76,106
Investment in subsidiary	-	342,545	342,545
Investment properties	-	760,000	760,000
Right-of-use assets	(0)	71,024	71,024
Property and equipment	64,040	-	64,040
Statutory deposit	300,000	-	300,000
Total assets	<u>1,215,012</u>	<u>1,251,181</u>	<u>2,466,193</u>
Liabilities			
Insurance contract liabilities	3,382,333	-	3,382,333
Financial liabilities	5,341,550	-	5,341,550
Trade payables	762,303	-	762,303
Other payables	562,873	-	562,873
Lease liabilities	47,381	-	47,381
Deferred tax liabilities	-	98,050	98,050
Current income tax liabilities	105,542	-	105,542
Total liabilities	<u>10,201,982</u>	<u>98,050</u>	<u>10,300,032</u>
Solvency margin	<u>(8,986,970)</u>		
15% of Net Premium			<u>373,308</u>
Minimum required	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
Deficit in solvency margin	<u>(11,986,970)</u>	<u>(3,000,000)</u>	
Solvency ratio	<u>(300)</u>	<u>-</u>	

Note: The title documents of all the landed properties are not in the name the company.

Capital management

The Company further developed an internal capital adequacy model that assesses the risk of assets, policy liabilities and other exposures by applying various factors.

As at year end, the Company showed a negative solvency margin of ₦11,986,969,246 and a solvency ratio of -300%

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6. Financial assets and liabilities

Accounting classification measurement basis and fair values

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values.

Group	Notes	Held-to-maturity N'000	Loans and Receivables N'000	Available- for-sale N'000	Other financial liabilities at Amortised cost N'000	Total carrying amount N'000	Fair value amount N'000
31 December 2020							
Cash and cash equivalents	8	-	-	-	-	-	-
Financial assets	9	-	-	-	-	-	-
Trade receivables	10	-	-	-	-	-	-
Reinsurance assets	11	-	-	-	-	-	-
Other receivables excluding prepayments	12	-	-	-	-	-	-
		-	-	-	-	-	-
Insurance contract liabilities	21	-	-	-	-	-	-
Financial liabilities	22	-	-	-	-	-	-
Trade payables	23	-	-	-	-	-	-
Other payables	24	-	-	-	-	-	-
		-	-	-	-	-	-
31 December 2019							
Cash and cash equivalents	8	955,125	-	-	-	955,125	955,125
Financial assets	9	196,920	67,939	180,186	-	445,045	445,045
Trade receivables	10	-	223,026	-	-	223,026	223,026
Reinsurance assets	11	-	450,359	-	-	450,359	450,359
Other receivables excluding prepayments	12	-	35,261	-	-	35,261	35,261
		<u>1,152,045</u>	<u>776,585</u>	<u>180,186</u>	<u>-</u>	<u>2,108,816</u>	<u>2,108,816</u>
Insurance contract liabilities	21	-	-	-	4,003,580	4,003,580	4,003,580
Financial liabilities	22	-	5,360,221	-	-	5,360,221	5,360,221
Trade payables	23	-	-	-	826,535	826,535	826,535
Other payables	24	-	-	-	661,262	661,262	661,262
		<u>-</u>	<u>5,360,221</u>	<u>-</u>	<u>5,491,377</u>	<u>10,851,599</u>	<u>10,851,599</u>

The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash using appropriate financial markets pricing models. Wherever possible, these models use as their basis observable market prices and rates including, for example, interest rates yield curves, equities and prices.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. Segment information - Company

Segment Information

Following the management approach of IFRS 8, the company is organised into eight operating segments. These segments distribute their products through various forms of brokers, agencies, and direct marketing programs. Management identifies its reportable segments by product line. These segments and their respective operations for the year ended 31 December, 2020 are as follows:

- Fire
- General accident
- Motor vehicle
- Oil and gas
- Marine and aviation

	Fire N'000	General Accident N'000	Motor Vehicle N'000	Oil and Gas N'000	Marine N'000	Aviation N'000	Bond N'000	Engineering N'000	Total N'000
Gross premium written	<u>160,576</u>	<u>141,750</u>	<u>249,976</u>	<u>7,765</u>	<u>79,989</u>	<u>8,812</u>	<u>14,914</u>	<u>18,627</u>	<u>682,409</u>
Gross premium income	203,057	41,418	354,887	30,818	66,341	9,147	11,496	(120,578)	596,586
Re-insurance expenses	<u>(156,947)</u>	<u>(57,371)</u>	<u>(27,851)</u>	<u>(57,576)</u>	<u>(51,343)</u>	<u>(2,184)</u>	<u>(1,771)</u>	<u>(14,538)</u>	<u>(369,581)</u>
Net premium income	<u>46,110</u>	<u>(15,953)</u>	<u>327,036</u>	<u>(26,757)</u>	<u>14,998</u>	<u>6,963</u>	<u>9,725</u>	<u>(135,116)</u>	<u>227,006</u>
Fee income and commission	<u>12,419</u>	<u>37</u>	<u>1,332</u>	<u>5,113</u>	<u>2,914</u>	<u>562</u>	<u>306</u>	<u>1,540</u>	<u>24,224</u>
Net underwriting income	<u>58,529</u>	<u>(15,916)</u>	<u>328,367</u>	<u>(21,644)</u>	<u>17,912</u>	<u>7,526</u>	<u>10,032</u>	<u>(133,575)</u>	<u>251,230</u>
Claim expenses (gross)	(224,448)	(101,114)	(44,504)	49,486	(101,082)	(22,341)	(95,886)	73,539	(466,349)
Insurance claims recovered from reinsurers	<u>(8,324)</u>	<u>-</u>	<u>963</u>	<u>195</u>	<u>6,415</u>	<u>125</u>	<u>4,097</u>	<u>277,755</u>	<u>281,225</u>
Net insurance benefits and claims	<u>(232,772)</u>	<u>(101,114)</u>	<u>(43,541)</u>	<u>49,680</u>	<u>(94,667)</u>	<u>(22,216)</u>	<u>(91,789)</u>	<u>351,294</u>	<u>(185,123)</u>
Underwriting expenses	<u>(45,256)</u>	<u>(20,900)</u>	<u>(53,314)</u>	<u>(11,800)</u>	<u>(48,707)</u>	<u>(674)</u>	<u>(1,558)</u>	<u>(7,096)</u>	<u>(189,307)</u>
Total expenses	<u>(278,028)</u>	<u>(122,013)</u>	<u>(96,855)</u>	<u>37,880</u>	<u>(143,374)</u>	<u>(22,890)</u>	<u>(93,347)</u>	<u>344,198</u>	<u>(374,430)</u>
Reportable segment (loss)/profit	<u>(219,499)</u>	<u>(137,929)</u>	<u>231,512</u>	<u>16,235</u>	<u>(125,462)</u>	<u>(15,364)</u>	<u>(83,316)</u>	<u>210,622</u>	<u>(123,201)</u>

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Segment information (cont'd) - Company

The segment information provided by Management for the reporting segments for the year ended 31 December 2019.

	Fire ₦'000	General Accident ₦'000	Motor Vehicle ₦'000	Oil and Gas ₦'000	Marine ₦'000	Aviation ₦'000	Bond ₦'000	Engineering ₦'000	Total ₦'000
Gross premium written	603,572	365,344	804,443	194,355	243,601	83,563	23,019	75,785	2,393,683
Gross premium income	770,545	452,079	979,957	281,718	337,306	83,973	28,332	101,513	3,035,424
Reinsurance expenses	(360,473)	(3,262)	(24,936)	(23,337)	(67,136)	(654)	(3,622)	(63,283)	(546,702)
Net premium income	410,072	448,817	955,021	258,382	270,170	83,319	24,710	38,230	2,488,722
Fee income and commission	78,889	2,392	6,332	25,987	29,895	1,191	1,579	10,862	157,126
Net underwriting income	488,961	451,209	961,353	284,368	300,066	84,510	26,289	49,093	2,645,849
Claim expenses (Gross)	(203,755)	2,078	(36,953)	(770,157)	(127,243)	(10,514)	75,655	(77,045)	(1,147,934)
Insurance claims recovered from reinsurers	31,915	12,926	8,459	149,639	76,626	20,337	2,650	17,816	320,367
Net insurance benefits and claims	(171,841)	15,004	(28,494)	(620,519)	(50,618)	9,823	78,305	(59,228)	(827,567)
Underwriting expenses	(174,060)	(84,586)	(128,954)	(56,230)	(101,110)	(1,571)	(673)	(23,641)	(570,826)
Total expenses	(345,900)	(69,582)	(157,448)	(676,749)	(151,728)	8,252	77,631	(82,870)	(1,398,394)
Reportable segment profit/(loss)	143,060	381,627	803,905	(392,381)	148,338	92,761	103,921	(33,777)	1,247,455

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
8. Cash and cash equivalents				
Cash in hand	-	1,342	472	880
Due from banks and other financial institutions (Note 8.1)	-	953,783	428,353	188,346
	-	955,125	428,825	189,226
8.1. Due from banks and other financial institutions				
Balances held with banks	-	424,498	414,274	56,697
Short-term deposits with banks	-	529,285	14,079	131,649
	-	953,783	428,353	188,346

8.1.1. Short-term deposits are made for varying period of one day and three months depending on the immediate cash requirement of the group.

8.2. For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and cash in banks as well as short term deposits with an original maturity of three months or less. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as in Note 8 above.

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
9. Financial assets				
The financial assets are summarised below by measurement category:				
Held-to-maturity (Note 9.1)	-	196,920	8,429	88,177
Loans and receivables (Note 9.2)	-	67,939	1,419	2,791
Available-for-sale (Note 9.3)	-	180,186	132,312	115,139
	-	445,045	142,160	206,107
9.1. Held-to-maturity				
Debt securities:				
Bonds	-	80,699	141	80,698
Treasury bills	-	116,221	8,288	7,479
	-	196,920	8,429	88,177
9.1.1. Analysis by tenor				
Due within 12 months	-	116,221	8,288	7,479
Due after 12 months	-	80,699	141	80,698
	-	196,920	8,429	88,177

9.1.a There are no impaired on held-to-maturity investments at 31 December 2020 (2019: Nil).

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
9.2.Loan and receivables				
Staff loan (Note 9.2.a)	-	67,939	1,419	2,791
9.2.1. Analysis by tenor				
Due within 12 months	-	24,146	495	973
Due after 12 months	-	43,793	924	1,818
	-	67,939	1,419	2,791
9.2.a Staff loan				
Allowance for impairment (Note 9.2b)	-	180,323	113,803	115,175
	-	(112,384)	(112,384)	(112,384)
	-	67,939	1,419	2,791
9.2.b Movement on the provision for impaired loans and receivables are as follows:				
At 1 January	112,384	108,283	112,384	108,283
Impairment charge for the year (Note 34)	-	4,101	-	4,101
Derecognised on disposal of subsidiary (Note 14.6)	(112,384)	-	-	-
At 31 December	-	112,384	112,384	112,384

9.2.b.i.The impairment comprise of loan owed by members of staff who have left the company but still have their gratuity outstanding with the Company. The amount impaired will be recovered whenever the Company is able to settle their gratuity.

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
9.3.Available-for-sale investments				
Listed equities	-	65,047	-	-
Unlisted equities	-	115,139	132,312	115,139
	-	180,186	132,312	115,139
9.3.1. Analysis by tenor				
Due within 12 months	-	-	-	-
Due after 12 months	-	180,186	132,312	115,139
	-	180,186	132,312	115,139

9.3.a.The Group's investment in unquoted equity financial instrument are measured at market value. The cumulative gains or losses are recognised in other comprehensive income.

9.3.b.The quoted equity financial instrument are measured at market value. The cumulative gains or losses are recognised in other comprehensive income.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9.4. The movement in financial assets are summarised as follows:

	Held-to- maturity ₦'000	Loans and receivables ₦'000	Available- for-sale ₦'000	Total ₦'000
At 31 December 2020				
Group				
At 1 January	196,920	67,939	180,186	445,045
Derecognised on disposal of subsidiary (Note 14.6)	(196,920)	(67,939)	(180,186)	(445,045)
At 31 December	-	-	-	-
Company				
At 1 January	88,177	2,791	115,139	206,107
Additions	-	-	-	-
Accrued interest income	16,537	-	-	16,537
Disposals (sale and redemption)	(96,284)	(1,372)	-	(97,656)
Fair value gain	-	-	17,174	17,174
Impairment losses	-	-	-	-
At 31 December	8,430	1,419	132,313	142,162
At 31 December 2019				
Group				
At 1 January	84,190	11,750	236,562	332,502
Additions	118,856	65,292	4,187	188,335
Accrued interest income	2,159	-	-	2,159
Disposals (sale and redemption)	(3,285)	(5,002)	(88,624)	(96,911)
Expensed to income statement	(5,000)	-	-	(5,000)
Fair value gain	-	-	41,179	41,179
Impairment losses	-	(4,101)	(13,118)	(17,219)
At 31 December	196,920	67,939	180,186	445,045
Company				
At 1 January	11,109	9,784	178,606	199,499
Additions	83,636	2,110	3,564	89,310
Accrued interest income	1,717	-	-	1,717
Disposals (sale and redemption)	(3,285)	(5,002)	(88,624)	(96,911)
Expensed to income statement	(5,000)	-	-	(5,000)
Fair value gain	-	-	34,711	34,711
Impairment losses	-	(4,101)	(13,118)	(17,219)
At 31 December	88,177	2,791	115,139	206,107

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
10.Trade receivables				
Due from brokers	-	2,915,364	2,398,913	2,395,403
	-	2,915,364	2,398,913	2,395,403
Allowance for impairment (Note 10.2)	-	(2,692,338)	(2,397,030)	(2,390,123)
	-	223,026	1,883	5,280
10.1. Analysis by tenor				
Due within 12 months	-	223,026	1,883	5,280
Due after 12 months	-	-	-	-
	-	223,026	1,883	5,280
10.2.Age analysis of trade receivables				
0-30 days	-	477,303	1,883	5,280
31-90 days	-	-	-	-
91-180 days	-	-	-	-
Over 180 days	-	-	-	-
	-	477,303	1,883	5,280
10.3.Movement on the allowance for impairment of receivables arising out of direct insurance arrangements are as follows:				
At 1 January	2,692,338	2,589,875	2,390,123	2,335,598
Impairment charged in the year (Note 34)	-	102,463	6,907	54,525
Derecognised on disposal of subsidiary (Note 14.6)	(2,692,338)	-	-	-
At 31 December	-	2,692,338	2,397,030	2,390,123
11.Reinsurance assets				
Prepaid reinsurance (Note 11.1)	0	182,208	16,249	182,208
Prepaid minimum and deposit reinsurance (Note 11.2)	-	9,925	-	9,925
Reinsurance recoverable (Note 11.3)	-	201,492	291,880	201,492
Reinsurance projection on IBNR (Note 11.4)	-	56,734	24,047	56,734
	0	450,359	332,176	450,359
11.i. Analysis by tenor				
Due within 12 months	126,149	171,031	126,149	171,031
Due after 12 months	206,027	287,401	206,027	279,328
	332,176	458,432	332,176	450,359

11.a.Prepaid minimum and deposit reinsurance represents premium deposits with reinsurance companies.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
11.1.Movement in prepaid reinsurance				
At 1 January	182,208	84,678	182,208	84,678
Additions during the year (Note 28b)	-	683,549	193,696	629,732
Amortisation during the year (Note 28b)	-	(586,019)	(359,656)	(532,202)
Derecognised on disposal of subsidiary (Note 14.6)	(182,208)	-	-	-
At 31 December	0	182,208	16,249	182,208
11.2.Movement in prepaid M&D				
At 1 January	9,925	14,500	9,925	14,500
Additions during the year	-	9,925	-	9,925
Amortised during the year (Note 28.b)	-	(14,500)	(9,925)	(14,500)
Derecognised on disposal of subsidiary (Note 14.6)	(9,925)	-	-	-
At 31 December	-	9,925	-	9,925
11.3.Movement in reinsurance recoverable				
At 1 January	201,492	133,479	201,492	133,479
Movement during the year (Note 30.4.1)	-	68,013	90,388	68,013
Derecognised on disposal of subsidiary (Note 14.6)	(201,492)	-	-	-
At 31 December	-	201,492	291,880	201,492
11.4. Movement in Reinsurance projection on IBNR				
At 1 January	56,734	230,718	56,734	230,718
Movement during the year (Note 30.3)	-	(173,984)	(32,687)	(173,984)
Derecognised on disposal of subsidiary (Note 14.6)	(56,734)	-	-	-
At 31 December	-	56,734	24,047	56,734
12. Other receivables and prepayments				
Prepayment (Note 12.1)	-	12,015	3,613	941
Other receivables (Note 12.2)	-	23,246	-	565
	-	35,261	3,613	1,506
12.i. Analysis by tenor				
Due within 12 months	-	35,261	3,613	1,506
Due after 12 months	-	-	-	-
	-	35,261	3,613	1,506
12.1 Prepayments include:				
Prepaid rent	-	12,015	-	941
Prepaid insurance expenses	-	-	3,613	-
	-	12,015	3,613	941

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
12.2. Analysis of other receivables				
SIC Property and Investments Company Ltd (Note 12.2.1)	-	1,293,022	1,293,022	1,293,022
Ventry Development Limited (Note 12.2.2)	-	400,000	400,000	400,000
Growth & Development Asset Management Limited (Note 12.2.3)	-	330,000	330,000	330,000
Other sundry debtors (Note 12.2.4)	-	303,272	280,830	280,591
	-	2,326,294	2,303,852	2,303,613
Allowance for impairment (Note 12.3)	-	(2,303,048)	(2,303,852)	(2,303,048)
	-	23,246	-	565

12.2.1 SIC Property and Investments Company Limited

This represent outstanding unpaid accrued interest on a sum of N2 billion loan from Staco Insurance Plc to the Company after payment of the Principal loan amount. The balance has been fully impaired.

12.2.2 Ventry Development Limited

The balance due from Ventry Development Limited derived from the return of deposit made for the acquisition of allotted shares subsequently refunded without extinguishing the shares. The total amount receivable has been impaired.

12.2.3 Growth & Development Asset Management Limited

The balance represents non interest bearing payment initially treated as investment now reclassified to other receivables and subsequently fully impaired.

12.2.4 Sundry other debtors

Included in the balance above is N102.2 million (2019: N102.2 million) represents sundry debtors less recoveries.

12.3. Movement on the allowance for impairment of other receivables are as follows:

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
At 1 January	2,303,048	2,298,548	2,303,048	2,298,548
Provision for impairment (Note 34)	-	9,500	804	9,500
Recoveries	-	(5,000)	-	(5,000)
Derecognised on disposal of subsidiary (Note 14.6)	(2,303,048)	-	-	-
At 31 December	-	2,303,048	2,303,852	2,303,048

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12.4 Analysis of other receivables and prepayments

	Prepayment ₦'000	Other receivables ₦'000	Total ₦'000
At 31 December 2020			
Group			
At 1 January	12,015	23,246	35,261
Derecognised on disposal of subsidiary (Note 14.6)	(12,015)	(23,246)	(35,261)
At 31 December	-	-	-
Company			
At 1 January	941	565	1,506
Expensed during the year	2,672	239	2,911
Allowance for impairment	-	(804)	(804)
At 31 December	3,613	1	3,613
At 31 December 2019			
Group			
At 1 January	18,767	192,431	211,198
Additions	44,425	86,510	130,935
Expensed during the year	(51,177)	(241,195)	(292,372)
Allowance for impairment	-	(14,500)	(14,500)
At 31 December	12,015	23,246	35,261
Company			
At 1 January	5,465	804	6,269
Expensed during the year	(4,524)	14,261	9,737
Allowance for impairment	-	(14,500)	(14,500)
At 31 December	941	565	1,506

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
13. Deferred acquisition cost				
At 1 January	76,106	176,693	76,106	176,693
Additions during the year (Note 31.1)	-	527,916	104,793	381,135
Amortisation during the year (Note 31.1)	-	(628,503)	(146,731)	(481,722)
Derecognised on disposal of subsidiary (Note 14.6)	(76,106)	-	-	-
At 31 December	-	76,106	34,168	76,106
13.1. Analysis by tenor				
Due within 12 months	-	76,106	34,168	76,106
Due after 12 months	-	-	-	-
	-	76,106	34,168	76,106
14. Investment in subsidiary				
Staco Insurance Company Limited	-	-	-	342,545

14.1. This represents 60% holding in the ordinary share capital of Staco Insurance Company Limited, Sierra Leone, a subsidiary incorporated and operating in Sierra Leone.

14.2. The following table illustrates the summarised fair value financial information of the company's 60% investment in Staco Insurance Company Limited.

	Company only	
	2020 ₦'000	2019 ₦'000
Share of 60% subsidiary's net assets acquired at year ended:		
Assets	1,301,212	916,891
Liabilities	(861,067)	(574,346)
Net assets	440,145	342,545
Analysis of subsidiary's reserves and profit or loss acquired:		
Share capital	57,226	32,338
Contingency reserve	134,005	70,633
Retained earnings	168,957	308,941
Other reserves	58,264	9,943
Fair value reserve	20,668	15,239
Translatin reserve	1,026	(94,550)
	440,145	342,545
Carrying amount of the investment	440,145	342,545
14.3. Changes in value of investment		
Carrying amount of the investment	440,145	342,545
Less: Initial cost of investment	(74,733)	(74,733)
Fairvalue gain	365,412	267,812
14.4 Movement in fairvalue gain		
At 1 January	267,811	209,717
Fairvalue gain in the year (Note 27.d.)	97,601	58,094
At 31 December	365,412	267,811

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 ₦'000	2019 ₦'000
14.5 The summarised financial information of the subsidiary is as follows:		
i) Condensed statement of profit or loss		
Underwriting result	597,846	553,870
Total operating expenses	(321,989)	(264,021)
Investment and other income	78,056	151,713
Profit before income tax	353,913	441,562
Income tax expense	(64,854)	(99,946)
Profit for the year	289,059	341,616
ii) Condensed statement of financial position		
Assets		
Cash and cash equivalents**	1,068,169	765,898
Financial assets	199,587	238,938
Trade receivables	346,297	260,250
Other receivables and prepayments	326,232	33,755
Investment property	105,311	98,527
Property and equipment	58,484	69,956
Intangible assets	4,998	5,057
Statutory deposits	59,610	55,770
Total assets	2,168,687	1,528,152
Liabilities		
Insurance contract claim	853,726	621,246
Financial liabilities	21,886	18,672
Trade payables	158,020	64,229
Other payables and accruals	310,878	98,393
Income tax payable	75,703	134,920
Employee benefit provision	14,897	7,470
Deferred tax liability	-	12,313
Total liabilities	1,435,111	957,243
Equity		
Share capital	95,376	53,897
Contingency reserve	223,342	117,722
Retained earnings	281,594	514,902
Other reserves	97,107	16,572
Fair value reserve	34,447	25,399
Exchange difference	1,710	(157,583)
Total Equity	733,576	570,909
iii) Condensed statement of cash flows		
Net cash flow from operating activities	331,888	172,186
Net cash flow used in investing activities***	194,554	(286,115)
Net cash flow used in financing activities	(130,631)	(49,078)
Net cash and cash equivalents	395,811	(163,006)
*** Cash flows from /(used in) discontinued operation		
Consideration received, satisfied in cash	279,685	
Cash and cash equivalents disposed of**	(1,068,169)	
	(788,484)	

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14.6. Disposal of investment in subsidiary

At 31 December 2020

During the year, board resolution dated 21 July 2020 authorising Staco Insurance Plc to sold its 60% investment in Staco Sierra Leone was obtained thereby losing control of the subsidiary. Hence, as at 31 December 2020, the subsidiary was no longer within the control of Staco Insurance Plc group. The total gain realised from the sale of the investment is N188.79 million and this has been recognised in the statement of profit or loss for the year ended 31 December 2020 as analysed below:

	Investment cost N'000	Status	Sales considerati on N'000	Net value on disposal date N'000	Loss on disposal before fairvalue gain N'000
Staco Sierra Leone Ltd	<u>74,733</u>	Disposed	<u>279,685</u>	<u>440,145</u>	<u>(160,460)</u>
Analysis of profit on disposal:					
Sales consideration					279,685
Less:					
Net value on disposal date					<u>(440,145)</u>
Loss on disposal before fairvalue gain					(160,460)
Less:					
Previously recognised fairvalue on investment					<u>365,412</u>
Expected profit on disposal Company after reclassified gains previously recognised OCI					204,952
Less: Professional charges					<u>(16,160)</u>
Gain on discontinued operation after reclassified gains previously recognised OCI before tax					188,792
Income tax					<u>(56,637)</u>
Profit from discontinued operations, net of tax					<u>132,154</u>

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
15. Investment properties				
13, Glover Road Ikoyi	760,000	760,000	760,000	760,000
205, Herbert Macaulay Way, Ebute-Metta, Lagos State	(760,000)	240,000	-	-
	-	1,000,000	760,000	760,000
15.1 Movement in investment properties				
At 1 January	1,000,000	1,520,000	760,000	1,520,000
Addition	-	98,527	-	-
Revaluation surplus	-	141,473	-	-
Impairment (Note 15.7)	-	(760,000)	-	(760,000)
Derecognised on disposal of subsidiary (Note 14.6)	(1,000,000)	-	-	-
At 31 December	-	1,000,000	760,000	760,000
15.2 Cost/Valuation at 31 December is represented by:				
Valuation	(265,000)	636,473	495,000	495,000
Cost	265,000	363,527	265,000	265,000
	-	1,000,000	760,000	760,000

15.3. Investment properties are carried at fair value which are determined by independent professional valuers. The determination of fair value of the investment properties was supported by market evidence. The modalities and process utilized extensive analysis of market data and other sector specific peculiarities corroborated with available database derived from previous experience.

15.4. The investment property of Staco Insurance Plc is a landed property held for the purpose of capital appreciation. It is a bare land located at 13, Glover Road, Ikoyi in Eti Osa Local Government Area of Lagos State while that of the Subsidiary is a building located at No 205, Herbert Macaulay Way, Ebute-Metta, Lagos State. The title documents of the properties are in the name of the companies.

15.5. The property was independently valued by Dennis Osamudiamé (FRC/2013/NIESV/ 00000003727) for Dennis Osamudiamé & Co on 12th December 2020 at ₦1,520,000,000 (2019 : ₦1,760,000,000) on the basis of open market value.

15.6. Rental income during the year was Nil (31 December 2019: Nil).

15.7. The property was impaired to accurately disclose the current ownership interest of Staco Insurance Plc. Having engaged in a Joint Venture arrangement on the property with an estate developer.

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
16. Deferred tax				
16.1 Deferred tax assets				
At 1 January	-	-	-	-
Reversal	-	-	-	-
At 31 December	-	-	-	-

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
The movement in deferred tax liabilities during the year is as follows:				
16.2 Deferred tax liabilities				
At 1 January	106,191	101,173	98,050	98,050
Charge for the year	-	5,018	-	-
Derecognised on disposal of subsidiary (Note 14.6)	(106,191)	-	-	-
At 31 December	-	106,191	98,050	98,050
The movement in deferred tax assets and liabilities during the year is as follows:				
	Property and equipment ₦'000	Provisions ₦'000	Deferred acquisition costs ₦'000	Total ₦'000
Group				
At 1 January 2020	106,191	-	-	106,191
Derecognised on disposal of subsidiary (Note 14.6)	(106,191)	-	-	(106,191)
At 31 December 2020	-	-	-	-
16.2.1.i. Analysis by tenor				
Due within 12 months	-	-	-	-
Due after 12 months	-	-	-	-
	-	-	-	-
Company				
At 1 January 2020	98,050	-	-	98,050
At 31 December 2020	98,050	-	-	98,050
16.2.1.ii. Analysis by tenor				
Due within 12 months	-	-	-	-
Due after 12 months	98,050	-	-	98,050
	98,050	-	-	98,050

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Motor Vehicle	Office Building	Total	Motor Vehicle	Office Building	Total
	2020			2019		
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
17.Right-of-use						
17.1.Right-of-use assets						
17.a. Leased assets - Group Cost						
At 1 January	31,750	119,395	151,145	31,750	-	31,750
Reclassified from property and equipment	-	-	-	-	119,395	119,395
Derecognised on disposal of subsidiary (Note 14.6)	(31,750)	(119,395)	(151,145)	-	-	-
At 31 December	-	-	-	31,750	119,395	151,145
Accumulated depreciation						
At 1 January	31,750	48,371	80,121	25,400	-	25,400
Reclassified from property and equipment	(0)	-	(0)	0	45,983	45,983
Charge for the year	-	-	-	6,350	2,388	8,738
Derecognised on disposal of subsidiary (Note 14.6)	(31,750)	(48,371)	(80,121)	-	-	-
At 31 December	-	-	-	31,750	48,371	80,121
Carrying amount						
At 31 December	-	-	-	(0)	71,024	71,024
17.b Leased assets - Company Cost						
At 1 January	31,750	119,395	151,145	31,750	-	31,750
Reclassified from property and equipment	-	-	-	-	119,395	119,395
At 31 December	31,750	119,395	151,145	31,750	119,395	151,145
Accumulated depreciation						
At 1 January	31,750	48,371	80,121	25,400	-	25,400
Reclassified from property and equipment	-	0	0	0	45,983	45,983
Charge for the year	-	2,388	2,388	6,350	2,388	8,738
At 31 December	31,750	50,759	82,509	31,750	48,371	80,121
Carrying amount						
At 31 December	(0)	68,636	68,636	(0)	71,024	71,024

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

17.1. Detailed analysis of existing leased assets include:

Assets name	Date of purchased	Cost	Acc Dep	Carrying amount
		₦'000	₦'000	₦'000
Honda CRV	01/07/2014	5,700	5,700	-
Toyota Prado	01/07/2014	7,300	7,300	-
Toyota Prado	01/09/2014	9,500	9,500	-
Toyota Prado	01/09/2014	9,250	9,250	-
		31,750	31,750	-

Group		Company	
2020	2019	2020	2019
₦'000	₦'000	₦'000	₦'000

17.2. Lease liabilities

17.2.1. Lease obligation

At 1 January	47,381	22,098	47,381	22,098
Interest charge (Note 36)	-	25,283	2,250	25,283
Derecognised on disposal of subsidiary (Note 14.6)	(47,381)	-	-	-
At 31 December	-	47,381	49,631	47,381

17.2.2. Analysis by tenor

Due within 12 months	-	47,381	49,631	47,381
Due after 12 months	-	-	-	-
	-	47,381	49,631	47,381

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18. Property and equipment - Group

	Leasehold Land N'000	Freehold Land N'000	Leasehold Building N'000	Building N'000	Plant and Machinery N'000	Furniture Fittings and Equipment N'000	Motor Vehicle N'000	Work-in- Progress N'000	Total N'000
Cost/valuation									
At 1 January 2019	-	-	119,395	170,508	40,998	412,247	1,280,258	-	2,023,406
Additions	-	-	-	100,000	188	1,428	53	-	101,669
Reclassified to right-of-use assets	-	-	(119,395)	-	-	-	-	-	(119,395)
Disposal	-	-	-	(270,508)	(1,186)	(229)	(26,034)	-	(297,957)
At 31 December 2019	-	-	-	-	40,000	413,446	1,254,277	-	1,707,723
At 1 January 2020	-	-	-	-	40,000	413,446	1,254,277	-	1,707,723
Additions	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-
Derecognised on disposal of subsidiary (Note 14.6)	-	-	-	-	(40,000)	(413,446)	(1,254,277)	-	(1,707,723)
At 31 December 2020	-	-	-	-	-	-	-	-	-
Accumulated depreciation									
At 1 January 2019	-	-	45,983	10,820	27,198	355,453	1,241,783	-	1,681,237
Charge for the year	-	-	-	6,518	1,573	14,439	19,423	-	41,954
Disposal	-	-	-	(17,338)	(1,186)	(225)	(26,034)	-	(44,783)
Reclassified to right-of-use assets	-	-	(45,983)	-	-	-	-	-	(45,983)
At 31 December 2019	-	-	-	0	27,585	369,667	1,235,172	-	1,632,425
At 1 January 2020	-	-	-	0	27,585	369,667	1,235,172	-	1,632,425
Charge for the year	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-
Derecognised on disposal of subsidiary (Note 14.6)	-	-	-	-	(27,585)	(369,667)	(1,235,172)	-	(1,632,424)
At 31 December 2020	-	-	-	0	0	0	0	-	(0)
Carrying amount:									
At 31 December 2020	-	-	-	(0)	(0)	(0)	(0)	-	0
At 31 December 2019	-	-	-	(0)	12,415	43,779	19,105	-	75,298
Cost/Valuation at 31 December, 2019 is made up as follows:									
At cost	500,000	170,000	-	496,820	40,000	413,446	1,254,277	-	2,874,543
Revaluation surplus	-	-	-	1,223,789	-	-	-	-	1,223,789
At cost/valuation	500,000	170,000	-	1,720,609	40,000	413,446	1,254,277	-	4,098,332

a. Depreciation charge of Nil million (31 Dec 2019: N41.9 million) has been charged in management and administrative expenses.

- 41,954

b. The Group's property and equipment (building) has been pledged as securities for borrowings.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18. Property and equipment - Company

	Leasehold Land N'000	Freehold Land N'000	Leasehold Building N'000	Building N'000	Plant and Machinery N'000	Furniture Fittings and Equipment N'000	Motor Vehicle N'000	Work-in Progress N'000	Total N'000
Cost/valuation									
At 1 January 2019	-	-	119,395	270,508	40,998	369,673	1,246,660	-	2,047,234
Additions	-	-	-	-	188	1,420	-	-	1,608
Reclassified to right-of-use assets	-	-	(119,395)	-	-	-	-	-	(119,395)
Disposals	-	-	-	(270,508)	(1,186)	(149)	(15,275)	-	(287,118)
At 31 December 2019	-	-	-	-	40,000	370,944	1,231,385	-	1,642,329
At 1 January 2020	-	-	-	-	40,000	370,944	1,231,385	-	1,642,329
Additions	-	-	-	-	-	1,587	-	-	1,587
Disposals	-	-	-	-	-	(1,253)	(40,075)	-	(41,328)
At 31 December 2020	-	-	-	-	40,000	371,278	1,191,310	-	1,602,588
Accumulated depreciation									
At 1 January 2019	-	-	45,983	10,820	27,198	329,161	1,222,904	-	1,636,066
Charge for the year	-	-	-	6,518	1,573	7,884	6,175	-	22,151
Disposals	-	-	-	(17,338)	(1,186)	(145)	(15,275)	-	(33,944)
Reclassified to right-of-use assets	-	-	(45,983)	-	-	-	-	-	(45,983)
At 31 December 2019	-	-	-	-	27,585	336,900	1,213,804	-	1,578,290
At 1 January 2020	-	-	-	-	27,585	336,900	1,213,804	-	1,578,290
Charge for the year	-	-	-	-	1,576	13,302	7,247	-	22,125
Disposals	-	-	-	-	-	(740)	(40,075)	-	(40,815)
At 31 December 2020	-	-	-	-	29,161	349,462	1,180,976	-	1,559,600
Carrying amount:									
At 31 December 2020	-	-	-	-	10,839	21,816	10,334	-	42,988
At 31 December 2019	-	-	-	-	12,415	34,044	17,581	-	64,040
Cost/valuation at 31 December, 2020 is made up as follows:									
At cost	-	-	-	-	40,000	371,278	1,191,310	-	1,602,588
Revaluation surplus	-	-	-	-	-	-	-	-	-
At cost/valuation	-	-	-	-	40,000	371,278	1,191,310	-	1,602,588

a. Depreciation charge of N22.1 million (31 Dec 2019: N22.2 million) has been charged in management and administrative expenses.

b. The Company's property and equipment (building) has been pledged as securities for borrowings.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
19. Statutory deposit				
This represents amount deposited with Central Bank of Nigeria (CBN) in accordance with section 10 (3) of the Insurance Act, 2003	-	355,770	300,000	300,000
19.i. Analysis by tenor				
Due within 12 months	-	-	-	-
Due after 12 months	-	355,770	300,000	300,000
	-	355,770	300,000	300,000

19.1. Section 10 (3) of the Act states that "in the case of existing companies an equivalent of 10 per centum of the minimum paid-up share capital stipulated in section 9 shall be deposited with the Central Bank", as statutory deposit.

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
20. Intangible asset				
Software (Note 20.1)	0	6,112	-	-
	0	6,112	-	-
20.1. Intangible asset - Software				
Cost				
At 1 January	9,852	6,318	-	-
Additions	1,028	3,534	-	-
Adjustment	(288)	-	-	-
Derecognised on disposal of subsidiary (Note 14.6)	(10,592)	-	-	-
At 31 December	0	9,852	-	-
Accumulated amortisation				
At 1 January	3,740	3,153	-	-
Amortisation	-	587	-	-
Adjustment	1,854	-	-	-
Derecognised on disposal of subsidiary (Note 14.6)	(5,594)	-	-	-
At 31 December	(0)	3,740	-	-
Carrying amount				
At 31 December	0	6,112	-	-

20.2.1. The intangible assets of the Group comprised of computer software. The computer software are accounted for using the cost model in line with IAS 38 i.e. cost less accumulated amortization and less accumulated impairment. The amortization is charged to income statement in line with the Company's policy.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 ₱'000	2019 ₱'000	2020 ₱'000	2019 ₱'000
21. Insurance contract liabilities				
General business (Note 21.1)	-	3,820,249	3,683,766	3,382,333
Life business (Note 21.2)	-	183,331	-	-
	<u>-</u>	<u>4,003,580</u>	<u>3,683,766</u>	<u>3,382,333</u>
21.i. Analysis by tenor				
Due within 12 months	-	3,343,820	2,925,144	2,685,787
Due after 12 months	-	659,760	758,622	696,546
	<u>-</u>	<u>4,003,580</u>	<u>3,683,766</u>	<u>3,382,333</u>
21.1. General business				
Outstanding claims provision (Note 21.1a)	-	3,043,251	2,804,178	2,605,335
Claims incurred but not reported (Note 21.1b)	-	265,625	276,959	265,625
Provision for unearned premium (Note 21.1c)	-	511,373	212,046	511,373
Additional Unexpired Risk Reserve AURR (Note 21.1d)	-	-	385,150	-
Deferred acquisition revenue-DAR (Note 21.1e)	-	-	5,433	-
Claims incurred in the current year	<u>-</u>	<u>3,820,249</u>	<u>3,683,766</u>	<u>3,382,333</u>
21.1.a. Outstanding claims provision - General business				
Movement in outstanding claims provision				
At 1 January	3,043,251	2,358,893	2,605,335	2,253,059
Claims paid during the year	-	(403,037)	(57,331)	(593,316)
Claims incurred in the current year (Note 30)	-	1,087,395	256,174	945,592
Derecognised on disposal of subsidiary (Note 14.6)	(3,043,251)	-	-	-
At 31 December	<u>-</u>	<u>3,043,251</u>	<u>2,804,178</u>	<u>2,605,335</u>
21.1.a.i. Age analysis of outstanding claims				
0- 90 days	-	1,243,124	803,892	746,888
91- 180 days	-	629,996	407,400	378,511
181- 365 days	-	948,547	613,397	569,901
365 and above	-	1,514,666	979,489	910,034
	<u>-</u>	<u>3,043,251</u>	<u>2,804,178</u>	<u>2,605,335</u>
21.1.a.ii. Outstanding claims above 90 days are due to prolonged processing.				
21.1.b. Claims Incurred But Not Reported (IBNR) provision				
Movement in IBNR provision				
At 1 January	265,625	415,325	265,625	415,325
Movement during the year (Note 30)	-	(149,700)	11,334	(149,700)
Derecognised on disposal of subsidiary (Note 14.6)	(265,625)	-	-	-
At 31 December	<u>-</u>	<u>265,625</u>	<u>276,959</u>	<u>265,625</u>

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

21.1.c.Unearned Premium - Group

	2020		2019	
	Unearned premium N'000	Movement N'000	Unearned premium N'000	Movement N'000
Fire	-	-	89,528	(166,973)
Engineering	-	-	17,542	(25,728)
Motor	-	-	227,178	(175,514)
General accident	-	-	66,591	(86,735)
Marine	-	-	80,305	(93,705)
Bond	-	-	6,827	(5,313)
Oil and gas	-	-	23,053	(87,363)
Aviation	-	-	349	(410)
Others	-	-	-	(356,698)
	-	-	511,373	(998,439)

21.1.c.i. These provision represents the liability for short term insurance contracts for which the Group's obligations have not expired at year end. The unearned premium provision relates to the casualty insurance contracts for which the group expect to pay claims in excess of the related unearned premium provision.

21.1.c.Unearned Premium - Company

	2020		2019	
	Unearned premium N'000	Movement N'000	Unearned premium N'000	Movement N'000
Fire	42,831	(46,697)	89,528	(166,973)
Engineering	3,598	(13,944)	17,542	(25,728)
Motor	75,171	(152,007)	227,178	(175,514)
General Accident	55,922	(10,669)	66,591	(86,735)
Marine	30,550	(49,755)	80,305	(93,705)
Bond	3,969	(2,858)	6,827	(5,313)
Oil and gas	-	(23,053)	23,053	(87,363)
Aviation	5	(344)	349	(410)
	212,046	(299,327)	511,373	(641,741)

21.1.c.i. These provision represent the liability for short term insurance contracts for which the Group's obligations are not expired at year end, The unearned premium provision relates to the casualty insurance contracts for which the group expect to pay claims in excess of the related unearned premium provision.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

21.1.d. Additional Unexpired Risk Reserve (AURR) - Company

	2020		2019	
	Additional Unexpired Risk Reserve (AURR) ₦'000	Movement ₦'000	Additional Unexpired Risk Reserve (AURR) ₦'000	Movement ₦'000
Fire	4,216	4,216	-	-
Engineering	153,149	153,149	-	-
Motor	47,096	47,096	-	-
General Accident	111,001	111,001	-	-
Marine	63,403	63,403	-	-
Bond	6,276	6,276	-	-
Aviation	9	9	-	-
	385,150	385,150	-	-

21.1.e. deferred acquisition revenue (DAR) refers to the premium revenue recognized upfront from insurance contracts, but which is deferred and recognized over the term of the contract as the insurance company provides services. Essentially, it's the portion of premium revenue that is not immediately earned and is instead recognized gradually as the insurance company fulfills its obligations under the policy

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
21.2. Life insurance liabilities				
Provision for outstanding claims	-	-	-	-
Life liability (Note 21.2a)	-	183,331	-	-
	-	183,331	-	-

21.2.a. The movement on the life funds account during the year was as follows:

	Group	Company
At 1 January	183,331	221,254
Decrease during the year	-	(37,923)
Derecognised on disposal of subsidiary (Note 14.6)	(183,331)	-
At 31 December	-	183,331

22. Financial liabilities

	Group	Company
Overdraft facilities (Note 22.1)	-	20,606
Convertible bond (Note 22.2)	-	4,589,740
Short term loan (Note 22.3)	-	749,875
	-	5,360,221

22.i. Analysis by tenor

	Group	Company
Due within 12 months	-	20,606
Due after 12 months	-	5,339,615
	-	5,360,221

22.1. Overdraft facilities

This represents the outstanding balance on bank accounts which overdraft facilities were agreed on. These facilities were obtained to augment working capital for the Company. They are at interest rates ranging between 17% to 21% per annum.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22.2.Convertible Bond

This represents zero coupon JPY902,000,000 direct, unconditional, unsubordinated and unsecured European bond with option issued on 3 July, 2009 to Daewoo Securities Europe Limited. The Bonds were issued with the option to subscribe for the ordinary Shares of the company with a yield of 4.25% per annum while the tenor of the convertible option is valid up to the year 2029. The purpose for which the bond was issued relates to the expansion of the branch network, upgrade of information and communication technology, and working capital. However, the company has secured the consent and agreement of Daewoo Securities (Europe) Limited to the bond for a period of 20 years commencing from 30 August 2009 to 29 July 2029.

A default is made by the Company in the performance or observance of any covenant, condition or provision contained in the bonds. Upon the occurrence of any event of default, the bonds will immediately become due and repayable at the early redemption price such date a gross yield to maturity identical to that applicable in the case of redemption on the 30 July 2029 being 5.25% with additional default rate of 10 per cent per annum compounded annually from and including the date on which the event of default occurred.

The Board of the Company believes that the agreement would be fully executed and the terms and conditions would be fulfilled as stated.

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
22.2.1.Movement on the convertible bond balance is as follows:				
At 1 January	4,589,740	4,314,668	4,589,740	4,314,668
Interest on the bond	-	156,916	73,585	156,916
Default charges from 2015	-	58,358	76,859	58,358
Exchange loss (Note 35)	-	59,798	81,673	59,795
Derecognised on disposal of subsidiary (Note 14.6)	(4,589,743)	-	-	-
At 31 December	-	4,589,740	4,821,857	4,589,740
22.3 Short-term loan	-	749,875	600,047	732,029
22.3.1.Short-term loan analysis				
CFS Financial Services Limited (Note 22.3.2)	-	453,615	440,852	435,769
Growth & Development Asset Management Limited (GDL) (Note 22.3.3)	-	116,336	120,759	116,336
Staco Cooperative (Note 22.3.4)	-	32,972	34,049	32,972
KC Finance & Investment Limited	-	4,387	4,387	4,387
CardinalStone Partners Limited (Note 22.3.5)	-	68,961	-	68,961
Staco Insurance Company (Sierra Leone) Limited (Note 22.3.6)	-	73,604	-	73,604
	-	749,875	600,047	732,029

22.3.2.CFS Financial Services Limited

The Company has a facility of N780 million from CFS Financial Services Limited at the interest rate of 36%. The loan has a tenor of 36 months. However, there has been default in repayment of both the principal and the interest which are still outstanding till date.

22.3.3.Growth & Development Asset Management Ltd (GDL)

The Company has a facility of N200 million from GDL Assets Management Limited at interest rate of 36%. The loan has a tenor of 18 months. However, there has been default in repayment of both the principal and the interest which are still outstanding till date.

22.3.4.Staco Cooperative

The Company has a facility of N70 million from Staco Cooperative at interest rate of 36%. The loan has a tenor of 36 months.

22.3.5.CardinalStone Partners Limited

A facility of N83 million was obtained by the Company from CardinalStone Partners Limited at interest rate of 28%. The loan has a tenor of 12 months. Additional N65 million with 25% interest was obtained during the year. The facility has been fully repaid.

22.3.6.Staco Insurance Company (Sierra Leone) Limited

A facility of N100 million was obtained by the Company from its subsidiary Company at interest rate of 15%. The loan has a tenor of 24 months. The facility has been fully repaid.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
22.3.7.Movement short-term loans during the year				
At 1 January	749,875	689,636	732,029	762,751
Additions	-	65,000	-	65,000
Payment during the year	-	(132,760)	(135,720)	(221,665)
Interest payable	-	127,999	3,738	125,943
Derecognised on disposal of subsidiary (Note 14.6)	(749,875)	-	-	-
At 31 December	-	749,875	600,047	732,029
23.Trade payables				
Insurance companies (Note 23.1)	-	547,728	513,590	483,499
Reinsurance payables (Note 23.2)	-	226,220	268,437	226,219
Agents and brokers	-	52,587	52,585	52,585
	-	826,535	834,612	762,303
23.1.The amount due to insurance companies represent Co-insurance premium.				
23.2.Reinsurance payables				
Reinsurance premium payable	-	226,220	268,437	226,219
	-	226,220	268,437	226,219
24.Other payables and accruals				
Deferred income	-	-	1,663	-
Statutory deductions (Note 24.1)	-	234,842	182,064	151,641
Staff payables (Note 24.2)	-	198,994	344,421	198,997
Accrued expenses (Note 24.3)	-	124,279	273,662	109,088
Other creditors (Note 24.4)	-	103,147	103,147	103,147
	-	661,262	904,957	562,873
24.1.Analysis of Statutory deductions				
Pension payable	-	185,084	120,105	101,881
Withholding Tax	-	1,148	1,342	1,149
Value Added tax	-	3,195	6,344	3,195
PAYE payable	-	24,650	30,894	24,650
National Housing Funds	-	12,965	15,579	12,965
ITF Payable	-	7,800	7,800	7,800
	-	234,842	182,064	151,641

24.2.This represents salaries payable to the staff of the Company

24.3.Included in the accrued expenses are Legal fees N8 million, Professional fee N17.7 million, AGM expenses N8.5 million, Audit Fee of N6.5 million, Directors travel allowance of M12.2 million, Insurance levy of N20 million, NIA member subscription N10.9 million, SEC fee and penal charge of N14.2 million.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
24.4. Analysis of other creditors				
Other Payables (Note 24.4.1)	-	46,335	46,335	46,335
Prestigious Homes - Investment Property	-	46,500	46,500	46,500
Sundry Creditors	-	10,313	10,313	10,313
	-	103,147	103,147	103,147

24.4.1. Included in the amount above is N45,975,000 representing 60% liability subscription for EAIPN \$250,000 of which 40% has been paid .

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
24.3.2. The carrying amounts disclosed above approximate the fair value at the reporting date. All amount are payable within one year.				
Due within 12 months	-	103,147	103,147	103,147
Due after 12 months	-	-	-	-
	-	103,147	103,147	103,147

25. Employee benefit liability Gratuity scheme

The Group has a post employment benefit scheme which is not funded.

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

At 1 January	7,470	7,819	-	-
Current service cost	-	1,565	-	-
Benefits paid	-	(1,914)	-	-
Derecognised on disposal of subsidiary (Note 14.6)	(7,470)	-	-	-
At 31 December	-	7,470	-	-

25.i. Analysis by tenor

Due within 12 months	-	-	-	-
Due after 12 months	-	7,470	-	-
	-	7,470	-	-

26. Taxation

26.1. Income tax expense

Income	-	130,864	25,000	35,935
Previous year under-provision	-	40,000	-	40,000
	-	170,864	25,000	75,935
Deferred tax (Note 16)	-	5,018	-	-
	-	175,882	25,000	75,935

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
26.2. Income tax liability				
The movement on tax payable account during the year is as follows:				
At 1 January	240,462	216,015	105,542	89,605
Payments during the year	-	(186,417)	-	(99,998)
Previous year under-provision	-	40,000	-	40,000
Charge for the year	-	170,864	25,000	75,935
Derecognised on disposal of subsidiary (Note 14.6)	(240,462)	-	-	-
At 31 December	-	240,462	130,542	105,542
26.3. The tax on the loss before tax differs from the theoretical amount as follows:				
Loss before income tax	-	(541,358)	(698,476)	(1,038,712)
Tax calculated at the tax rate of 30%	-	(162,407)	(209,543)	(311,614)
Effect of :				
- Expenses not deductible for tax purposes	-	333,271	234,543	387,549
- Effects of minimum tax	-	-	-	-
	-	170,864	25,000	75,935
27. Equity				
27.a. Share capital				
Authorised				
13 billion ordinary shares of 50k each	-	6,500,000	6,500,000	6,500,000
Issued and fully paid				
9,341,087,609 (2019: 9,341,087,609) ordinary shares of 50k each				
At 1 January	4,670,544	4,670,544	4,670,544	4,670,544
Derecognised on disposal of subsidiary (Note 14.6)	(4,670,544)	-	-	-
At 31 December	-	4,670,544	4,670,544	4,670,544
27.b. Share premium				
At 1 January	434,164	434,164	434,164	434,164
Derecognised on disposal of subsidiary (Note 14.6)	(434,164)	-	-	-
At 31 December	-	434,164	434,164	434,164
27.c. Revaluation reserve				
At 1 January	-	260,508	-	260,508
Derecognised on land and buildings fully impaired (Note 18)	-	(260,508)	-	(260,508)
At 31 December	-	-	-	-

27.c.i. Under current regulations, property and equipment revaluation reserve is not available for distribution to shareholders either as dividends or bonus shares.

27.c.ii. No provision was made for deferred capital gains tax as the property is not meant for sale in the foreseeable future.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
27.d. Fair value reserve				
At 1 January	105,437	64,258	358,489	265,684
Additions during the year:				
Appreciation in the value of investment unquoted securities (Note 9.3)	-	41,179	17,174	34,711
Appreciation on investment in subsidiary (Note 14.4)	-	-	97,601	58,094
Derecognised on disposal of subsidiary (Note 14.6)	(105,437)	-	(365,411)	-
At 31 December	-	105,437	107,853	358,489
27.e. Contingency reserve				
At 1 January	2,404,145	2,263,719	2,305,535	2,214,472
Transfer from retained earnings (Note 27.f.)	-	140,426	20,472	91,063
Derecognised on disposal of subsidiary (Note 14.6)	(2,404,145)	-	-	-
At 31 December	-	2,404,145	2,326,007	2,305,535

27.e.i. In accordance with the Insurance Act 2003, a contingency reserve is credited with the greater of 3% of total premiums or 20% of profits for general business and 1% of total premiums or 10% of profits for life business. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
27.f. Loss sustained				
At 1 January	(14,810,541)	(13,728,179)	(15,602,575)	(14,290,874)
Loss for the year	-	(1,183,366)	(961,581)	(1,481,147)
Transfer to contingency reserve (Note 27.e.)	-	(159,505)	(20,472)	(91,063)
Impact of derecognised on land and buildings disposed/fully impaired (Note 27.c)	-	260,508	-	260,508
Derecognised on disposal of subsidiary (Note 14.6)	14,810,541	-	-	-
At 31 December	0	(14,810,541)	(16,584,628)	(15,602,575)
27.g. Translation reserve				
At 1 January	(618,414)	(607,740)	-	-
Gain during the year	-	(10,674)	-	-
Derecognised on disposal of subsidiary (Note 14.6)	618,414	-	-	-
At 31 December	-	(618,414)	-	-
27.h. Non-controlling interest				
At 1 January	254,690	167,614	-	-
Share of dividend paid in the year	-	(26,770)	-	-
Share of profit for the year	-	97,570	-	-
Share of fair value reserve	-	4,312	-	-
Share of contingency reserve	-	19,079	-	-
Share of translation loss for the year	-	(7,116)	-	-
Derecognised on disposal of subsidiary (Note 14.6)	(254,690)	-	-	-
At 31 December	-	254,690	-	-

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
28. Net premium income				
a) Gross Premium written	-	3,315,048	682,410	2,393,682
Change in unearned premium provision	-	601,868	299,327	641,741
Gross premium income	-	3,916,916	981,737	3,035,423
b).Reinsurance expenses:				
Premium ceded to reinsurers (Note 28.c.)	-	(683,549)	(193,696)	(629,732)
Movement in prepaid reinsurance	-	97,530	(165,960)	97,530
Amortised M & D (Note 11.2)	-	(14,500)	(9,925)	(14,500)
	-	(600,519)	(369,581)	(546,702)
Net premium income	-	3,316,397	612,156	2,488,721
c).Premium ceded to reinsurers				
Ceded locally	-	629,732	193,696	629,732
Ceded abroad	-	53,817	-	-
	-	683,549	193,696	629,732
29.Fees and commission income				
Fee income arising on insurance contracts	-	171,907	29,657	157,126
Movement in deferred acquisition revenue-(DAR) (Note 21.1e)	-	-	(5,433)	-
	-	171,907	24,224	157,126
30.Claims expenses				
Gross benefit and claims paid (Note 30.1)	-	1,087,395	256,174	945,592
Movement in outstanding claims (Note 30.2)	-	352,042	198,841	352,042
	-	1,439,437	455,015	1,297,634
Claims incurred				
Movement in outstanding claims - IBNR (Note 21.1.b)	-	(149,700)	11,334	(149,700)
Total claims and loss adjustment expenses	-	1,289,737	466,349	1,147,934
Reinsurance projection on IBNR (Note 30.3.)	-	173,984	32,687	173,984
Benefit and claims recovered from reinsurers (Note 30.4.1)	-	(426,338)	(223,524)	(426,338)
Changes in claims recovered from Reinsurers (Note 30.4.1.)	-	(68,013)	(90,388)	(68,013)
Net claims expenses	-	969,370	185,124	827,567

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
30.1 Gross benefit and claims paid				
Fire and engineering	-	282,696	217,326	282,080
Motor	-	243,834	-	234,723
General accident	-	188,445	10,748	129,297
Marine	-	80,642	23,682	77,480
Bond	-	13,750	905	13,750
Oil and gas	-	177,613	1,483	177,613
Aviation	-	30,649	-	30,649
Others	-	69,766	2,030	-
Total benefits and claims paid	-	1,087,395	256,174	945,592
30.1.1. The insurance claims comprise of claims paid, claims expenses paid including loss adjuster fees.				
30.2.Movement in outstanding claims				
General business (Note 30.2a)	-	352,042	198,841	352,042
Life business	-	-	-	-
	-	352,042	198,841	352,042
30.2.1.Movement in outstanding claims by class of business				
Fire and engineering	-	(17,436)	(16,195)	(17,436)
Motor	-	(169,882)	75,989	(169,882)
General Accident	-	(37,925)	22,152	(37,925)
Marine	-	43,034	97,433	43,034
Bond	-	(73,557)	81,027	(73,557)
Oil and gas	-	626,804	(81,429)	626,804
Aviation	-	(18,996)	19,864	(18,996)
	-	352,042	198,841	352,042
30.3.Analysis Recoverables on IBNR				
Reinsurance projection on IBNR (Note 11.4)	-	173,984	32,687	173,984
30.4.Claim expenses recovered from reinsurers				
General business	-	(494,351)	(313,912)	(494,351)
	-	(494,351)	(313,912)	(494,351)
30.4.1.Analysis Claim expenses recovered from reinsurers				
Changes in reinsurance recoverable (Note 11.3)	-	(68,013)	(90,388)	(68,013)
Receipt from reinsurance on claims paid	-	(426,338)	(223,524)	(426,338)
	-	(494,351)	(313,912)	(494,351)

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
31.Underwriting expenses				
Acquisition expenses (Note 31.1)	-	628,503	146,731	481,722
Maintenance expenses (Note 31.2)	-	89,104	42,576	89,104
	-	717,607	189,307	570,826
31.1.Breakdown of acquisition expenses				
Acquisition cost paid by the company	-	68,639	68,639	68,639
Acquisition cost deducted at source by brokers	-	459,277	36,154	312,496
	-	527,916	104,793	381,135
Movement in deferred acquisition costs (Note 31.1.a)	-	100,587	41,938	100,587
Acquisition expenses charged	-	628,503	146,731	481,722
31.1.a.Analysis of movement in deferred acquisition costs				
At 1 January	(76,106)	(176,693)	(76,106)	(176,693)
Derecognised on disposal of subsidiary (Note 14.6)	76,106	-	-	-
At 31 December	-	76,106	34,168	76,106
Movement in the year	-	(100,587)	(41,938)	(100,587)

31.1.b.Analysis of acquisition expenses:

	General business		Life business	
	2020	2019	2020	2019
	₦'000	₦'000	₦'000	₦'000
Group				
Fire	-	168,392	-	-
Engineering	-	18,127	-	-
Motor	-	110,168	-	-
General Accident	-	101,395	-	-
Marine	-	52,859	-	-
Bond	-	4,522	-	-
Oil and gas	-	27,660	-	-
Aviation	-	25,471	-	-
Others	-	-	-	19,322
	-	508,594	-	19,322
Company				
Fire	35,011	127,337	-	-
Engineering	4,130	15,020	-	-
Motor	23,813	86,607	-	-
General Accident	17,429	63,390	-	-
Marine	16,756	60,941	-	-
Bond	1,030	3,747	-	-
Oil and gas	6,302	22,919	-	-
Aviation	323	1,175	-	-
	104,793	381,135	-	-

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
31.2 Breakdown of maintenance expenses				
Fire	-	15,336	2,067	15,336
Engineering	-	1,008	345	1,008
Motor	-	19,825	13,364	19,825
General Accident	-	5,856	1,818	5,856
Marine	-	23,722	22,116	23,722
Bond	-	209	148	209
Oil and gas	-	22,806	2,419	22,806
Aviation	-	342	299	342
	-	89,104	42,576	89,104
32. Investment income				
Interest on statutory deposit	-	38,893	39,141	38,893
Dividend income	-	-	77,580	37,747
Interest on held-to-maturity and loans and receivables	-	2,159	16,537	1,717
Interest on placement with banks	-	115,642	1,113	34,225
	-	156,694	134,371	112,582
32.1. Investment income distribution				
Shareholders	-	117,801	95,230	73,689
Policyholders	-	38,893	39,141	38,893
	-	156,694	134,371	112,582
33. Other income				
Foreign exchange translation gain	-	-	109,838	-
Gain on disposal of property and equipment (Note 33.1)	-	-	14,415	-
Profit on disposal of subsidiary (Note 14.6)	-	-	188,792	-
Sundry income (Note 33.2)	-	79,527	1,357	9,673
Provision no longer required:				
Financial assets	-	5,000	-	5,000
	-	84,527	314,402	14,673
33.1. Analysis of loss/(gain) on disposal of property and equipment				
Carrying value of properties sold (Note 18)	-	253,174	513	253,174
Proceeds from disposal	-	(253,174)	(14,928)	(253,174)
	-	-	(14,415)	-
33.2. Analysis of sundry income				
Recoveries due from Salvage	-	6,553	1,330	6,553
Others	-	72,974	27	3,120
	-	79,527	1,357	9,673

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
34. Impairment losses charge				
Impairment of trade receivables (Note 10.3)	-	102,463	6,907	54,525
Impairment on other receivables (Note 12.3)	-	9,500	805	9,500
Impairment of investment property (Note 15.7)	-	760,000	-	760,000
Impairment of cash and cash equivalents	-	-	119,577	-
Impairment on staff loans (Note 9.2.b)	-	4,101	-	4,101
Impairment on available for sale (Note 9.4)	-	13,118	-	13,118
	-	889,182	127,289	841,244
35. Management and administrative expenses				
Employee benefits expense (Note 35.1)	-	921,343	592,258	827,789
Depreciation - property and equipment	-	41,954	22,125	22,151
Depreciation - leased assets	-	8,738	2,388	8,738
Amortisation - intangible assets	-	587	-	-
Bank charges	-	29,736	2,797	14,705
Audit fee (Note 35.2)	-	12,303	7,000	6,500
Directors' emoluments	-	51,108	13,352	25,277
Exchange loss on convertible bond (Note 22.2.1)	-	59,798	-	59,795
Corporate promotions	-	23,018	6,438	13,025
Business promotions	-	9,061	1,385	9,061
Repairs and maintenance	-	102,300	52,038	90,823
Penalties and fines	-	11,674	29,308	11,674
Legal and professional services	-	44,079	49,013	43,161
Other operating expenses (Note 35.3)	-	520,498	118,657	439,478
	-	1,836,197	896,759	1,572,177
35.1. Employee benefits expense				
Salaries and wages	-	836,434	526,587	743,449
Medical	-	21,301	27,420	21,301
Staff training	-	14,700	8,673	14,131
Pension	-	37,016	26,524	37,016
Terminal benefit	-	11,892	3,054	11,892
	-	921,343	592,258	827,789

35.2. This represents fee charged on the audit exercise carried out by the external auditors (the "Firm") during the year for the Company. The Firm did not carry out any non-audit engagements for the Company during the year.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
35.3. Other operating expenses				
Insurances expenses	-	10,669	12,166	10,669
Insurance levy	-	20,000	-	20,000
Office securities	-	15,150	4,643	7,493
Rent and rates	-	79,044	29,124	40,078
Printing and stationeries	-	8,116	5,941	8,116
Transport and travelling	-	35,400	7,178	23,511
Internet and subscriptions	-	40,925	10,743	28,195
Public relations and entertainments	-	90,369	17,264	83,225
Office cleaning expenses	-	7,273	7,158	7,273
Loss on disposal of property and equipment (Note 33.1)	-	148,745	-	148,745
Miscellaneous expenses (Note 35.3.1)	-	64,807	24,440	62,173
	-	520,498	118,657	439,478
35.3.1. Analysis of miscellaneous expenses				
Nespapers & Periodicals, etc	-	490	415	490
Postages & Courier services	-	2,398	2,292	2,399
Office Tea and mineral expenses	-	2,206	987	2,206
Electricity	-	7,686	3,453	5,051
Telephone expenses	-	2,839	1,536	2,839
Annual returns filling fee	-	3,026	28	3,026
Foreign exchange loss	-	31,518	-	31,518
Regulatory expenses	-	7,922	-	7,922
Others	-	6,722	15,729	6,722
	-	64,807	24,440	62,173
36. Finance costs				
Interest expenses on lease (Note 17.3.1)	-	25,283	2,250	25,283
Interest expenses loans (Note 36.1)	-	127,999	3,738	125,943
Interest on bonds (Note 36.2)	-	215,274	232,117	215,274
	-	368,556	238,105	366,500
36.1. Interest expense is made up of interest on short-term loan within the reporting period (Note 22.3.7.)				
36.2. This represents interest on convertible bonds (Note 22.2.1)				
37. Loss per share				
Loss per share represents the loss attributable to each of the weighted number of shares of the company in issue during the year.				
Loss attributable to equity holders	-	(1,183,366)	(961,581)	(1,481,147)
Weighted average number of ordinary shares in issue	0	9,341,088	9,341,088	9,341,088
	2020 ₦	2019 ₦	2020 ₦	2019 ₦
Loss per share	-	(12)	(10)	(16)

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

38. Contingencies and commitments

a) Legal proceedings and regulations

The Company operates in the insurance industry and is subject to legal proceedings in the normal course of business. There were 9 (2019: 8) outstanding legal proceedings against the Company as at 31 December 2020 with claims totaling ₦1,072 billion (2019: ₦747 million). While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigations) will have a material effect on its results and financial position.

The Company is also subject to insurance solvency regulations and has complied with all these solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

b) Capital commitments

The Company has no capital commitments as at the reporting date.

39. Related party transactions

39.1 Related party

A related party is a person or an entity that is related to the reporting entity:

-A person or a close member of that person's family is related to a reporting entity if that person has control, joint control or significant influence over the entity or is a member of its key management personnel.

-An entity is related to a reporting entity if, among other circumstances, it is a parent, subsidiary, fellow subsidiary, associate, or joint venture of the reporting entity, or it is controlled, jointly, jointly controlled, or significantly influenced or managed by a person who is a related party.

39.2 Related parties transactions

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. If an entity has had related party transactions during the periods covered by the financial statements, IAS 24 requires it to disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements.

39.2.1. Transactions with related parties

Transactions/balances with related parties during the year are:

Name of related party	Relationship	Nature of transaction	Amount/Balance	
			2020 ₦'000	2019 ₦'000
Short loans borrowed from related parties:				
CFS Financial Services Limited (Note 22.3.2)	Related co.	Loans	440,852	435,769
Staco Cooperative (Note 22.3.4)	Staff	Loans	34,049	32,972
Staco Insurance Company (Sierra Leone) Limited (Note 22.3.6)	Subsidiary	Loans	-	73,604
			474,901	542,345
Receivables from related party:				
Receivables from related party			-	-
Net payable to related parties			474,901	542,345
Sales of insurance contract and other services				
Premium received			1,080	1,474
Claims paid			-	2,744

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

39.2.2. These transactions were carried out in ordinary course of business at arm's length.

39.3 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the company, directly or indirectly, including any directors (whether executive or otherwise).

Mr. Muhammad Sidi-Aliyu	-Group Chairman
Mr. Omotola Talabi	-Chairman, Finance, Investment and General Purpose Committee Member, Enterprise Risk Management and Governance Committee
Ms Helen Emore	-Chairman, Enterprise Risk Management and Governance Committee Member, Finance, Investment and General Purpose Committee
Prince Sam Turoti	-Member, Enterprise Risk Management and Governance Committee Member, Finance, Investment and General Purpose Committee
Mr. Bayo Fakorede	-Ag. Group Managing Director/CEO
Mr. Tayo Ajibulu	-Executive Director (Management Services)
Mr. Sakiru Oyefeso	-Director

39.3.1. Transactions with key management personnel

The Group's key management personnel and persons connected with them are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control.

The key management personnel have been identified as the executive and non-executive Directors of the Group. Close members of family are those family members who may be expected to influence or be influenced by that individual in their dealings with Staco Insurance Plc.

The volume of related party transaction, outstanding balances at the year end and related expense and income for the year are as follows:

	2020 ₦'000	2019 ₦'000
(i) Loans and advances to key management personnel		
Loan outstanding as at 1 January	15,687	15,687
Additions in the year	-	1,500
Loans repayment during the year	<u>(2,765)</u>	<u>(1,500)</u>
Loan outstanding as at 31 December	<u><u>12,922</u></u>	<u><u>15,687</u></u>
Net interest income earned		
Net interest income earned	<u><u>186</u></u>	<u><u>75</u></u>

No provision has been recognised in respect of loans given to key management personnel (2019: Nil).

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

39.3.3. Compensation of key management personnel

Key management personnel of the company includes all Directors (executive and non-executive) members of the management committee.

The summary of compensation of key management personnel for the year is as follows:

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Salaries	-	54,732	41,569	49,232
Fees	-	1,680	450	850
Post-employment benefits	-	-	-	-
	<u>-</u>	<u>56,412</u>	<u>42,019</u>	<u>50,082</u>

40. Employees and Directors

a) Employees

The average number of persons employed by the Company during the year was as follows:

	Number	Number	Number	Number
Executive Directors	-	3	2	2
Management	-	54	26	42
Non-management	-	183	88	157
	<u>-</u>	<u>240</u>	<u>116</u>	<u>201</u>

i. Compensation for the above staff (excluding Executive Directors):

	N'000	N'000	N'000	N'000
Salaries and wages	-	836,434	526,587	743,449
Retirement benefit costs	-	48,908	29,578	48,908
Medical	-	21,301	27,420	21,301
Staff training	-	14,700	8,673	14,131
	<u>-</u>	<u>921,343</u>	<u>592,258</u>	<u>827,789</u>

ii. The number of employees of the Company, other than Directors, who received emoluments in the following ranges (excluding pension contributions and certain benefits), were:

	Group		Company	
	2020 Number	2019 Number	2020 Number	2019 Number
Less than N500,000	-	-	-	-
N500,001 - N750,000	-	17	4	6
N750,001 - N1,000,000	-	57	28	55
N1,000,001 and above	-	166	84	140
	<u>-</u>	<u>240</u>	<u>116</u>	<u>201</u>

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

b. Directors

Remuneration paid to the Company's Directors (excluding pension contribution) was:

	Group		Company	
	2020 N'000	2019 N'000	2020 N'000	2019 N'000
Fees and sitting allowances	-	26,604	3,050	17,963
Executive compensation	-	-	-	-
Other director expenses	-	21,957	10,272	16,000
	-	48,561	13,322	33,963

Fees and other emoluments disclosed above include amounts paid to:

The chairman	1,150	770
The highest paid Director	21,645	21,150

The number of Directors who received fees and other emoluments (excluding pension contributions, certain benefits and reimbursable expenses) in the following ranges was:

	Group		Company	
	2020 Number	2019 Number	2020 Number	2019 Number
Above N1,000,000	-	14	5	8

41. Events after the reporting date

There were no other events which could have a material effect on the financial position of the Group as at 31 December 2020 and profit attributable to equity holders on that date other than as disclosed in the financial statements.

42. Comparative figures

Certain comparative figures have been reclassified in order to show a more meaningful comparison and provide more disclosure in respect of the prior year balances.

43. Contravention of Laws and Regulations

The Company contravened certain laws and regulations during the year and paid a total penalty of N29,308,000 at 31 December 2020 (2019: N11,674,000). This is analysed below:

	2020 N'000	2019 N'000
Penalties		
Penalty on Annual filing fees to SEC	29,308	11,174
Penalty for late submission of treaty information to NAICOM	-	500
	29,308	11,674

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 ₦'000	2019 ₦'000	2020 ₦'000	2019 ₦'000
44.Reconciliation of operating loss to cash provided by operating activities				
Loss before tax	-	(909,914)	(936,581)	(1,405,212)
Adjustments for:				
Interest on held-to-maturity and loans and receivables	-	(2,159)	(16,537)	(1,717)
Interest on statutory deposit	-	(38,893)	(39,141)	(38,893)
Dividend income	-	-	(77,580)	(37,747)
Interest on placement with banks	-	(115,642)	(1,113)	(34,225)
Impairment loss on staff loans	-	4,101	-	4,101
Impairment loss on equities	-	13,118	-	13,118
Impairment of trade receivables	-	102,463	6,907	54,525
Impairment (recovery)/loss on other receivables	-	4,500	804	4,500
Foreign exchange translation loss/(gain)	-	-	(109,838)	-
Gain on disposal of property and equipment	-	-	(14,415)	-
Other gains in financial assets	-	(5,000)	-	(5,000)
Interest on convertible bond	-	215,274	232,117	215,274
Unrealised exchange loss on convertible bond	-	59,798	-	59,798
Interest on leases	-	25,283	2,250	25,283
Interest on short term loan	-	127,999	3,738	125,943
Loss on disposal of investment in subsidiary before fairvalue gain	-	-	(160,460)	-
Unrealised exchange loss on investment in subsidiary	-	-	(97,601)	(58,094)
Impairment on investment property	-	760,000	-	760,000
Depreciation on leased assets	-	8,738	2,388	8,738
Depreciation on property and equipment	-	41,954	22,125	22,151
Amortisation of intangible assets	-	587	-	-
Current service cost	-	1,565	-	-
Fair value loss	-	41,179	114,775	92,805
Cash flow from operating profit before changes in operating assets and liabilities	-	334,951	(1,068,162)	(194,652)
Changes in operating assets and liabilities				
Increase in trade receivables	-	(28,114)	(3,510)	(4,105)
Decrease in reinsurance assets	-	13,016	118,184	13,016
Decrease other receivables and prepayments	-	175,937	(2,108)	4,763
Increase in deferred acquisition cost	-	(252,799)	41,938	100,587
(Decrease)/increase in insurance contract liabilities	-	(502,405)	301,433	(439,165)
(Decrease)/increase in trade payables	-	(62,324)	72,309	6,656
Increase in other payables and accruals	-	54,160	342,084	284,111
Gratuity paid	-	(1,914)	-	-
Tax paid	-	(186,417)	-	(99,998)
Cash used in operating activities	-	(455,909)	(197,832)	(328,786)

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

45. Going Concern Assessment

The Company will continue to assess the status of the fight against the pandemic and its impact on the Company's business. However, based on current assessment and result for the year just concluded, the Directors are confident that the Going Concern of the Company will not be threatened and would be able to continue to operate post COVID-19 and in the foreseeable future.

The business of Staco Insurance Plc. will continue into the foreseeable future as it continues to tap into the opportunities available in the insurance industry, overcome threats, utilise its strengths and improve on its weaknesses. The insurance penetration is still low in Nigeria and there are abundant opportunities in the various classes of insurance business which Staco Insurance Plc will exploit to enhance its premium generation and collection, increase market share and profitability while still pursuing cost control measures. Enforcement of the local content insurance act, compulsory insurances like motor insurance, public building insurance, carbotage law as well as the micro insurance would provide great opportunities to enhance revenue generation.

In the past, impairments have had significant effect on our profitability. These impairments are mostly that of receivables, property and investment assets. With the implementation of the "no premium no cover" policy, there is no need again for impairment of receivables as all premiums are now collectable within a short period of time. Some investments and other receivables have also been impaired in the past and we see opportunities of recoveries in some of the impaired assets.

The Board of Staco Insurance Plc has approved the restructuring of our assets towards improving liquidity through:

- **Further Capital Injection:** Egerton Global Services plans to inject between N2-N3 billion into Staco within 120 days of receipt of agreed equity shares in Staco Insurance Plc. In addition, a further N5 billion is to be raised over the next 120 days to improve solvency margin and working capital.
- **Profitability and Investment attraction:** Post the satisfaction of Staco's Daewoo-managed loan, and the current improvement in profitability, the Company is positioned to attract additional investment within 18 months+.
- **Debt repayment and equity swap:** Loan acquisition and conversion: Egerton Global Services, the new Investor, agrees to Purchase the Company's convertible bond of JPY 902,000,000 zero coupon bond due 2029 liability owe to the Daewoo which form major liability of the company- Managed loan from the current bond holder representatives and convert it to equity. This will translate to a capital injection of on or about N10 billion. This agrees with letter dated January 6th, 2025 from the board of directors of Staco Insurance Plc where Staco will transfer 80% of equity to Egerton Global Ltd in exchange for satisfaction of the Daewoo-managed loan. This is anticipated not later than July 30th 2025.
- **Grow the activities level:** In anticipation of the funds to be injected into the business in the year (2025), the Management has put some strategies in place for a focused and rigorous marketing activities to improve the turnover and general activities level in order to return the Company to profitability and viability. In addition, the growth of market share based on reopening of energy sector subject to liability settlement and NAICOM reinstatement of oil & gas will further drive our expectations.
- **Expenditure management:** The Company has made plans to reduce overhead and administrative expenditures and also put in place practical capital expenditure strategies to delay any form of capital expenditure, postpone major maintenance activities and for only critical assets that needed to be acquired will be by cash subject to availability of fund.
- **Process redesign:** The management has reviewed the current business processes and has redesigned the processes with a view to improve performance metrics like cost management, quality service and also to reduce waste in order to increase profitability.

The liquidity generated through the asset restructuring, expenditure management and capital raise will be applied to grow and manage the business profitably through aggressive marketing, service delivery, efficient internal control and investment activities to the satisfaction of all stakeholders. We believe that the above action plan will help reverse the current loss position to profitability in the near future. The going concern status of the business of Staco Insurance Plc. is therefore assured.

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

46..a Hypothecation

The Group is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term, its investment proceeds will not be sufficient to fund the obligations arising from its insurance and investment contracts. In response to the risk, the Group's assets and liabilities are allocated as follows:

Group- 31 December 2020

	Policy holders funds		Investment contract		Shareholders funds		Total ₦'000
	Non-life ₦'000	Life ₦'000	Non-life ₦'000	Life ₦'000	Non-life ₦'000	Life ₦'000	
Assets							
Cash and cash equivalents	-	-	-	-	-	-	-
Financial assets	-	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-	-
Reinsurance assets	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Deferred acquisition cost	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-
Right -of -use asset	-	-	-	-	-	-	-
Intangible asset	-	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	-	-
Statutory deposit	-	-	-	-	-	-	-
Total assets	-	-	-	-	-	1	-
Liabilities							
Insurance contract liabilities	-	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-	-
Trade payables	-	-	-	-	-	-	-
Other payables	-	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-	-
Employee benefit liability	-	-	-	-	-	-	-
Income tax payable	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
Deficit	-	-	-	-	(1)	-	(1)

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Group- 31 December 2019

	Policy holders funds		Investment contract		Shareholders		Total
	Non-life	Life	Non-life	Life	Non-life	Life	
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Assets							
Cash and cash equivalents	955,125	-	-	-	-	-	955,125
Financial assets	445,045	-	-	-	-	-	445,045
Trade receivables	-	-	-	-	223,026	-	223,026
Reinsurance assets	450,359	-	-	-	-	-	450,359
Other receivables	-	-	-	-	35,261	-	35,261
Deferred acquisition cost	76,106	-	-	-	-	-	76,106
Investment properties	-	-	-	-	1,000,000	-	1,000,000
Leased assets	-	-	-	-	71,024	-	71,024
Intangible asset	-	-	-	-	6,112	-	6,112
Property and equipment	-	-	-	-	75,298	-	75,298
Statutory deposit	-	-	-	-	355,770	-	355,770
Total assets	1,926,635	-	-	-	1,766,491	-	3,693,126
Liabilities							
Insurance contract liabilities	4,003,580	-	-	-	-	-	4,003,580
Financial liabilities	-	-	-	-	5,360,221	-	5,360,221
Trade payables	-	-	-	-	826,535	-	826,535
Other payables	-	-	-	-	661,262	-	661,262
Deferred tax liabilities	-	-	-	-	106,191	-	106,191
Employee benefit liability	-	-	-	-	7,470	-	7,470
Income tax payable	-	-	-	-	240,462	-	240,462
Total liabilities	4,003,580	-	-	-	7,202,141	-	11,205,722
Deficit	(2,076,945)	-	-	-	(5,435,650)	-	(7,512,596)

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

46.b. Hypothecation - (continued)

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term, its investment proceeds will not be sufficient to fund the obligations arising from its insurance and investment contracts. In response to the risk, the Company's assets and liabilities are allocated as follows:

Company - 31 December 2020

	Policy holders funds		Investment contract		Shareholders funds		Total N'000
	Non-life N'000	Life N'000	Non-life N'000	Life N'000	Non-life N'000	Life N'000	
Assets							
Cash and cash equivalents	287,313	-	-	-	141,512	-	428,825
Financial assets	142,160	-	-	-	-	-	142,160
Trade receivables	-	-	-	-	1,883	-	1,883
Reinsurance assets	332,176	-	-	-	-	-	332,176
Other receivables	-	-	-	-	3,613	-	3,613
Deferred acquisition cost	34,168	-	-	-	-	-	34,168
Investment in subsidiary	-	-	-	-	-	-	-
Investment properties	-	-	-	-	760,000	-	760,000
Right -of -use asset	-	-	-	-	68,636	-	68,636
Property and equipment	-	-	-	-	42,988	-	42,988
Statutory deposit	-	-	-	-	300,000	-	300,000
Total assets	795,816	-	-	-	1,318,632	-	2,114,449
Liabilities							
Insurance contract liabilities	3,683,766	-	-	-	-	-	3,683,766
Financial liabilities	-	-	-	-	5,458,949	-	5,458,949
Trade payables	-	-	-	-	834,612	-	834,612
Other payables	-	-	-	-	904,957	-	904,957
Deferred tax liabilities	-	-	-	-	98,050	-	98,050
Income tax payable	-	-	-	-	130,542	-	130,542
Total liabilities	3,683,766	-	-	-	7,427,110	-	11,110,876
Deficit	(2,887,950)	-	-	-	(6,108,477)	-	(8,996,427)

STACO INSURANCE PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Company - 31 December 2019

	Policy holders funds		Investment contract		Shareholders funds		Total N'000
	Non-life N'000	Life N'000	Non-life N'000	Life N'000	Non-life N'000	Life N'000	
Assets							
Cash and cash equivalents	189,226	-	-	-	-	-	189,226
Financial assets	206,107	-	-	-	-	-	206,107
Trade receivables	-	-	-	-	5,280	-	5,280
Reinsurance assets	450,359	-	-	-	-	-	450,359
Other receivables	-	-	-	-	1,506	-	1,506
Deferred acquisition cost	76,106	-	-	-	-	-	76,106
Investment in subsidiary	-	-	-	-	342,545	-	342,545
Investment properties	-	-	-	-	760,000	-	760,000
Right -of -use asset	-	-	-	-	71,024	-	71,024
Property and equipment	-	-	-	-	64,040	-	64,040
Statutory deposit	-	-	-	-	300,000	-	300,000
Total assets	921,798	-	-	-	1,544,395	-	2,466,193
Liabilities							
Insurance contract liabilities	3,382,333	-	-	-	-	-	3,382,333
Financial liabilities	-	-	-	-	5,341,550	-	5,341,550
Trade payables	-	-	-	-	762,303	-	762,303
Other payables	-	-	-	-	562,873	-	562,873
Deferred tax liabilities	-	-	-	-	98,050	-	98,050
Income tax payable	-	-	-	-	105,542	-	105,542
Total liabilities	3,382,333	-	-	-	6,870,318	-	10,252,651
Deficit	(2,460,535)	-	-	-	(5,325,923)	-	(7,786,458)

STACO INSURANCE PLC

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

Other National Disclosures

STACO INSURANCE PLC

STATEMENT OF VALUE ADDED STATEMENT - GROUP FOR THE YEAR ENDED 31 DECEMBER 2020

	2020		2019	
	N'000	%	N'000	%
Net premium written				
- Nigeria	-		3,316,397	
- Foreign	-		-	
Investment income				
- Nigeria	-		156,694	
- Foreign	-		-	
Other Income				
- Nigeria	-		84,527	
- Foreign	-		-	
Claims incurred, net commissions and operating expenses				
- Nigeria	-		(3,456,684)	
- Foreign	-		(184,534)	
Value eroded	<u>-</u>		<u>(83,600)</u>	<u>100</u>
Applied as follows:				
To pay employees				
Salaries, wages and fringe benefits	-	-	921,343	(1,102)
To pay government				
Income tax	-	-	130,864	(157)
Education tax	-	-	-	-
To provide for future tax				
Deferred tax	-	-	5,018	(6)
To provide for enhancement of assets and growth				
Depreciation of property, plant and equipment	-	-	41,954	(50)
Amortisation of intangible assets	-	-	587	(1)
To augment contingency reserve	-	-	159,505	(191)
Deplete reserves	-	-	(1,342,871)	1,607
Value eroded	<u>-</u>		<u>(83,600)</u>	<u>100</u>

Value eroded represents the additional wealth the Group has been able to use by its own and employees efforts. This statement shows the allocation of that wealth among employees, providers of capital as well as government and that retained for future creation of more wealth.

STACO INSURANCE PLC

STATEMENT OF VALUE ADDED STATEMENT - COMPANY FOR THE YEAR ENDED 31 DECEMBER 2020

	2020		2019	
	₦'000	%	₦'000	%
Net premium written				
- Nigeria	227,006		2,488,721	
- Foreign	-		-	
Investment income				
- Nigeria	134,371		112,582	
- Foreign	-		-	
Other Income				
- Nigeria	314,402		14,673	
- Foreign	-		-	
Claims incurred, net commissions and operating expenses				
- Nigeria	(997,977)		(3,211,248)	
- Foreign	-		-	
Value eroded	<u>(322,198)</u>	<u>100</u>	<u>(595,272)</u>	<u>100</u>
Applied as follows:				
To pay employees				
Salaries, wages and fringe benefits	592,258	(184)	827,789	(139)
To pay government				
Income tax	25,000	(8)	35,935	(6)
Education tax	-	-	-	-
To provide for future tax				
Deferred tax	-	-	-	-
To provide for enhancement of assets and growth				
Depreciation of property and equipment	22,125	(7)	22,151	(4)
Amortisation of intangible assets	-	-	-	-
To augment contingency reserve	20,472	(6)	91,063	(15)
Deplete reserves	<u>(982,053)</u>	<u>306</u>	<u>(1,572,210)</u>	<u>263</u>
Value eroded	<u>(322,198)</u>	<u>100</u>	<u>(595,272)</u>	<u>100</u>

Value eroded represents the additional wealth the company has been able to used by its own and employees efforts. This statement shows the allocation of that wealth among employees, providers of capital as well as government and that retained for future creation of more wealth.

STACO INSURANCE PLC

FINANCIAL SUMMARY - GROUP

31 DECEMBER

	2020	2019	2018	2017	2016
	₦'000	₦'000	₦'000	₦'000	₦'000
Assets					
Cash and cash equivalents	-	955,125	1,312,794	1,759,189	1,920,323
Financial assets	-	445,045	332,502	841,158	732,913
Trade receivables	-	223,026	297,375	347,200	224,920
Reinsurance assets	-	450,359	463,375	1,060,294	1,140,115
Other receivables	-	35,261	211,198	298,231	769,739
Deferred acquisition cost	-	76,106	176,693	161,135	249,914
Investment property	-	1,000,000	1,520,000	1,520,000	1,520,000
Deferred asset	-	-	-	7,820	-
Intangible asset	-	6,112	3,165	60,106	69,921
Right-of-use assets	-	71,024	6,350	212,847	272,123
Property and equipment	-	75,298	342,169	3,004,624	3,128,403
Statutory deposit	-	355,770	300,000	300,000	300,000
Total assets	-	3,693,126	4,965,621	9,572,604	10,328,371
Insurance contract liabilities					
Insurance contract liabilities	-	4,003,580	4,505,985	3,701,877	3,562,625
Financial liabilities	-	5,360,221	5,091,182	4,823,684	3,300,478
Trade payables	-	826,535	888,859	104,773	13,753
Other payables	-	661,262	607,603	117,840	92,813
Lease liabilities	-	47,381	22,098	-	-
Deferred tax liabilities	-	106,191	101,173	98,050	101,892
Employee benefit liability	-	7,470	7,819	6,027	5,818
Taxation	-	240,462	216,015	108,635	86,749
Total liabilities	-	11,253,103	11,440,734	8,960,886	7,164,128
Equity					
Issued share capital	-	4,670,544	4,670,544	4,670,544	4,670,544
Share premium	-	434,164	434,164	434,164	434,164
Revaluation reserve	-	-	260,508	1,595,299	1,595,299
Fair value reserve	-	105,437	64,258	163,937	61,491
Contingency reserve	-	2,404,145	2,263,719	2,118,535	1,952,489
Translation reserve	-	(618,414)	(607,740)	(156,687)	29,005
Loss sustained	-	(14,810,540)	(13,728,178)	(8,382,144)	(5,689,875)
Shareholders'fund	-	(7,814,664)	(6,642,725)	443,648	3,053,117
Non-controlling interest	-	254,689	167,613	168,065	111,126
Total equity	-	(7,559,975)	(6,475,112)	611,713	3,164,243
Total liabilities and equity	-	3,693,128	4,965,622	9,572,599	10,328,371

STACO INSURANCE PLC

FINANCIAL SUMMARY - GROUP

31 DECEMBER

	2020	2019	2018	2017	2016
	₦'000	₦'000	₦'000	₦'000	₦'000
Statement of profit and loss and other comprehensive income					
Gross premiums written	-	3,315,048	5,186,631	5,753,037	5,403,082
Net insurance premium earned	-	3,316,397	4,046,074	4,499,633	3,598,024
Net fees and commission income	-	171,907	265,756	253,783	193,614
Net benefits and claims	-	(1,686,977)	(3,862,613)	(2,961,886)	(2,086,087)
Total underwriting profit	-	1,801,327	449,217	1,791,530	1,705,551
Investment and other income	-	241,221	341,543	711,524	292,303
Net income	-	2,042,548	790,760	2,503,054	1,997,854
Other expenses	-	(3,093,935)	(7,066,069)	(4,999,891)	(4,409,169)
Loss before taxation	-	(1,051,387)	(6,275,309)	(2,496,837)	(2,411,315)
Taxation	-	(175,882)	(253,026)	(105,546)	(138,986)
Loss after taxation	-	(1,227,269)	(6,528,335)	(2,602,383)	(2,550,301)
Net fair value gain on available for sale financial assets	-	45,491	(94,152)	102,446	56,893
Foreign exchange translation gain/(loss)	-	(17,790)	(455,670)	(109,532)	(76,160)
Gain on revaluation reserve	-	-	-	-	341,552
Total comprehensive loss for the year	-	(1,199,568)	(7,078,157)	(2,609,469)	(2,228,016)
Loss per share(kobo):					
- Actual	-	(13)	(76)	(28)	(24)
- Adjusted	-	(13)	(76)	(28)	(24)

STACO INSURANCE PLC

FINANCIAL SUMMARY - COMPANY

31 DECEMBER

	2020	2019	2018	2017	2016
	₦'000	₦'000	₦'000	₦'000	₦'000
Assets					
Cash and cash equivalents	428,825	189,226	365,027	1,374,976	1,656,736
Financial assets	142,160	206,107	199,500	392,074	303,077
Trade receivables	1,883	5,280	55,700	60,137	83,339
Reinsurance assets	332,176	450,359	463,375	1,060,294	1,140,115
Other receivables	3,613	1,506	6,269	184,501	751,883
Deferred acquisition cost	34,168	76,106	176,693	161,135	249,914
Investment in Subsidiary	-	342,545	284,451	327,937	285,227
Investment property	760,000	760,000	1,520,000	1,520,000	1,520,000
Right-of-use assets	68,636	71,024	6,350	212,847	272,123
Property and equipment	42,988	64,040	411,168	2,970,730	3,088,064
Intangible asset	-	-	-	56,000	69,921
Statutory deposit	300,000	300,000	300,000	300,000	300,000
Total assets	2,114,449	2,466,193	3,788,532	8,620,631	9,720,399
Liabilities and equity					
Insurance contract liabilities	3,683,766	3,382,333	3,821,498	-	3,155,995
Financial liabilities	5,458,949	5,341,550	5,164,297	3,299,495	3,300,478
Trade payables	834,612	762,303	755,647	4,823,684	5,046
Other payables	904,957	562,873	282,836	87,653	67,680
Lease liabilities	49,631	47,381	22,098	-	-
Deposit for shares	-	-	-	37,993	-
Deferred tax liabilities	98,050	98,050	98,050	98,050	98,050
Taxation	130,542	105,542	89,605	15,506	21,804
Total liabilities	11,160,507	10,300,032	10,234,030	8,362,381	6,649,053
Equity					
Issued share capital	4,670,544	4,670,544	4,670,544	4,670,544	4,670,544
Share premium	434,164	434,164	434,164	434,164	434,164
Revaluation reserve	-	-	260,508	1,595,299	1,595,299
Fair value reserve	107,853	358,489	265,684	417,140	271,985
Contingency reserve	2,326,007	2,305,535	2,214,472	2,077,338	1,920,595
Loss sustained	(16,584,626)	(15,602,572)	(14,290,870)	(8,936,236)	(5,821,241)
Total equity	(9,046,058)	(7,833,840)	(6,445,498)	258,249	3,071,346
Total liabilities and equity	2,114,449	2,466,192	3,788,533	8,620,630	9,720,399

STACO INSURANCE PLC

FINANCIAL SUMMARY - COMPANY

31 DECEMBER

	2020 N'000	2019 N'000	2018 N'000	2017 N'000	2016 N'000
Statement of profit and loss and other comprehensive income					
Gross premiums written	682,410	2,393,682	4,252,855	5,224,762	4,794,411
Net insurance premium earned	227,006	2,488,721	3,214,257	3,874,917	3,111,769
Net fees and commission income	24,224	157,126	247,173	243,127	193,614
Net benefits and claims	(374,431)	(1,398,393)	(3,442,786)	(2,991,920)	(1,939,319)
Total underwriting profit	(123,201)	1,247,454	18,644	1,126,124	1,366,064
Investment and other income	448,773	127,255	160,185	596,315	274,785
Net income	325,572	1,374,709	178,829	1,722,439	1,640,849
Other expenses	(1,262,153)	(2,779,921)	(6,575,203)	(4,645,691)	(4,115,078)
Loss before taxation	(936,581)	(1,405,212)	(6,396,374)	(2,923,252)	(2,474,229)
Taxation	(25,000)	(75,935)	(155,918)	(35,000)	(105,000)
Loss after taxation	(961,581)	(1,481,147)	(6,552,292)	(2,958,252)	(2,579,229)
Net fair value gain on available for sale financial assets	17,174	34,711	(107,970)	102,446	56,893
Gain on revaluation reserve	-	-	-	-	341,552
Appreciation on investment in subsidiary	97,601	58,094	(43,486)	42,709	19,393
Total comprehensive loss for the year	(846,806)	(1,388,342)	(6,703,748)	(2,813,097)	(2,161,391)
Loss per share(kobo)					
- Actual	(9)	(15)	(72)	(30)	(23)
- Adjusted	(9)	(15)	(72)	(30)	(23)