Linkage
Assurance Plc
RC:162306

Unaudited Financial Statements
for the Period Ended
30 September, 2021

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FINANCIAL HIGHLIGHTS	30 Sep 2021 ₦'000	30 Sep 2020 ₦'000	Changes (%)
Comprehensive income statement			
Gross premium written	9,062,717	6,884,697	32
Gross premium income	7,571,748	5,802,696	30
Net premium income	4,008,430	3,031,404	32
Underwriting (Loss)/Profit	(837,859)	374,228	(324)
Investment and other income	946,143	2,639,738	(64)
(Loss)/Profit before taxation	(1,726,691)	1,525,803	(213)
(Loss)/Profit after taxation	(1,789,207)	1,124,955	(259)
Statement of financial position			
Total assets	35,537,504	33,877,404	5
Insurance contract liabilities	9,079,468	5,728,661	58

Key Ratios	30 Sep 2021 %	30 Sep 2020 %
Claims ratio	50	30
Claims ratio (net)	66	31
Underwriting expenses ratio	30	32
Fees and Commission income ratio	15	17
Management expenses ratio	20	22
Underwriting Profit margin	(9)	5

Our Performance

Gross premium written grew by 32% to N9billion as at Q3 2021 from N6.9billion recorded in prior year comparative. The Company suffered an underwriting loss of N838million as a result of increased claims expenses. LBT stood at N1.7billion as at Q3 2021 against a profit of N1.5billion in the prior period, the major driver being increased claims expenses and FV loss on Bond investments.

Outlook

We will continue to refine our strategy in line with the political, economic, sociological and technological changes in the industry particularly the impact of Coronavirus (COVID-19) pandemic on the business landscape. We will also continue to develop innovative products, alternative channels of distributions and strategic initiatives that will enable us achieve our corporate goals and objectives. With a medium-to-long term perspective, we believe that we will benefit from growth in these initiatives.

Retail products

We have developed and launched a number of retail products. These include the Linkage Third Party Plus, which is a budget friendly motor insurance that provides not only the compulsory Third party protection but an additional Own damage protection to the tune of N250,000. This product is only available from our Company, Linkage Assurance Plc. Others are the Linkage SME Comprehensive, Citadel Shield (which provides compensation as a result of injuries from accident for pupils and students in recognized academic establishments). Linkage Events Xclusive Insurance, Linkage Shop Insurance, Purple Motor Plan (comprehensive motor cover exclusively for women), and the Linkage Estate Insurance. We are also making efforts to deploy our online portal to make our products and services available to our customers especially the digital savvy customers and enterprises.

Agric Insurance

In line with our strategic focus, we have developed a bouquet of Agricultural Insurance products as risk management initiatives for both small, medium and large-scale farmers and agribusiness. These include Livestock Insurance Solution, Multiperil Crop Insurance Solution, Fish Farm & Fisheries Insurance, Poultry Farm Insurance, Area Yield Index Insurance and Farm All Risk (Material Damage).

Operational Efficiency

In line with the vision statement, we have embarked on extensive digital transformation , this is expected to be one of the major drivers of operational efficiency as it will improve our business process, eliminate wastages, and positively impact our performances.

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

We the undersigned, hereby certify the following with regards to our unaudited financial statements for the period ended 30 September 2021 that:

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

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

(ii) We:

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

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

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

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

Securities Trading Policy

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

Mr. Daniel Braie	**Emmanuel Otitolaiye**
Managing Director/CEO	**Chief Financial Officer**
FRC/2018/CIIN/00000018082	**FRC/2014/ICAN/00000008524**
26 October 2021	26 October 2021

Notes to the financial statements

1 Corporate Information

1.1 Reporting entity

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

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

1.2. Principal activities

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

2 Basis of Preparation

2.1 Statement of compliance

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

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

2.2 Going concern

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

2.3 Basis of measurement

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

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

2.4 Use of judgments and estimates

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

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

(a) Judgments

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

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

(b) Assumptions and estimation uncertainties

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

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

Notes to the financial statements

2.5 Functional and presentation Currency

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

3 Changes in accounting policies

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

4 Significant accounting policies

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

4.1 Cash and cash equivalents

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

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

4.2 Financial instruments

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

4.2.1 Classification of financial assets

The Company classifies its financial assets into the following categories:

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

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

Financial assets at fair value through profit or loss

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

Held to maturity

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

Loans and receivables

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

Notes to the financial statements

Available-for-sale financial assets (AFS)

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

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

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

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

4.2.3 Impairment of non derivative financial assets

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

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

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

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

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

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

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

Notes to the financial statements

4.2.4 De-recognition of financial assets

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

4.2.5 Financial liabilities

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

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

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

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

De-recognition

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

4.2.6 Offsetting financial instruments

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

4.3 Fair value measurement

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

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

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

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

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

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

Notes to the financial statements

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

4.4 Financial guarantee contracts

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

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

4.5 Trade receivables

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

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

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

4.6 Reinsurance

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

4.7 Deferred acquisition costs and revenue

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

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

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

Deferred Acquisition Revenue

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

4.8 Investment property

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

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

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

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

Notes to the financial statements

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

4.9 Intangible assets

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

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

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

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

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

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

4.10 Property and equipment

Recognition and measurement

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

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

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

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

Subsequent costs

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

Depreciation

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

Notes to the financial statements

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

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

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

Land is not depreciated.

De-recognition

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

4.11 Impairment of non-financial assets

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

4.12 Statutory deposit

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

4.13 Insurance contract liabilities

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

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

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

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

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

Notes to the financial statements

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

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

4.14 Leases

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

Notes to the financial statements

As a Lessor

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

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

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

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

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

4.15 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

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

4.16 Employee benefits

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

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

(ii) **Post-employment benefits**

Defined contribution plans

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

Defined benefit plan

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

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

Notes to the financial statements

When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of the economic benefits available in the form of any future refund from the plan or reductions in the future contributions to the plan. To calculate the present value of the economic benefits, consideration is given to any applicable minimum funding requirements. Remeasurements of the net defined benefits liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized in OCI.

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

(iii) ***Termination benefits***

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

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

4.17 Taxation

Company Income Tax

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

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

Current tax

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

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

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

Minimum tax

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

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

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

Notes to the financial statements

Deferred tax

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

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

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

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

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

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

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

4.18 Other receivables and prepayments

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

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

4.19 Share capital and reserves

a. *Share capital*

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

Share premium

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

b. *Dividend*

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

c. *Contingency reserves*

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

d. *Asset revaluation reserve*

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

Notes to the financial statements

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

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

4.20 Contingent liabilities and assets

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

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

4.21 Foreign currency translation

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

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

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

4.22 Insurance contracts

(a) Classification
IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred. The Company only issues contracts that transfer insurance risks.

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

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

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

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

(b) Recognition and measurement of insurance contracts
Premium income is recognized on assumption of risks.

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

Notes to the financial statements

(ii) *Unearned premium provision*

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

(iii) *Gross premium earned*

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

(iv) *Claims payable*

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

Outstanding claims represent the estimated ultimate cost of settling all claims arising from incidents occurring prior to the end of reporting date, but not settled at that date. Outstanding claims computed are subject to liability adequacy tests to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognized.

(v) *Commissions and deferred acquisition costs*

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

(vi) *Liability adequacy test*

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

(vii) *Salvage and Subrogation Reimbursement*

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

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

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

4.23 Revenue

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

Revenue recognition

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

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

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

Other operating income
Other operating income comprises income from realized profits on sale of securities, realized foreign exchange gains/(losses), rental income and other sundry income recognized when earned.

Notes to the financial statements

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

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

4.24 Net claims expenses

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

(a) Claims

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

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

(b) Reinsurance claims

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

4.25 Underwriting expenses

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

4.26 Operating expense

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

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

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

4.27 Operating segments

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

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

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

Notes to the financial statements

4.28 Earnings per share

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

4.29 New standards, interpretations and amendments to existing standards

(a) Effective standards not yet adopted by the Company

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

(i) *IFRS 9 Financial Instruments*

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

IFRS 9 is part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.
IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: amortized cost, fair value through OCI and fair value through profit or loss.

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

Classification and measurement

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

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

Notes to the financial statements

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

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

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

Notes to the financial statements

Impairment

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

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

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

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

In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the IASB issued amendments to IFRS 4 Insurance Contracts.
The amendments reduce the impacts, but companies need to carefully consider their IFRS 9 implementation approach to decide if and how to use them. The two optional solutions raise some considerations which require detailed analysis and management judgement.

The optional solutions are:

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

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

Notes to the financial statements

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

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

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

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

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

a) Its activities are predominantly connected with insurance contracts;

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

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

Fair value disclosures

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

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

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

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

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

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

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

Notes to the financial statements

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

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

(b) Standards issued but not yet effective

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

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

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

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

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

The entity is in the process of determining the impact of IFRS 17 and will provide more detailed disclosure on the impact in future financial statements.
The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted.

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

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

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

Notes to the financial statements

Disclosure

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

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

4.30 Disclosures on COVID-19

(i) Background

The COVID-19 pandemic which started in China in December 2019 and rapidly spread across the world is impacting all aspects of life in a manner that is unprecedented. The impact cuts across businesses, the economy and social interactions. These impacts seem like they will remain for the foreseeable future. In a bid to curtail the spread the virus, the Federal Government of Nigeria imposed movement restrictions in Lagos and Ogun State as well as the Federal Capital Territory on 29 March 2020. Gradual lifting of movement has commenced with daily updates announced.

In adapting to the government's response to COVID-19, the Company responded Management swiftly activated Business Continuity Management Group (BCMG) which enabled key personnel drawn from all departments to remotely work from home through secured technology, and the weekly report from members of BCMG to Executive Management (EXCO) indicates that the telecommuting is working well. Thus, we are able to provide continuous service to our customers whilst ensuring safety of employees and other stakeholders.

(ii) Assessment of impact

a Impact of COVID-19 on Impairment of Financial Assets

In assessing the impact of COVID-19 on the financial assets of the Company, cognisance was taken on the fact that the Company is yet to adopt IFRS 9 which it has deferred to 1 January 2023 along with IFRS 17.

Therefore, based on IAS 39, the Company does not see a significant impairment impact on its financial assets as a result of COVID-19. The Company's financial assets are predominantly fixed income and sovereign (treasury bills and FGN bonds) in nature and are subsequently classified as stage 1. The stage allocation remains unchanged as there is no significant increase in credit risk. The impact of forward-looking information has also been considered in assessing the impact of COVID-19 on impairment of financial assets. These include GDP growth, exchange rate, country rating, bank rating, inflation, and oil price. Whilst COVID-19 has negatively impacted all of the forward-looking information, other variables in the computation ensured that the impact remains minimal.

b Impact of COVID-19 on Revenue and Cost

Movement restriction measures taken to limit the spread of the virus could limit sales activities across the Company. Revenues from marine insurance could be affected due to the limited economic activity during the period. Also, job losses and limited government spending due to oil price drop will impact revenue. Operating expenses is being monitored to ensure that they are well within justifiable limits.

c 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, 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.

d Outlook

Management is confident that with the BCMG in place, we can continue with business operations uninterrupted. Notwithstanding, since we cannot reasonably estimate the length or severity of this pandemic, or the extent to which the current lockdown would last, Management would continue to assess the material impact on the Company's financial position, results of operations, and cash flows in fiscal 2021 and would regularly make appropriate disclosures thereon to all stakeholders.

Shareholding Structure/Free Float Status

Description	30-Sep-21		30-Sep-20	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	10,000,000,000	100%	10,000,000,000	100%
Substantial Shareholdings (5% and above)				
Bayelsa State Ministry of Finance Incorporated	5,343,337,743	53.43%	5,343,337,743	53.43%
Stanbic IBTC Nominees	1,327,000,000	13.27%	1,327,000,000	13.27%
Total Substantial Shareholdings	6,670,337,743	66.70%	6,670,337,743	66.70%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Chief Joshua B. Fumudoh				
Mr. Tamunoye Alazigha				
Mr. Olakunle Agbebi				
Mr. Bernard Griesel				
Mr. Daniel Braie				
Mr. Okanlawon Adelagun				
Total Directors' Shareholdings				
Other Influential Shareholdings				
Free Float in Units and Percentage	3,329,662,257	33.30%	3,329,662,257	33.30%
Free Float in Value	₦ 166,483,128.50		₦ 166,483,128.50	

Declaration:

(A) Linkage Assurance Plc with a free float percentage of 33.30%.as at 30 September 2021, is compliant with The Exchange's free float requirements for companies listed on the Main Board.
(B) Linkage Assurance Plc with a free float value of N166,483,128.50 as at 30 September 2020, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

Statement of financial position
As at 30 September 2021

In thousands of Naira

Assets	**Note**	**30 Sep 2021**	**31 Dec 2020**	**Changes %**	**31 Dec 2019**
Cash and cash equivalents	7	3,125,755	3,592,711	(13)	1,609,222
Financial assets	8	24,504,347	25,144,141	(3)	23,398,173
Trade receivables	9	610,608	63,974	854	65,898
Reinsurance assets	10	3,778,915	2,445,920	54	1,121,787
Deferred acquisition cost	11	600,013	328,812	82	262,550
Other receivables and prepayments	12	722,081	501,131	44	408,303
Investment property	13	150,000	150,000	-	150,000
Intangible assets	14	39,955	1,199	3,232	7,319
Property and equipment	15	1,505,830	1,349,516	12	1,381,180
Statutory deposit	16	500,000	300,000	67	300,000
Total assets		**35,537,504**	**33,877,404**	**5**	**28,704,432**
Liabilities					
Insurance contract liabilities	17	9,079,468	5,728,661	58	4,652,881
Trade payables	19	1,339,091	704,169	90	363,724
Other payables	20	825,282	819,984	1	460,618
Provision for litigation	20.2b	103,000	103,000	-	-
Lease liabilities	21	-	219	-	61,923
Defined benefit obligations	22	85,645	62,981	36	49,846
Current tax liabilities	23	12,268	82,565	(85)	75,390
Total liabilities		**11,444,754**	**7,501,579**	**53**	**5,664,382**
Equity					
Authorized share capital	25	15,000,000	5,000,000	-	3,999,999
Issued and fully paid share capital	25.1	5,000,000	5,000,000	-	3,999,999
Share premium	26	729,044	729,044	-	729,044
Contingency reserve	27	2,819,655	2,547,773	11	2,068,770
Retained earnings	28	747,096	3,308,185	(77)	2,392,175
Assets revaluation reserve	29	828,773	828,773	-	752,083
Re-measurement reserve	30.2	13,244	13,244	-	18,431
Fair value reserve	30.1	13,954,938	13,948,807	-	13,079,548
Total equity		**24,092,750**	**26,375,825**	**(9)**	**23,040,050**
Total liabilities and equity		**35,537,504**	**33,877,404**	**5**	**28,704,432**

The financial statements were approved on 26 October 2021and signed on behalf of the Board of Directors

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

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

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

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

Statement of profit or loss and other comprehensive income
for the period ending September 30, 2021

In thousands of Naira	Note	9 months to 30 Sept 2021	9 months to 30 Sept 2020	3 months to 30 Sept 2021	3 months to 30 Sept 2020
Gross premium written	31	9,062,717	6,884,697	2,110,899	1,626,061
Unearned premium	32	(1,490,969)	(1,082,001)	648,765	413,453
Gross premium income	32	**7,571,748**	**5,802,696**	**2,759,664**	**2,039,514**
Reinsurance expenses	33	(3,563,318)	(2,771,292)	(1,147,235)	(1,031,310)
Net premium income		**4,008,430**	**3,031,404**	**1,612,429**	**1,008,204**
Fees and commission income	34	520,246	459,095	214,204	171,265
Net underwriting income		**4,528,676**	**3,490,499**	**1,826,633**	**1,179,469**
Net claims expenses	35	(2,637,389)	(936,666)	(751,361)	(401,951)
Underwriting expenses	36	(2,729,146)	(2,179,605)	(886,433)	(766,906)
Underwriting (Loss)/Profit		**(837,859)**	**374,228**	**188,838**	**10,612**
Investment income	37	2,116,255	1,651,325	754,034	908,770
Net fair value (loss)/gains on financial assets at fair value through profit or loss	38	(1,278,063)	962,762	59,636	166,571
Other operating income/(loss)	39	107,951	25,651	13,361	15,121
Management expenses	40	(1,834,975)	(1,488,163)	(631,138)	(490,368)
(Loss)/Profit before taxation		**(1,726,691)**	**1,525,803**	**384,732**	**610,706**
Income taxes	23	(62,516)	(400,848)	(83,630)	(36,187)
(Loss)/Profit after taxation		**(1,789,207)**	**1,124,955**	**301,102**	**574,519**
Other comprehensive income net of tax					
Items that will be reclassified subsequently to profit or loss:					
Net fair value gain/(loss) on available-for-sale financial assets	41	6,131	15,980	4,173	(148,043)
Total other comprehensive income, net of tax		6,131	15,980	4,173	(148,043)
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation		-	-	-	-
Other comprehensive (loss)/income, net of taxes		**6,131**	**15,980**	**4,173**	**(148,043)**
Total comprehensive income for the year		**(1,783,076)**	**1,140,935**	**305,275**	**426,476**
Basic and diluted earnings per share (kobo)	42	**(17.9)**	**6.9**	**3.0**	**7.2**

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

Statement of changes in equity
for the period ending September 30, 2021

In thousands of naira	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Re-measure ment reserve	Fair value reserve	Retained earnings	Total
At 1 January 2021	5,000,000	729,044	2,547,773	828,773	13,244	13,948,807	3,308,184	26,375,825
Comprehensive income								
(Loss)/Profit for the year	-	-	-	-	-	-	(1,789,207)	(1,789,207)
Other comprehensive income:								
Net fair value changes on AFS financial assets	-	-	-	-	-	6,131	-	6,131
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**6,131**	**(1,789,207)**	**(1,783,076)**
Transfer to contingency reserve	-	-	-	-	-	-	(271,882)	(271,882)
Transfer from retained earnings	-	-	271,882	-		-	-	271,882
	-	**-**	**271,882**	**-**	**-**	**-**	**(271,882)**	**-**
Transactions with owners of the Company								
Dividend paid	-	-	-	-	-	-	(500,000)	(500,000)
At 30 September 2021	**5,000,000**	**729,044**	**2,819,655**	**828,773**	**13,244**	**13,954,938**	**747,096**	**24,092,750**

Statement of changes in equity
for the period ended 30 September 2020

In thousands of naira	Share capital	Share premium	Contingency Reserve	Asset revaluation reserve	Re-measure ment reserve	Fair value reserve	Retained earnings	Total
At 1 January 2020	3,999,999	729,044	2,068,770	752,083	18,431	13,079,548	2,392,176	23,040,051
Comprehensive income								
Profit for the year	-	-	-	-	-	-	1,124,956	1,124,956
Other comprehensive income:								
Net fair value changes on AFS financial assets	-	-	-	-	-	15,980	-	15,980
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**15,980**	**1,124,956**	**1,140,936**
Transfer to contingency reserve	-	-	-	-	-	-	(224,992)	(224,992)
Transfer from retained earnings	-	-	224,992	-	-	-	-	224,992
	-	**-**	**224,992**	**-**	**-**	**-**	**(224,992)**	**-**
At 30 September 2020	**3,999,999**	**729,044**	**2,293,762**	**752,083**	**18,431**	**13,095,528**	**3,292,139**	**24,180,987**

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

Statement of cash flows
for the period ending September 30, 2021

	Note	30 Sept 2021 ₦'000	30 Sept 2020 ₦'000
Cash flows from operating activities			
Premiums received from policy holders	43(b)	8,512,463	6,542,353
Premiums received in advance	19.1	3,620	3,129
Deposit without details	20.2(a)	47,103	47,201
Reinsurance payments	43(d)	(3,052,782)	(2,345,737)
Claims paid	35	(2,641,696)	(1,648,696)
Reinsurance claim recoveries	43(c)	974,299	472,696
Salvage recovery	43(c)	22,333	19,112
Commission paid	43(e)	(2,563,167)	(1,326,301)
Maintenance expenses paid	40	(483,094)	(992,429)
Commission received	43(f)	649,783	646,915
Cash payment to and on behalf of employees	43(l)	(600,439)	(681,614)
Other operating cash payments	43(a)	(2,297,686)	(2,081,392)
Corporate tax paid	23	(132,813)	(133,883)
Net cash used in operating activities		(1,562,076)	(1,478,645)
Cash flows from Investing activities			
Purchase of properties and equipment	43(i)	(291,374)	(54,462)
Purchase of intangible assets	14	(47,759)	(4,824)
Proceeds from sale of property and equipment	43(j)	1,196	1,143
Purchase of investment securities	43(h)	(3,930,016)	(6,042,080)
Proceeds from sale of investment securities	43(h)	3,409,859	-
Proceeds from redemption	43(h)	189,214	5,251,890
Loan repayments	43(h)	40,800	-
Dividend received	37	1,307,976	832,197
Rental income received	39	6,200	4,500
Interest received	43(g)	808,279	1,696,569
Net cash from investing activities		1,494,376	1,684,933
Financing activities			
Payment of finance lease liabilities	43(k)	(219)	(25,905)
Dividend paid	28	(500,000)	-
		(500,219)	(25,905)
Net (decrease) / increase in cash and cash equivalents		(567,919)	180,383
Cash and cash equivalents at the beginning of the period		3,592,711	1,609,222
Impact of exchange difference on cash held	39	100,963	23,099
Cash and cash equivalents at end of the period	7	3,125,755	1,812,705

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

Notes to the financial statements

5. Segment reporting

Operating segments

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

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

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

September 30, 2021

Income:	**Fire**	**Accident**	**Motor**	**Marine**	**Aviation**	**Bond**	**Engineering**	**Oil & Gas**	**Agric**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Gross premium written	1,487,716	846,542	1,769,515	736,197	479,630	10,688	352,476	3,342,917	37,036	9,062,717
Net change in unearned premium	(330,702)	(138,753)	(327,693)	(30,272)	(18,940)	(2,656)	(15,820)	(607,775)	(18,359)	(1,490,971)
	1,157,014	**707,789**	**1,441,822**	**705,925**	**460,690**	**8,032**	**336,656**	**2,735,142**	**18,677**	**7,571,746**
Reinsurance Expenses	(878,397)	(475,798)	-	(277,849)	(374,534)	(5,277)	(178,653)	(1,937,347)	(13,529)	(4,141,384)
Movement in Prepaid-Reinsurance Cost	91,667	64,405	(196)	(7,989)	45,072	1,448	10,552	364,304	8,803	578,066
Re-insurance cost	(786,730)	(411,393)	(196)	(285,838)	(329,462)	(3,829)	(168,101)	(1,573,043)	(4,726)	(3,563,318)
Net premium income	**370,284**	**296,396**	**1,441,626**	**420,087**	**131,228**	**4,203**	**168,555**	**1,162,099**	**13,951**	**4,008,428**
Commision received	219,703	119,558	564	97,931	691	1,312	44,493	34,813	1,181	520,246
Net underwriting Income	**589,987**	**415,954**	**1,442,190**	**518,018**	**131,919**	**5,515**	**213,048**	**1,196,912**	**15,132**	**4,528,674**
Expenses:										
Acqusition cost	(243,837)	(173,197)	(197,485)	(198,546)	(83,335)	(1,281)	(63,394)	(601,032)	(3,035)	(1,565,142)
Gross Claims incurred	(1,636,681)	(556,308)	(652,028)	(117,677)	(148,093)	(328)	(25,750)	(1,338,492)	(3,844)	(4,479,201)
Recovery on Claims incurred	960,873	149,543	45,694	38,765	92,591	-	(21,605)	573,454	2,499	1,841,814
Net claims incurred	(675,808)	(406,765)	(606,334)	(78,912)	(55,502)	(328)	(47,355)	(765,038)	(1,345)	(2,637,387)
Maintenance expenses	(191,080)	(108,728)	(227,274)	(94,556)	(61,603)	(1,373)	(45,271)	(429,359)	(4,757)	(1,164,000)
	(866,888)	**(515,493)**	**(833,608)**	**(173,468)**	**(117,105)**	**(1,701)**	**(92,626)**	**(1,194,397)**	**(6,102)**	**(5,366,529)**
Segment underwriting profit/(loss)	**(276,901)**	**(99,539)**	**608,582**	**344,550**	**14,814**	**3,814**	**120,422**	**2,516**	**9,030**	**(837,859)**

The accounting policies of the reportable segments are the same as the Company's accounting policies.

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

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

30 Sept 2020

Income:	**Fire**	**Accident**	**Motor**	**Marine**	**Aviation**	**Bond**	**Engineering**	**Oil & Gas**		**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**-**	**N'000**
Gross premium written	1,010,555	752,240	1,281,731	536,331	411,122	5,515	401,448	2,485,755	-	6,884,697
Net change in unearned premium	(143,879)	(131,237)	(239,299)	(122,126)	(7,045)	1,015	(102,311)	(337,119)	-	(1,082,001)
	866,676	**621,003**	**1,042,432**	**414,205**	**404,077**	**6,530**	**299,137**	**2,148,636**	**-**	**5,802,696**
Reinsurance Expenses	(674,666)	(387,748)	(2,095)	(284,806)	(206,852)	(3,188)	(160,397)	(1,566,025)	-	(3,285,777)
Movement in Prepaid-Reinsurance Cost	113,723	65,824	-	86,717	(10,079)	361	6,043	251,896	-	514,485
Re-insurance cost	(560,943)	(321,924)	(2,095)	(198,089)	(216,931)	(2,827)	(154,354)	(1,314,129)	-	(2,771,292)
Net premium income	**305,733**	**299,079**	**1,040,337**	**216,116**	**187,146**	**3,703**	**144,783**	**834,507**	**-**	**3,031,404**
Commision Received	177,033	101,149	610	60,556	2,134	820	76,211	40,582	-	459,095
Net underwriting Income	**482,766**	**400,228**	**1,040,947**	**276,672**	**189,280**	**4,523**	**220,994**	**875,089**	**-**	**3,490,499**
Expenses:										
Acqusition cost	(173,864)	(140,900)	(148,329)	(111,425)	(65,852)	(1,205)	(53,080)	(492,521)	-	(1,187,176)
Gross Claims incurred	(682,874)	(248,041)	(250,306)	(65,875)	(496,573)	(1,036)	(150,220)	(141,115)	-	(2,036,040)
Recovery on Claims incurred	377,003	114,475	(1,564)	16,342	452,933	-	63,225	76,958	-	1,099,372
Net claims incurred	(305,868)	(133,566)	(251,870)	(49,533)	(43,640)	(1,036)	(86,995)	(64,157)	-	(936,665)
Maintenance expenses	(145,671)	(108,435)	(184,762)	(77,312)	(59,263)	(795)	(57,869)	(358,322)	-	(992,429)
	(625,403)	(382,901)	(584,961)	(238,270)	(168,755)	(3,036)	(197,944)	(915,000)	-	**(3,116,270)**
Segment underwriting profit/(loss)	**(142,638)**	**17,326**	**455,987**	**38,402**	**20,525**	**1,487**	**23,050**	**(39,911)**	**-**	**374,228**

Notes to the financial statements

6 Capital and Risk Management

6.1 Capital Management – Objectives, Policies and Approaches.

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

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

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

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

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

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

Analysis of shareholders funds		
In thousand of Naira	**30 Sept 2021**	**31 Dec 2020**
Total assets	35,537,504	33,877,404
Less: Total liabilites	11,444,754	7,501,579
Shareholders funds as at year end	**24,092,750**	**26,375,825**
Adjustment for non-capital items	639,968	330,011
Available capital resources	**23,452,782**	**26,045,814**
Changes in available capital	-10%	14%

The Company's available capital is based on the shareholders' equity/fund as adjusted to reflect the full economic capital base available to absorb any unexpected volatility in results of operations. Thus, available capital resources, after adjusting for non-capital assets, is N23,452,782,000 (2020: N26,045,814,000) amounting to a decrease over the comparative period.

The Minimum Capital Requirement

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

In thousands of naira	**30 Sept 2021**	**31 Dec 2020**
Total shareholders' funds	24,092,750	26,375,825
Regulatory required capital	3,000,000	3,000,000
Excess over minimum capital	21,092,750	23,375,825
Capitalisation rate	803%	879%

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

The solvency margin requirement

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

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

Notes to the financial statements

The Company's solvency margin is as follows:

	In thousands of naira	30 Sept 2021	31 Dec 2020
	Assets		
	Cash and cash equivalents	3,125,755	3,592,711
	Financial assets	10,197,318	10,837,112
	Trade receivables	610,608	63,974
	Other receivables and prepayment	153,245	73,549
	Reinsurance assets	3,681,324	2,235,746
	Deferred acquisition cost	600,013	328,812
	Property and equipment	1,505,830	1,349,516
	Statutory deposit	500,000	300,000
	Total admissible assets	**20,374,093**	**18,781,420**
	Liabilities		
	Insurance contract liabilities	9,079,468	5,728,661
	Trade payables	1,335,471	701,233
	Other payables	825,282	819,984
	Provision for litigation	-	103,000
	Defined benefit obligations	85,645	62,981
	Finance lease obligation	-	219
	Current tax liabilities	12,268	82,565
	Total admissible liabilities	**11,338,134**	**7,498,643**
	Excess of total admissible assets over admissible liabilities (solvency margin)	**9,035,959**	**11,282,777**
	Higher of (a) and (b):		
	Gross premium income	7,571,748	7,952,990
	Less: Reinsurance expense	(3,563,318)	(3,502,588)
	Net premium	4,008,430	4,450,402
(a)	**15% of net premium**	601,265	667,560
(b)	**Minimum paid up capital**	3,000,000	3,000,000
	The higher thereof:	**3,000,000**	**3,000,000**
	Excess of solvency margin over minimum capital base	**6,035,959**	**8,282,777**
	Solvency margin ratio	**301%**	**376%**

6.2 Insurance risk

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

(a) Types of insurance risk contracts

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

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

(b) Management of insurance risk

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

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

Notes to the financial statements

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

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

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

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

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

Line of business	**30 Sept 2021**			**30 Sept 2020**		
In thousands of naira	**Gross premium**	**Reinsurance**	**Net**	**Gross premium**	**Reinsurance**	**Net**
Fire	1,487,716	(786,730)	700,986	1,010,555	(560,943)	449,612
Accident	846,542	(411,393)	435,149	752,240	(321,924)	430,316
Motor	1,769,515	(196)	1,769,319	1,281,731	(2,095)	1,279,636
Marine	736,197	(285,838)	450,359	536,331	(198,089)	338,242
Aviation	479,630	(329,462)	150,168	411,122	(216,931)	194,191
Bond	10,688	(3,829)	6,859	5,515	(2,827)	2,688
Engineering	352,476	(168,101)	184,375	401,448	(154,354)	247,094
Oil & Gas	3,342,917	(1,573,043)	1,769,874	2,485,755	(1,314,129)	1,171,626
Agric	37,036	(4,726)	32,310	-	-	-
	9,062,717	**(3,563,318)**	**5,499,399**	**6,884,697**	**(2,771,292)**	**4,113,405**

(d) **Key Assumptions**

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

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

(e) **Sensitivity Analysis**

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

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

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

Line of business	**30 Sept 2021**			**31 December 2020**		
In thousands of naira	**Gross outstanding claims**	**Reinsurance recoveries**	**Net liabilities**	**Gross outstanding claims**	**Reinsurance recoveries**	**Net liabilities**
Motor	448,949	56,827	392,121	353,390	37,236	316,155
Fire	1,523,494	1,028,284	495,209	835,078	570,389	264,689
General accident	1,071,535	442,818	628,716	753,905	414,759	339,146
Engineering	188,243	96,433	91,809	409,166	312,719	96,447
Marine	139,571	36,858	102,713	97,875	29,561	68,314
Bond	31,782	33	31,749	80,330	33	80,297
Aviation	67,066	-	67,066	53,656	5,000	48,656
Oil & Gas	2,054,790	586,779	1,468,011	1,086,036	13,326	1,072,710
Agric	3,844	2,499	1,345	-	-	-
	5,529,274	**2,250,535**	**3,278,739**	**3,669,437**	**1,383,023**	**2,286,414**

Notes to the financial statements

7 Cash and cash equivalents

Cash and cash equivalents comprise:

	30 Sept 2021	31 Dec 2020
	₦'000	₦'000
Cash in hand	315	642
Balances with banks & other financial institutions (see (b) below)	3,252,860	3,719,490
	3,253,175	3,720,132
Allowance for impairment (see (a) below)	(127,421)	(127,421)
Cash and bank balance as at year end	**3,125,755**	**3,592,711**
(a) Allowance for impairment		
Balance as at the beginning of the year	127,421	127,421
Addition	-	-
Balance as at the end of the year (see '(c) below for details)	**127,421**	**127,421**

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

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

8 Financial assets

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

	30 Sept 2021	31 Dec 2020
	₦'000	₦'000
Fair value through profit or loss (note 8.1)	5,674,238	8,655,489
Available-for-sale (note 8.2)	15,159,896	14,902,515
Loans and receivables (note 8.5)	126,617	76,671
Held to maturity (note 8.6)	3,543,596	1,509,466
	24,504,347	**25,144,141**

Financial instrument classification

In thousands of Naira	30 Sept 2021 Fair Value through Profit or Loss	Available for Sale	Loans and Receivables	Held to Maturity	Total
- Listed	5,674,238	852,867	-	810,410	7,337,515
- Unlisted	-	14,307,029	-	2,733,186	17,040,215
- Other financial assets	-	-	126,617	-	126,617
	5,674,238	15,159,896	126,617	3,543,596	24,504,347
Within one year	5,674,238	-	126,617	3,543,596	9,344,451
More than one year	-	15,159,896	-	-	15,159,896
	5,674,238	15,159,896	126,617	3,543,596	24,504,347

Financial instrument classification

In thousands of Naira	31 Dec 2020 Fair Value through Profit or Loss	Available for Sale	Loans and Receivables	Held to Maturity	Total
- Listed	8,655,489	595,486	-	360,410	9,611,385
- Unlisted	-	14,307,029	-	1,149,056	15,456,085
- Other financial assets	-	-	76,671	-	76,671
	8,655,489	14,902,515	76,671	1,509,466	25,144,141
Within one year	245,328	-	42,483	627,873	915,684
More than one year	8,410,161	14,902,515	34,188	881,593	24,228,457
	8,655,489	14,902,515	76,671	1,509,466	25,144,141

8.1 Fair value through profit or loss

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

In thousands of Naira	30 Sept 2021	31 Dec 2020
Balance as at the beginning of the year	8,655,489	4,449,949
Addition during the year	1,706,672	4,679,599
Disposal during the year	(3,409,859)	(2,293,652)
	6,952,302	6,835,896
Fair value (loss)/gain	(1,278,063)	1,819,593
Balance as at the end of the year	**5,674,238**	**8,655,489**

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

Notes to the financial statements

8.2 Available for sale

Available for sale financial assets comprise:

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**	
Unquoted equities - at fair value through OCI (see (a) below)	14,243,000	14,243,000	-
Equity mutual funds	852,867	595,486	
Unquoted equities - at cost	64,029	64,029	
	15,159,896	**14,902,515**	

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

Summary of Significant Assumptions

Description	**30 Sept 2021**	**31 Dec 2020**
Growth in gross income (GI) % over the next 5 years	7	7
Operating expenses / Gross income %	30	30
Depreciation and amortization / Gross income %	2	2
Effective tax rate (Tax / Profit before tax) %	32	32
Capital expenditure / Gross income % over the next 5 years	37, 19, 33, 2, 2	37, 19, 33, 2, 2
Perpetual growth rate %	3.75	3.75
Period counts over the next 5 years	0.5, 1.5, 2.5, 3.5, 4.5	0.5, 1.5, 2.5, 3.5, 4.5
Expected market rate of return %	17.47	17.47
Risk-free rate %	7.42	7.42
Market risk premium %	10.05	10.05
Beta	1	1
Weighted average cost of capital %	17.47	17.47
Equity value of Stanbic IBTC Pension Managers Limited (see note 8.4(a))	151.392	151.392
Equity value of 11.76% holding	17.804	17.804
Illiquidity discount %	20	20
Value of Linkage Assurance PLC's equity stake	N14.243 billion	N14.243 billion

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

Sensitivity Analysis

At 30 September 2021

	Equity Value (₦ million)								
	Terminal growth rate of FCF								
		1.75%	**2.25%**	**2.75%**	**3.25%**	**3.75%**	**4.75%**	**5.25%**	**5.75%**
W A C C	**15.47%**	159,615	164,024	168,780	173,925	179,509	192,240	199,540	207,591
	15.97%	153,463	157,501	161,844	166,528	171,596	183,087	189,636	196,826
	16.47%	147,741	151,449	155,426	159,704	164,319	174,729	180,630	187,081
	16.97%	142,408	145,820	149,472	153,390	157,604	167,068	172,406	178,219
	17.47%	137,425	140,572	143,934	147,532	151,392	160,022	164,867	170,126
	17.97%	132,760	135,670	138,771	142,083	145,628	153,521	157,934	162,707
	18.47%	128,384	131,080	133,947	137,003	140,266	147,506	151,536	155,884
	18.97%	124,272	126,774	129,431	132,256	135,267	141,924	145,616	149,588
	19.47%	120,402	122,728	125,194	127,811	130,596	136,731	140,123	143,761

At 31 December 2020

	Equity Value (N million)								
	Terminal growth rate of FCF								
		1.75%	**2.25%**	**2.75%**	**3.25%**	**3.75%**	**4.75%**	**5.25%**	**5.75%**
W A C C	**15.47%**	159,615	164,024	168,780	173,925	179,509	192,240	199,540	207,591
	15.97%	153,463	157,501	161,844	166,528	171,596	183,087	189,636	196,826
	16.47%	147,741	151,449	155,426	159,704	164,319	174,729	180,630	187,081
	16.97%	142,408	145,820	149,472	153,390	157,604	167,068	172,406	178,219
	17.47%	137,425	140,572	143,934	147,532	151,392	160,022	164,867	170,126
	17.97%	132,760	135,670	138,771	142,083	145,628	153,521	157,934	162,707
	18.47%	128,384	131,080	133,947	137,003	140,266	147,506	151,536	155,884
	18.97%	124,272	126,774	129,431	132,256	135,267	141,924	145,616	149,588
	19.47%	120,402	122,728	125,194	127,811	130,596	136,731	140,123	143,761

Notes to the financial statements

8.5 Loans and receivables

In thousands of Naira	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Due from third parties (see note a below)	204,070	163,270
Loan to staff	27,406	31,919
Loan to policy holders	13,655	13,655
Ex-staff loans	38,530	44,755
	283,661	**253,599**
Allowance for impairment (note 8.5b)	(157,044)	(176,928)
	126,617	**76,671**

(a) Breakdown of Due from third parties

Name of third parties *In thousand of Naira*	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Lease Fin. - Olumegbon	297	297
Tsf Fin. - Lease Fin.	927	927
Pine Hill Leasing	64,795	35,508
Lease-Glc Resources	4,374	4,374
Aquila Leasing Ltd.	83,090	71,577
Konikolo Trust Fund	49,087	49,087
Sunfair Comm. Prod. Ltd	1,500	1,500
Total	**204,070**	**163,270**

(b) Impairment allowance

In thousands of Naira	30 Sept 2021	31 Dec 2020
Balance at the beginning of the year	(176,928)	(127,764)
Movement during the period	19,884	(49,164)
Balance at the end of the year	**(157,044)**	**(176,928)**

Loans and receivables are measured at amortised cost using the effective interest rate. The effective interest rate for the purpose of staff loan valuation is the applicable market lending rates at the time of availment. The impairment allowance of N157 million consists of N107.9 million impairment on due from third parties, N13.65 million on Loans to policy holders and N35.5 million on ex-staff loans.

(c) The movement in loans and receivables during the year was as follows:

In thousands of Naira	30 Sept 2021	31 Dec 2020
Balance as at 1 January	253,599	381,070
Additions during the year	40,800	18,877
Disposal during the year	(10,738)	(146,348)
	283,661	253,599
Impairment loss	(157,044)	(176,928)
Balance as at the end of the period	126,617	76,671

8.6 Held to maturity

In thousands of Naira	30 Sept 2021	31 Dec 2020
Balance at the beginning of the year	1,520,658	5,263,082
Redemption/Repayment during the year	(189,214)	(5,251,890)
Additions during the period	2,223,344	1,509,466
	3,554,788	**1,520,658**
Impairment loss	(11,192)	(11,192)
Balance at the end of the year	**3,543,596**	**1,509,466**

9 Trade receivables

In thousands of Naira	30 Sept 2021	31 Dec 2020
Due from broker	610,608	63,974
	610,608	**63,974**

9.1 Analysis of debtors in days

In thousands of Naira	30 Sept 2021	31 Dec 2020
Within 30 days	610,608	63,974
	610,608	**63,974**

10 Reinsurance assets

In thousands of Naira	30 Sept 2021	31 Dec 2020	Changes during the
Prepaid reinsurance (note 10(a))	1,430,789	852,723	578,066
Reinsurance recoverable on outstanding claims (note 10(b))	2,106,521	1,239,009	867,512
Due from Reinsurers (see note (i) below)	97,591	210,174	(112,583)
Reinsurance projection on IBNR (note 10(c))	144,014	144,014	-
	3,778,915	**2,445,920**	**1,332,995**

Notes to the financial statements

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

(a) Movement in prepaid reinsurance costs

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**
Balance at the beginning of the year	852,723	615,645
Additions during the year	4,141,384	3,739,666
Reinsurance expense in the year (see note 33.1)	(3,563,318)	(3,502,588)
Balance at the end of the year	**1,430,789**	**852,723**

(b) Movement in reinsurance recoverable on outstanding claims

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**
Balance at the beginning of the year	1,239,009	429,637
Recoveries during the year (see note 17.1(a))	867,512	809,372
Balance at the end of the year	**2,106,521**	**1,239,009**

(c) Movement in reinsurance recoverable on IBNR projection

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**
Balance at the beginning of the year	144,014	150,873
Changes during the year (see note 17.1(c))	-	(6,859)
Balance at the end of the year	**144,014**	**144,014**

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

10.1 Breakdown of prepaid reinsurance is as follows:

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**
Motor	-	196
Fire	326,454	234,787
General accident	178,639	114,235
Engineering	98,120	87,567
Marine	128,568	136,557
Bond	2,071	624
Aviation	72,264	27,192
Agric	8,803	-
Oil & Gas	615,869	251,565
	1,430,789	**852,723**

11 Deferred acquisition cost

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

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**
Motor	95,552	57,777
Fire	121,453	63,870
Accident	63,642	37,421
Engineering	34,465	27,600
Marine	43,452	36,540
Bond	490	200
Aviation	18,252	11,505
Oil & Gas	219,326	93,899
	600,013	**328,812**

11.2 Movement in the deferred acquisition costs

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**
Balance at the beginning of the year	328,812	262,550
(Decrease) / increase during the year (see note 36.1)	271,201	66,262
Balance at the end of the year	**600,013**	**328,812**

12 Other receivables and prepayments

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**
Prepayments (see (a) below)	465,954	328,520
Other receivables (see (b) below)	258,729	178,822
	724,683	507,342
Allowance for impairment	(2,602)	(6,211)
	722,081	**501,131**

(a) Prepayments

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**
Prepaid staff benefits	153,245	73,549
Deposits with stock broker	2,602	2,602
Prepaid rent	55,865	46,808
Other prepaid expenses	254,242	205,561
	465,954	**328,520**

Notes to the financial statements

(b) Other receivables

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**
Withholding tax recoverable	239,362	111,004
Sundry receivables (see (i) below)	19,367	67,818
	258,729	178,822
Allowance for impairment (see (ii) below)	(2,602)	(6,211)
	256,127	**172,611**

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

(ii) The impairment allowance of N2.6 million represents impairment on deposits with stock brokers.

13 Investment properties

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

S/N	**Location of asset**	**Carrying amount as at 1 January 2021**	**Additions**	**Disposals**	**Reclassification**	**Fair value gain/(loss)**	**Carrying amount as at 30 September 2021**
		N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
1	No. 9C Shekinah Green Estate, Apo District, Abuja.	75,000	-	-	-	-	75,000
2	No. 11C Shekinah Green Estate, Apo District, Abuja.	75,000	-	-	-	-	75,000
		150,000	-	-	-	-	150,000

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

(b) Reconciliation of carrying amount

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**
Balance at the beginning of the year	150,000	150,000
Balance at the end of the year	**150,000**	**150,000**

(c) Measurement of fair values

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

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**
Level 1	-	-
Level 2	-	-
Level 3	150,000	150,000
	150,000	**150,000**

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property as at 31 December 2020, as well as the significant unobservable inputs used.

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

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

14 Intangible assets

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**
Cost		
Balance at the beginning of the year	67,147	67,147
Addition during the year	47,759	-
Balance at the end of the year	**114,906**	**67,147**
Accumulated Amortisation		
Balance at the beginning of the year	65,948	59,828
Charge for the year	9,002	6,120
Balance at the end of the year	74,951	65,948
Net Book Value		
Balance at the end of the year	**39,955**	**1,199**

Notes to the financial statements

15 Property and equipment

30 September 2021

In thousands of Naira	Land	Buildings	Motor Vehicles	Office furniture & fittings	Office Machinery & Equipment	Building (Work in progress)	Total
Cost/valuation							
At 1 January 2021	847,420	287,817	581,711	153,924	376,237	85,861	2,332,970
Additions	-	-	272,240	4,689	14,445	-	291,374
Disposal	-	-	-	(2,396)	(159,100)	-	(161,495)
30 September 2021	847,420	287,817	853,951	156,217	231,582	85,861	2,462,848
Accumulated depreciation							
At 1 January 2021	-	89,837	452,187	140,572	300,858	-	983,454
Charge for the year	-	3,528	100,800	4,628	24,949	-	133,906
Disposal	-	-	-	(2,342)	(158,000)	-	(160,341)
30 September 2021	-	93,366	552,986	142,859	167,807	-	957,018
Net book value							
30 September 2021	847,420	194,452	300,964	13,359	63,775	85,861	1,505,830
At 31 December 2020	847,420	197,980	129,524	13,352	75,379	85,861	1,349,516

Property and equipment
At 31 December 2020

In thousands of Naira	Land	Buildings	Motor Vehicles	Office furniture & fittings	Office Machinery & Equipment	Building (Work in progress)	Total
Cost/valuation							
At 1 January 2020	757,200	291,392	629,511	145,751	330,428	105,136	2,259,418
Additions	-	920		8,173	48,684	-	57,777
Disposal	-	-	(47,800)		(2,875)	-	(50,675)
Revaluation loss	-	(4,495)	-	-	-	(19,275)	(23,770)
Revaluation gain	90,220	-	-	-	-	-	90,220
At 31 December 2020	847,420	287,817	581,711	153,924	376,237	85,861	2,332,970
Accumulated depreciation							
At 1 January 2020	-	82,083	388,009	133,171	274,975	-	878,238
Charge for the year	-	7,754	107,603	7,401	27,776	-	150,534
Disposal	-	-	(43,425)	-	(1,893)	-	(45,318)
At 31 December 2020	-	89,837	452,187	140,572	300,858	-	983,454
Net book value							
At 31 December 2020	847,420	197,980	129,524	13,352	75,379	85,861	1,349,516
At 31 December 2019	757,200	209,309	241,502	12,580	55,453	105,136	1,381,180

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

Class of PPE	30 September 2021			31 December 2020		
In thousands of Naira	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Land	-	-	847,420	-	-	847,420
Building	-	-	194,452	-	-	197,980
Building (work in progress)	-	-	85,861	-	-	85,861
	-	-	1,127,733	-	-	1,131,261

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

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

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

c) The Company had no capital commitments as at the reporting date (December 2020: nil)

d) There was no item of property and equipment that has been pledged as security for borrowings as at the period ended 30 June 2021 (December 2020: nil)

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

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

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

Notes to the financial statements

16 Statutory deposit

	30 Sep 2021	31 Dec 2020
	₦'000	₦'000
Statutory deposit with CBN	500,000	300,000

The statutory deposit represents the Company's deposit with the Central Bank of Nigeria in compliance with the Insurance Act of Nigeria. The amount is not available for the day-to-day funding operations of the Company. It is therefore regarded as restricted cash. Subsequent to year end, a deposit of N200 million was made by the Company to the Central Bank of Nigeria on 7 January 2021 to increase its statutory deposit from N300 million to N500 million.

17 Insurance contract liabilities

	30 Sep 2021	31 Dec 2020
	₦'000	₦'000
Provision for claims reported by policyholders (note 17.1(a))	4,592,677	2,774,646
Provision for IBNR (note 17.1(c))	936,597	894,791
Outstanding claims provision	5,529,274	3,669,437
Provision for unearned premium (note 17.2)	3,550,194	2,059,224
Total insurance contract liabilities	**9,079,468**	**5,728,661**

17.1 Analysis of claims reserve based on nature

	30 Sep 2021			31 Dec 2020		
In thousands of Naira	Gross claims	Reinsurance	Net	Gross claims	Reinsurance	Net
Reported claims (see (a) below)	4,592,677	2,106,521	2,486,156	2,774,646	1,239,009	1,535,637
IBNR (see (c) below)	936,597	144,014	792,583	894,791	144,014	750,777
	5,529,274	**2,250,535**	**3,278,739**	**3,669,437**	**1,383,023**	**2,286,414**

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

	30 Sep 2021			31 Dec 2020		
In thousands of Naira	Reported claims	Reinsurance	Net	Reported claims	Reinsurance	Net
Balance at the beginning of the year	2,774,646	1,239,009	1,535,637	2,267,862	429,637	1,838,225
Movement during the year	1,818,031	867,512	950,519	506,784	809,372	(302,588)
Balance at the end of the year	**4,592,677**	**2,106,521**	**2,486,156**	**2,774,646**	**1,239,009**	**1,535,637**

Analysis of outstanding claims per class of business:

	30 Sep 2021			31 Dec 2020		
(b) *In thousands of Naira*	Gross Outstanding claims	Reinsurance recoveries	Net	Gross Outstanding claims	Reinsurance recoveries	Net
Motor	288,896	47,015	241,881	200,482	27,423	173,059
Fire	1,385,883	960,589	425,294	703,609	502,694	200,915
General accident	967,828	411,159	556,669	654,828	383,100	271,728
Engineering	122,952	69,692	53,260	346,789	285,978	60,811
Marine	110,085	30,002	80,083	69,706	22,705	47,001
Bond	24,438	-	24,438	73,315	-	73,315
Aviation	44,226	-	44,226	31,835	5,000	26,835
Oil & Gas	1,644,524	585,561	1,058,962	694,082	12,108	681,974
Agric	3,844	2,499	1,345			
	4,592,677	**2,106,521**	**2,486,156**	**2,774,646**	**1,239,009**	**1,535,637**

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

	30 Sep 2021			31 Dec 2020		
In thousands of Naira	IBNR claims	Reinsurance	Net	IBNR claims	Reinsurance	Net
At the beginning of the year	894,791	144,014	750,777	704,646	150,873	553,773
Movement during the year	41,806	-	41,806	190,145	(6,859)	197,004
At the end of the year	**936,597**	**144,014**	**792,583**	**894,791**	**144,014**	**750,777**

Analysis of IBNR claims per class of business:

	30 Sep 2021			31 December 2020		
In thousands of Naira	IBNR claims	Reinsurance recoveries	Net	IBNR claims	Reinsurance recoveries	Net
Motor	160,052	9,812	150,240	152,908	9,812	143,096
Fire	137,611	67,695	69,916	131,469	67,695	63,774
General accident	103,706	31,659	72,047	99,077	31,659	67,418
Engineering	65,291	26,741	38,550	62,377	26,741	35,636
Marine	29,486	6,856	22,630	28,169	6,856	21,313
Bond	7,343	33	7,310	7,015	33	6,982
Aviation	22,840	-	22,840	21,821	-	21,821
Oil & Gas	410,267	1,218	409,049	391,955	1,218	390,737
	936,597	**144,014**	**792,583**	**894,791**	**144,014**	**750,777**

The Liability Adequacy Test (LAT) as at 31 December 2020 was carried out by EY Nigeria, a firm of certified actuaries with FRC number FRC/2012/00000000339. The valuation report was signed by O.O Okpaise with FRC number FRC/2012/NAS/00000000738.

Notes to the financial statements

17.2 Breakdown of unearned premium per class of business:

	30-Sep-21			31-Dec-20		
In thousands of Naira	**Unearned Premium**	**Prepaid Reinsurance**	**Net**	**Unearned Premium**	**Prepaid Reinsurance**	**Net**
Motor	881,649	-	881,649	553,956	196	553,760
Fire	677,876	326,454	351,422	347,175	234,787	112,388
General accident	347,626	178,639	168,986	208,873	114,235	94,637
Engineering	185,216	98,120	87,096	169,395	87,567	81,828
Marine	241,511	128,568	112,943	211,240	136,557	74,683
Bond	3,811	2,071	1,739	1,155	624	531
Aviation	96,822	72,264	24,558	77,882	27,192	50,690
Oil & Gas	1,097,324	615,869	481,455	489,549	251,565	237,984
Agric	18,359	8,803	9,556	-	-	-
	3,550,194	**1,430,789**	**2,119,405**	**2,059,224**	**852,723**	**1,206,501**

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

	30-Sep-21			31-Dec-20		
In thousands of Naira	**Unexpired Risk reserve**	**Reinsurance**	**Net**	**Unexpired Risk reserve**	**Reinsurance**	**Net**
Balance at the beginning of the year	2,059,224	852,723	1,206,501	1,680,373	615,645	1,064,728
Premium written in the year	9,062,717	4,141,384	4,921,333	8,331,841	3,739,666	4,592,175
Premium earned during the year	(7,571,747)	(3,563,318)	(4,008,429)	(7,952,990)	(3,502,588)	(4,450,402)
Balance at the end of the year	**3,550,194**	**1,430,789**	**2,119,405**	**2,059,224**	**852,723**	**1,206,501**

	30-Sep-21			31-Dec-20		
In thousands of Naira	**Unexpired Risk reserve**	**Reinsurance**	**Net**	**Unexpired Risk reserve**	**Reinsurance**	**Net**
Unexpired risk reserve	2,059,224	852,723	1,206,501	1,680,373	615,645	1,064,728
Additional unexpired risk reserve	1,490,969	578,066	912,903	378,851	237,078	141,774
Balance at the end of the year	**3,550,194**	**1,430,789**	**2,119,405**	**2,059,224**	**852,723**	**1,206,501**

18 Hypothecation

	30-Sep-21			31-Dec-20		
In thousands of Naira	**Insurance fund**	**Shareholders fund**	**Total**	**Insurance fund**	**Shareholders fund**	**Total**
Assets						
Cash and cash equivalents	2,775,755	350,000.00	3,125,755	3,242,711	350,000	3,592,711
Financial assets	6,380,715	18,123,632	24,504,347	1,509,466	23,634,675	25,144,141
Reinsurance assets	3,778,915	-	3,778,915	2,445,920	-	2,445,920
Deferred acquisition cost	-	600,013	600,013	-	328,812	328,812
Other receivables and prepayments	-	722,081	722,081	-	501,131	501,131
Investment properties	-	150,000	150,000	-	150,000	150,000
Intangible assets	-	39,955	39,955	-	1,199	1,199
Property and equipment	-	1,505,830	1,505,830	-	1,349,516	1,349,516
Statutory deposit	-	500,000	500,000	-	300,000	300,000
Total assets	12,935,385	21,991,511	34,926,896	7,198,097	26,615,333	33,813,430
Liabilities						
Insurance contract liabilities	9,079,468	-	9,079,468	5,728,661	-	5,728,661
Trade payables	-	1,339,091	1,339,091	-	704,169	704,169
Other payables	-	825,282	825,282	-	819,984	819,984
Finance lease obligations	-	-	-	-	219	219
Defined benefit obligations	-	85,645	85,645	-	62,981	62,981
Income tax liabilities	-	12,268	12,268	-	82,565	82,565
Total liabilities	9,079,468	2,262,286	11,341,754	5,728,661	1,669,918	7,398,579
GAP	3,855,917	19,729,225	23,585,141	1,469,436	24,945,414	26,414,851

Notes to the financial statements

19 Trade payables

	30 Sept 2021	31 Dec 2020
	₦'000	₦'000
Insurance payables (note 19.1)	1,339,091	704,169
	1,339,091	**704,169**

19.1 Insurance payables

	30 Sept 2021	31 Dec 2020
	₦'000	₦'000
Commission payables to brokers	146,160	96,037
Premium received in advance	3,620	2,936
Due to re-insurers (see 'a' below)	1,088,602	504,926
Other payables to agents and brokers	100,709	100,270
	1,339,091	**704,169**

Movement in insurance payables

	30 Sept 2021	31 Dec 2020
	₦'000	₦'000
Balance at the beginning of the year	704,169	363,724
Addition in the year	634,922	340,445
Balance at the end of the year	**1,339,091**	**704,169**

(a) This is a payable to reinsurance companies as at 30 September 2021 (2020:N505m).

20 Other payables

	30 Sept 2021	31 Dec 2020
	₦'000	₦'000
Due to Auditors	12,969	25,000
NAICOM levy	90,627	83,318
Expenses payable (see note 20.1)	151,519	296,506
Deferred commission revenue (see (a) below)	240,003	175,234
Other payables (see note 20.2a)	330,164	239,926
Provision (see note 20.2b)	103,000	103,000
	928,282	**922,984**

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

	30 Sept 2021	31 Dec 2020
	₦'000	₦'000
Deferred commission income as at 1 January	175,234	108,373
Fees and commission received during the year	640,896	656,162
Fees and commission earned during the year (see note 34.2)	(576,127)	(589,301)
Deferred commission income at the end of the period	240,003	175,234

20.1 Expenses payable

	30 Sept 2021	31 Dec 2020
	₦'000	₦'000
Expenses accrued (see (i) below)	151,519	296,506
	151,519	**296,506**

(i) This represents expenses incurred during the year by the Company but for which bills/invoices have not been received from vendors as at 30 September 2021.

20.2 Other liabilities

(a) Other payables

	30 Sept 2021	31 Dec 2020
	₦'000	₦'000
Travel insurance	975	975
National Housing Fund (NHF)	1,350	1,025
Pension for Life agents/Company	5,585	603
Deposit without details (see (c) below)	47,103	217,086
Sundry payables	275,151	20,237
	330,164	**239,926**

Notes to the financial statements

(b) Provisions

	30 Sept 2021	31 Dec 2020
	₦'000	₦'000
Provision for litigation (see (i) below)	103,000	103,000

(i) Included in provision for litigation is a provision of N100 million which represents estimated outflow from a judgment delivered against the Company during the year. The case is being handled by Hybrid Solicitors with FRC number FRC/2021/00000013862; and solicitor's response was duly signed by Adepate Demilade with FRC number FRC/2021/002/00000022694.

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

21 Finance lease obligation

The Company leased four motor vehicles under finance lease during the year. The average lease term is 3 years. The Company has the option to purchase the motor vehicles for a nominal amount at the end of the lease term. The Company's obligation under finance leases are secured by the lessor's title to the leased assets.

The interest rate underlying the obligation under finance lease is fixed at 23% per annum in line with the terms of the lease contract.

	Future minimum lease payments		Interest		Present value of future minimum lease payments	
	30 Sept 2021	**31 Dec 2020**	**30 Sept 2021**	**31 Dec 2020**	**30 Sept 2021**	**31 Dec 2020**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Not later than one year	-	-	-	219	-	219
	-	**-**	**-**	**219**	**-**	**219**

22 Defined benefit obligations

	Defined benefit liability		**Fair value of plan assets**		**Defined benefit liability / (asset)**	
	30 Sept 2021	**31 Dec 2020**	**30 Sept 2021**	**31 Dec 2020**	**30 Sept 2021**	**31 Dec 2020**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At the beginning of the year	161,560	141,078	(98,579)	(91,232)	62,981	49,846
Current service cost	-	29,573	-	-	-	29,573
Interest cost (income)	-	18,413	-	(15,683)	-	2,730
Benefits paid by the employer	22,808	(32,691)	(145)	-	22,663	(32,691)
- Assumptions	-	20,667	-	8,336	-	29,003
- Experience	-	(15,480)	-	-	-	(15,480)
At the end of the year	**184,368**	**161,560**	**(98,724)**	**(98,579)**	**85,645**	**62,981**

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

Actuarial valuation of the defined benefit obligation was carried out by Ernst & Young (acquirers of HR Nigeria Limited, who carried out the previous actuarial valuation as at 31 December 2020) with FRC number FRC/2012/NAS/00000000738.

23 Income tax liabilities

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**
At the beginning of the period	82,565	75,390
Charge for the year (note 23.1)	62,516	45,370
Back duty assessment	-	95,687
Payment during the period	(132,813)	(133,882)
At the end of the period	**12,268**	**82,565**

23.1 Tax charge

In thousands of Naira	**30 Sept 2021**	**31 Dec 2020**
Income tax (CIT)	62,516	45,370
Current income tax	62,516	45,370
	62,516	**45,370**

24 Deferred taxation

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

Notes to the financial statements

		30 Sept 2021	31 Dec 2020
25	**Share capital**	**₦'000**	**₦'000**
	Authorized - ordinary shares of 50k each (30,000,000,000 units)	**15,000,000**	**15,000,000**
25.1	**Issued and fully paid**	**30 Sept 2021**	**31 Dec 2020**
	Authorised - ordinary shares of 50k each (10,000,000,000 units)	**₦'000**	**₦'000**
	At the beginning of the year	**5,000,000**	**3,999,999**
	Additions	-	1,000,000
	Recognition of share fractions	-	1
	At the end of the year	**5,000,000**	**5,000,000**

		30 Sept 2021	31 Dec 2020
26	**Share premium**	**₦'000**	**₦'000**
	At the end of the year	**729,044**	**729,044**

		30 Sept 2021	31 Dec 2020
27	**Contingency reserve**	**₦'000**	**₦'000**
	At the beginning of the year	2,547,773	2,068,770
	Transfer from retained earnings (see Note 28)	271,882	479,002
	At the end of the year	**2,819,655**	**2,547,773**

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

		30 Sept 2021	31 Dec 2020
28	**Retained earnings**	**₦'000**	**₦'000**
	At the beginning of the year	3,308,185	2,392,175
	(Loss)/Profit for the year	(1,789,207)	2,395,012
	Transfer to contingency reserve (see Note 27)	(271,882)	(479,002)
	Bonus share issue	-	(1,000,000)
	Cash dividend	(500,000)	-
	At the end of the year	**747,096**	**3,308,185**

		30 Sept 2021	31 Dec 2020
29	**Assets revaluation reserve**	**₦'000**	**₦'000**
	Balance as at 31 December	**828,773**	**828,773**

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

30 Other reserves

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

		30 Sept 2021	31 Dec 2020
30.1	**Fair value reserve**	**₦'000**	**₦'000**
	Balance as at 31 December	**13,954,938**	**13,948,807**

		30 Sept 2021	31 Dec 2020
30.2	**Re-measurement reserve**	**₦'000**	**₦'000**
	Balance as at 31 December	**13,244**	**13,244**

Notes to the financial statements

31 Gross premium written

	30 Sept 2021	30 Sept 2020
	₦'000	**₦'000**
Direct premium (note 31.1)	8,846,063	6,640,711
Inward premium (note 31.1)	216,654	243,986
	9,062,717	**6,884,697**

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

30 Sept 2021	**Direct premium**	**Inward premium**	**Total**
	₦'000	**₦'000**	**₦'000**
Fire	1,441,262	46,454	1,487,716
Accident	818,208	28,334	846,542
Motor	1,710,186	59,329	1,769,515
Marine	673,726	62,471	736,197
Aviation	473,713	5,917	479,630
Bond	10,688	-	10,688
Engineering	342,930	9,546	352,476
Oil & Gas	3,338,638	4,279	3,342,917
Agric	36,712	324	37,036
	8,846,063	**216,654**	**9,062,717**

30 Sept 2020	**Direct premium**	**Inward premium**	**Total**
	₦'000	**₦'000**	**₦'000**
Fire	985,203	25,352	1,010,555
Accident	732,374	19,866	752,240
Motor	1,216,916	64,815	1,281,731
Marine	475,430	60,901	536,331
Aviation	394,750	16,372	411,122
Bond	5,515	-	5,515
Engineering	398,596	2,852	401,448
Oil & Gas	2,431,927	53,828	2,485,755
	6,640,711	**243,986**	**6,884,697**

32 Gross premium income

	30 Sept 2021	30 Sept 2020
	₦'000	**₦'000**
Gross premium written (note 31)	9,062,717	6,884,697
Changes in reserve for unexpired risks (note 17.2)	(1,490,969)	(1,082,001)
	7,571,748	**5,802,696**

33 Reinsurance expenses	**3,563,318**	**2,771,292**

33.1 Premium ceded to reinsurance:

	30 Sept 2021	30 Sept 2020
	₦'000	**₦'000**
Reinsurance premium (Treaty)	3,420,357	2,788,396
Facultative outwards	721,027	497,381
Total reinsurance cost (see (a) below)	**4,141,384**	**3,285,777**
Decrease in prepaid reinsurance	(578,066)	(514,485)
	3,563,318	**2,771,292**
(a) Local and foreign reinsurance premium		
Reinsurance premium - local	2,642,725	1,924,136
Reinsurance premium - foreign	1,498,659	1,361,641
	4,141,384	**3,285,777**

Notes to the financial statements

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

	30 Sept 2021	30 Sept 2020
	₦'000	₦'000
Fire	786,730	560,943
Accident	411,393	321,924
Motor	196	2,095
Marine	285,838	198,089
Aviation	329,462	216,931
Bond	3,829	2,827
Engineering	168,101	154,354
Oil & Gas	1,573,043	1,314,129
Agric	4,726	-
	3,563,318	**2,771,292**

34 Fees and commission income	**520,246**	**459,095**

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

	30 Sept 2021	30 Sept 2020
	₦'000	₦'000
Fire	219,703	177,033
Accident	119,558	101,149
Motor	564	610
Marine	97,931	60,556
Aviation	691	2,134
Bond	1,312	820
Engineering	44,493	76,211
Agric	1,181	-
Oil & Gas	34,813	40,582
	520,246	**459,095**

34.2 Breakdown of fees and commission income is as follows:

	30 Sept 2021	30 Sept 2020
	₦'000	₦'000
Lead underwriting commission	6,380	37,569
Reinsurance commission (Note 20(a))	576,127	499,899
Profit Comm. & Comm. Adjustment	2,507	15,537
Changes in deferred commission revenue	(64,768)	(93,910)
	520,246	**459,095**

35 Net claims expenses	**30 Sept 2021**	**30 Sept 2020**
	₦'000	₦'000
Gross claims paid	2,641,696	1,648,696
Movement in IBNR reserve (see note 17.1(c))	41,806	113,946
Movement in reserve for outstanding claims	1,818,031	292,504
Gross claims incurred	**4,501,533**	**2,055,146**
Salvage recovery	(22,333)	(19,112)
Claims recovered and recoverable from reinsurers (see (a) below)	(1,841,811)	(1,099,368)
	2,637,389	**936,666**

a) Analysis of claims recovered and recoverable from reinsurers	**30 Sept 2021**	**30 Sept 2020**
	₦'000	₦'000
Reinsurance claims recoveries (see note 43c)	974,299	472,696
Change in re-insurance recoverable (see note 10b)	867,512	626,672
	1,841,811	**1,099,368**

Notes to the financial statements

36 Underwriting expenses

	30 Sept 2021	30 Sept 2020
	₦'000	₦'000
Acquisition expenses (note 36.1)	2,246,052	1,187,176
Maintenance expenses (note 36.2)	483,094	992,429
	2,729,146	**2,179,605**

36.1 Analysis of acquisition expenses

	30 Sept 2021	30 Sept 2020
	₦'000	₦'000
Commission expense	1,588,435	1,140,661
Business acquisition cost	928,818	222,824
Movement in deferred acquisition cost (see note 11.2)	(271,201)	(176,309)
	2,246,052	**1,187,176**

36.2 Analysis of maintenance expenses

	30 Sept 2021	30 Sept 2020
	₦'000	₦'000
Staff costs (see note 40)	270,730	349,943
Directors' emoluments (see note 40)	30,689	23,960
Retirement benefit cost (see note 40)	39,947	24,096
Other operating expenses (note 40)	141,728	594,430
	483,094	**992,429**

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

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

37 Investment income

	30 Sept 2021	30 Sept 2020
	₦'000	₦'000
Dividend income (see note 37a)	1,307,976	832,197
Interest income (See note 37b)	808,279	819,128
Investment income for hypothecation	**2,116,255**	**1,651,325**

37a Breakdown of Dividend Income

	₦'000	₦'000
United Bank for Africa Plc	17,358	5,156
MTN Nigeria Communication Plc	14,942	10,356
Guaranty Trust Bank Plc	59,754	43,536
Zenith Bank Plc	84,940	94,494
Stanbic IBTC Pension Managers	1,095,295	649,059
Others	35,687	29,596
	1,307,976	832,197

Notes to the financial statements

37b Breakdown of Interest Income

	₦'000	
Interests from Placement with Banks and Financial Institutions	113,897	174,678
Interest income from Treasury Bills	2,071	77,044
Interest income from FGN Bonds	442,496	418,695
Interest income from State Bonds	43,755	94,247
Interest income from Corporate bonds	34,333	54,464
Promissory note	28,269	-
Coupon from Deluxe Residence Ltd.	5,958	-
Discount amortized on 8.625% FBN	43	-
Coupon from sokoto structured debt note	27,188	-
Interest from apel asset	21,471	-
Interest from platform capital	37,683	-
Commercial paper	14,859	-
Commission from FGN Bond	735	-
Coupon from Chapel Hill (NREIT)	990	-
Coupon from Chapel Hill (NIDF)	13,995	-
Interest from suntrust oil	20,534	-
	808,279	819,128

37.1 Hypothecation of investment income

	30 Sept 2021	30 Sept 2020
	₦'000	₦'000
Investment income that relate to policyholders (note 37.2)	113,897	129,992
Investment income that relate to shareholders (note 37.3)	2,002,358	2,443,460
	2,116,255	**2,573,452**

37.2 Investment income that relate to policy holders

	30 Sept 2021	30 Sept 2020
	₦'000	₦'000
Income from money market	113,897	129,992
	113,897	**129,992**

37.3 Investment income that relate to shareholders

	30 Sept 2021	30 Sept 2020
	₦'000	₦'000
Dividend income	1,307,976	832,197
Income from money market	2,071	999,171
Income from bonds	520,584	567,406
Other investment income	171,727	44,686
	2,002,358	**2,443,460**

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

	30 Sept 2021	30 Sept 2020
	₦'000	₦'000
Fair value change on FVTPL securities ((see (a) below)	**(1,278,063)**	**962,762**

(a) Breakdown of Fair value changes on FVTPL securities

	₦'000	
FV Gain/Loss on FGN Bonds	(989,428)	805,349
FV Gain/Loss on State Bonds	(116,527)	82,569
FV Gain/Loss on Corporate Bonds	(38,131)	34,209
FV Gain on Equity Investment	18,856	40,635
Disposal of Zenith Bank Plc Shares	(69,453)	-
Disposal of 9.25% Seplat April 2023 Eurobond	(2,366)	-
Fair value gain on 14.20% FGN MAR 2024	(1,622)	-
Net Disposal gain of 20,000,000 units UBA Plc Shares	(635)	-
Fair value loss on 7.696% Eurobond Feb 2038	(3,599)	-
Fair value loss on 13.98% Eurobond Feb 2028	2,170	-
Loss on Disposal on Investment	(77,327)	-
	(1,278,063)	962,762

Notes to the financial statements

39 Other operating (loss)/income (net)

	30 Sept 2021	30 Sept 2020
	₦'000	₦'000
Sundry income	746	2,256
Gain on sale of property & equipment	42	(4,204)
Exchange gains	100,963	23,099
Rental income	6,200	4,500
	107,951	**25,651**

40 Maintenance and management expenses

Maintenance and management expenses comprise:

	30 Sept 2021		30 Sept 2020	
In thousands of Naira	Maintenance Expenses	Management Expenses	Maintenance Expenses	Management Expenses
Staff cost	270,730	406,094	349,943	524,914
Director emoluments	30,689	46,033	23,960	35,940
Pension contribution	10,092	15,137	10,137	15,206
Retirement benefits	29,856	44,783	13,959	20,938
Outsourcing cost	44,363	66,544	41,930	62,896
Advertising & publicity	4,418	6,627	4,375	6,562
Marketing expenses	9,139	13,708	8,379	12,569
Medical	14,564	21,847	14,480	21,720
Staff training & development	16,016	24,024	5,864	8,795
Corporate Expense	53,228	-	519,402	-
AGM expenses	-	13,500	-	11,250
Bank charges	-	31,704	-	29,615
Computer consumables	-	-	-	115
Depreciation & amortisation	-	143,760	-	125,673
Diesel and fuel	-	45,380	-	38,582
Entertainment	-	571	-	1,077
Industrial training fund	-	13,900	-	9,557
Insurance expenses	-	15,731	-	17,040
Insurance supervision fee	-	102,082	-	83,667
Legal and secretarial expenses	-	21,780	-	13,003
Retail agents expenses	-	21,007	-	21,261
Lighting & heating	-	10,183	-	4,971
Maintenance expense	-	111,130	-	86,815
Newspapers & periodicals	-	1,858	-	597
Postage and telephone	-	20,178	-	13,157
Consultancy expenses	-	162,671	-	116,868
Rent & rate	-	36,064	-	28,890
Stationaries	-	14,362	-	8,434
Subscriptions, contributions & donations	-	15,952	-	13,743
Transport and business travels	-	9,879	-	5,795
Withholding tax & VAT	-	77,317	-	53,174
Audit fee	-	16,594	-	18,750
Rebranding expenses	-	264,073	-	8,152
Others	-	40,501	-	68,437
Total	**483,094**	**1,834,975**	**992,429**	**1,488,163**

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

	30 Sept 2021	30 Sept 2020
	₦'000	₦'000
Fair value gain / (loss) in available-for-sale investments - quoted equities	6,131	15,980
Fair value gain / (loss) in available-for-sale investments - unquoted equities	-	-
Exchange difference	-	-
	6,131	**15,980**

Notes to the financial statements

42 Basic and diluted earnings per share

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

	30 Sept 2021	31 Dec 2020
Profit attributable to ordinary shareholders (N'000)	(1,789,207)	2,395,012
Weighted average number of ordinary shares	10,000,000	10,000,000
Basic and diluted earnings per share (Kobo)	(17.9)	24.0

43 Cashflow reconciliation

a) Other operating cash payments

In thousands of Naira	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Management expenses (less staff expenses)	(1,234,536)	(1,199,149)
Adjustment for items not involving movement of cash:		
Changes in unearned premium	(1,490,969)	(378,851)
Depreciation and amortisation expense	143,760	156,655
Impairment loss	-	84,895
Exchange gain/(loss)	(100,963)	(35,483)
Sundry loss/(income)	13	(29,884)
Loss/(Profit) on sale of PPE	(42)	4,204
Operating cash flows before movements in working capital	**(2,682,737)**	**(1,397,613)**
Changes in trade payables	634,922	340,445
Changes in insurance contract liabilities	1,859,837	696,929
Other sundry (payable)/receivable	-	(36,264)
Changes in Other receivables and prepayment	(220,950)	(92,828)
Changes in outstanding claims	(1,859,837)	(696,929)
Changes in other payables	(28,921)	142,280
	(2,297,686)	**(940,980)**

b) Premium received from policy holders

In thousands of Naira	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Trade receivable at 1 January	63,974	65,898
Gross premium written during the year	9,062,717	8,331,841
Trade receivable at end of the period	(610,608)	(63,974)
Premium received in advance	(3,620)	(2,868)
	8,512,463	**8,330,897**

c) Recovery and recoverable from reinsurers

In thousands of Naira	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Reinsurance claims recoveries (note 35(a))	974,299	908,259
Salvage recovery (note 35)	22,333	22,678
	996,632	**930,937**

d) Reinsurance premium paid

In thousands of Naira	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Reinsurance premium cost (note 33.1)	3,420,357	3,121,391
Facultative outwards (note 33.1)	721,027	618,275
Due to reinsurers as at end of the period (19.1)	(1,088,602)	(504,926)
	3,052,782	**3,488,437**

Notes to the financial statements

e) Commission paid

In thousands of Naira	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Commission payable to brokers at 1 January	96,037	63,749
Commission cost (Note 36.1)	1,588,435	1,383,219
Business acquisition cost prepaid 1 January	-	647
Business acquisition cost (Note 36.1)	928,818	291,665
Business acquisition cost prepaid 31 December	-	(272)
Commission payable to brokers at 31 December	(50,123)	(96,037)
	2,563,167	**1,642,971**

f) Commission received

In thousands of Naira	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Deferred commission revenue at 1 January	(175,234)	(108,373)
Deferred commission revenue at 31 December	240,003	175,234
Movement	64,769	66,861
Commission income earned during the year	578,634	589,301
Lead underwriting commission	6,380	36,355
Commission income received during the year	**649,783**	**692,517**

g) Interest received

In thousands of Naira	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Interest income earned during the year	808,279	858,981
Interest received during the year	**808,279**	**858,981**

h) Movement in financial assets **30 Sept 2021**

In thousands of Naira	Fair value through P/L	Available for sale	Loans & receivables	Held to maturity	Total Movement
Addition	1,706,672	-	-	2,223,344	3,930,016
Disposals/redempetion	(3,409,859)	-	(10,738)	(189,214)	(3,609,811)
Loan repayment	-	-	(40,800)	-	(40,800)
Impairment	-	-	(51,694)	-	(51,694)
Fair value (loss)/gain	(1,278,063)	-	-	-	(1,278,063)
	(2,981,250)	**-**	**(103,232)**	**2,034,130**	**(1,050,352)**

Movement in financial assets **31 Dec 2020**

In thousands of Naira	Fair value through profit or loss	Available for sale	Loans & receivables	Held to maturity	Total Movement
Exchange (loss)/gain	(15,200)			5,606	(9,594)
Addition	4,679,599	550,000	116,635	1,509,466	6,855,700
Disposals/redempetion	(2,293,652)	-	-	(5,251,890)	(7,545,542)
Loan repayment	-	-	(244,106)	-	(244,106)
Impairment	-	-	(72,678)	-	(72,678)
Fair value element	1,819,593	869,259	-	-	2,688,852
	4,190,340	**1,419,259**	**(200,149)**	**(3,736,818)**	**1,672,632**

i) Purchase of property and equipment

In thousands of Naira	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Addition for the year per movement schedule	291,374	57,777
Cash flow on addition to property and equipment	**291,374**	**57,777**

Notes to the financial statements

j) Sale of property and equipment

In thousands of Naira	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Costs of assets disposed	161,495	50,675
Accumulated depreciation on assets disposed	(160,341)	(45,318)
Proceeds on sale of disposed asset	(1,196)	(1,153)
Profit/(Loss) on disposal	**(42)**	**4,204**

k) Finance lease obligation

In thousands of Naira	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Balance at the beginning of the year	219	61,923
Payments made during the year	(219)	(61,704)
Balance at the end of the year (see note 21)	-	219

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

In thousands of Naira	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Staff cost	406,094	661,779
Director emolument	46,033	56,920
Pension contribution	15,137	20,056
Retirement benefits	44,783	36,454
Contract staff cost	66,544	86,908
Medical	21,847	28,566
	600,439	890,683

44 Cash and cash equivalents

	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Cash in hand	315	642
Balances with banks & other financial institutions	3,125,439	3,592,069
	3,125,754	**3,592,711**

45 Related party disclosures

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

45.1 Compensation of key management personnel

Key management personnel refers to those persons having authority and responsibility for planning, directing and controlling the activities of Linkage Assurance Plc. It comprises both executive and non-executive directors. The remuneration of directors and other members of key management personnel during the year was as follows:

	30 Sept 2021 ₦'000	31 Dec 2020 ₦'000
Short-term benefits	116,084	152,057
	116,084	152,057

45.2 Sale of insurance contracts

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

Notes to the financial Statements

47 Contravention

There were no contraventions during the year

48 Other related party transactions

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

49 Events after the reporting period

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

50 Commitments

The Company had no capital commitments at the reporting date.

Other National Disclosures

Statement of Value Added
For the year ending

	30 Sep 2021		31 December 2020	
	₦'000	**%**	**₦'000**	%
Net premium	4,008,430	(474)	4,450,402	119
Investment income	2,116,255	(250)	2,011,815	54
Other income	628,197	(74)	689,695	18
Claims incurred, commissions paid and operating expenses (local)	(7,598,199)	899	(3,416,245)	(91)
Value added	**(845,317)**	**100**	**3,735,667**	**100**
Distribution:				
Employees and directors (staff cost)	738,466	(87)	1,184,001	32
Government (taxes)	62,516	(7)	-	
Asset replacement (depreciation)	142,908	(17)	156,654	
Contingency reserve	271,882	(32)	479,002	13
Expansion (retained on the business)	(2,061,089)	244	1,916,010	51
	(845,317)	**100**	**3,735,667**	**100**

Other National Disclosures
Revenue Account
For the year ending

30 Sep 2021

In thousands of naira	Fire	Accident	Motor	Marine	Aviation	Bond	Engineering	Oil & Gas	Agric	Total
Direct receipted premium	1,441,262	818,208	1,710,186	673,726	473,713	10,688	342,930	3,338,638	37,036	8,846,387
Inward premium	46,454	28,334	59,329	62,471	5,917	-	9,546	4,279	-	216,330
Gross premium written	**1,487,716**	**846,542**	**1,769,515**	**736,197**	**479,630**	**10,688**	**352,476**	**3,342,917**	**37,036**	**9,062,717**
Changes in reserve for unexpired risk	(330,702)	(138,753)	(327,693)	(30,272)	(18,940)	(2,656)	(15,820)	(607,775)	(18,359)	(1,490,970)
Gross premium earned	**1,157,014**	**707,789**	**1,441,822**	**705,925**	**460,690**	**8,032**	**336,656**	**2,735,142**	**18,677**	**7,571,747**
Reinsurance Expenses	(878,397)	(475,798)	-	(277,849)	(374,534)	(5,277)	(178,653)	(1,937,347)	(13,529)	(4,141,384)
Movement in Prepaid-Reinsurance Cost	91,667	64,405	(196)	(7,989)	45,072	1,448	10,552	364,304	8,803	578,066
Re-insurance cost	(786,730)	(411,393)	(196)	(285,838)	(329,462)	(3,829)	(168,101)	(1,573,043)	(4,726)	(3,563,318)
Net earned premium	**370,284**	**296,396**	**1,441,626**	**420,087**	**131,228**	**4,203**	**168,555**	**1,162,099**	**13,951**	**4,008,429**
Commissions received	219,703	119,558	564	97,931	691	1,312	44,493	34,813	1,181	520,246
Total underwriting income	**589,987**	**415,954**	**1,442,190**	**518,018**	**131,919**	**5,515**	**213,048**	**1,196,912**	**15,132**	**4,528,675**
Underwriting expenses										
Gross Claims incurred	(1,636,681)	(556,308)	(652,028)	(117,677)	(148,093)	(328)	(25,750)	(1,338,492)	(3,844)	(4,479,201)
Recovery on Claims incurred	960,873	149,543	45,694	38,765	92,591	-	(21,605)	573,454	2,499	1,841,814
Net Claims Expenses	(675,808)	(406,765)	(606,334)	(78,912)	(55,502)	(328)	(47,355)	(765,038)	(1,345)	(2,637,387)
Maintenance expenses	(191,080)	(108,728)	(227,274)	(94,556)	(61,603)	(1,373)	(45,271)	(429,359)	(4,757)	(1,164,000)
Acquisition expenses (Note 36)	(243,837)	(173,197)	(197,485)	(198,546)	(83,335)	(1,281)	(63,394)	(601,032)	(3,035)	(1,565,142)
Underwriting (Loss)/Profit	**(520,738)**	**(272,736)**	**411,097**	**146,004**	**(68,521)**	**2,533**	**57,028**	**(598,516)**	**5,995**	**(837,859)**

30 Sept 2020

In thousands of naira	Fire	Accident	Motor	Marine	Aviation	Bond	Engineering	Oil & Gas		Total
Direct receipted premium	985,203	732,374	1,216,916	475,430	394,750	5,515	398,596	2,431,927		6,640,711
Inward premium	25,352	19,866	64,815	60,901	16,372	-	2,852	53,828		243,986
Gross premium written	**1,010,555**	**752,240**	**1,281,731**	**536,331**	**411,122**	**5,515**	**401,448**	**2,485,755**		**6,884,697**
Changes in reserve for unexpired risk	(143,879)	(131,237)	(239,299)	(122,126)	(7,045)	1,015	(102,311)	(337,119)		(1,082,001)
Gross premium earned	**866,676**	**621,003**	**1,042,432**	**414,205**	**404,077**	**6,530**	**299,137**	**2,148,636**		**5,802,696**
Reinsurance expenses (Note 33)	(560,943)	(321,924)	(2,095)	(198,089)	(216,931)	(2,827)	(154,354)	(1,314,129)		(2,771,292)
Net earned premium	**305,733**	**299,079**	**1,040,337**	**216,116**	**187,146**	**3,703**	**144,783**	**834,507**		**3,031,404**
Commissions received	177,033	101,149	610	60,556	2,134	820	76,211	40,582		459,095
Total underwriting income	**482,766**	**400,228**	**1,040,947**	**276,672**	**189,280**	**4,523**	**220,994**	**875,089**		**3,490,499**
Underwriting expenses										
Claims expenses (Note 35)	(305,868)	(133,566)	(251,870)	(49,533)	(43,640)	(1,036)	(86,995)	(64,157)		(936,665)
Maintenance expenses	(145,671)	(108,435)	(184,762)	(77,312)	(59,263)	(795)	(57,869)	(358,322)		(992,429)
Acquisition expenses (Note 36)	(173,864)	(140,900)	(148,329)	(111,425)	(65,852)	(1,205)	(53,080)	(492,521)		(1,187,176)
Underwriting profit	**(142,637)**	**17,327**	**455,986**	**38,402**	**20,525**	**1,487**	**23,050**	**(39,911)**		**374,228**

Financial Summary

	30 Sep 2021 ₦'000	31 Dec 2020 ₦'000	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000	31 Dec 2017 ₦'000
Statement of financial position					
Assets					
Cash and cash equivalents	3,125,755	3,592,711	1,609,222	1,205,124	1,843,757
Financial assets	24,504,347	25,144,141	23,398,173	19,057,336	18,659,072
Trade receivables	610,608	63,974	65,898	32,090	13,741
Reinsurance assets	3,778,915	2,445,920	1,121,787	543,636	558,813
Deferred acquisition cost	600,013	328,812	262,550	259,098	176,274
Deferred tax assets	-	-	-	-	-
Other receivables and prepayments	722,081	501,131	408,303	287,101	238,777
Investment property	150,000	150,000	150,000	144,000	135,000
Intangible assets	39,955	1,199	7,319	14,110	26,445
Property and equipment	1,505,830	1,349,516	1,381,180	1,303,014	1,356,279
Statutory deposit	500,000	300,000	300,000	300,000	300,000
Total assets	**35,537,504**	**33,877,404**	**28,704,432**	**23,145,509**	**23,308,158**
Liabilities					
Insurance contract liabilities	9,079,468	5,728,661	4,652,881	4,289,254	2,443,858
Trade payables	1,339,091	704,169	363,724	144,234	107,346
Provision and other payables	825,282	819,984	460,618	350,232	307,546
Finance lease obligations	-	219	61,923	56,037	88,222
Provision for litigation	103,000	103,000	-	-	-
Retirement benefit obligations	85,645	62,981	49,846	22,905	30,471
Income tax liabilities	12,268	82,565	75,390	203,979	177,941
Deferred tax liabilities	-	-	-	158,381	199,942
Total liabilities	**11,444,754**	**7,501,579**	**5,664,382**	**5,225,022**	**3,355,326**
Capital and reserves					
Issued and paid-up share capital	5,000,000	5,000,000	3,999,999	3,999,999	3,999,999
Share premium	729,044	729,044	729,044	729,044	729,044
Contingency reserve	2,819,655	2,547,773	2,068,770	1,778,339	1,616,603
Retained earnings	747,096	3,308,185	2,392,175	1,230,452	2,082,306
Assets revaluation reserve	828,773	828,773	752,083	752,083	752,083
Re-measurement reserve	13,244	13,244	18,431	23,761	4,484
Fair value reserve	13,954,938	13,948,807	13,079,548	9,406,809	10,768,313
Total equity	**24,092,750**	**26,375,825**	**23,040,050**	**17,920,487**	**19,952,833**
Total liabilities and equity	**35,537,504**	**33,877,404**	**28,704,432**	**23,145,509**	**23,308,158**
Statement of profit or loss					
Net premium income	4,008,430	4,450,402	3,713,380	3,477,836	2,840,379
Underwriting results	(837,859)	825,589	409,240	(772,480)	456,861
Profit/(loss) before taxation	(1,726,691)	2,436,069	1,338,726	134,703	2,996,101
Taxation	(62,516)	(19,882)	(31,633)	-	(70,560)
Profit/(loss) after taxation	(1,789,207)	2,516,187	1,307,093	134,703	2,925,541
Transfer to contingency reserve	271,882	479,002	290,431	161,736	578,254
Transfer to revenue reserve	(1,561,089)	2,037,185	1,016,662	372,967	2,347,287
Basic earnings per share (kobo)	(17.9)	24.0	18.2	(3.6)	36.1