LINKAGE
ASSURANCE PLC
RC: 162306

Head Office: Plot 20, Block 94, Providence Street,
Off Adewunmi Adebimpe Street,
Lekki Phase 1, Lagos.
0700LINKCARE, 0700LINKAGE
01334256-0001
info@linkageassurance.com
www.linkageassurance.com

Unaudited Financial Statements for the Period Ended 30 September 2020

RESULTS AT A GLANCE

Statement of Profit or Loss			
	30 Sept 2020	**30 Sept 2019**	**YoY Changes**
	Nm	Nm	%
Gross premium written	6,885	5,352	▲ +29
Gross premium income	5,803	4,600	▲ +26
Reinsurance expenses	2,771	1,749	▼ -58
Net claims expenses	937	1,292	▲ +27
Underwriting expenses	2,180	1,679	▼ -30
Investment income	2,573	1,795	▲ 43
Management expenses	1,488	1,282	▼ -16
Profit before taxation	1,526	867	▲ 76

Statement of Financial Position			
	30 Sept 2020	**31 Dec 2019**	**YoY Changes**
	Nm	Nm	%
Total assets	32,852	28,704	▲ 14
Total liabilities	8,671	5,664	▼ -53
Total equity	24,181	23,040	▲ 14

Table of contents	**Page**

Corporate Information

Mission Statement	Linkage Assurance Plc. is in business to provide first class insurance and other financial services to the African Insurance market. To achieve this, it has deployed exemplary management, best in class information technology infrastructure and well trained and motivated work force as vehicle for achieving the superior returns expected by shareholders.
Board of Directors	
Chairman	Chief Joshua Bernard Fumudoh
Other Directors	Mr. Tamunoye Zifere Alazigha Mrs. Imo Oyewole Mr. Olakunle Agbebi Mr. Okanlawon Adelagun Mrs. Obafunke Alade-Adeyefa Mr. Bernard Nicolaas Griesel Mr. Daniel Braie Mrs. Funkazi Koroye-Crooks Mr. Maxwell Ebibai Mr. Abubakar Shehu Dahiru
Managing Director	Mr. Daniel Braie
Company Secretary	Mr. Moses Omorogbe
Registered Office	Linkage Plaza Plot 20, Block 94, Providence Street Off Adewunmi Adebimpe Street Lekki-Epe Expressway, Lekki, Lagos
Registrars	Centurion Registrars 33C, Cameron Road, Ikoyi, Lagos. www.centurionregistrars.com
Auditor	KPMG Professional Services KPMG Towers, Bishop Aboyade Cole Street Victoria Island, Lagos www.kpmg.com/ng
Reinsurers	African Reinsurance Corporation, Lagos, Nigeria Swiss Reinsurance Company, Zurich, Switzerland Continental Reinsurance Plc, Lagos, Nigeria WAICA Reinsurance, Sierra Leone Arab Insurance Company, Bahrain Cathedral @ Underwriter Syndicates No. 2010 MMX, London Zep-pe (PTA Reinsurance Company), Nairobi, Kenya Atrium Underwriters Limited @ Lloyd's Underwriter Syndicate, UK Hannover Ruck SE, Hannover, Germany
Principal Bankers	Access Bank Plc. Ecobank Nigeria Plc. FCMB Limited Fidelity Bank Plc. First Bank of Nigeria Limited Guaranty Trust Bank Plc. Keystone Bank Limited Polaris Bank Limited. Stanbic IBTC Bank Limited Union Bank Plc. United Bank for Africa Plc. Unity Bank Plc.
Actuary	Ernst & Young
RC No.	162306
FRC Registered No.	FRC/2012/0000000000339

FINANCIAL HIGHLIGHTS	30 Sept 2020 ₦'000	30 Sept 2019 ₦'000	Changes (%)
Comprehensive income statement			
Gross premium written	6,884,697	5,352,120	29
Gross premium income	5,802,696	4,600,161	26
Net premium income	3,031,404	2,851,036	6
Underwriting profit	374,229	295,117	27
Investment and other income	2,639,738	1,853,969	42
Profit before taxation	1,525,804	866,861	76
Profit after taxation	1,124,956	591,914	90
Statement of financial position			
Total assets	32,852,261	28,704,432	14
Insurance contract liabilities	6,141,332	4,652,881	32

Key Ratios	30 Sept 2020 %	30 Sept 2019 %
Claims ratio	30	39
Claims ratio (net)	31	45
Underwriting expenses ratio	32	31
Fees and Commission income ratio	17	24
Management expenses ratio	22	24
Underwriting Profit margin	5	6

Our Performance

Gross premium written grew by 29% to N6.9billion from N5.4billion in September 2019. The Company recorded an Underwriting profit of N374million, up by 27% when compared to prior year. PBT stood at N1.53billion as at September 2020 against N867million in the prior period, the major driver being increase in net premium income, reduction in net claims expenses and investment income.

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.

Operational Efficiency

We will consolidate on the going initiatives to improve our operational efficiency so as to reduce the cost of doing business, improve business processes, eliminate wastages and achieve higher margins in our core business.

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 2020

(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
Managing Director/CEO
FRC/2018/CIIN/00000018082
23 October 2020

Emmanuel Otitolaiye
Chief Financial Officer
FRC/2014/ICAN/00000008524
23 October 2020

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 Cap C.20, Laws of the Federation of Nigeria, 2004, 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 21 February 2020. 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 Estimates, judgement and uncertainties

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) Use of judgements

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 50.1 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of outflow of resources.
(vi) Note 8.1 - determining the fair value of unquoted equity instruments on the basis of significant unobservable inputs.
(vii) Note 4.17 - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized.

2.5 Presentation Currency

The financial statements are presented in Nigerian Naira (₦) and amounts presented / disclosed are rounded to the nearest thousands unless otherwise stated.

2.6 Functional currency

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

Except as noted below, 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. The Company has adopted IFRS 16 Leases and IFRIC 23 Uncertainty over Income tax treatment. A number of other new standards are effective from 1 January 2019 but do not have a material effect on the Company's

Effective for the financial year commencing 1 January 2019

(i) *IFRS 16 Leases*

The Company has adopted IFRS 16, "Leases" as issued by the IASB in July 2014 with a date of transition of 1 January 2019, which resulted in changes in accounting policies.
As permitted by the transitional provision of the standard, the Company has chosen the modified retrospective approach to the application of IFRS 16 under which the cumulative effect of initial application is recognized in retained earnings as at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported under IAS 17 and related interpretations. The major impact of the adoption of this standard is that the Company will be required to capitalize all leases (i.e. recognize a right-of-use asset and a lease liability) with the exemption of certain short-term leases and leases of low-value assets.

However, the adoption of IFRS 16 did not have a material impact on the Company's financial statements as the Company's leases are mostly short term and low value in nature and the Company has elected to apply the exemption for such leases.

(ii) *IFRIC 23 Uncertainty over Income Tax Treatments*

The amendment clarifies how to determine the accounting tax position when there is uncertainty over income tax treatments.
The Interpretation requires an entity to:
- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
- If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
- If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Company has adopted IFRIC 23 effective 1 January 2019.

Notes to the 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.

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.

Notes to the financial statements

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.

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.

Notes to the financial statements

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.

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 the present value of any expected payment and the unamortized premium when a payment under the guarantee has become probable. 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.

Notes to the financial statements

4.7 Deferred acquisition costs

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.

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.

Notes to the financial statements

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.*

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

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.

Notes to the financial statements

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.

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

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

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.

This policy is applied to contracts entered into, on or after 1 January 2019.

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.

Notes to the financial statements

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.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in other liabilities in the statement of financial position.

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.

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.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
    - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of output;
    - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output

As a Lessee

Notes to the financial statements

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

As a Lessor

When the Company acted a s a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease. To classify each lease, the Company made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Company considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

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.

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.

Notes to the financial statements

(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 year)

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.

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.

Notes to the financial statements

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.

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.

Notes to the financial statements

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.

(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).

Notes to the financial statements

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

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

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.
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.

Notes to the financial statements

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.

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 during the reporting year

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 except for those set out below and in note 3. The Company has adopted IFRS 16 Leases and IFRIC 23 Uncertainty over Income tax treatment. A number of other new standards are effective from 1 January 2019 but do not have a material effect on the Company's financial statements.

(a) Effective standards not yet adopted by the Company

(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.

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.

Notes to the financial statements

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

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

Based on the above, the Company will apply IFRS 9 together with IFRS 17 in 2021.

Notes to the financial statements

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

(ii) Insurance contracts (IFRS 17) - Effective for financial year commencing 1 January 2021

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 2021. Early adoption is permitted.

(iii) Amendments to IAS 1 and IAS 8 - *Definition of material* - Effective for financial year commencing 1 January 2020

The IASB refined its definition of material to make it easier to understand. It is now aligned across IFRS Standards and the Conceptual Framework. The changes in Definition of Material (Amendments to IAS 1 and IAS 8) all relate to a revised definition of 'material' which is quoted below from the final amendments "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Board has also removed the definition of material omissions or misstatements from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments are effective from 1 January 2020 but may be applied earlier. However, the Board does not expect significant change – the refinements are not intended to alter the concept of materiality.

This amendment is not expected to have a significant impact on the Company's financial statements.

4.3 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

Notes to the financial statements

a Impact of COVID-19 on Impairment (Expected Credit Loss) of Financial Assets

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. This impact will become more apparent as the year progresses. 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. The movement restriction could also mean reduced claimed expense as a result of reduced human and economic activities. 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 as long as the lockdown continues.

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 2020 and would regularly make appropriate disclosures thereon to all stakeholders.

Statement of financial position
As at 30 September 2020

In thousands of Naira

Assets	**Note**	**30 Sept 2020**	**31 Dec 2019**	**Changes %**	**31 Dec 2018**
Cash and cash equivalents	7	1,812,705	1,609,222	13	1,205,124
Financial assets	8	25,565,361	23,398,173	9	19,057,336
Trade receivables	9	455,443	65,898	591	32,090
Reinsurance assets	10	2,337,312	1,121,787	108	543,636
Deferred acquisition cost	11	438,859	262,550	67	259,098
Other receivables and prepayments	12	477,733	408,303	17	287,101
Investment property	13	150,000	150,000	-	144,000
Intangible assets	14	6,694	7,319	(9)	14,110
Property and equipment	15	1,308,154	1,381,180	(5)	1,303,014
Statutory deposit	16	300,000	300,000	-	300,000
Total assets		**32,852,261**	**28,704,432**	**14**	**23,145,509**
				-	
Liabilities				-	
Insurance contract liabilities	17	6,141,332	4,652,881	32	4,289,254
Trade payables	19	1,390,394	363,724	282	144,234
Other payables	20	699,707	460,618	52	350,232
Finance lease obligations	21	36,018	61,923	(42)	56,037
Defined benefit obligations	22	61,467	49,846	23	22,905
Income tax liabilities	23	342,355	75,390	354	203,979
Deferred tax liabilities	24	-	-		158,381.00
Total liabilities		**8,671,273**	**5,664,382**	**53**	**5,225,022**
				-	
Equity				-	
Authorized share capital	25	15,000,000	3,999,999	-	3,999,999
Issued and fully paid share capital	25.1	4,000,000	3,999,999	-	3,999,999
Share premium	26	729,044	729,044	-	729,044
Contingency reserve	27	2,293,762	2,068,770	11	1,778,339
Retained earnings	28	3,292,139	2,392,175	38	1,230,452
Assets revaluation reserve	29	752,083	752,083	-	752,083
Re-measurement reserve	30.2	18,431	18,431	-	23,761
Fair value reserve	30.1	13,095,528	13,079,548	-	9,406,809
Total equity		**24,180,988**	**23,040,050**	**5**	**17,920,487**
				-	
Total liabilities and equity		**32,852,261**	**28,704,432**	**14**	**23,145,509**
		-	-		-

The financial statements were approved on 23 October 2020 and signed on behalf of the Board of Directors by:

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

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

Emmanuel Otitolaiye
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 comprenhensive income
for the period ending September 30, 2020

In thousands of Naira	Note	9 months to 30 Sept 2020	9 months to 30 Sept 2019	3 months to 30 Sept 2020	3 months to 30 Sept 2019
Gross premium written	31	6,884,697	5,352,120	1,626,061	1,221,632
Unearned premium	32	(1,082,001)	(751,959)	413,453	366,389
Gross premium income	32	**5,802,696**	**4,600,161**	**2,039,514**	**1,588,021**
Reinsurance expenses	33	(2,771,292)	(1,749,125)	(1,031,310)	(564,518)
Net premium income		**3,031,404**	**2,851,036**	**1,008,204**	**1,023,503**
Fees and commission income	34	459,095	414,722	171,265	186,573
Net underwriting income		**3,490,499**	**3,265,758**	**1,179,469**	**1,210,076**
Net claims expenses	35	(936,666)	(1,291,859)	(401,951)	(586,423)
Underwriting expenses	36	(2,179,605)	(1,678,782)	(766,906)	(607,598)
Underwriting Profit		**374,229**	**295,117**	**10,612**	**16,055**
Investment income	37	2,573,452	1,795,322	908,770	503,297
Net fair value (loss)/gains on financial assets at fair value through profit or	38	40,635	42,297	166,571	(15,754)
Other operating income/(loss)	39	25,651	16,350	15,121	366
Management expenses	40	(1,488,163)	(1,282,225)	(490,368)	(455,344)
Profit before taxation		**1,525,804**	**866,861**	**610,706**	**48,621**
Income taxes	23	(400,848)	(274,947)	(36,187)	(29,475)
Profit after taxation		**1,124,956**	**591,914**	**574,519**	**19,146**
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	1,313,256	(3,251)	(148,043)	(1,278)
Total other comprehensive income, net of tax		1,313,256	(3,251)	(148,043)	(1,278)
Other comprehensive (loss)/income, net of taxes		**1,313,256**	**(3,251)**	**(148,043)**	**(1,278)**
Total comprehensive income for the year		**2,438,212**	**588,663**	**426,476**	**17,868**
Basic and diluted earnings per share (kobo)	42	**14.1**	**7.2**	**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, 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
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**	**3,292,140**	**24,180,987**

Statement of changes in equity for the year ended 31 December 2019

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 2019	3,999,999	729,044	1,778,339	752,083	23,761	9,406,809	1,230,452	17,920,489
Comprehensive income								
Profit for the year	-	-	-	-	-	-	1,452,154	1,452,154
Remeasurement of defined benefit obligation	-	-	-	-	(5,330)	-	-	(5,330)
Net fair value changes on AFS financial assets	-	-	-	-	-	3,672,739	-	3,672,739
Total comprehensive income	**-**	**-**	**-**	**-**	**(5,330)**	**3,672,739**	**1,452,154**	**5,119,563**
Transfer to contingency reserve	-	-	-	-	-	-	(290,431)	(290,431)
Transfer from retained earnings	-	-	290,431	-		-	-	290,431
	-	-	290,431	-	-	-	(290,431)	-
At 31 December 2019	**3,999,999**	**729,044**	**2,068,770**	**752,083**	**18,431**	**13,079,548**	**2,392,176**	**23,040,052**

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, 2020

	Note	30 Sept 2020 ₦'000	31 Dec 2019 ₦'000
Cash flows from operating activities			
Premiums received from policy holders	43(b)	6,542,353	6,445,650
Premiums received in advance	19.1	3,129	2,868
Deposit without details	20.2	47,201	182,228
Reinsurance payments	43(d)	(2,345,737)	(2,647,840)
Claims paid	35	(1,648,696)	(2,436,577)
Reinsurance claim recoveries	43(c)	472,696	589,257
Salvage recovery	43(c)	19,112	50,384
Commission paid	43(e)	(1,326,301)	(1,305,933)
Maintenance expenses paid	40	(992,429)	(882,902)
Commission received	43(f)	646,915	589,608
Cash payment to and on behalf of employees	43(l)	(681,614)	(709,906)
Other operating cash payments	43(a)	(2,081,393)	(1,095,422)
Corporate tax paid	23	(133,883)	(173,542)
Net cash used in operating activities		(1,478,645)	(1,392,127)
Cash flows from Investing activities			
Purchase of properties and equipment	43(i)	(54,462)	(149,659)
Purchase of intangible assets	14	(4,824)	(168)
Proceeds from sale of property and equipment	43(j)	1,143	5,691
Purchase of investment securities	43(h)	(6,042,080)	(9,238,723)
Proceeds from sale of investment securities	43(h)	-	3,118,391
Proceeds from redemption	8.6	5,251,890	5,630,280
Loan repayments	43(h)	-	249,718
Dividend received	37	832,197	785,629
Rental income received	39	4,500	11,000
Interest received	43(g)	1,696,569	1,451,953
Net cash from investing activities		1,684,933	1,864,112
Financing activities			
Payment of finance lease liabilities	43(k)	(25,905)	(66,114)
		(25,905)	(66,114)
Net (decrease) / increase in cash and cash equivalents		180,383	405,871
Cash and cash equivalents at the beginning of the period		1,609,222	1,205,124
Impact of exchange difference on cash held	39	23,099	(1,774)
Cash and cash equivalents at 30 September 2020	7	1,812,705	1,609,222

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

The following is an analysis of the Company's revenue and result by reportable segment
for the period ending September 30, 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:									
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)
Acqusition cost	(173,864)	(140,900)	(148,329)	(111,425)	(65,852)	(1,205)	(53,080)	(492,521)	(1,187,176)
Maintenance expenses (Note 42)	(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)	**(142,637)**	**17,327**	**455,986**	**38,402**	**20,525**	**1,487**	**23,050**	**(39,911)**	**374,229**

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 September 2019

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	707,258	619,951	887,796	371,055	340,886	15,893	212,851	2,196,430	5,352,120
Net change in unearned premium	(94,778)	(70,931)	(11,159)	(17,404)	(127,027)	2,470	(49,638)	(383,491)	(751,958)
	612,480	**549,020**	**876,637**	**353,651**	**213,859**	**18,363**	**163,213**	**1,812,939**	**4,600,162**
Reinsurance Expenses	(414,005)	(321,120)	(5,457)	(149,300)	(134,138)	(7,495)	(162,052)	(966,751)	(2,160,318)
Movement in Prepaid-Reinsurance Cost	62,731	73,642	(14,401)	22,629	(49,601)	(161)	37,887	278,467	411,193
Re-insurance cost	(351,274)	(247,478)	(19,858)	(126,671)	(183,739)	(7,656)	(124,165)	(688,284)	(1,749,125)
Net premium income	**261,206**	**301,542**	**856,779**	**226,980**	**30,120**	**10,707**	**39,048**	**1,124,655**	**2,851,037**
Commision Received	108,747	81,523	907	40,923	226	2,052	36,863	143,481	414,722
Net underwriting Income	**369,953**	**383,065**	**857,686**	**267,903**	**30,346**	**12,759**	**75,911**	**1,268,136**	**3,265,759**
Expenses:									
Acqusition cost	(127,958)	(132,163)	(131,926)	(97,559)	(47,225)	(2,677)	(38,157)	(472,667)	(1,050,332)
Net claims incurred	(244,670)	(225,458)	(306,697)	(49,567)	24,084	(59,160)	(6,797)	(423,593)	(1,291,858)
Maintenance expenses (Note 42)	(83,047)	(72,795)	(104,246)	(43,570)	(40,027)	(1,866)	(24,993)	(257,906)	(628,450)
	(455,675)	(430,416)	(542,869)	(190,696)	(63,168)	(63,703)	(69,947)	(1,154,166)	**(2,970,640)**
Segment underwriting profit/(loss)	**(85,722)**	**(47,351)**	**314,817**	**77,207**	**(32,822)**	**(50,944)**	**5,964**	**113,970**	**295,117**

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 ended 31 December 2019.

Analysis of shareholders funds		
In thousand of Naira	**30 Sept 2020**	**31 Dec 2019**
Total assets	32,852,261	28,704,432
Less: Total liabilites	8,671,273	5,664,382
Shareholders funds as at year end	**24,180,988**	**23,040,050**
Adjustment for non-capital items	445,553	269,869
Available capital resources	**23,735,435**	**22,770,181**
Changes in available capital	4%	29%

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 N22,255,935,000 (2018: N27,770,182,000) amounting to an increase 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 2020**	**31 Dec 2019**
Total shareholders' funds	24,180,988	23,040,050
Regulatory required capital	3,000,000	3,000,000
Excess over minimum capital	21,180,988	20,040,050
Capitalisation rate	806%	768%

During the year, The National Insurance Commission in a circular dated 20 May 2019, reviewed the minimum capital requirement for Insurance companies in Nigeria. The reviewed statutory minimum capital requirement for Non-life business is N10 billion.

To ensure that the Company is compliant with the minimum capital requirements, management has come up with a recapitalization plan. The Company held an Extra Ordinary Meeting on the 25th of October 2019 to increase the authorized share capital from N7.5 billion to N15 billion. This is to allow issuance of bonus issues to existing shareholders. Consequent upon the approval of the increase in authorized share capital by the board, the Company has filed for share registration with the Corporate Affairs Commission (CAC).

Notes to the financial statements

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.

The Company's solvency margin is as follows:

	In thousands of naira	30 Sept 2020	31 Dec 2019
	Assets		
	Cash and cash equivalents	1,812,705	1,609,222
	Financial assets	10,768,849	9,945,144
	Trade receivables	455,443	65,898
	Other receivables and prepayment	114,712	97,977
	Reinsurance assets	2,337,312	1,121,787
	Deferred acquisition cost	438,859	262,550
	Property and equipment	1,308,154	1,381,180
	Statutory deposit	300,000	300,000
	Total admissible assets	**17,536,034**	**14,783,758**
	Liabilities		
	Insurance contract liabilities	6,141,332	4,652,881
	Trade payables	1,390,394	363,724
	Other payables	699,707	460,618
	Defined benefit obligations	61,467	49,846
	Finance lease obligation	36,018	61,923
	Income tax liabilities	342,355	75,390
	Total admissible liabilities	**8,671,273**	**5,664,382**
	Excess of total admissible assets over admissible liabilities (solvency margin)	**8,864,761**	**9,119,376**
	Higher of (a) and (b):		
	Gross premium income	5,802,696	6,326,620
	Less: Reinsurance expense	(2,771,292)	(2,613,240)
	Net premium	3,031,404	3,713,380
(a)	**15% of net premium**	454,711	557,007
(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	**5,864,761**	**6,119,376**
	Solvency margin ratio	**295%**	**304%**

Notes to the financial statements

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.

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 2020**			**30 Sept 2019**		
In thousands of naira	**Gross premium**	**Reinsurance**	**Net**	**Gross premium**	**Reinsurance**	**Net**
Fire	1,010,555	(560,943)	449,612	707,258	(351,274)	355,984
Accident	752,240	(321,924)	430,316	619,951	(247,478)	372,473
Motor	1,281,731	(2,095)	1,279,636	887,796	(19,858)	867,938
Marine	536,331	(198,089)	338,242	371,055	(126,671)	244,384
Aviation	411,122	(216,931)	194,191	340,886	(183,739)	157,147
Bond	5,515	(2,827)	2,688	15,893	(7,656)	8,237
Engineering	401,448	(154,354)	247,094	212,851	(124,165)	88,686
Oil & Gas	2,485,755	(1,314,129)	1,171,626	2,196,430	(688,284)	1,508,146
	6,884,697	**(2,771,292)**	**4,113,405**	**5,352,120**	**(1,749,125)**	**3,602,995**

Notes to the financial statements

(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 2020**			**31 December 2019**		
In thousands of naira	**Gross outstanding claims**	**Reinsurance recoveries**	**Net liabilities**	**Gross outstanding claims**	**Reinsurance recoveries**	**Net liabilities**
Motor	244,390	49,230	195,160	255,378	44,695	210,683
Fire	581,816	295,036	286,780	360,297	228,257	132,040
General accident	592,955	232,109	360,847	470,209	181,973	288,236
Engineering	226,348	113,762	112,587	236,021	79,274	156,747
Marine	112,192	44,366	67,827	185,695	38,456	147,239
Bond	80,757	-	80,757	-	-	-
Aviation	518,319	452,932	65,387	-	-	-
Oil & Gas	1,022,179	19,748	1,002,431	1,464,908	7,855	1,457,053
	3,378,958	**1,207,182**	**2,171,777**	**2,972,508**	**580,510**	**2,391,998**

Notes to the financial statements

(iii) ***Equity Risk***

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices, principally quoted stocks and shares securities.

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each country, sector and market and careful and planned use of derivative financial instruments.

The Company has no significant concentration of price risk.

Sensitivity Analysis - equity price risk

The following table contains the fair value and related equity price risk sensitivity of the Company's listed and non-listed equity securities. The equity price risk sensitivity has been calculated based on what the Company views to be reasonably possible changes in the equity prices for the coming year. For listed equities a 20% change in the equity price has been used in the calculation of the sensitivity as at 31 December 2018. For non-listed securities a 40% change in the equity prices has been used in the calculation of the sensitivity.

Sensitivity Analysis - equity price risk

		30 September 2020			31 December 2019		
Market Indices	**Changes in variables**	**Fair Value**	**Impact on Profit before tax**	**Impact on Equity**	**Fair Value**	**Impact on Profit before tax**	**Impact on Equity**
			-	-	-	-	-
Fair value through profit or loss	+20%	8,677,284	1,735,457	1,214,820	4,366,233	873,247	611,273
Available-for-sale - Quoted	+20%	1,343,483	268,697	188,088	30,227	6,045	4,232
Available-for-sale - Unquoted	+40%	13,453,029	2,690,606	1,883,424	13,453,029	5,381,212	3,766,848
Fair value through profit or loss	-20%	8,677,284	(1,735,457)	(1,214,820)	4,366,233	(873,247)	(611,273)
Available-for-sale - Quoted	-20%	1,343,483	(268,697)	(188,088)	30,227	(6,045)	(4,232)
Available-for-sale - Unquoted	-40%	13,453,029	(2,690,606)	(1,883,424)	13,453,029	(5,381,212)	(3,766,848)

(d) Operational Risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

(e) Valuation Bases

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair values are determined at prices quoted in active markets. In the current environment, such price information is typically not available for all instruments and the Company applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and output are assessed independent of the risk taker. These inputs and outputs are reviewed and approved by a valuation committee. The Company has minimal exposure to financial assets which are valued at other than quoted prices in an active market.

The table below shows financial assets carried at fair value:

	30 September 2020			31 December 2019		
In thousands of Naira	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets						
Quoted investments	8,677,284	-	-	4,449,949	-	-
Investment in unit trust scheme	1,343,483	-	-	30,227	-	-
Unquoted equity investments	-	-	13,389,000	-	-	13,389,000
	10,020,767	**-**	**13,389,000**	**4,480,176**	**-**	**13,389,000**

Fair value measurements recognized in the statement of financial position. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Company into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the financial statements

7 Cash and cash equivalents

Cash and cash equivalents comprise:	30 Sept 2020	31 Dec 2019
	₦'000	₦'000
Cash in hand	1,139	541
Balances with banks & other financial institutions (see (b) below)	1,938,986	1,736,102
	1,940,125	1,736,643
Allowance for impairment (see (a) below)	(127,420)	(127,421)
Cash and bank balance as at year end	**1,812,705**	**1,609,222**

(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 (N75million), Triumph Bank (N20 million), Profound Finance and Investment Ltd (N9.5 million), Assurance bank (N9.3million) and others (N13.6 million) which 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 2020	31 Dec 2019
	₦'000	₦'000
Fair value through profit or loss (note 8.1)	8,677,284	4,449,949
Available-for-sale (note 8.2)	14,796,512	13,483,256
Loans and receivables (note 8.5)	1,033,898	276,820
Held to maturity (note 8.6)	1,057,667	5,188,148
	25,565,361	**23,398,173**

Financial instrument classification

	30 Sept 2020				
In thousands of Naira	**Fair Value through Profit or Loss**	**Available for Sale**	**Loans and Receivables**	**Held to Maturity**	**Total**
- Listed	8,677,284	1,343,483	-	-	10,020,767
- Unlisted	-	13,453,029	-	-	13,453,029
- Other financial assets	-	-	1,033,898	1,057,667	2,091,565
	8,677,284	14,796,512	1,033,898	1,057,667	25,565,361
Within one year	8,677,284	-	1,033,898	1,057,667	10,768,849
More than one year	-	14,796,512	-	-	14,796,512
	8,677,284	14,796,512	1,033,898	1,057,667	25,565,361

Financial instrument classification

	31 December 2019				
In thousands of Naira	**Fair Value through Profit or Loss**	**Available for Sale**	**Loans and Receivables**	**Held to Maturity**	**Total**
- Listed	4,366,233	30,227	96,630	5,188,148	9,681,238
- Unlisted	83,716	13,453,029	-	-	13,536,745
- Other financial assets	-	-	180,190	-	180,190
	4,449,949	13,483,256	276,820	5,188,148	23,398,173
Within one year	83,716	-	261,630	5,188,148	5,533,494
More than one year	4,366,233	13,483,256	15,190	-	17,864,679
	4,449,949	13,483,256	276,820	5,188,148	23,398,173

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 2020	31 Dec 2019
Balance as at the beginning of the year	4,449,949	3,464,033
Addition during the year	4,227,335	3,587,539
Disposal	-	(3,118,391)
Redemption/repayment during the year		
	8,677,284	3,933,181
Fair value gain/(loss)	-	516,768
Balance as at the end of the year	**8,677,284**	**4,449,949**

a 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 2020**	**31 Dec 2019**
Quoted equities and unit trust schemes (note 8.4)	1,343,483	30,227
Unquoted equities - at fair value through OCI (note 8.4)	13,389,000	13,389,000
Unquoted equities - at cost (note 8.5)	64,029	64,029
	14,796,512	**13,483,256**

Reconciliation of carrying amount

In thousands of naira	**30 Sept 2020**	**31 Dec 2019**
Balance as at the beginning of the year	13,483,256	9,810,517
Fair value gain/(loss) (note 8.3)	1,313,256	3,672,739
Balance as at the end of the year	**14,796,512**	**13,483,256**

8.3 The fair value of available for sale quoted equities and unit trust schemes was derived as follows:

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**
Fair value changes	1,313,256	3,672,739
Balance at the end of the year	**1,313,256**	**3,672,739**

8.4 The fair value of available for sale unquoted equities measured at fair value through OCI was derived as follows:

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**
Quoted equities and unitrust schemes	1,343,483	30,227
Unquoted equities-at fair value through OCI	13,389,000	13,389,000
Unquoted equities- at cost	64,029	64,029
	14,796,512	**13,483,256**

The unquoted equity 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.
The fair value of the investment as at 30 September 2020 was N13.389 billion (31 December 2019: N13.389 billion) and was determined using the discounted cashflow (DCF) method and level 3 inputs of the IFRS 13 *Fair Value Measurement*
The valuation was done by Sirius Associate. The valuation report was signed by Oluwakemi A. Adeniran with FRC number FRC/2012/ICAN/00000000205.

Notes to the financial statements

8.5 Loans and receivables

In thousands of Naira	**30 Sept 2020** **₦'000**	**31 Dec 2019** **₦'000**
Due from third parties (see note a below)	1,048,905	309,618
Loan to staff	30,198	22,714
Loan to policy holders	13,655	13,655
Ex-staff loans	45,390	35,083
	1,138,148	**381,070**
Allowance for impairment	(104,250)	(104,250)
	1,033,898	**276,820**

(a) Breakdown of Due from third parties

Name of third parties *In thousand of Naira*	**30 Sept 2020** **₦'000**	**31 Dec 2019** **₦'000**
Lease Fin. - Olumegbon	297	297
Tsf Fin. - Lease Fin.	927	927
Pine Hill Leasing	54,224	49,437
Lease-Glc Resources	4,374	4,374
Platform Capital Ltd	165,701	-
Aquila Leasing Ltd.	71,577	107,365
Konikolo Trust Fund	50,304	49,087
Sunfair Comm. Prod. Ltd	1,500	1,500
Coronation Merchant Bank	-	31,475
Mixta Real Estate	-	52,444
Stanbic IBTC Bank Plc- CP	-	12,711
Apel Asset Ltd.	450,000	-
Meristem Wealth Partners Ltd.	150,000	-
Cordros Asset Mgt.	100,000	-
Total	**1,048,905**	**309,618**

(b) Impairment allowance

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**
Balance at the beginning of the year	(104,250)	(104,250)
Balance at the end of the year	**(104,250)**	**(104,250)**

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 N104.25million consists of N56.19 million impairment on due from third parties, N13.65 million on Loans to policy holders and N34.4 million on ex-staff loans.

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

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**
Balance as at 1 January	381,070	243,948
Additions during the year	757,078	386,840
Disposal during the year	-	(249,718)
	1,138,148	381,070
Impairment loss	(104,250)	(104,250)
Balance as at 31 December	1,033,898	276,820

Notes to the financial statements

8.6 Held to maturity

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**
Balance at the beginning of the year	5,263,082	5,629,018
Redemption	(5,251,890)	(5,630,280)
Investment in Nigerian Aviation Handling Company's (NAHCO) (see note (i) below)	**11,192**	**(1,262)**
Additions during the period (Treasury bills)	1,057,667	5,264,344
	1,068,859	**5,263,082**
Allowance for impairment	(11,192)	(74,934)
Balance at the end of the year	**1,057,667**	**5,188,148**

(i) This represents amortised cost of the Company's investment in the Nigerian Aviation Handling Company's (NAHCO) 7-year bond. Interest on the instrument is payable half-yearly at 15.25%.

9 Trade receivables

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**
Due from broker	455,443	65,898
	455,443	**65,898**

9.1 Analysis of debtors in days

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**
Within 30 days	455,443	114,784
	455,443	**114,784**

10 Reinsurance assets

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**	**Changes during the**
Prepaid reinsurance (note 10(a))	1,130,130	615,645	514,485
Total as per actuarial valuation	1,130,130	615,645	514,485
Reinsurance treaty premium (deficit)/surplus (see note (i) below)	-	(74,368)	74,368
Total prepaid reinsurance (note 10.1)	1,130,130	541,277	588,853
Reinsurance recoverable on outstanding claims (note 10(b))	980,567	429,637	550,930
Reinsurance recoverable on Paid claims -FAC (note 10(b))	75,742	-	-
Reinsurance projection on IBNR (note 10(c))	150,873	150,873	-
	2,337,312	**1,121,787**	**1,139,783**

(i) This represents the net impact of reinsurance premium expense payable, commission revenue receivable/received and Claims recovery from reinsurers. The balance in the account is a payable to reinsurance companies as at year end.

(a) Movement in prepaid reinsurance costs

In thousands of Naira `	**30 Sept 2020**	**31 Dec 2019**
Balance at the beginning of the year	615,645	575,942
Additions during the year	3,285,777	1,788,828
Reinsurance expense in the year (see note 33.1)	(2,771,292)	(1,749,125)
Balance at the end of the year	**1,130,130**	**615,645**

(b) Movement in reinsurance recoverable on outstanding claims

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**
Balance at the beginning of the year	429,637	212,969
Recoveries during the year (see note 17.1(a))	626,672	216,668
Balance at the end of the year	**1,056,309**	**429,637**

(c) Movement in reinsurance recoverable on IBNR projection

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**
Balance at the beginning of the year	150,873	47,225
Changes during the year (see note 17.1(c))	-	103,648
Balance at the end of the year	**150,873**	**150,873**

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

Notes to the financial statements

10.1 Breakdown of prepaid reinsurance is as follows:

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**
Motor	-	-
Fire	257,981	144,259
General accident	153,546	87,722
Engineering	64,639	58,596
Marine	136,642	49,925
Bond	1,123	762
Aviation	71,037	81,116
Oil & Gas	445,162	193,266
	1,130,131	615,645
Treaty premium (deficit)/surplus	-	(74,368)
	1,130,131	**541,277**

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 2020**	**31 Dec 2019**
Motor	70,948	43,222
Fire	76,682	49,782
Accident	59,176	33,757
Engineering	22,835	15,235
Marine	40,777	18,369
Bond	372	475
Aviation	11,589	14,834
Oil & Gas	156,480	88,330
	438,859	**262,550**

11.2 Movement in the deferred acquisition costs

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**
Balance at the beginning of the year	262,550	264,003
(Decrease) / increase during the year (see note 36.1)	176,309	(1,453)
Balance at the end of the year	**438,859**	**262,550**

12 Other receivables and prepayments

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**
Prepayments (see (a) below)	361,586	311,546
Other receivables (see (b) below)	122,359	113,251
	483,945	424,797
Allowance for impairment	(6,212)	(16,494)
	477,733	**408,303**

(a) Prepayments

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**
Prepaid staff benefits	114,712	97,977
Deposits with stock broker	2,603	2,602
Prepaid rent	23,433	11,959
Other prepaid expenses	220,838	199,008
	361,586	**311,546**

(b) Other receivables

In thousands of Naira	**30 Sept 2020**	**31 Dec 2019**
Prepaid business acquisition expenses	2,332	647
Withholding tax recoverable	34,065	10,012
Sundry receivables (see (i) below)	85,962	102,592
	122,359	113,251
Allowance for impairment (see (ii) below)	(6,212)	(16,494)
	116,147	**96,757**

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

(ii) The impairment allowance of N6.2 million consists of N3.61 million impairment on prepaid staff benefits and N2.60 million impairment on deposits with stock brokers.

Notes to the financial statements

13 Investment properties

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

S/N	Location of asset	Carrying amount as at January 1 N'000	Additions N'000	Disposals N'000	Reclassification N'000	Fair value gain/(loss) N'000	Carrying amount as at 30 Sept. 2020 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 2 and 3 above.

(b) Reconciliation of carrying amount

In thousands of Naira	30 Sept 2020	31 Dec 2019
Balance at the beginning of the year	150,000	144,000
Addition during the year	-	-
Reclassification to property and equipment (see note 15)	-	-
Fair value gain/(loss)	-	6,000
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 2020	31 Dec 2019
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 2019, 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	-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 2020	31 Dec 2019
Cost		
Balance at the beginning of the year	67,146	66,979
Addition during the year	4,824	168
Balance at the end of the year	**71,970**	**67,146**
Accumulated Amortisation		
Balance at the beginning of the year	59,826	52,869
Charge for the year	5,449	6,958
Balance at the end of the year	65,276	59,826
Net Book Value		
Balance at the end of the year	**6,694**	**7,320**

Notes to the financial statements

15 Property and equipment

30 September 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	629,510	145,751	330,427	105,136	2,259,417
Additions	-	920		7,432	46,110	-	54,462
Reclass from Work In Progress	-	-	-	-	(1,918)	-	(1,918)
Disposal	-	-	(47,800)		(2,023)	-	(49,823)
30 September 2020	757,200	292,312	581,710	153,184	372,596	105,136	2,262,138
Accumulated depreciation							
At 1 January 2020	-	82,084	388,014	133,171	274,968	-	878,237
Charge for the year	-	5,815	79,786	5,514	29,309	-	120,424
Disposal	-	-	(43,425)	-	(1,051)	-	(44,476)
Reclassification	-	-	-	-	(200)	-	(200)
30 September 2020	-	87,899	424,375	138,685	303,025	-	953,984
Net book value							
30 September 2020	757,200	204,413	157,335	14,498	69,571	105,136	1,308,154
At 31 December 2019	757,200	209,308	241,496	12,580	55,460	105,136	1,381,180

Property and equipment
At 31 December 2019

In thousands of Naira	Land	Buildings	Motor Vehicles	Office furniture & fittings	Office Machinery & Equipment	Building (Work in progress)	Total
Cost/valuation							
At 1 January 2019	757,200	290,564	567,862	139,037	311,719	105,136	2,171,518
Additions	-	828	194,500	6,714	19,617	-	221,660
Disposal	-	-	(132,851)	-	(909)	-	(133,760)
At 31 December 2019	757,200	291,392	629,510	145,751	330,427	105,136	2,259,417
Accumulated depreciation							
At 1 January 2019	-	74,384	422,393	125,067	246,660	-	868,504
Charge for the year	-	7,700	98,473	8,104	28,800	-	143,076
Disposal	-	-	(132,851)	-	(492)	-	(133,344)
At 31 December 2019	-	82,084	388,014	133,171	274,968	-	878,237
Net book value							
At 31 December 2019	757,200	209,308	241,496	12,580	55,460	105,136	1,381,181
At 31 December 2018	757,200	216,180	145,469	13,970	65,059	105,136	1,303,014

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

Class of PPE	30 September 2020			31 December 2019		
In thousands of Naira	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Land	-	-	757,200	-	-	757,200
Building	-	-	204,413	-	-	209,308
Building (work in progress)	-	-	105,136	-	-	105,136
	-	**-**	**1,066,749**	**-**	**-**	**1,071,644**

In December 2017, 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. Therefore, no revaluation surplus was recognized.

As at year end, land and building are the Company's category of assets that are carried at valuation. See note 15(h) below for the value of land and building at historical cost

Notes to the financial statements

a) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year (2018: nil)

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 (2018: nil)

d) There was no item of property and equipment that has been pledged as security for borrowings as at the year ended 31 December 2019 (31 December 2018: nil)

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

f) For cashflow purpose, the addition during the year excluded N72 million acquired by way of lease, payment in respect of which is separately reported in the statement of cash flow.

g The Company did not revalue the items of property and equipment in current year.

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	732,917	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	87,135	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	44,550	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	207,043	The company had applied to register the deed of assignment with the Rivers State Ministry of Lands
				1,071,645	

Notes to the financial statements

		30 Sept 2020	31 Dec 2019
16	**Statutory deposit**	**₦'000**	**₦'000**
	Statutory deposit with CBN	300,000	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.

		30 Sept 2020	31 Dec 2019
17	**Insurance contract liabilities**	**₦'000**	**₦'000**
	Provision for claims reported by policyholders (note 17.1(a))	2,560,366	2,267,861
	Provision for IBNR (note 17.1(c))	818,592	704,646
	Outstanding claims provision	3,378,958	2,972,508
	Provision for unearned premium (note 17.2)	2,762,374	1,680,373
	Total insurance contract liabilities	**6,141,332**	**4,652,881**

17.1 Analysis of claims reserve based on nature

	30 Sept 2020			31 Dec 2019		
In thousands of Naira	Gross claims	Reinsurance	Net	Gross claims	Reinsurance	Net
Reported claims (see (a) below)	2,560,366	1,056,309	1,504,057	2,267,862	429,637	1,838,225
IBNR (see (c) below)	818,592	150,873	667,719	704,646	150,873	553,773
	3,378,958	**1,207,182**	**2,171,776**	**2,972,508**	**580,510**	**2,391,998**

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

	30 Sept 2020			31 Dec 2019		
In thousands of Naira	Reported claims	Reinsurance	Net	Reported claims	Reinsurance	Net
Balance at the beginning of the year	2,267,862	429,637	1,838,225	2,382,164	212,969	2,169,195
Movement during the year	292,504	626,672	(334,168)	(114,302)	216,668	(330,970)
Balance at the end of the year	**2,560,366**	**1,056,309**	**1,504,057**	**2,267,862**	**429,637**	**1,838,225**

Analysis of outstanding claims per class of business:

	30 Sept 2020			31 Dec 2019		
(b) *In thousands of Naira*	Gross Outstanding claims	Reinsurance recoveries	Net	Gross Outstanding claims	Reinsurance recoveries	Net
Motor	140,024	29,170	110,854	165,739	24,635	141,104
Fire	437,174	242,403	194,771	234,389	175,624	58,765
General accident	479,132	202,703	276,429	375,859	152,567	223,292
Engineering	164,165	96,651	67,515	178,158	62,163	115,995
Marine	80,995	20,558	60,437	130,434	14,648	115,786
Bond	73,315	-	73,315	-	-	-
Aviation	490,547	452,932	37,615	-	-	-
Oil & Gas	695,014	11,893	683,121	1,183,283		1,183,283
	2,560,366	**1,056,309**	**1,504,057**	**2,267,862**	**429,637**	**1,838,225**

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

	30 Sept 2020			31 Dec 2019		
In thousands of Naira	IBNR claims	Reinsurance	Net	IBNR claims	Reinsurance	Net
At the beginning of the year	704,646	150,873	553,773	419,061	47,225	371,836
Movement during the year	113,946	-	113,946	285,585	103,648	181,937
At the end of the year	**818,592**	**150,873**	**667,719**	**704,646**	**150,873**	**553,773**

Analysis of IBNR claims per class of business:

	30 Sept 2020			31 December 2019		
In thousands of Naira	IBNR claims	Reinsurance recoveries	Net	IBNR claims	Reinsurance recoveries	Net
Motor	104,366	20,060	84,306	89,639	20,060	69,579
Fire	144,643	52,633	92,010	125,908	52,633	73,275
General accident	113,824	29,406	84,418	94,350	29,406	64,944
Engineering	62,183	17,111	45,072	57,863	17,111	40,752
Marine	31,198	23,808	7,390	55,261	23,808	31,453
Bond	7,442	-	7,442	-	-	-
Aviation	27,772	-	27,772	-	-	-
Oil & Gas	327,165	7,855	319,310	281,625	7,855	273,770
	818,592	**150,873**	**667,719**	**704,646**	**150,873**	**553,773**

Notes to the financial statements

17.2 Breakdown of unearned premium per class of business:

	30-Sep-20			31-Dec-19		
In thousands of Naira	Unearned Premium	Prepaid Reinsurance	Net	Unearned Premium	Prepaid Reinsurance	Net
Motor	663,230	-	663,230	423,931	-	423,931
Fire	415,523	257,981	157,543	271,645	144,259	127,387
General accident	326,069	153,546	172,523	194,831	87,722	107,108
Engineering	180,069	64,639	115,430	77,758	58,596	19,163
Marine	228,466	136,642	91,824	106,341	49,925	56,415
Bond	2,031	1,123	908	3,046	762	2,284
Aviation	99,629	71,037	28,592	92,584	81,116	11,468
Oil & Gas	847,357	445,162	402,195	510,238	193,266	316,972
	2,762,374	**1,130,130**	**1,632,244**	**1,680,373**	**615,645**	**1,064,728**

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

	30-Sep-20			31-Dec-19		
In thousands of Naira	Unexpired Risk reserve	Reinsurance	Net	Unexpired Risk reserve	Reinsurance	Net
Balance at the beginning of the year	1,680,373	615,645	1,064,728	1,488,028	214,445	1,273,583
Premium written in the year	6,884,697	3,285,777	3,598,920	6,518,964	3,014,439	3,504,525
Premium earned during the year	(5,802,696)	(2,771,292)	(3,031,404)	(6,326,619)	(2,613,239)	(3,713,380)
Balance at the end of the year	**2,762,374**	**1,130,130**	**1,632,244**	**1,680,373**	**615,645**	**1,064,728**

	30-Sep-20			31-Dec-19		
In thousands of Naira	Unexpired Risk reserve	Reinsurance	Net	Unexpired Risk reserve	Reinsurance	Net
Unexpired risk reserve	1,680,373	615,645	1,064,728	1,488,029	357,810	1,130,219
Additional unexpired risk reserve	1,082,001	514,485	567,516	192,344	257,836	(65,491)
Balance at the end of the year	**2,762,374**	**1,130,130**	**1,632,244**	**1,680,373**	**615,645**	**1,064,728**

18 Hypothecation

	30-Sep-20			31-Dec-19		
In thousands of Naira	Insurance fund	Shareholders fund	Total	Insurance fund	Shareholders fund	Total
Assets						
Cash and cash equivalents	1,462,705	350,000.00	1,812,705	1,259,222	350,000	1,609,222
Financial assets	5,396,309	20,169,052	25,565,362	5,188,148	18,210,025	23,398,173
Reinsurance assets	2,337,312	-	2,337,312	1,121,787	-	1,121,787
Deferred acquisition cost	-	438,859	438,859	-	262,550	262,550
Other receivables and prepayments	-	477,733	477,733	-	408,303	408,303
Investment properties	-	150,000	150,000	-	150,000	150,000
Intangible assets	-	6,694	6,694	-	7,319	7,319
Property and equipment	-	1,308,154	1,308,154	-	1,381,180	1,381,180
Statutory deposit	-	300,000	300,000	-	300,000	300,000
Total assets	9,196,326	23,200,492	32,396,819	7,569,157	21,069,376	28,638,533
Liabilities						
Insurance contract liabilities	6,141,332	-	6,141,332	4,652,881	-	4,652,881
Trade payables	-	1,390,394	1,390,394	-	363,724	363,724
Other payables	-	699,707	699,707	-	460,618	460,618
Finance lease obligations	-	36,018	36,018	-	61,923	61,923
Defined benefit obligations	-	61,467	61,467	-	49,846	49,846
Income tax liabilities	-	342,355	342,355	-	75,390	75,390
Total liabilities	6,141,332	2,529,941	8,671,273	4,652,881	1,011,501	5,664,382
GAP	3,054,994	20,670,551	23,725,546	2,916,276	20,057,875	22,974,152

Notes to the financial statements

19 Trade payables

	30 Sept 2020	31 Dec 2019
	₦'000	₦'000
Insurance payables (note 19.1)	1,390,394	363,724
	1,390,394	**363,724**

19.1 Insurance payables

	30 Sept 2020	31 Dec 2019
	₦'000	₦'000
Commission payables to brokers	99,248	63,749
Premium received in advance	3,129	2,868
Due to re-insurers (see 'a' below)	1,161,832	223,235
Other payables to agents and brokers (see note 19.2)	126,185	73,872
	1,390,394	**363,724**

Movement in insurance payables

	30 Sept 2020	31 Dec 2019
	₦'000	₦'000
Balance at the beginning of the year	363,724	144,234
Addition in the year	1,026,670	219,490
Balance at the end of the year	**1,390,394**	**363,724**

(a) This is a payable to reinsurance companies as at September 2020 (2019:N223m).

19.2 Other payables to agents and brokers

	30 Sept 2020	31 Dec 2019
	₦'000	₦'000
Due to brokers	126,185	73,872
	126,185	**73,872**

20 Other payables

	30 Sept 2020	31 Dec 2019
	₦'000	₦'000
Due to Auditors	18,751	25,000
NAICOM levy	68,850	65,190
Expenses payable (see note 20.1)	338,645	66,165
Due to co-insurers	3,887	-
Deferred commission revenue (see (a) below)	202,283	108,373
Other payables (see note 20.2)	67,291	195,891
	699,707	**460,618**

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 2020	31 Dec 2019
	₦'000	₦'000
Deferred commission income as at 1 January	108,373	74,399
Fees and commission received during the year	593,809	242,072
Fees and commission earned during the year (see note 34.2)	(499,899)	(242,072)
Deferred commission income as at 31 December	202,283	108,373

20.1 Expenses payable

	30 Sept 2020	31 Dec 2019
	₦'000	₦'000
Expenses accrued (see (i) below)	338,645	66,165
	338,645	**66,165**

(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 2020.

20.2 Other payables

	30 Sept 2020	31 Dec 2019
	₦'000	₦'000
National Social Trust Fund (NSITF)	(2,678)	-
Travel insurance	1,638	2,517
National Housing Fund (NHF)	1,354	1,022
Provision for litigation	9,120	3,000
Pension for Life agents/Company	5,645	555
Deposit without details (see (a) below)	47,201	182,228
Sundry payables	5,011	6,568
	67,291	**195,891**

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

Notes to the financial statements

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 2020	**31 Dec 2019**	**30 Sept 2020**	**31 Dec 2019**	**30 Sept 2020**	**31 Dec 2019**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Not later than one year	31,494	39,916	17,897	8,422	13,597	**31,494**
Later than one year but not later than five year	30,429	34,197	8,007	3,768	22,422	**30,429**
	61,923	**74,113**	**25,905**	**12,190**	**36,018**	**61,923**

22 Defined benefit obligations

	Defined benefit liability		Fair value of plan assets		Defined benefit liability / (asset)	
	30 Sept 2020	**31 Dec 2019**	**30 Sept 2020**	**31 Dec 2019**	**30 Sept 2020**	**31 Dec 2019**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At the beginning of the year	141,078	104,048	(91,231)	(81,143)	49,847	22,905
Current service cost	-	22,790	-	-	-	22,790
Interest cost (income)	-	15,623	-	-	-	15,623
Benefits paid by the employer	17,944	(6,713)	(6,324)	(10,089)	11,620	(16,802)
- Assumptions	-	17,742	-	-	-	17,742
- Experience	-	(12,412)	-	-	-	(12,412)
At the end of the year	**159,022**	**141,078**	**(97,556)**	**(91,231)**	**61,467**	**49,846**

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 2019) with FRC number FRC/2012/NAS/00000000738.

The principal assumptions used for the purpose of the actuarial valuations were as follows.

	31 Dec 2019	**31 Dec 2018**
	%	**%**
Long term discount rate (p.a.)	13.5%	15.5%
Average pay increase (p.a.)	12.0%	12.0%
Average rate of inflation (p.a.)	11.0%	12.0%

The sensitivity of defined employee benefits (gratuity) liability to changes in the principal assumptions is:

31 December 2019	Change in assumption		Impact on overall liability	
Discount rate	-1.00%	+1.00%	151,683	131,688
Future salary increases	-1.00%	+1.00%	130,901	152,409
Mortality experience	-1 year	+1 year	140,835	141,347

31 December 2018	Change in assumption		Impact on overall liability	
Discount rate	-1.00%	+1.00%	111,552	97,360
Future salary increases	-1.00%	+1.00%	96,670	112,226
Mortality experience	-1 year	+1 year	103,790	104,335

Notes to the financial statements

23 Income tax liabilities

In thousands of Naira	30 Sept 2020	31 Dec 2019
At the beginning of the period	75,390	203,979
Charge for the year (note 23.1)	400,848	44,953
Payment during the period	(133,883)	(173,542)
At the end of the period	**342,355**	**75,390**

23.1 Major components of the tax expense

In thousands of Naira	30 Sept 2020	31 Dec 2019
Minimum tax expense	-	31,633

23.2 Tax charge

In thousands of Naira	30 Sept 2020	31 Dec 2019
Income tax (CIT)	400,848	-
Minimum tax	-	31,633
NITDA Levy	-	13,255
Police Trust Fund levy	-	65
Current income tax	400,848	44,953
Reversal of deductible temporary difference (note 24)	-	(158,381)
	400,848	**(113,428)**

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.

The net deferred tax assets/(liabilities) are attributable to the following:

31 Dec 2019

In thousands of Naira	Balance at 1 January	Recognised in OCI	Recognised in P or L	Deferred tax assets /(Liabilities)
Property and equipment	(121,439)	-	121,439	-
Unrealised exchange gain	(36,942)	-	36,942	-
	(158,381)	-	158,381	-

Notes to the financial statements

		30 Sept 2020	31 Dec 2019
25	**Share capital**	**₦'000**	**₦'000**
	Authorized - ordinary shares of 50k each (30,000,000,000 units)	**15,000,000**	**4,000,000**

At the Extraordinary General Meeting (EGM) held on 25th October 2019, the Company increased the Authorized share capital from Eight Billion Naira (N7,500,000,000) to Fifteen Billion Naira (N15,000,000,000). The N15,000,000,000 is made up of Thirty Billion (30,000,000,000) Ordinary Shares for Fifty kobo (50k) each and the required registration fees have been paid to concerned regulatory authorities.

25.1	**Issued and fully paid**	**30 Sept 2020**	**31 Dec 2019**
	Authorised - ordinary shares of 50k each (8,000,000,000 units)	**₦'000**	**₦'000**
	At the beginning of the year	**4,000,000**	**3,999,999**
	Additions	-	-
	At the end of the year	**4,000,000**	**3,999,999**

26	**Share premium**	**30 Sept 2020**	**31 Dec 2019**
		₦'000	**₦'000**
	At the end of the year	**729,044**	**729,044**

27	**Contingency reserve**	**30 Sept 2020**	**31 Dec 2019**
		₦'000	**₦'000**
	At the beginning of the year	2,068,770	1,778,339
	Transfer from retained earnings (see Note 28)	224,992	290,431
	At the end of the year	**2,293,762**	**2,068,770**

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. For the year ended 2019, the transfer to contingency reserves was determined based on 20% of net profit for the year (2018: 3% of gross premiums).

28	**Retained earnings**	**30 Sept 2020**	**31 Dec 2019**
		₦'000	**₦'000**
	At the beginning of the year	2,392,175	1,230,452
	Profit for the year	1,124,956	1,452,154
	Transfer to contingency reserve (see Note 27)	(224,992)	(290,431)
	At the end of the year	**3,292,139**	**2,392,175**

29	**Assets revaluation reserve**	**30 Sept 2020**	**31 Dec 2019**
		₦'000	**₦'000**
	Balance as at 31 December	**752,083**	**752,083**

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 2017. There was no revaluation done as at 31 December 2019.

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:

30.1	**Fair value reserve**	**30 Sept 2020**	**31 Dec 2019**
		₦'000	**₦'000**
	Balance as at 31 December	**13,095,528**	**13,079,548**

30.2	**Re-measurement reserve**	**30 Sept 2020**	**31 Dec 2019**
		₦'000	**₦'000**
	Balance as at 31 December	**18,431**	**18,431**

Notes to the financial statements

31 Gross premium written

	30 Sept 2020	30 Sept 2019
	₦'000	₦'000
Direct premium (note 31.1)	6,640,711	5,192,227
Inward premium (note 31.1)	243,986	159,893
	6,884,697	**5,352,120**

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

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**

30 Sept 2019	Direct premium	Inward premium	Total
	₦'000	₦'000	₦'000
Fire	675,460	31,798	707,258
Accident	604,903	15,048	619,951
Motor	837,388	50,408	887,796
Marine	347,867	23,188	371,055
Aviation	340,105	781	340,886
Bond	15,893	-	15,893
Engineering	209,291	3,560	212,851
Oil & Gas	2,161,320	35,110	2,196,430
	5,192,227	**159,893**	**5,352,120**

32 Gross premium income

	30 Sept 2020	30 Sept 2019
	₦'000	₦'000
Gross premium written (note 31)	6,884,697	5,352,120
Changes in reserve for unexpired risks (note 17.2)	(1,082,001)	(751,959)
	5,802,696	**4,600,161**

33 Reinsurance expenses	**2,771,292**	**1,749,125**

33.1 Premium ceded to reinsurance:

	30 Sept 2020	30 Sept 2019
	₦'000	₦'000
Reinsurance premium (Treaty)	2,788,396	1,924,149
Facultative outwards	497,381	236,169
Total reinsurance paid (see (a) below)	**3,285,777**	**2,160,318**
Decrease in prepaid reinsurance	(514,485)	(411,193)
	2,771,292	**1,749,125**
(a) Local and foreign reinsurance premium		
Reinsurance premium - local	1,924,136	1,250,041
Reinsurance premium - foreign	1,361,641	910,277
	3,285,777	**2,160,318**

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

	30 Sept 2020	30 Sept 2019
	₦'000	₦'000
Fire	560,943	351,274
Accident	321,924	247,478
Motor	2,095	19,858
Marine	198,089	126,671
Aviation	216,931	183,739
Bond	2,827	7,656
Engineering	154,354	124,165
Oil & Gas	1,314,129	688,284
	2,771,292	**1,749,125**

Notes to the financial statements

34	**Fees and commission income**	**459,095**	**414,722**

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

	30 Sept 2020	30 Sept 2019
	₦'000	₦'000
Fire	177,033	108,747
Accident	101,149	81,523
Motor	610	907
Marine	60,556	40,923
Aviation	2,134	226
Bond	820	2,052
Engineering	76,211	36,863
Oil & Gas	40,582	143,481
	459,095	**414,722**

34.2 Breakdown of fees and commission income is as follows:

	30 Sept 2020	30 Sept 2019
	₦'000	₦'000
Lead underwriting commission	37,569	1,388
Reinsurance commission (Note 20(a))	499,899	339,557
Profit Comm. & Comm. Adjustment	15,537	138,379
Changes in deferred commission revenue	(93,910)	(64,602)
	459,095	**414,722**

35 Net claims expenses

	30 Sept 2020	30 Sept 2019
	₦'000	₦'000
Gross claims paid	1,648,696	2,227,511
Movement in IBNR reserve (see note 17.1(c))	113,946	140,195
Movement in reserve for outstanding claims	292,504	(289,252)
Gross claims incurred	**2,055,146**	**2,078,454**
Salvage recovery	(19,112)	(37,172)
Claims recovered and recoverable from reinsurers (see (a) below)	(1,099,368)	(749,423)
	936,666	**1,291,859**

a) Analysis of claims recovered and recoverable from reinsurers

	30 Sept 2020	30 Sept 2019
	₦'000	₦'000
Reinsurance claims recoveries (see note 44c)	472,696	512,112
Change in re-insurance recoverable (see note 10b)	626,672	237,311
	1,099,368	**749,423**

36 Underwriting expenses

	30 Sept 2020	30 Sept 2019
	₦'000	₦'000
Acquisition expenses (note 36.1)	1,187,176	1,050,332
Maintenance expenses (note 36.2)	992,429	628,450
	2,179,605	**1,678,782**

36.1 Analysis of acquisition expenses

	30 Sept 2020	30 Sept 2019
	₦'000	₦'000
Commission expense	1,140,661	910,098
Business acquisition cost	222,824	253,657
Movement in deferred acquisition cost (see note 11.2)	(176,309)	(113,423)
	1,187,176	**1,050,332**

36.2 Analysis of maintenance expenses

	30 Sept 2020	30 Sept 2019
	₦'000	₦'000
Staff costs (see note 41)	349,943	255,310
Directors' emoluments (see note 41)	23,960	29,109
Retirement benefit cost (see note 41)	24,096	17,698
Other operating expenses (note 41)	594,430	326,333
	992,429	**628,450**

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.

Notes to the financial statements

		30 Sept 2020	30 Sept 2019
37	**Investment income**	**₦'000**	**₦'000**
	Dividend income (see note 37a)	832,197	781,948
	Interest income (See note 37b)	1,696,569	1,003,721
	Investment income per statement of profit or loss and OCI	2,528,766	1,785,669
	Other investment income (see note 37c)	44,686	9,653
	Fair value change on FVTPL securities (see note 37d)	40,635	42,297
	Investment income for hypothecation	**2,614,087**	**1,837,619**

37a	Breakdown of Dividend Income	**₦'000**	% Contribution
	Stanbic IBTC Pension Ltd.	649,059	78%
	Zenith Bank Plc	94,494	11%
	Guaranty Trust Bank	43,536	5%
	MTN	10,356	1%
	United Bank for Africa	5,156	1%
	Others	29,596	4%
		832,197	

37b	Breakdwon of Interest Income	**₦'000**	% Contribution
	Interests from Placement with Banks and Financial Institutions	129,992	8%
	Interest from Treasury bills	77,044	5%
	Interest income from FGN Bonds	418,695	25%
	Interest income from State Bonds	94,247	6%
	Interest income from Corporate bonds	54,464	3%
	Fair value gain/loss on FGN Bonds	805,349	47%
	Fair value gain/loss on State Bonds	82,569	5%
	Fair value gain/loss on Corporate Bonds	34,209	2%
		1,696,569	

37c	Other investment income comprises:	**₦'000**
	Commercial Paper	17,494
	Promissory Note	23,044
	Coupon from Deluxe Residence Ltd	3,668
	Commission from 12.98% FGN Bond	479
		44,686

	Fair value change on FVTPL securities includes:	**₦'000**
37d	FV Gain/Loss with Fund managers	19,323
	FV Gain/Loss on Equity investment	21,312
		40,635

		30 Sept 2020	30 Sept 2019
37.1	**Hypothecation of investment income**	**₦'000**	**₦'000**
	Investment income that relate to policyholders (note 37.2)	129,992	140,694
	Investment income that relate to shareholders (note 37.3)	2,439,409	1,687,272
		2,569,401	**1,827,966**

		30 Sept 2020	30 Sept 2019
37.2	**Investment income that relate to policy holders**	**₦'000**	**₦'000**
	Income from money market	129,992	140,694
		129,992	**140,694**

		30 Sept 2020	30 Sept 2019
37.3	**Investment income that relate to shareholders**	**₦'000**	**₦'000**
	Dividend income	832,197	781,948
	Income from money market	999,171	732,756
	Income from bonds	567,406	130,271
	Fair value change on FVTPL securities	40,635	42,297
		2,439,409	**1,687,272**

		30 Sept 2020	30 Sept 2019
38	**Net fair value gains/(loss) on financial assets at fair value through profit or loss**	**₦'000**	**₦'000**
	Appreciation/(Depreciation) in value of short-term investments - quoted securities	**40,635**	**42,297**

Notes to the financial statements

39 Other operating (loss)/income (net)

	30 Sept 2020	30 Sept 2019
	₦'000	₦'000
Sundry (loss)/income	2,256	7,394
Loss on sale of property & equipment	(4,204)	(118)
Exchange gains/(loss)	23,099	(1,926)
Rental income	4,500	11,000
	25,651	**16,350**

40 Maintenance and management expenses

Maintenance and management expenses comprise:

	30 Sept 2020		30 Sept 2019	
In thousands of Naira	Maintenance Expenses	Management Expenses	Maintenance Expenses	Management Expenses
Staff cost	349,943	524,914	255,310	382,966
Director emoluments	23,960	35,940	29,109	43,663
Pension contribution	10,137	15,206	9,519	14,279
Retirement benefits	13,959	20,938	8,178	12,268
Contract staff cost	41,930	62,896	40,486	60,728
Advertising & publicity	4,375	6,562	4,877	7,316
Marketing expenses	8,379	12,569	7,714	11,570
Medical	14,480	21,720	10,213	15,319
Staff training & development	5,864	8,795	36,143	54,214
Corporate Expense	519,402	-	226,901	-
AGM expenses	-	11,250	-	20,322
Bank charges	-	29,615	-	23,791
Computer consumables	-	115	-	357
Depreciation & amortisation	-	125,673	-	110,091
Diesel and fuel	-	38,582	-	41,628
Entertainment	-	1,077	-	1,676
Fines & penalties	-	-	-	7,250
Industrial training fund	-	9,557	-	8,824
Insurance expenses	-	17,040	-	27,460
Insurance supervision fee	-	83,667	-	64,155
Legal and secretarial expenses	-	13,003	-	7,031
Retail agents expenses	-	21,261	-	14,622
Lighting & heating	-	4,971	-	5,627
Maintenance expense	-	86,815	-	82,094
Newspapers & periodicals	-	597	-	477
Postage and telephone	-	13,157	-	11,464
Consultancy expenses	-	116,868	-	54,816
Rent & rate	-	28,890	-	28,672
Stationaries	-	8,434	-	13,028
Subscriptions, contributions & donations	-	13,743	-	27,602
Transport and business travels	-	5,795	-	9,424
Withholding tax & VAT	-	53,174	-	33,159
Audit fee	-	18,750	-	18,750
Finance lease cost (see note (i) below)	-	8,152	-	16,689
Others	-	68,437	-	50,893
Total	**992,429**	**1,488,163**	**628,450**	**1,282,225**

(i) Finance lease cost shown above represents the interest expense on the the lease along with other lease related expenses.

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

	30 Sept 2020	30 Sept 2019
	₦'000	₦'000
Fair value gain / (loss) in available-for-sale investments - quoted equities	1,313,256	(3,251)
	1,313,256	**(3,251)**

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 2020	31 Dec 2019
Profit attributable to ordinary shareholders (N'000)	1,124,956	765,668
Weighted average number of ordinary shares	7,999,999	7,999,999
Basic and diluted earnings per share (Kobo)	14.1	9.6

43 Cashflow reconciliation

a) Other operating cash payments

	30 Sept 2020	31 Dec 2019
In thousands of Naira	₦'000	₦'000
Management expenses (less staff expenses)	(806,549)	(1,048,056)
Adjustment for items not involving movement of cash:		
Changes in unearned premium	(1,082,001)	(192,344)
Depreciation and amortisation expense	125,673	150,035
Impairment loss	-	74,025
Exchange gain/(loss)	(23,099)	-
Sundry loss/(income)	(2,256)	(11,883)
Loss on sale of PPE	4,204	(118)
Operating cash flows before movements in working capital	**(1,784,028)**	**(1,028,341)**
Changes in trade payables	(146,223)	(219,489)
Changes in insurance contract liabilities	406,450	171,283
Other sundry (payments)/receivables	81,829	201,769
Changes in Other receivables and prepayment	(69,430)	(121,202)
Changes in outstanding claims	(406,450)	(171,283)
Changes in other payables	(163,540)	71,841
	(2,081,393)	**(1,095,422)**

b) Premium received from policy holders

	30 Sept 2020	31 Dec 2019
In thousands of Naira	₦'000	₦'000
Trade receivable at 1 January	65,898	32,090
Gross premium written during the year	6,884,697	6,518,964
Trade receivable at 31 December	(455,443)	(65,898)
Premium received in advance	47,201	(39,506)
	6,542,353	**6,445,650**

c) Recovery and recoverable from reinsurers

	30 Sept 2020	31 Dec 2019
In thousands of Naira	₦'000	₦'000
Reinsurance claims recoveries (note 35(a))	472,696	589,257
	472,696	589,257
Salvage recovery (note 36)	19,112	50,385
	491,808	**639,642**

d) Reinsurance premium paid

	30 Sept 2020	31 Dec 2019
In thousands of Naira	₦'000	₦'000
Reinsurance premium cost (note 33.1)	2,788,396	2,592,312
Facultative outwards (note 33.1)	497,381	278,763
Due to reinsurers as at 31 December	(940,040)	(223,235)
	2,345,737	**2,647,840**

e) Commission paid

	30 Sept 2020	31 Dec 2019
In thousands of Naira	₦'000	₦'000
Commission payable to brokers at 1 January	63,749	37,908
Commission cost (Note 36.1)	1,140,661	1,095,745
Business acquisition cost prepaid 1 January (Note 12b)	647	-
Business acquisition cost (Note 36.1)	222,824	236,676
Business acquisition cost prepaid 31 December (Note 12b)	(2,332)	(647)
Commission payable to brokers at 31 December	(99,248)	(63,749)
	1,326,301	**1,305,933**

f) Commission received

	30 Sept 2020	31 Dec 2019
In thousands of Naira	₦'000	₦'000
Deferred commission revenue at 1 January	(108,373)	(74,399)
Deferred commission revenue at 31 December	202,283	108,373
Movement	93,910	33,974
Commission income earned during the year	553,005	555,634
Commission income received during the year	**646,915**	**589,608**

Notes to the financial statements

g) Interest received

In thousands of Naira	**30 Sept 2020** ₦'000	**31 Dec 2019** ₦'000
Interest income earned during the year	1,696,569	1,451,953
Interest received during the year	**1,696,569**	**1,451,953**

h) Movement in financial assets **30 Sept 2020**

In thousands of Naira	Fair value through profit or loss	Available for sale	Loans & receivables	Held to maturity	Total Movement
Addition	4,227,335	-	757,078	1,057,667	6,042,080
Disposals	-	-	-	(5,251,890)	(5,251,890)
Fair value element	-	1,377,285	-	-	1,377,285
	4,227,335	**1,377,285**	**757,078**	**(4,194,223)**	**2,167,475**

Movement in financial assets **31 Dec 2019**

In thousands of Naira	Fair value through profit or loss	Available for sale	Loans & receivables	Held to maturity	Total Movement
Addition	3,587,539		386,840	5,264,344	9,238,723
Disposals	(3,118,391)	-	-	(5,630,280)	(8,748,671)
Loan repayment	-	-	(249,718)	-	(249,718)
Impairment	-	-	(25,262)	-	(25,262)
Fair value element	516,768	3,672,739	-	-	4,189,507
	985,916	**3,672,739**	**111,860**	**(365,936)**	**4,404,579**

i) Purchase of property and equipment

In thousands of Naira	**30 Sept 2020** ₦'000	**31 Dec 2019** ₦'000
Addition for the year per movement schedule	54,462	221,659
Leased property and equipment (see (k) below)	-	(72,000)
Cash flow on addition to property and equipment	**54,462**	**149,659**

j) Sale of property and equipment

In thousands of Naira	**30 Sept 2020** ₦'000	**31 Dec 2019** ₦'000
Costs of assets disposed	49,823	133,760
Accumulated depreciation on assets disposed	(44,476)	(133,343)
Proceeds on sale of disposed asset	(1,143)	(5,692)
Profit/(Loss) on disposal	**4,204**	**(5,275)**

k) Finance lease obligation

In thousands of Naira	**30 Sept 2020** ₦'000	**31 Dec 2019** ₦'000
Balance at the beginning of the year	61,923	56,037
Additions	-	72,000
Payments made during the year	(25,905)	(66,114)
Balance at the end of the year (see note 21)	36,018	61,923

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

In thousands of Naira	**30 Sept 2020** ₦'000	**31 Dec 2019** ₦'000
Staff cost	524,914	490,578
Director emolument	35,940	63,598
Pension contribution	15,206	19,207
Retirement benefits	20,938	33,317
Contract staff cost	62,896	81,148
Medical	21,720	22,058
	681,614	709,906

44 Cash and cash equivalents

	30 Sept 2020 ₦'000	**31 Dec 2019** ₦'000
Cash in hand	1,139	541
Balances with banks & other financial institutions	1,811,566	1,608,681
	1,812,705	**1,609,222**

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:

Notes to the financial Statements

46 Contravention

	30 Sept 2020	31 Dec 2019
	₦'000	₦'000
Late filing of 2017 audited accounts to Federal Reporting Council of Nigeria	-	5500
Appointment of three principal officers without NAICOM's approval	-	750
Appointment of three Non-Executive Directors and Board Chairman without N	-	1,000
	-	7,250

47 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.

48 Events after the reporting period

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

49 Contingencies

49.1 Contingent liabilities

The Company is involved in pending litigations with claims of N146.3million (31 December 2018: N148.3million). Based on legal advice, the directors are of the opinion that no liability will eventuate therefrom.

50 Commitments

The Company had no capital commitments at the reporting date.

Other National Disclosures

Statement of Value Added
For the year ending

	30 Sept 2020		31 December 2019	
	₦'000	**%**	**₦'000**	%
Net premium	3,031,404	117	3,713,380	154
Investment income	2,573,452	99	2,237,582	105
Other income	484,746	19	582,018	24
Claims incurred, commissions paid and operating expenses (local)	(3,501,526)	(135)	(4,044,385)	(184)
Value added	**2,588,076**	**100**	**2,488,595**	**100**
Distribution:				
Employees and directors (staff cost)	936,399	36	886,406	37
Government (taxes)	400,848	15	-	18
Asset replacement (depreciation)	125,873	5	150,035	6
Contingency reserve	224,992	9	290,431	9
Expansion (retained on the business)	899,964	35	1,161,723	31
	2,588,076	**100**	**2,488,595**	**100**

Other National Disclosures
Revenue Account
For the year ending

30 September 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	(674,666)	(387,748)	(2,095)	(284,806)	(206,852)	(3,188)	(160,397)	(1,566,025)	(3,285,777)
Movement in Prepaid-Reinsurance Co	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 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									
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 Expenses	(305,871)	(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 (Loss)/Profit	**(142,640)**	**17,327**	**455,986**	**38,402**	**20,525**	**1,487**	**23,050**	**(39,911)**	**374,229**

30 September 2019

In thousands of naira	Fire	Accident	Motor	Marine	Aviation	Bond	Engineering	Oil & Gas	Total
Direct receipted premium	675,460	604,903	837,388	347,867	340,105	15,893	209,291	2,161,320	5,192,227
Inward premium	31,798	15,048	50,408	23,188	781	-	3,560	35,110	159,893
Gross premium written	**707,258**	**619,951**	**887,796**	**371,055**	**340,886**	**15,893**	**212,851**	**2,196,430**	**5,352,120**
Changes in reserve for unexpired risk	(94,778)	(70,931)	(11,159)	(17,404)	(127,027)	2,470	(49,638)	(383,491)	(751,958)
Gross premium earned	**612,480**	**549,020**	**876,637**	**353,651**	**213,859**	**18,363**	**163,213**	**1,812,939**	**4,600,162**
Reinsurance expenses (Note 33)	(351,274)	(247,478)	(19,858)	(126,671)	(183,739)	(7,656)	(124,165)	(688,284)	(1,749,125)
Net earned premium	**261,206**	**301,542**	**856,779**	**226,980**	**30,120**	**10,707**	**39,048**	**1,124,655**	**2,851,037**
Commissions received	108,747	81,523	907	40,923	226	2,052	36,863	143,481	414,722
Total underwriting income	**369,953**	**383,065**	**857,686**	**267,903**	**30,346**	**12,759**	**75,911**	**1,268,136**	**3,265,759**
Underwriting expenses									
Claims expenses (Note 35)	(244,670)	(225,458)	(306,697)	(49,567)	24,084	(59,160)	(6,797)	(423,593)	(1,291,858)
Maintenance expenses	(83,047)	(72,795)	(104,246)	(43,570)	(40,027)	(1,866)	(24,993)	(257,906)	(628,450)
Acquisition expenses (Note 36)	(127,958)	(132,163)	(131,926)	(97,559)	(47,225)	(2,677)	(38,157)	(472,667)	(1,050,332)
Underwriting profit	**(85,722)**	**(47,351)**	**314,817**	**77,207**	**(32,822)**	**(50,944)**	**5,964**	**113,970**	**295,117**

Financial Summary

	30 Sept 2020 ₦'000	31 Dec 2019 ₦'000	31 Dec 2018 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2015 ₦'000
Statement of financial position						
Assets						
Cash and cash equivalents	1,812,705	1,609,222	1,205,124	1,843,757	2,843,284	2,414,144
Financial assets	25,565,361	23,398,173	19,057,336	18,659,072	14,829,344	14,806,482
Trade receivables	455,443	65,898	32,090	13,741	18,637	18,432
Reinsurance assets	2,337,312	1,121,787	543,636	558,813	784,347	315,694
Deferred acquisition cost	438,859	262,550	259,098	176,274	189,626	188,128
Other receivables and prepayments	477,733	408,303	287,101	238,777	139,769	130,865
Investment property	150,000	150,000	144,000	135,000	92,000	97,000
Intangible assets	6,694	7,319	14,110	26,445	24,101	26,069
Property and equipment	1,308,154	1,381,180	1,303,014	1,356,279	1,111,339	1,195,422
Statutory deposit	300,000	300,000	300,000	300,000	300,000	300,000
Total assets	**32,852,261**	**28,704,432**	**23,145,509**	**23,308,158**	**20,332,447**	**19,492,236**
Liabilities						
Insurance contract liabilities	6,141,332	4,652,881	4,289,254	2,443,858	2,860,449	2,276,752
Trade payables	1,390,394	363,724	144,234	107,346	43,749	229,316
Finance lease obligations	699,707	460,618	350,232	307,546	-	-
Provision and other payables	36,018	61,923	56,037	88,222	264,261	327,273
Retirement benefit obligations	61,467	49,846	22,905	30,471	68,948	84,225
Income tax liabilities	342,355	75,390	203,979	177,941	337,109	147,355
Deferred tax liabilities	-	-	158,381	199,942	224,639	117,921
Total liabilities	**8,671,273**	**5,664,382**	**5,225,022**	**3,355,326**	**3,799,155**	**3,182,842**
Capital and reserves						
Issued and paid-up share capital	4,000,000	3,999,999	3,999,999	3,999,999	3,999,999	3,999,396
Share premium	729,044	729,044	729,044	729,044	729,044	729,044
Contingency reserve	2,293,762	2,068,770	1,778,339	1,616,603	1,038,349	917,387
Retained earnings	3,292,139	2,392,175	1,230,452	2,082,306	(230,708)	(654,310)
Assets revaluation reserve	752,083	752,083	752,083	752,083	733,656	733,656
Re-measurement reserve	18,431	18,431	23,761	4,484	42,368	13,547
Fair value reserve	13,095,528	13,079,548	9,406,809	10,768,313	10,220,584	10,570,674
Total equity	**24,180,987**	**23,040,050**	**17,920,487**	**19,952,833**	**16,533,292**	**16,309,394**
Total liabilities and equity	**32,852,261**	**28,704,432**	**23,145,509**	**23,308,158**	**20,332,447**	**19,492,236**
Statement of profit or loss						
Net premium income	3,031,404	2,851,036	3,477,836	2,840,379	2,835,885	2,436,231
Underwriting results	374,229	295,117	(772,480)	450,438	701,864	1,267
Profit/(loss) before taxation	1,525,804	866,861	134,703	3,001,152	942,682	929,109
Taxation	-	-	-	(34,273)	(398,118)	(416,862)
Profit/(loss) after taxation	1,525,804	866,861	134,703	2,896,319	544,564	512,247
Transfer to contingency reserve	224,992	578,254	578,254	578,254	120,962	113,675
Transfer to revenue reserve	1,300,812	288,607	(443,551)	2,318,065	423,602	398,572
Basic earnings per share (kobo)	14.1	7.2	(3.6)	6.8	6.8	6.4