

VERITAS KAPITAL ASSURANCE PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2021

Annual Report and Financial Statements

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CORPORATE INFORMATION

Membership of the Board of Directors during the year ended 31 December, 2021.

1	Thomas Etuh	Non-Executive Director	Resigned on 27th January, 2022
2	Mr. Nahim Abe Ibraheem	Non-Executive Director	Chairman - Appointed, 27th January, 2022
3	Dr. Oluwafunsho A. Obasanjo	Non-Executive Director	
4	Mr. Aminu Baangida	Non-Executive Director	
5	Hajia Yabawa Lawan Wabi (mni)	Non-Executive Director	
6	Mrs Priya Heal	Non-Executive Director	
7	Mal. Ibrahim M. Kashim	Independent Non-Executive Director	Resigned, 30th September, 2021
8	Sen. Maj. Gen. M. Magoro (OFR)	Non-Executive Director	
9	Mr. Kenneth Egbaran	Managing Director/CEO	
10	Mr. Paul Oki	Non-Executive Independent Director	Appointed, 28th October, 2021

COMPANY SECRETARY

Ms. Saratu Umar Garba
FRC/2019/NBA/00000019159

REGISTERED OFFICE

Plot 497, Abogo Largema Street,
Off Constitution Avenue,
Central Business District
Abuja.

www.veritaskapital.com

RC I11785

FRC REGISTRATION NO:

FRC/2013/0000000000717

BANKERS

Unity Bank Plc
Guaranty Trust Bank Limited
First Bank Limited
Fidelity Bank Plc
Keystone Bank Limited
Sterling Bank Plc
Access Bank Plc

REGULATORY AUTHORITY

National Insurance Commission

RE-INSURERS

African Reinsurance Corporation
Continental Reinsurance Corporation
WAICA Reinsurance Corporation
Nigerian Reinsurance Corporation
Alwen Hough Johnson (AHJ) Limited
CK Reinsurance Limited
Meridian Risk Solutions Ltd, London
Score Re.
CICA Re.

ACTUARIES

O & A Hedge Actuarial Consulting
(Consulting Actuaries & Chartered Insurers)
Suite 28, Motorways Centre
(Opposite 7UP Bottling Plant)
1 Motorways Avenue
Alausa Ikeja – Lagos, Nigeria

REGISTRARS

Unity Registrars Limited
25 Ogunlana Drive
Surulere Lagos.

AUDITORS

Deloitte & Touche
(Chartered Accountants)
Civic Center Towers
Ozumba Mbadiwe Avenue,
Victoria Island, Lagos.

TAX CONSULTANTS

Shepherd Shields Professional Services
FCT Abuja

MISSION

To help our Stakeholders have peace of mind

VISION

To be one of the top Insurance Companies of choice in Africa

PRINCIPLES

Integrity

We will act with openness, fairness, integrity and diligence. We will always adhere to the applicable laws, regulations and standards of doing business.

Performance

We will promote a positive and challenging high performance culture. We will do this by encouraging personal accountability, development and measuring, reward and recognizing success.

Responsibility

We will act responsibly as individuals and as a Company. This applies to the management of our business, our approach to corporate interaction with key external stakeholders.

Values

- Working in teams
- Servicing our Customers
- Respecting each other
- Being proactive
- Growing our people
- Delivering to our Shareholders
- Guarding against arrogance
- Upholding the highest levels of integrity

OUR COMMITMENTS**Customers**

A satisfied and loyal customer base is core to our business.

We are committed to:

- Delivering the consistent and reliable levels of customer service.
- Acting with integrity, due care and diligence.
- Communicating openly, honestly and with sensitivity and understanding.
- Listening to our customers.
- Handling complaints fairly and promptly.
- Respecting our customers' rights to privacy and confidentiality.
- Protecting our customers and our business from fraud.

Business Partners

We demand high standards from the companies we work with and believe that they should expect the same from us.

We are committed to:

- Carrying out our business with fairness and integrity.
- Being reliable and quick to respond.
- Awarding contracts and selecting business partners solely on the basis of fair and objective business criteria and having regards to high ethical standards.
- Respecting all obligations and confidentiality.
- Protecting our customers and our business from fraud.

Employees

Motivated and skilled employees are critical to our success.

We are committed to:

- Fostering a positive and challenging high performance culture.
- Rewarding superior performance.
- Encouraging personal development.
- Encouraging a culture of frank and honest communication.
- Encouraging teamwork and strong leadership.
- Providing a safe and secure working environment.
- Encouraging diversity and equal opportunities.
- Ensuring that grievances and unethical behaviour can be raised without fear of discrimination.

In return we expect our employees to:

- Act with integrity.
- Take responsibility and accountability for their own actions.
- Show support and commitment for change.
- Focus their energy in getting the best from themselves and others.
- Have the confidence and courage to act with conviction.
- Show understanding for and meet external and internal customers needs.
- Show a relentless desire for success.
- Create positive and effective working relationships.

Regulators

We have an open, cooperative and transparent relationship with our regulators.

We are committed to:

- Dealing with our regulators in an open, cooperative and transparent manner.
- Managing our business with appropriate standards of risk management and controls.
- Preventing and reporting any instances of significant financial crime.
- Preventing breaches of relevant regulatory requirements.
- Complying with all set standards.

Community & Environment

We believe in continuous improvement of our environmental performance and in taking action around emerging environmental issues. Whenever we operate, we will seek positive engagement with local communities we are committed to:

- As a business, we have a responsibility to manage our impacts on the environment through appropriate use of resources such as energy, paper and water and the investment of our assets.
- We also have a responsibility to take proactive action on environmental issues that are likely to affect our business and community at large.
- In each of these areas, we will look to make continuous improvement and actively monitor our performance.

Shareholders

We are committed to fulfilling the aspirations of our shareholders through a commitment to business performance, and high standards of transparency, communication and corporate governance.

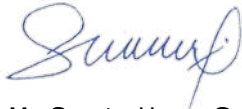
We are committed to:

- A culture of business performance, focused on delivering returns to shareholders.
- Comprehensive and transparent disclosure.
- Aiding Shareholder's understanding through the disclosure of relevant financial and non-financial information.
- Listening to the views of our shareholders.
- Managing our business with appropriate standards of risk and control.
- Ensuring due care in the selection of our third party advisers, including our auditors.
- Preventing and reporting any market abuse.
- Acting with due sense of responsibility on confidence entrusted to us.

CERTIFICATION BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby certify, in terms of the Companies and Allied Matters Act, that for the year ended 31 December 2021, the company has lodged all such returns as are required of a company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

COMPANY SECRETARY



Ms. Saratu Umar Garba
FRC/2019/NBA/00000019159
Abuja, Nigeria
March, 2022

RISK MANAGEMENT DECLARATION

The Board Enterprise Risk Management Committee of Veritas Kapital Assurance plc hereby declares as follows:

- a) The company has systems in place for the purpose of ensuring compliance with NAICOM guidelines;
- b) The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the company;
- c) The company has in place a Risk Management Strategy, developed in accordance with the requirements of NAICOM's guideline on Enterprise Risk Management (ERM), setting out its approach to risk management; and
- d) The systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the company, having regard to such factors as the size, business mix and complexity of the company's operations.



Mr. Nahim Abe Ibraheem
Chairman
FRC/2020/003/00000020878



Kenneth Egbaran
Managing Director/ CEO
FRC/2015/CIIN/00000011953

Management Discussion and Analysis

The Nigerian insurance sector, like many other sectors in the economy, continued to grapple with the challenges posed by the effects of the economic downturn caused by the Covid-19 pandemic. The industry also experienced a very sharp increase in claims in the aftermath of the 2020 Lockdown and EndSARS protests. Meanwhile, the industry has become more resilient and competitive with companies adapting and embracing technology to drive performance. The year also witnessed entrants of four new practitioners into the Nigerian Insurance market across the Life and Non-Life business segments stiffening competition.

As a whole, the future of the industry looks promising as many insurers and other stakeholders continue to rethink and re-strategize the way and manner they communicate with customers. This has produced a radical shift from 'physical contact' between customers and businesses; to alternative electronic communication / product distribution channels designed to provide safety and convenience to customers.

Business Overview

In the year under review, the Company's performance in Gross Premium Written (GPW) was flat (2021: N6.055Bn; 2020: N6.063Bn) despite the adverse effect of the pandemic on company's business catchment areas. Profit Before Tax however, dipped by 94% from N596Mn in 2020 to N36.31Mn in 2021; while Profit After Tax shrank by 55.3% from N740.9Mn achieved in prior year to N331.24Mn in 2021. Huge claims payout is responsible for the reduction in profitability.

In the mean time, there was an organic growth of 10.6% in total assets (2020:N13.059Bn and 2021:N14.55Bn).

The Board is continuously committed to sustaining/improving growth in profitability through improved cost management and growth in all income lines.

Outlook

With the progress made in vaccinations and the loosening of Covid-19 pandemic related restrictions, the increasing oil prices in the international market, the Nigerian economy is seen emerging back to growth in 2022 as economic growth is expected to firm as Africa's largest economy is forecast to recover from the Covid-19-induced economic decline.

Despite the economic effect of the pandemic and EndSARS protests, the Company, for the second consecutive year, crossed the N5billion mark in terms of Gross Premiums Written. Be rest assured that Veritas Kapital Assurance Plc is committed to consistent growth in our financial indices. This, we will achieve by continuously growing all income streams, enhancing our service delivery and financial strength, while continuously augmenting our technological capabilities.

We are especially grateful to you, our shareholders, for your continued commitment and support to the company.



Mr. Kenneth Egbaran

Managing Director/CEO
FRC/2015/CIIN/00000011953

ENTERPRISE RISK MANAGEMENT

Veritas Kapital Assurance Plc has a robust and dynamic enterprise risk management framework fashioned along with the requirements of NAICOM and the Committee of Sponsoring Organization of the Treadway Commission (COSO). Proper risk management remains essential to the business activities of the company. The framework upholds a risk management culture where everyone is involved from the levels of the Board and Executive committees down to risk owners and respective risk units.

The Company's Enterprise Risk Management framework establishes the context, identifies, analyzes, evaluates, treats, monitors, communicates, and reviews the key risks it assumes in carrying on its business. These risks include market, credit, operational, liquidity, business, reserve, reputational, underwriting, reinsurance, claims risks, as well as legal, compliance risks. Enterprise risk management risk includes management's approach to risks inherent in the business and its appetite for these risk exposures. Under this approach, the Company continuously assesses its key risks and monitors the risk profile against approved limits. The main strategies for managing and mitigating risks include policies, procedures and tools that target specific broad risk categories.

Enterprise Risk Management Principles.

The Company's risk management principles optimize value creation and returns on investments. They assist the Company in achieving its vision and delivery of business objectives. As part of the risk strategy to manage all the foreseeable key risk exposures, our guiding principles;

- i Uphold the Company's integrity and value system;
- ii Support compliance to regulatory requirements;
- iii Aid the understanding of the potential upside and downside of key risks;
- iv Increase probability of success and reduce the uncertainty of achieving the organization's overall objectives;
- v Add sustainable value to all the activities of the organization;
- vi Assure business growth with financial stability
- vii Support the culture that "managing risk is everybody's responsibilities"

Our risk management context is entrenched in our mission statement of becoming one of the top insurance companies of choice in Africa through wealth protection by a team of risk and investment managers that provide our customers and other stakeholders with effective, creative solutions, assuring their financial security with our superior strength and capacity in the Nigerian market space.

Our Risk Culture

- a) The responsibility for risk management in the Company is fully vested in the Board which in turn delegates such to senior management.
- b) The Board and Senior Management consciously promote a proactive approach to risk management, ensure that the sustainability and reputation of the Company are not jeopardized while expanding its market share.
- c) The Company's management creates awareness of risk and risk management across board.
- d) The Company continually subjects its products, distribution channels, locations and customers to effective risk assessment and it will not engage in any business until it has objectively assessed and determine how to manage the associated risk.
- e) The Company pays adequate attention to both quantifiable and unquantifiable risks
The Company pays adequate attention to both quantifiable and unquantifiable risks

Risk Management Framework

Our risk management framework was structured and embedded in our culture and processes. There are clear levels of responsibilities (from the Board of Directors to the Unit Staff) assigned for adequate management of our business risks.

We operate and maintain three levels of risk governance structure for the oversight and management of risk. These are:

1st line of defence: Management

The Board of Directors and the Board Risk Committee are charged with the responsibility for oversight of the Enterprise Risk Management process, proposing and approving the Risk Appetite level for the business and delegating responsibility of detailed oversight to Risk Committee. It also comprises the process or the risk owners who execute the controls to enhance the probability that the organization's objectives will be achieved.

2nd line of defence: Risk oversight

This comprises the Risk Management Committees and the Chief Risk Officer of the Company.

The Management evaluates the risks inherent within the business and ensures that they are appropriately captured within the business Risk Profile. The Chief Risk Officer ensures an understanding of Risk Management process throughout the organization in order to embed, improve continuously a risk awareness culture, work with business management to review and update the Risk and control register.

The Chief Risk Officer (CRO) is also responsible for implementing the policies and procedures contained in the risk framework. The role of the Chief Risk officer includes communicating the Company's risk profile to the Board and Management Committee as well as communicating the decisions of the Board and Risk Management Committee to the other members of the Company.

3rd line of defence: Independent assurance

It comprises the audit and internal control and the external auditors' function that provide independent and objective assurance of the effectiveness and adequacy of risk management control and governance processes.

Risk Appetite

The Company strives to drive its business initiatives without loss of value or unmitigated exposures to inherent risks. In order to improve the value of shareholders' wealth and remain profitable, the Company designed its appetite considering risk exposures at any given situation. The risk appetite represents the amount of risk exposure or potential adverse impact from an event that the Company is willing to accept/retain. The risk appetite of the Company is set by the Board of Directors annually, and it is aimed at minimizing erosion of earnings or capital due to avoidable losses in investment and underwriting records, or from frauds and operational inefficiencies. The Company's Risk Appetite objectives include:

- i) Consistently strive to minimize overall cost of risk exposure and its management through effective risk mitigation practices.
- ii) Optimization of capital employed through enhanced returns on equity
- iii) Low appetite for operational risk. These risks are mitigated and controlled where the cost of control is equal to the marginal cost of the risk.
- iv) Zero appetite to internal fraud activities.

Risk Management Policies and Procedures

The Enterprise Risk Management policies and procedures which have been strategically instituted aim at managing potential, inherent and residual risk categories in our operations.

The Board recognizes that risk management is critical to the achievement of corporate objectives and has actively encouraged a risk culture that embraces innovation and opportunity, calculated risk-taking and acceptance of risk which is inherent in all our activities, whilst reducing barriers to successful implementation of risk controls.

Risk Classification

The Company can be exposed to many types of risks while carrying on its business. Some of these include:

Market Risk/Investment Risk

This is the risk to a Company's financial condition resulting from adverse movements in the level or volatility of market prices. The Company has a structured process and basis for measuring and calculating the probability of loss and possible impact on the Company's capital resources caused by adverse changes in the price of stock and shares, property, exchange rates and other market conditions that are relevant. The Company has established investment limits in its operational guidelines and policy of assets diversification in line with NAICOM regulations to prevent over concentration and over exposure to any particular market.

Credit Risk

This is the risk that counterparty will default on payment or fail to perform an obligation to the Company. The Company has a system for conducting due diligence on the credit worthiness of any party to which it has credit exposure. The Company does not ordinarily grant credit facilities to third parties in the course of its business but could have low credit risk associated with redeeming of credit notes by Insurance Brokers in accordance with "No Premium No Cover" by NAICOM.

Our placements in banks is also determined by the rating (strength) of the bank and considers NAICOM guideline on limit of exposure to a single bank.

Operational Risk

This is the risk of loss from inadequate or failed internal processes, people and systems or from external events which arises from the potential that inadequate information systems, operational problems, breaches in internal controls, fraud, or unforeseen disasters will result in unexpected losses. The Company has policies that cover risk that may arise from people, systems and internal process failures. The policies include staff recruitment, training, retention plans, succession plans, remuneration and welfare benefits, designing standard operating procedure and policies, driving compliance culture, process automation, Information Technology (IT) support systems, data integrity, IT systems access controls, etc.

Liquidity Risk

Liquidity risk exist when there is insufficient cash flow to meet the Company's operational and financial obligations and is usually associated with inability to liquidate assets or obtain funding from external sources to pay claims and other liabilities when due. The Company manages its liquidity risk through appropriate assets and liability management strategies through the Investment Committee. Monthly reports and review of liquidity gaps are conducted to assess the level of liquidity risk.

Reinsurance Risk

This is the risk of inadequate reinsurance cover to mitigate underwriting risk. It usually occurs when there is insolvency of a reinsurer, discovery of exposures without current reinsurance coverage, or exhaustion of reinsurance covers through multiple losses. The Company has documented reinsurance policies for adequate reinsurance arrangements and treaties for all categories of insurance business transacted. The policies include the process for Reinsurer selection, monitoring, claims recovery, etc.

Underwriting Risk

Underwriting is the process by which an insurer determines the conditions necessary and suitable to accept insurance risk. The risk crystallizes when there are severe and frequent claims against the Company's projected capacity. The Company has embedded internal control processes to guide its insurance business against the risk of unexpected losses and capital erosion. There is a well-documented underwriting policy and procedures which are enforced throughout the organisation.

Business Risk

The Company's business risk is associated with gaining market shares and remaining profitable. This risk is considered through documented process for product development and launch, business segment profitability analysis, stakeholder's engagement as well as being embedded in our brand.

Reputational Risk

This is the risk of events that could cause public distrust and damages to the Company's integrity, brand and goodwill especially in the eyes of the customers, regulators, competitors, and the general public. We manage reputational risk through a structured approach for defining and implementing core values and acceptable standard of behaviour which the staff are expected to follow while conducting the day to day business of the Company. The Company's risk assessment and monitoring process has embedded controls for testing reputational risk and the outcome of such exercise is communicated to the Board Risk Committee on a quarterly basis.

Legal/Compliance Risk Management

The Company has procedures to ensure that all statutory regulations are completely adhered to by the business unit at all times. These regulations include those set by NAICOM and other relevant agencies of government. There are internal control processes that identify potential breaches to the regulations and are promptly mitigated. Some of the control processes include:

- a) Know -your-customer (KYC) procedure
- b) Anti-money laundering/combating the financing of terrorism (AML/CFT)
- c) Anti-bribery and corruption measures
- d) Guidelines for adherence to Corporate Governance principles
- e) Gift policies
- f) Whistle blowing policies

Risk Report

Risk assessments are collated and presented in a report called the Risk Report. The risk report draws senior management's attention to the key risk as well as the adequacy of existing controls to mitigate the risk. The risk report provides a summary of the ratings of the significant risks and the probability of occurrence within a specific period. This helps to estimate and prevent the potential operational and financial losses.

Risk Control Self-assessment (RCSA)

The Company has a structure for risk assessment on periodic basis and this is known as Risk control self-assessment (RCSA). It involves the identification of procedures or assessments that need to be performed periodically to assure that key controls are in place and are working effectively as designed. The controls are proactively assessed through risk analysis of our processes and review of policy requirements, loss events, and audit findings. The Company then updates the controls required to accomplish policy requirements, test the processes and controls for adequacy of capability in risk mitigation. Risk Champions are engaged in each business or risk unit to facilitate the process of risk control self-assessment in the Company.

Health Safety and Environment (HSE) Management

The Health Safety and Environment Management has been instituted to provide and maintain safe healthy working conditions, work equipment and systems for all staff. This responsibility also extends to visitors, contractors and others who may potentially be affected by our activities. The Health and Safety Policy framework strengthens the policy statements, roles and responsibilities of the HSE officer.

Business Continuity Plan (BCP)

The Business Continuity Plan (BCP) has been designed to ensure sustainability against operational threats and promote the continuity of critical operations in the event of a disaster or disruption to our operations. The BCP outlines contingency procedures to follow in the event of emergencies. We aim to improve on gaps identified during any testing period.

Impact of COVID-19 on the company's performance

a.Going concern and liquidity

COVID-19 continues to spread globally, presenting unprecedented risks to people, businesses, and economies. We have implemented various preventive measures consistent with the government directive to maintaining employee safety, facilitating business continuity, and ensuring customers are treated fairly which is part of our core values and as well maintaining the financial infrastructure. Some of these measures are:

- Safety and health measures for employees (like social distancing and working from home)
- Communication to our key stakeholders.
- Short-term lock-down of location
- Use of support made available by the government and other crisis management
- Business continuity measures for short, mid and long-term scenarios.

If the society is exposed to COVID -19 for a longer period, this may result in prolonged negative results and pressure on our liquidity. Management seeks to obtain the best possible information to enable it to assess these risks and implement appropriate measures to respond.

b.Impairment assessment

The Group does not see a significant impairment impact on its financial assets as a result of COVID-19. The Group's financial assets are predominantly fixed income and sovereign (FGN bonds and corporate bonds) in nature. The impact of forward-looking information has also been considered in assessing the impact of COVID-19 on impairment (Expected Credit Loss) of financial assets. These include GDP growth, exchange rate, country rating, bank rating, inflation and oil price. Whilst COVID-19 could potentially negatively impact all of the forward-looking information, other variables in the computation guaranteed that the impact remains minimal.

c.Contract modifications

COVID-19 outbreak poses cash flow challenges as a result of disrupted operations, higher operating costs or lost revenues. Though the outbreak has limited exposure for General Insurance business, our policies are being reviewed to accommodate new clauses in order to mitigate unfavorable development.

Changes to existing insurance contracts or contractual arrangements does not represent a substantial modification or substantially

The Board, Enterprise Risk Management Committee of Veritas Kapital Assurance Plc hereby declares As follows:

- a) The Company has systems in place to ensure compliance with NAICOM guidelines;
- b) The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the Company
- c) The Company has in place a Risk Management Strategy, developed following the requirements of NAICOM's guideline on Enterprise Risk Management (ERM), setting out its approach to risk management; and
- d) The systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the company, having regard to such factors as the size, business mix and complexity of the company's operations

TO THE MEMBERS OF VERITAS KAPITAL ASSURANCE PLC

By the provision of Section 404 (7) of the Companies and Allied Matters Act (CAMA) 2020, we confirm that we have seen the Audit Plan and Scope and the Management' Letter on the audit of the books of the Group and Company and the response

In our opinion, the plan and scope of the audit for the year ended 31 December, 2021 were adequate.

We have reviewed the auditor's findings and we are satisfied with the management response thereon.

We also confirm that the accounting and reporting policies of the company are in accordance with legal requirements and ethical practices.



Haija Yabawa Lawan Wabi mni
FRC/2013/ANAN/00000002266
Chairman, Audit Committee

Mr. Paul Oki	Non-Executive Independent Director	Chairman
Hajia Yabawa Lawan Wabi mni	Non-Executive Director	Member
Mal. Muhammad B. Alhassan	Shareholders' Representative	Member
Alh. Usman Abaji	Shareholders' Representative	Member
Mr. Olusegun J. Akintunde	Shareholders' Representative	Member

Director's Report

The Directors have the pleasure in presenting their report on the affairs of the Veritas Kapital Assurance Plc together with the audited consolidated financial statements and auditors' report for the year ended 31 December, 2021.

1 Legal Form

The company was incorporated in Nigeria under the Companies and Allied Matters Act, Cap C20, Laws of the Federation, of Nigeria (LFN) 2020 as private limited liability company in 1973. It started business in 1974 as Kano State Insurance Company Limited. The name was changed to Kapital Insurance Company Limited in 1981. In 2005, it merged with Global Commerce and General Assurance Company Limited and Inter-Continental Assurance Company Limited. In 2008, the name on the company was changed to Unity Kapital Assurance Plc and subsequently Veritas Kapital assurance plc. The company became quoted on the Nigerian Stock Exchange (NSE) ON 17th December 2009. Veritas Kapital Assurance Plc, as at the reporting date, has two subsidiaries namely Veritas Glanvills Pensions Limited(70%) and Health Care Security Limited (94%) in addition to a 51.53% stake in Goldlink Insurance Plc.

2 Principal Activities and Business Review

The principal activity of the company is to transact general (Non-Life) insurance business. The Company ceased transacting life business in 2007. As reported in the past, the net balance on the life funds which is awaiting transfer to a life company is N131.46 million and is included in liabilities in these financial statements. The process of transfer of this fund to a life insurance company is still ongoing

3 Operating results

The Group earned a Gross premium of NGN6.27 billion in 2020 and NGN3.189 billion in 2019. Profit after tax was NGN649.285 million in 2020 as against a profit of NGN165.258 million in 2019. Highlights of the operating results for the year under review are as follows:

CONSOLIDATED RESULT AT A GLANCE				
Figure in thousands of naira	2021	2020	Changes	
Gross Premium	₦6,318,949	₦6,265,635	₦53,314	1%
Net Premium	₦2,938,824	₦2,515,314	₦423,510	17%
Net Claim incurred	-₦1,301,147	-₦910,279	-₦390,868	43%
Underwriting Profit	₦1,282,447	₦1,292,064	-₦9,617	-1%
Management Expenses	-₦2,707,324	-₦2,540,121	-₦167,203	7%
Profit before Taxation	₦344,414	₦844,022	-₦499,608	-59%
Taxation	₦225,949	₦96,623	₦129,326	134%
Profit after taxation	₦570,363	₦940,645	-₦370,282	-39%

4 Directors and their interest

The direct and indirect interests of the Directors in the issued share capital of the company as recorded in the Register of Directors' shareholding and/or as notified by the Directors for section 303 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange as at 31 December, 2021 are as follows:

Names	Direct Shareholding	Indirect shareholding	%	Interest represented
Sen. Maj. Gen Mohammed Magoro (RTD)	105,952,347	-	0.76	
Mal. Ibrahim Kashim	2,225,077	-	0.02	
Mr. Thomas Etuh	112,280,700	7,668,676,709	56.11	Veritas Capital Management
Mr. Thomas Etuh		219,801,879	1.59	Tak Asset Management Limited

5 Directors' Remuneration

The Company ensures that remuneration paid to its Directors complies with the provisions of the Codes of Corporate Governance issued by its Regulators.

In compliance with Section 34(5) of the Code of Corporate Governance for Public Companies as issued by the Securities and Exchange Commission, the Company discloses the remuneration paid to its directors as follows:

Type of package fixed	Description	Timing
Basic Salary	<ul style="list-style-type: none"> Part of the gross salary package for Executive Directors only. It reflects the industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year. 	Paid monthly during the financial year.
13th-month salary	<ul style="list-style-type: none"> Part of the gross salary It reflects the industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year. 	Paid last month of the financial year.
Director fees	Paid quarterly to Non-Executive Directors only as approved by members at the Annual General Meeting.	Paid quarterly to Non-Executive Directors only as approved by members at the Annual General Meeting.
Sitting allowances	Allowances paid to Non-Executive Directors only for attending Board and Board Committee Meetings.	Paid after each Meeting.
Reimbursable travel and hotel expenses.	This is paid to Non-Executive Directors residing outside the venue for Board/Committee meetings.	Paid after each meeting.

6 Changes on the Board

The following changes were made on the Board of the Company in the financial year ended December 31, 2021.

NAMES	POSITION HELD	STATUS
Mr. Wole Onasanya	Executive Director, Finance and Investment	Resigned on the 21st of May, 2021
Mal. Ibrahim M. Kashim	Non-Executive Independent Director	Resigned on 30th September, 2021
Mr. Paul Oki	Non-Executive Independent Director	Appointed on 28th October, 2021

7 Directors Interest in Contracts

In compliance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the directors has notified the Company of any declarable interest in contracts deliberated by the Company during the year under review.

8 Acquisition of Own Shares

The company did not acquire any of its shares during the year ended 31 December, 2021..

9 Property, Plant and Equipment

Information relating to changes in Property, Plant and Equipment is given in note 14. The Directors are of the opinion that the market value of the Company's assets is not lower than the value shown in the financial statements.

10 Security Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in issuers' Share, Rulebook of the Exchange, 2015 (Issuers' Rule), the Company set up a Security Trading Policy that applies to all Employees and Directors. Policy processes include the need to enforce confidentiality against external advisers.

11 Complaints Management Policy

Veritas Kapital Assurance Plc as a responsible insurer and investor remains committed to positively impacting society through various initiatives and charitable donations while maximizing the creation of shared value for shareholders and stakeholders.

As a result of the challenges arising from the outbreak of the COVID-19 pandemic, our attention is drawn towards supporting the fight against the COVID-19 pandemic.

12 Support in the fight against COVID-19

In April 2020 Veritas Kapital Assurance Plc supported the insurance industry with some amount of money. The donation was targeted towards supporting the nation through the regulatory body in the fight against the pandemic.

13 Support for communities in the fight against

In the fight against COVID-19, Veritas Kapital Assurance Plc distributed branded facemask and hand sanitisers in several communities across the six geo-political zones. The donation was done with the intent to create awareness for COVID-19 and to curtail the spread of the corona virus.

14 Complaints Management Policy

The Company has in place, a Complaint Management Policy and an investor complaints desk at the Head Office to resolve complaints arising from issues covered under the Investment and Securities Act (ISA) 2007 by the shareholders.

A copy of the Complaints Management Policy can be found on the Company's Website: www.veritaskapital.com

15 Agent and Brokers

The Company maintains a network of licensed agents and renders services to its customers through Insurance Licensed Brokers and Registered Agents.

16 Human Resources**Staff Gender Analysis**

The number of males and females employed as at December 31, 2021 vis-a-vis total workforce is as follows:

	MALE	FEMALE	TOTAL
EMPLOYEES	58 (Fifty-Eight)	35 (Thirty Five)	93 (Ninety-Three)

Other Human Resources matters within the year in the review are as follows:

i. Training and Development

It is our policy to equip all employees with the skills and knowledge required for successful performance of their jobs. This entails identifying the training needs of our employees and prioritizing implementation of plans to address such needs consistent with the requirements of the business today and in the future. In line with this, in the year under review, the Learning and Development interventions focused on both Functional and Leadership skills of Employees and Directors.

ii. Dissemination of Information

In order to maintain a shared perception of our goals, we are committed to communicating information to employees in a fast and effective manner as possible.

We consider this critical to the maintenance of team spirit and high employee morale. Circulars and newsletters are published in respect of relevant corporate issues. A good communication link with the workforce is also maintained through regular meetings between the Management and Staff. Engagement is viewed as an important driver of employee performance.

iii. Employment of Physically Challenged Persons

Veritas Kapital Assurance Plc is an equal opportunity employer and does not discriminate on any ground. Thus, we provide employment opportunities to physically challenged persons. However, this actually goes beyond the need to ensure that there is no discrimination against such persons, but driven by a deep conviction that even in disability, there could be immense ability.

iv. Employment Equity, Gender, Policies & Practices

Our resourcing and promotion policy ensures equity and is free from discriminatory bias of gender, ethnic, origin, age, marital status, sexual orientation, disability, religion and other diversity issues. This is role modeled throughout our end to end employee life cycle process.

v. Staff Diversity, Employee, Development & Training Initiatives

In the year under review, we had a staff strength of 91 (60 Males and 31 Females).

Veritas Kapital Assurance Plc encourages the participation of employees in arriving at decisions in respect of matters affecting their well-being through various forums including town hall meetings.

The Company also places a high premium on the development of its Workforce. Consequently, employees were sponsored for various training courses in the year under review.

vi. Combating the global challenge on HIV/AIDS, Malaria and other health challenges

Veritas Kapital Assurance Plc has a robust plan to address HIV/AIDS, Malaria and other health challenges that might affect the company's employees and their families. The members of staff enjoy free and comprehensive medical services which are extended to members of their families through the payment of reasonable medical allowances.

vii. Health and Safety

Veritas Kapital Assurance Plc maintains business premises designed to guarantee the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. Also, the Company provides medical facilities to its employees and their immediate families at its expense.

The Company has in place several training programs, workshops and enlightenment programs/publications designed to equip staff members with basic health management tips, First Aid, fire prevention and other occupational safety skills. Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises.

The Company also operates a Group Life and Group Personal Accident (formerly known as Workmen's Compensation) Insurance covers and Employee Compensation Act contributions for the benefits of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004 (amended in 2014) as well as a terminal gratuity scheme for its employees.

17 Share Capital Information**a. Share Range Analysis**

	Holdings	Units	%	=N=
1-500000	472	26925903	0.19	13,462,952
500001-1000000	51	32412215	0.23	16,206,108
1000001-5000000	236	1695097208	12.22	847,548,604
50000001-10000000	15	1083097208	7.82	541,984,337
100000001-500000000	14	2229532677	16.08	1,114,766,339
500000001-1000000000	1	535758596	3.86	267,879,298
1000000001-50000000000	2	8262971394	59.59	4,131,485,697

b. Substantial Interest in Shares

Shareholders, who held more than 5% of the issues share capital of the company as at 31st December, 2021 were as follows:

	Share units	%
Dr. Emmanuel I.U Ojei	1,287,628,018	9.29
Veritas Capital Management	7,321,989,662	52.8

Director's Report (contd.)

c. Share Capital History

YEAR	AUTHORIZED (₦)			ISSUED AND FULLY PAID UP			CONSIDERATION
	Increase	Cumulative	Naira Value (₦)	Increase	Cumulative	Naira Value (₦)	Increase
1974	200,000	200,000	100,000	200,000	200,000	100,000	Cash
1977	100,000	300,000	150,000	100,000	300,000	150,000	Cash
1978	37,500	337,500	168,750	37,500	337,500	168,750	Cash
1980	162,500	500,000	250,000		337,500	168,750	
1981		500,000	250,000	151,394	488,894	244,447	Cash
1983		500,000	250,000	11,106	500,000	250,000	Cash
1990	4,500,000	5,000,000	2,500,000	900,000	1,400,000	700,000	Cash & Bonus
1991	10,000,000	15,000,000	7,500,000	2,100,000	3,500,000	1,750,000	Cash & Bonus
1992		15,000,000	7,500,000	1,800,000	5,300,000	2,650,000	Cash
1993		15,000,000	7,500,000	4,700,000	10,000,000	5,000,000	Cash
1996	85,000,000	100,000,000	50,000,000	10,000,000	20,000,000	10,000,000	Cash & Bonus
1997		100,000,000	50,000,000	20,000,000	40,000,000	20,000,000	Cash & Bonus
1998		100,000,000	50,000,000	35,685,000	75,685,000	37,842,500	Cash & Bonus
1999		100,000,000	50,000,000	14,315,000	90,000,000	45,000,000	Cash
2003	400,000,000	500,000,000	250,000,000	30,000,000	120,000,000	60,000,000	Cash & Bonus
2004		500,000,000	250,000,000	230,000,000	350,000,000	175,000,000	Cash & Bonus
2005		500,000,000	250,000,000	44,000,000	394,000,000	197,000,000	Cash & Bonus
2006	3,000,000,000	3,500,000,000	1,750,000,000		394,000,000		
2007		3,500,000,000	1,750,000,000	2,000,000,000	2,394,000,000	1,197,000,000	Cash & Bonus
2008	3,500,000,000	7,000,000,000	3,500,000,000	3,606,000,000	6,000,000,000	3,000,000,000	
2008	7,000,000,000	14,000,000,000	7,000,000,000	6,000,000,000	12,000,000,000	6,000,000,000	Split 50k per share
2008		14,000,000,000	7,000,000,000	350,000,000	12,350,000,000	6,175,000,000	Cash
2009		14,000,000,000	7,000,000,000	650,000,000	13,000,000,000	6,500,000,000	Bonus
2011		14,000,000,000	7,000,000,000	866,666,666	13,866,666,666	6,933,333,333	Bonus

Director's Report (contd.)**14 Unclaimed Dividends Account**

These are maintained in a fixed deposit account with Unity Bank Plc. The amount is jointly managed by both Veritas Kapital Assurance Plc and Unity Registrars Limited. The total amount in the account as at December 31, 2021 was N15,046,462.14 (Fifteen Million, Forty-Six Thousand, Four Hundred and Sixty-two Naira, Fourteen Kobo).

15 Audit and Compliance Committee

In accordance with section 404(3) of the Company and Allied Matters Act, 2020, the Audit Committee members of the company re-elected at the last Annual General Meeting were as follows:

Mr. Paul Oki	Non-Executive Independent Director	Chairman
Hajiya Yabawa Lawan Wabi <i>mni</i>	Non-Executive Director	Member
Mr. Olusegun J. Akintunde	Shareholders' representative	Member
Mal. Usman Abaji	Shareholders' representative	Member
Muhammed B. Alhassan	Shareholders' representative	Member

16 Post Balance Sheet Events

There are no significant post balance events which have not been provided for in these financial

17 Auditors

The Auditor, Messer Deloitte & Touche (Chartered Accountants), have indicated their willingness to continue in the office in accordance with section 401 (2) of the Companies and Allied Matters Act, 2020.

A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their remuneration.

BY THE ORDER OF THE BOARD


Ms. Saratu Umar Garba
COMPANY SECRETARY / LEGAL ADVISER
FRC/2017/NBA/00000019159

STATEMENT OF CORPORATE RESPONSIBILITY FOR CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

In compliance with section 405 of Companies and Allied Matters Act (CAMA) 2020, we have reviewed the audited Consolidated and Separate financial statements of the Group for the year ended 31 December 2021 and based on our knowledge confirm as follows:

1. The audited Consolidated and Separate financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading;
2. The audited Consolidated and Separate financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the year ended 31 December 2021;
3. The Group's internal controls have been designed to ensure that all material information relating to the Company and its subsidiaries is received and provided to the Auditors in the course of the audit;
4. The Group's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2021;
5. That we have disclosed to the Auditors and the Audit committee the following information:
 - (a). there are no significant deficiencies in the design or operation of the Company's internal controls which could adversely affect the Group's ability to record, process, summarize and report financial data, and have discussed with auditors any weaknesses in internal controls observed in the cause of the Audit.
 - (b). there is no fraud involving management or other employees which could have any significant role in the Group's internal control.
- (6). There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

Signed:



Kenneth Egbaran
Managing Director

FRC/2015/CIIN/00000011953
25 March 2022



Mojeed Somorin
Chief Financial Officer

FRC/2017/ICAN/00000016849
25 March 2022

Statement of Directors' responsibilities on consolidated and separate financial statements

The Directors of Veritas Kapital Plc. accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group as at 31 December 2021, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, Insurance Act I17 LFN 2004, circulars and guidelines issued by the National Insurance Commission (NAICOM and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

Going Concern:

The Directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe the Group will not remain a going concern in the year ahead.

Certification of financial statements

In accordance with section 405 of the Companies and Allied Act the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge the:

(i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

(ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;

(b) We state that management and directors:

(i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the bank and its subsidiaries is made known to the officer by other officers of the group, particularly during the period in which the audited financial statement report is being

(ii) has evaluated the effectiveness of the group's internal controls within 90 days prior to the date of its

(iii) certifies that the group's internal controls are effective as of that date;

(c) We have disclosed

(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the company's auditors any material weaknesses in internal controls, and

(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the group's internal control; and

(d) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Group for the year ended 31 December 2021 were approved by the directors on 24 March 2022.



Mr. Nahim Abe Ibraheem
Chairman

FRC/2020/003/00000020878



Kenneth Egbaran
Managing Director

FRC/2015/CIIN/00000011953

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Veritas Kapital Assurance Plc

Report on the Audit of the Consolidated and Separate financial statements

Opinion

We have audited the accompanying consolidated and separate financial statements of **Veritas Kapital Assurance Plc** (the company) and its subsidiaries (together the group) set out on pages 27 to 116, which comprise the consolidated and separate statement of financial position as at 31 December 2021, the consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, consolidated and separate statement of cash flow for the year then ended, and the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the Consolidated and Separate financial position of **Veritas Kapital Assurance Plc** as at 31 December, 2021 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act 2020, Pension Reform Act, Insurance Act 117 LFN 2004, circulars and guidelines issued by the National Insurance Commission (NAICOM) and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audit of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated and separate financial statements in Nigeria.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter

How the matter was addressed in the audit

Valuation of Insurance Contracts Loss Reserve

Under IFRS 4, the Company is required to perform liability adequacy test on its insurance contract liabilities to ensure the carrying value of the liabilities are adequate.

As disclosed in notes 16 to the financial statements, the insurance contract liabilities for the Company amounted to N4.14billion. This represents about 68% of the Group total liabilities as at 31 December 2021.

Our procedures included the following among others:

We assessed and tested the design and operating effectiveness of selected key controls over actuarial methodology, integrity of data used in the actuarial valuation, and the assumptions setting and governance processes used by management related to the valuation of general insurance reserves.

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Key Audit Matter	How the matter was addressed in the audit
Valuation of Insurance Contracts Loss Reserve	
Reserves for losses and loss adjustment expenses represent estimates of future payments of reported and unreported claims for losses and related expenses as at 31 December 2021. This involves exercise of significant judgement and use of key inputs and assumptions such as inflation, claims development patterns and regulatory changes. Specifically, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims. Further, not all catastrophic events can be modelled using actuarial methodologies, which increases the degree of judgment needed in estimating general insurance loss reserves.	<p>In relation to the particular matters set out above, our substantive testing procedures included the following:</p> <ul style="list-style-type: none"> Ø Tested the completeness and accuracy of underlying claims data utilized by the company's actuaries in estimating general insurance loss reserves. Ø Utilized information technology audit techniques to analyse claims through claims data plausibility checks and recalculation of claims development patterns. Ø Involved Deloitte's actuarial specialists to independently test management's general insurance loss reserve studies and evaluate the reasonableness of the methodology and assumptions used against recognized actuarial practices and industry standards. Ø Performed independent re-projections on selected product lines, particularly focusing on the largest and most uncertain general insurance reserves. For these product lines our actuarial specialists compared their re-projected reserves to those recorded by the company, and sought to understand any significant differences. Ø Performed sensitivity testing and evaluated the appropriateness of any significant adjustments made to management's general insurance reserve estimates. <p>Based on the work performed we concluded the methodology and assumptions used by management in the valuation of insurance contract liabilities reserves are reasonable and in line with financial reporting requirements and industry accepted practice.</p>

Key Audit Matter	How the matter was addressed in the audit
Valuation of Goodwill	
Goodwill carrying value was N316 million on the group's statement of financial position as at 31 December 2021. This asset has been recognised in the consolidated statement of financial position.	<p>We focused our testing of the impairment of goodwill on the key assumptions made by management.</p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We tested all relevant controls over the generation of the key inputs, e.g. financial forecasts, discount rate, revenue growth rate, etc. that go into the valuation calculation. • Engaging our internal specialists to assist with: <ul style="list-style-type: none"> – Critically evaluating whether the model used by management to calculate the value in use of the individual Cash Generating Units complies with the requirements of IAS 36, Impairment of Assets. – Validating the assumptions used to calculate the discount rates, projected cash flows and recalculating these rates. • Analyzing the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current macroeconomic climate and expected future performance of the Cash Generating Unit. • Subjecting the key assumptions to sensitivity analyses.

In line with the requirements of the applicable accounting standard, IAS 36, Impairment of Assets, management conducts annual impairment tests to assess the recoverability of the carrying value of goodwill. This is performed using discounted cash flow models. As disclosed in note 12, there are a number of key sensitive judgements adopted by management in determining the inputs into these models which include:

- Revenue growth
- Operating margins

- Exchange rate fluctuations and
- The discount rates applied to the projected future cash flows.

Accordingly, the impairment test of this asset is considered to be a key audit matter.

The Management have developed a valuation model to enable a fair determination of the discounted cash flows for the significant Cash Generating Units (CGUs) to which the goodwill relates.

- Comparing the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the accuracy of management's projections.

- Checking mathematical accuracy of the calculations
- We found that the assumptions used by management were comparable with historical performance and the expected future outlook and the discount rates used were appropriate in the circumstances. We consider the disclosure of the goodwill to be relevant and useful.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the "Veritas Kapital Insurance Plc Annual Report and Financial Statements", the Corporate Governance Report, Management Discussion and Analysis, Enterprise Risk Management Report and Directors' Report, Corporate Responsibility for the Financial Statements, and other national disclosures – Value added statement and Five year financial summary; which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act 2020, Pension Reform Act, Insurance Act I17 LFN 2004, circulars and guidelines issued by the National Insurance Commission (NAICOM), Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of the Companies and Allied Matters Act 2020 and Section 28 (2) of the Insurance Act I17 LFN 2004, we expressly state that:

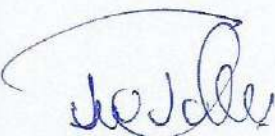
- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Group and Company has kept proper books of account, so far as appears from our examination of those books.
- iii) The Group's and Company's statement of financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Contraventions

The Group contravened certain sections of the Insurance Act; NAICOM circulars and guidelines. The particulars thereof and penalties paid are as disclosed in Note 41 to the financial statements.

No other indication of non-compliance with laws and regulations was brought to our attention during the audit.

The opinion expressed in these consolidated and separate financial statements is to enable the group and company comply with the requirement for the submission of its financial statements to the Nigerian Insurance Commission in accordance with the Insurance Act I17 LFN 2004. Consequently, these Consolidated and Separate financial statements should not be distributed or made available to any third party in whole or in part pending final approval by the Nigerian Insurance Commission and subsequent auditors' opinion thereon.



For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
28 April, 2022



Engagement partner: Joshua Ojo
FRC/2013/ICAN/00000000849

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**1.1 Reporting Entity**

Veritas Kapital Assurance Plc ("the company") was initially incorporated under the name of Kapital Insurance Company Limited as a private limited liability company on the 8 August, 1973. on 14 March 2007, it acquired and merged with two other insurance companies became a public limited liability company. its shares are quoted on the Nigerian Stock Exchange.

Its Head Office is located at 497 Abogo Largema Street, Off constitution Avenue, Central Business District, Abuja Nigeria.

The Company has 91.46% equity interest in Health Care Security Limited and 70% interest in Veritas Glanvills Pensions Limited and 51.53% in Goldlink Insurance Plc. The group comprises of two subsidiaries, an associate and the parent company.

1.2 Principal Activities

The principal business of the company is underwriting of non-life insurance risks.

The subsidiaries activities are:

Veritas Glanvills Pensions Limited, the administration and management of pension fund assets.

Health Care Security Limited provision of health insurance.

1.3 Components of Financial Statements

The Consolidated Financial statements comprise the Statements of Comprehensive income, statements of Financial Position, Statement of Changes in Equity, Statements of Cash Flows, and the accompanying Notes.

Income and expenses (excluding the components of other comprehensive income) are recognised in the profit or loss segment of comprehensive income to arrive at the profit for the year.

Other comprehensive income is recognised in the other comprehensive segment of the statement of other comprehensive income and comprises items of income and expenses that are not recognised in the statement of profit or loss as required or permitted by IFRS.

The addition of the profit for the year and the other comprehensive income gives the total comprehensive income for the year.

Reclassification adjustments are amounts reclassified to statement of comprehensive income in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Group in their capacity as owners are recognised in the statement of changes in equity.

1.4 Basis of preparation and measurement

The Consolidated and separate financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act, Insurance Act, 2003 and regulatory guidelines as pronounced from time to time by National Insurance Commission (NAICOM). Historical cost basis was used in preparation of the financial statements as modified by the certain items of:

- Property plant and equipment at valuation
- investment property at fair value
- investment at fair value
- impaired assets at their recoverable amounts

1.5 Compliance with IFRS

These Consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) Interpretations applicable to companies reporting under IFRS as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations have been included where appropriate

1.6 Going Concern status

The consolidated financial statements have been prepared on the going concern basis. The group has no intention or need to reduce substantially its business operations. The management believes that the going concern assumption is appropriate for the group and company due to sufficient liquidity and based on historical experience that shortterm obligations will be refinanced in the normal course of business. Liquidity ratio and continuous evaluation of current ratio of the group is carried out to ensure that there are no going concern threats to the operation of the group.

1.7 Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Group, the Directors make certain judgements and estimates that may affect the carrying values of assets and liabilities in the next financial period. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. the directors evaluate these at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available.

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. however, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. these factors should include:

The judgements made by the directors in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- **Claims arising from insurance contracts**

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

- **Fair value of unquoted equity financial instruments**

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data using valuation models.

- **Property, Plant and equipment**

Property, Plant and equipment represent one of the most significant proportion of the asset base of the Group, accounting for about 26% of the Group's total assets. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in the reduced depreciation charge in the statmeent of comprehensive income.

The useful lives and residual values of the property, plant and equipment are determined by management based on historical experience as well as anticipation of future events and circumstances which may impact their useful lives.

- **Taxation**

Whether it is probable that future taxable profits will be available against which temporary differences can be utilized; and

1.8 Functional and presentation currency

The consolidated financial statements are presented in Nigerian Naira (Naira), rounded to the nearest thousand, this is also the functional currency of the Group.

1.9 Changes in accounting policy and disclosures

New and amended standards and interpretations

The Company applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

(i) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Relating to Interest Rate Benchmark Reform

This amendments enable entities to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements. The amendments address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative benchmark interest rate, i.e., replacement issues. The amendments provide specific guidance on how to treat financial assets and financial liabilities where the basis for determining the contractual cash flows changes as a result of interest rate benchmark reform. This can include cases where the contractual terms are amended, cases where the contractual terms are not amended but for example where the method for calculating the interest rate

benchmark is altered, and cases where an existing contractual term is activated such as when a fallback clause is triggered.

As a practical expedient, the amendments require an entity to apply IFRS 9:B5.4.5, such that the change in the basis for determining the contractual cash flows is applied prospectively by revising the effective interest rate. This practical expedient only applies when the change in the basis for determining the contractual cash flows is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

The amendments provide a non-exhaustive list of examples of changes that give rise to a new basis for determining the contractual cash flows that is economically equivalent to the previous basis:

- a. The replacement of an existing interest rate benchmark used to determine the contractual cash flows of a financial asset or financial liability with an alternative benchmark rate or implementation of a reform of an interest rate benchmark by changing the method used to calculate the interest rate benchmark, with the addition of a fixed spread necessary to compensate for the basis difference between the existing interest rate benchmark and the alternative benchmark rate;
- b. Changes to the reset period, reset dates or the number of days between coupon payment dates in order to implement the reform of an interest rate benchmark; and
- c. The addition of a fallback provision to the contractual terms of a financial asset or financial liability to enable any of the changes described in a. and b. above to be implemented

The Group does not have any Financial instruments benchmarked or referenced to Libors rates, hence, IBOR reform will not have any impact on the group or reporting.

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

In March 2021, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-

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

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

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

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020). There were no concessions granted to the company by any of the lessors. Hence, this does not have any current year impact on the company.

1.10 Summary of significant accounting policies**1.10. Introduction to summary of accounting policies**

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

(a) New and amended standards and interpretations not yet adopted by the Company

Entities are required to disclose in their financial statements the potential impact of new and revised IFRS Standards that have been issued but are not yet effective. The disclosures below reflect a cut off date of 31 December 2021. The potential impact of the application of any new and revised IFRS Standard issued by the IASB after 31 December 2021, but before the financial statements are issued should also be considered and disclosed. The impact of the application of the new and revised IFRS Standards (see below) is for illustrative purposes only. Entities should analyse the impact based on their specific facts and circumstances.

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

The impact of the application of the new and revised IFRS Standards below is for illustrative purposes only. Entities should analyse the impact of these new or revised IFRS Standards on their financial statements based on their specific facts and circumstances and make appropriate disclosures.

Standard	Content	Effective Date
IFRS 3	Amendments to IFRS 3 Reference to the Conceptual Framework	1-Jan-22
IAS 16	Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use	1-Jan-22
IAS 37	Amendments to IAS 37 - Contingent liabilities and Contingent assets – Onerous Contracts Provisions	1-Jan-22
IFRS 17	Insurance Contracts	1-Jan-23
IAS 1	Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1-Jan-23
IFRS 8	Amendment to IFRS 8 - Definition of Accounting Estimates	1-Jan-23
IAS 12	Amendment to IAS 12-Deferred Tax related to Assets and Liabilities arising from a single Transaction	1-Jan-23
IFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities	1-Jan-22
IAS 1	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1-Jan-23

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods and assessment is still on-going.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

This amendment was issued 7 February 2018 and became effective 1 January 2019. It prescribes the accounting for all types of employee benefits except share-based payment, to which IFRS 2 applies. Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. IAS 19 requires an entity to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when the entity consumes the economic benefit arising from the service provided by an employee in exchange for employee benefits.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

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

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

IFRS 17 Insurance Contracts

"IFRS 17 was issued in May 2017 as replacement to IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

"There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

At its March 2020 meeting, the IASB tentatively decided to defer the effective date of IFRS 17 by two years, such that entities would apply the amended Standard for annual periods beginning on or after January 1, 2023. The IASB also tentatively decided on a consequential amendment to IFRS 4 Insurance Contracts to defer the fixed expiry date for the temporary exemption from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after January 1, 2023. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.□

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

IFRS 8 – Definition of Accounting Estimates

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board. The amendment does not have any material impact on the Group.

IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss. The amendment do not have any material

IFRS 9 - Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.

The amendment is not expected to have any material impact on the Group.

IAS 1 - Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement :

In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and;

Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosure.

The amendment is not expected to have any material impact on the Group.

1.11 Presentation of financial statements

The Group presents its statements of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the Notes.

2 Summary of Significant Accounting Policies

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

2.1 Foreign currencies

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the Group operates or transacts business), which is Nigerian Naira. Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date.

Monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the income statements in the year in which they arise, except for difference arising on translation of non-monetary available-for-sale financial assets, which are recognised in other comprehensive income.

2.2 Segment

A segment is a distinguishable component of the company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

An operating segment is a component of an entity:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity).
- Whose operating results are regularly reviewed by the entity's chief operating decision maker to make decision about resources to be allocated to the segment and assess its performance of the same entity)
- For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues for example startup operations may be operating segments before earning revenues.

The Company currently operates a single line of business and entirely within a geographical region.

2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. cash equivalents have a maturity period of less than or equal to three months.

2.4 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the Company becomes a party to the contractual provisions of the instrument.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction cost are expensed in the income statement.

The Company classifies financial instruments or their components parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement. Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition. Classification is re-assessed on annual basis.

Regular-way purchases and sales of financial assets are recognised on settlement date which is the date on which the Company commits to purchase or sell the asset. Financial instruments are initially measured at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. These transaction costs are expensed in the income statement.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, as the group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the group expects to receive from the holder, the debtor or any other party.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position

Derecognition of financial instruments

Previously recognised financial assets are derecognised when either the contractual rights to receive the cash flows from these assets have ceased to exist or the assets expire or the Company transfers the assets such that the transfer qualifies for derecognition. The decision as to whether a transfer qualifies for derecognition is made by applying a combination of risks, rewards and control tests.

Collateral (shares and bonds) furnished by the Company under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Company retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as pledged assets, if the transferee has the right to sell or repledge them.

Derecognition of a financial liability occurs only when the obligation is extinguished. A financial liability is said to be extinguished when the obligation is discharged, cancelled or expired.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Hedge Accounting

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about a Company's risk management activities have also been introduced.

Financial assets**a) Classification and subsequent measurement**

For the purpose of measuring a financial asset after initial recognition, IFRS 9 classifies financial assets into the following categories: at fair value through profit or loss; at fair value through other comprehensive income and at amortised cost. The classification is based on the results of the Company's business model test and the contractual cashflow characteristics of the financial assets. The category relevant to the group as at 31 December 2021 are fair value through profit or loss; at fair value through other comprehensive income and at amortised cost. At initial recognition all assets are measured at Fair Value.

i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and those designated by the Company as at fair value through profit or loss upon initial recognition. Financial assets classified as held through profit or loss are those that have been acquired principally for the purpose of selling in the short term or repurchasing in the near term, or held as part of a portfolio that is managed together for short-term profit.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss and are reported as 'Net gains/(losses) on financial assets classified as held for trading'. Interest income and expense and dividend income on financial assets held for trading are included in 'Discount and similar income' or 'Other operating income', respectively. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains from financial assets held for trading'.

ii) Amortised Cost

Except for financial assets that are designated at initial recognition as at fair value through profit or loss a financial asset is measured at amortised cost only if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows (the business model test) and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flows characteristics test).

If a financial asset satisfies both of these conditions, it is required to be measured at amortised cost unless it is designated as at fair value through profit or loss (FVTPL) on initial recognition

iii) Fair Value through other comprehensive income (FVTOCI)

Except for financial assets that are designated at initial recognition as at fair value through profit or loss, a financial asset is measured at fair value through other comprehensive income (FVTOCI) if both of the following conditions are met:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (the business model test); and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flows characteristics test).

b) Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, a Company always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The Company recognizes loss allowances for Expected Credit Losses (ECL) on the following financial instruments that are not measured at FVTPL:

Financial assets that are debt instruments, Lease receivables, Loan and advances to customers, Other Loans and receivables, Financial guarantee contracts issued; and Loan commitments issued. The Company measures expected credit losses and recognizes interest income on risk assets based on the following stages:

Stage 1: Assets that are performing. If credit risk is low as of the reporting date or the credit risk has not increased significantly since initial recognition, the Company recognize a loss allowance at an amount equal to 12-month expected credit losses. This amount of credit losses is intended to represent lifetime expected credit losses that will result if a default occurs in the 12 months after the reporting date, weighted by the probability of that default occurring.

Stage 2: Assets that have significant increases in credit risk. In instances where credit risk has increased significantly since initial recognition, the Company measures a loss allowance at an amount equal to full lifetime expected credit losses. That is, the expected credit losses that result from all possible default events over the life of the financial instrument. For these debt instruments, interest income recognition will be based on the EIR multiplied by the gross carrying amount.

Stage 3: Credit impaired. For debt instruments that have both a significant increase in credit risk plus observable evidence of impairment

The Company's process to assess changes in credit risk is multi-factor and has three main elements;

- I. Quantitative element , a quantitative comparison of PD at the reporting date and PD at initial recognition
- II. Qualitative elements
- III. Backstop indicators

For individually significant exposures such as corporate and commercial risk assets, the assessment is driven by the internal credit rating of the exposure and a combination of forward-looking information that is specific to the individual borrower and forward-looking information on the macro economy, commercial sector (to the extent such information has not been already reflected in the rating process). For other exposures, significant increases in credit risk is made on a collective basis that incorporates all relevant credit information, including forward-looking macroeconomic information. For this purpose, the Company groups its exposures on the basis of shared credit risk characteristics.

Significant increase in credit risk

The Company decision on whether expected credit losses are based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk since initial recognition. An assessment of whether credit risk has increased significantly is made at each reporting date. When making the assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. This forms the basis of stage 1, 2 and 3 classification and subsequent migration. The Company applies qualitative and quantitative criteria for stage classification and for its forward and backward migration

i) Assets carried at amortised cost

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in income statement. If a financial instrument has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from disposal less costs for obtaining and selling the collateral, whether or not disposal is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Company's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets are reflected and directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Company to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and loans and advances to customers are classified in 'impairment charge for credit losses' whilst impairment charges relating to investment securities (loans and receivables categories) are classified in 'Net gains/(losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

ii) Assets classified as fair value through other comprehensive income

The Company can choose to make an irrevocable election at initial recognition for investments in equity instruments that do not meet the definition of held for trading, which would otherwise be measured at fair value through profit or loss, to present changes in fair value in other comprehensive income.

Reclassification of amounts recognised in other comprehensive income and accumulated in equity to profit or loss is not done. This applies throughout the life of the instrument and also at derecognition; such investments will not be subject to the impairment requirements.

Dividends on investments in equity instruments with gains and losses irrevocably presented in other comprehensive income are recognised in profit or loss if the dividend is not a return on investment (like dividends on any other holdings of equity instrument) when:

- a. the Company's right to receive payment of the dividend is established;
- b. it is probable that the economic benefits associated with the dividend will flow to the Company; and
- c. the amount of the dividend can be measured reliably.

For debt instruments measured at FVTOCI, changes in fair value is recognised in other comprehensive income, except for: interest calculated using the effective interest rate method, foreign exchange gains or losses and; impairment gains or losses until the financial asset is derecognised or reclassified.

When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Also, when a debt instrument asset is measured at fair value through other comprehensive income, the amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if the financial asset had been measured at amortised cost.

c) Reclassification of financial assets

Reclassification of financial assets is determined by the Company's senior management, and is done as a result of external or internal changes which are significant to the Company's operations and demonstrable to external parties.

Reclassification of financial assets occurs when the Company changes its business model for managing financial assets.

Investments in equity instruments that are designated as at FVTOCI at initial recognition cannot be reclassified because the election to designate as at FVTOCI is irrevocable.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**Financial liabilities****Classification and subsequent measurement**

The Company's holding in financial liabilities represents mainly Insurance Contract Liabilities, 'trade payables' and 'other liabilities'. These are all classified as financial liabilities measured at amortised cost. These financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. Any difference between the proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

Fees paid on the establishment of the liabilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

The classification of the Company's financial instruments have been summarised in the table below:

Category		Classes as determined by The Company		Subclasses
Financial assets	Financial assets at fair value through profit or loss	Listed Securities		Quoted Equities
	Amortized cost	Cash and balances with Central bank of Nigeria		Cash
				Statutory deposit with CBN
				Current account balances
				Placements
		Loans and advances to customers		FGN Treasury Bills
				Staff loans
		Investment securities	Listed debt	Corporate bonds
		Other assets		Fees receivable
				Intercompany receivable
				Other receivables
	Fair value through other comprehensive income	Listed Securities		Quoted Equities
				Unquoted Equities
		Unlisted securities		

Financial liabilities	Financial liabilities at amortised cost	Insurance contract liabilities	Accruals
			Payables
		Trade payables	Other creditors
			Outstanding claims
			Unearned premiums
		Other liabilities	

Measurement

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction cost are expensed in the income statement.

Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

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

At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on valuation techniques such as discounted cash flow models and option pricing models whose variables include only data from observable markets.

Subsequent to initial recognition, for financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, Nigerian Stock Exchange (NSE) and Financial Markets Dealers Quotation (FMDQ)).

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Forward-Looking Information

In the context of IFRS 9, is an enhanced information set that includes credit information pertaining to future developments (including for example macroeconomic developments). The inclusion of forward-looking information along with traditional past due (realized, historical) information is considered to produce comprehensive credit risk information.

The inclusion of forward-looking information is a distinctive feature of an IFRS 9 ECL model. Incorporating economically stressed states of the world and their potential impact on credit performance is critical for the timely recognition of credit losses.

2.5 Trade/Pension receivables

Receivables are recognised when due. These include amounts due from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Group gathers the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at amortised cost. the impairment loss is calculated under the same method used for these financial assets.

2.6 Reinsurance

The Group cedes insurance risk in the normal course of business for all of its businesses.

2.6.1 Reinsurance assets

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

Gains or losses on buying reinsurance are recognised in the income statement immediately at the date of purchase and are not amortised. Ceded reinsurance arrangements do not relieve the Group from its obligation to policy holders.

2.6.2 Reinsurance Liabilities

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

2.7 Deferred Policy Acquisition Costs (DAC)

Acquisition cost comprise all direct and indirect costs arising from the writing of non-life insurance contracts. Deferred acquisition costs represent a proportion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. it is calculated by applying to the acquisition expenses that ratio of unearned premium to written premium.

2.8 Prepayment

prepayments are carried at cost less accumulated impairment losses.

2.9 Consolidation**2.9.1 Subsidiaries**

The financial statements of subsidiaries are consolidated from the date the Group acquires control, up to the date that such effective control ceases. For the purpose of these financial statements, subsidiaries are entities over which the Group, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from their activities.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (transactions with owners). Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the Group.

Inter-Group transactions, balances and unrealised gains on transactions between companies within the Group are eliminated on consolidation. Unrealised losses are also eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Investment in subsidiaries in the separate financial statements of the parent entity is measured at cost.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

2.9.1a Disposal of Subsidiaries

On loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2.9.2 Investment in Associates

As associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 - Noncurrent Asset Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2.10 Investment Properties

Investment property is property held on earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognised at cost including the transaction costs. Subsequently, investment property is accried at fair value representing the open market value at the statement of financial position date determined by annual valuation carried out by external registered valuers. gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is charged or credited to profit or loss.

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

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

2.11 Intangible Assets

Software license costs and computer software that is not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Group are recognised as intangible assets.

Amortization is calaculated using the straight line method to write down the cost of each license or item of software to its residual value over its estimated useful life.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset it derecognized.

Intangibles recognised as assets are amortized over their useful lives, which does not exceed five years.

2.12 Goodwill

Goodwill arising on an acquisition of a business is accrued at cost as established at the date of acquisition of the business (see 4.9 above) less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated (statement of comprehensive income/income statement). An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described at 2.9.2 above.

2.13 Property, Plant and Equipment

All categories of property and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system that is an integral part of the related hardware is capitalized as part of the computer equipment

Work in progress owner-occupied property that are included in property, plant and equipment are stated at cost to date and are not yet decommissioned as the asset has not been put into use.

Subsequent cost are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the income statement in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the statement of profit or loss.

Freehold land is not depreciated. Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life using the following annual rates:

Leasehold land	0%	Over the lease period
Buildings	2%	2%
Furniture & Fittings	20%	20%
Office Equipment	20%	20%
Computer Equipment	20%	20%
Plant & Equipment	20%	20%
Motor Vehicles	25%	25%

Depreciation on an item of property, plant and equipment commences when it is available for use and continues to depreciate until it is derecognized, even if during that period the item is idle. Depreciation of an item ceases when the item is retired from active use and is being held for disposal.

Where no parts of items of property, plant and equipment have a cost that is significant in relation to the total cost of the item, the same rate of depreciation is applied to the whole item.

The assets' residual values, depreciation method and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

2.14 Statutory Deposits

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

2.15 Insurance Contract Liabilities

Contract that are classified as insurance contracts are those under which the Group underwrites significant insurance risk from another party (the broker or insured) by agreeing to compensate the insured or other beneficiary if a fortuitous random event (the insured event) adversely affects the policyholder or other beneficiary.

2.15.1 Types of Insurance Contracts

Insurance contract may be non-life or life. The group issues only non-life insurance contracts. Non-life insurance contracts are accident, casualty and property insurance contracts.

Accident and casualty insurance contracts protect the Group's customers against the risk of causing harm to third parties as result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Group's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Non-life insurance contracts protect the Group's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the policy holder. There are no maturity or surrender benefits.

2.15.2 Recognition and measurement of non-life insurance contracts

a. For all non-life insurance contract, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability. Premiums are shown before deduction of commission.

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include 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 yet been reported to the Group. The Group 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 Group 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 (such as court decisions).

b. Salvages

Some non-life insurance contracts permit the Group to sell (usually damaged) property acquired in the process of settling a claim. The Group may also have the right to pursue third parties for payment of some or all costs of damages to its client's property (i.e. subrogation right).

Salvage recoveries are used to reduce the claim expense when the claim is settled.

c. Subrogation

Subrogation is the right for an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of recovering the amount of the claim paid to the insured for the loss. A receivable for subrogation is recognized in other assets when the liability is settled and the Group has the right to receive future cash flow from the third party.

d. Deferred Income

Deferred Income represents a proportion of commission received on reinsurance contracts which are booked during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the reinsurance commission income the ratio of prepaid reinsurance to reinsurance cost.

e. Reinsurance Contracts held

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered into by the Group under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

f. Technical Reserves

These are computed in accordance with the provisions of section 22 of the Insurance Act 2003 as follows:

* Reserve for unearned premium: In compliance with Section 20() (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

* Reserve for outstanding claims: The reserve for outstanding claims is maintained to the total amount of outstanding claims incurred and reported plus claims incurred but not reported ("IBNR") as at the balance sheet date. The IBNR is based on the liability adequacy test.

g. Liability Adequacy Test

At each end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests "the unexpired risk provision".

The provisions of the Insurance Act 2003 require an actuarial valuation for life insurance reserves only. However, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves. The provision of section 59 of the Financial Reporting Council Act 2011 gives superiority to the provision of IFRS and since it results in a more conservative reserving than the provision of the Insurance Act 2003, it serves the company's prudential concerns well.

2.16 Trade and other Payables

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

2.17 Retirement Benefit Obligations

Pension Cost

The Group operates a defined contributory retirement benefit scheme as stipulated in the Pension Reform Act 2014. Under the defined contribution scheme, the Group pays fixed contributions of 10% of emoluments as defined by the Act to Pension Fund Administrators; employees also pay a fixed percentage of 8% to the same entity. Once the contributions have been paid, the Group retains no legal or constructive obligation to pay further contribution if the fund does not hold sufficient assets to finance benefits accruing under the retirement benefit plan.

2.18 Provisions

General Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. 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 recognised as a finance cost.

2.19 Current Income Tax

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Nigeria Income Tax Act. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted as at the reporting date.

2.19.1 Deferred Income Tax

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability.

Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the statement of financial position date and expected to apply when the related deferred income tax asset is realized or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. unrecognized deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off such:

- * Current tax assets against current income tax liabilities and
- * The deferred taxes relate to the same taxable entity and
- * The same taxation authority

2.20 Share Capital and Share Premium

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

2.21 Statutory Contingency Reserve

The Group maintains contingency reserves in accordance with the provisions of Insurance Act 2003 to cover fluctuations in securities and variations in statistical estimates at the rate equal to the higher of 3% of total premium or 20% of the net profits

2.22 Retained Earnings

The retained earnings represent the amount available for dividend distribution to the equity shareholders of the company. See statement of changes in equities for movement in retained earnings.

2.23 Assets Revaluation Reserve

This represents the Group's revaluation reserve emanating from revaluation of certain assets

2.24 Income Recognition**2.24.1 Gross Premiums**

Gross premiums on insurance contract are recognized as revenue when payable by the policy holder.

For single premium business revenue is recognised on the date on which the policy is effect.

Gross insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of business written in prior accounting periods.

Premiums collected by intermediaries, but not yet received, are assessed based on estimates from underwriting or past experience and are included in premiums written.

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date. Unearned premiums are calculated on a daily pro rata basis. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

2.24.2 Reinsurance Premiums

Gross reinsurance premiums on insurance contracts are recognized as an expense when payable or on the date on which the policy is effective. Gross reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date. Unearned premiums are deferred over the term of the underlying direct insurance policies for risks attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

2.24.3 Commission income

Fees and commission income during the year is the income the company is entitled to for ceding businesses to the reinsurers and co-insurers. In accordance with IFRS 15 (Revenue from Contracts with Customers), fees and commission income is recognized over time, covering the policy period over which services are expected to be provided, using the time apportionment basis. Fees and commission covering the reporting period are recognized in profit or loss as fees and commission income earned, while the unearned portion of fees and commission income is reported in the statement of financial position as deferred commission income.

2.24.4 Investment Income

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

Investment income also includes dividend income which is recognised when the right to receive the payment is established.

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

2.24.5 Management and Administrative Fees**Management Fee**

Management fee, an asset based fee is charged as a percentage of the opening net assets value of the pension fund investments at the beginning of the year of charge for the Retirement Savings Account (RSA). It is accrued daily upon portfolio valuation while the actual charge is effected against the Fund within five working days of the month end. Fee for the Retiree Account is computed based on 5% of income earned on the fund.

Administrative Fee

Administrative fee is calculated as a flat charge payable monthly from contributions received. It is deducted before converting contributions into accounting units of pension fund assets.

2.24.6 Realized/Unrealized Gains and Losses

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

2.25 Claims and Expenses Recognition**2.25.1 Gross Benefits and Claims**

Claims incurred in respect of Insurance contracts include the cost of all claims arising during the year including internal and external claims handling costs that are directly related to the processing and settlement of claims as well as changes in the gross valuation of insurance and investment contract liabilities. All claims paid and incurred are charged against revenue as expenses when incurred.

2.25.2 Reinsurance Claims

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

2.26 Interest Income and Expense

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash (or, where appropriate, the next re-pricing date) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the entity estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees and points paid or received transaction costs and discounts or premium that are integral part of the effective interest rate.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the financial statement include:

- * Interest on financial assets and liabilities measured at amortized cost calculated on an effective interest basis
- * Interest on financial assets measured at fair value through profit or loss calculated on an effective interest rate basis.

2.27 Expenses

Expenses are recognised in the income statement when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets (for example, the accrual of employee entitlements or the depreciation of equipment)

When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined, expenses are recognised in the income statement on the basis of systematic and rational allocation procedures.

This is often necessary in recognizing the equipment associated with the using up of assets such as property, plant and equipment in such cases the expense is referred to as a depreciation or amortization. These allocation procedures are intended to recognise expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire. An expense is recognised immediately in the income statement when expenditure produces no future economic benefits or when, and to the extent that future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

2.27.1 Underwriting Expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from writing insurance contracts. These costs are charged in the income statement in the period they are incurred.

2.28 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use.

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to comprehensive income. In this case the impairment is also recognised in comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.29 Earnings Per Share

The Group presents basic earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Group by the number of shares outstanding during the period.

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

2.30 Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are approved by the company's shareholders. Proposed dividends are not recognised in equity until they have been declared at a general meeting. Dividends for the year that are approved after the statement of financial position date are dealt with as a non-adjusting event after the statement of financial position date.

2.31 Comparatives

Where necessary, comparative have been adjusted to conform to changes in presentation in the current year. Where changes are made and affect the statement of financial position, a third statement of financial position at the beginning of the earliest period presented is presented together with the corresponding notes.

2.32 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallise.

2.33 Contingent assets

Contingent assets are not recognised in the financial statements but are disclosed when, as a result of the past events, it is highly likely that economic benefits will flow to the Group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the group's control.

**Consolidated and Separate Statement of Financial Position
As at 31 December, 2021**

	Note	31-Dec-2021 Group N'000	31-Dec-2020 Group N'000	31-Dec-2021 Company N'000	31-Dec-2020 Company N'000
ASSETS					
Cash and cash equivalents	3	5,891,133	4,242,485	3,834,178	3,375,996
Financial assets	4	3,158,089	3,620,755	1,479,839	3,003,027
Trade receivable	5	119,564	83,679	119,564	83,679
Reinsurance assets	6	1,115,859	1,025,756	1,115,859	1,025,756
Deferred acquisition cost	7	286,636	119,379	286,636	119,379
Other receivables and prepayments	8	422,448	320,803	220,975	213,113
Investment in subsidiaries	9	-	-	3,624,860	1,576,300
Investment in associate	10	-	-	-	-
Investment properties	11	45,000	289,439	45,000	289,439
Goodwill	12	316,884	316,884	-	-
Intangible assets - Software	13	102,297	49,900	69,901	25,299
Property, plant and equipment	14	4,729,375	3,790,533	3,377,451	2,990,799
Statutory deposits	15	355,000	355,000	355,000	355,000
Deferred tax asset	21.1	22,293	7,316	21,745	-
Total Assets		16,564,578	14,221,929	14,551,008	13,057,787
Liabilities:					
Insurance contract liabilities	16	4,152,250	2,856,017	4,146,106	2,849,493
Trade payables	17	488,190	686,297	488,190	686,295
Employees retirement benefit obligations	18	17,024	14,724	-	-
Provision and other payables	19	996,710	741,696	572,864	488,717
Income tax liabilities	20	86,652	94,458	23,542	30,969
Deferred Tax Liabilities	21.2	20,741	324,764	-	310,094
Total Liabilities		5,761,567	4,717,956	5,230,702	4,365,568
EQUITY & LIABILITIES					
<i>Share capital & reserves:</i>					
Issued and paid up share capital	22	6,933,333	6,933,333	6,933,333	6,933,333
Share premium	23	663,600	663,600	663,600	663,600
Statutory Contingency reserves	24	1,303,505	1,121,845	1,303,505	1,121,845
Retained earnings	25	(1,236,052)	(1,559,692)	(1,731,721)	(1,881,302)
Asset revaluation reserve	26a	2,509,957	1,809,597	2,208,012	1,809,597
Fair value reserve	26b	(60,112)	40,924	(56,423)	45,146
Non Controlling interest(NCI)	38	688,780	494,366	-	-
Total Equity		10,803,011	9,503,973	9,320,306	8,692,219
Total Equity & Liabilities		16,564,578	14,221,929	14,551,008	13,057,787

These financial statements were approved by the board of directors on the 24 March 2022 and signed on their behalf by the Directors listed below:



Mojeed Somorin
Chief Financial Officer
FRC/2017/ICAN/00000016849



Mr. Nahim Abe Ibraheem
Chairman
FRC/2020/003/00000020878



Kenneth Egbaran
Managing Director
FRC/2015/CIIN/00000011953

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive income for the year ended 31 December 2021

	Note	Group 2021 N'000	Group 2020 N'000	Company 2021 N'000	Company 2020 N'000
Gross Premium written		6,318,949	6,265,635	6,055,352	6,063,203
Gross Premium Income	28	5,795,908	5,332,769	5,532,311	5,132,361
Reinsurance Expenses	29	(2,857,084)	(2,817,455)	(2,857,084)	(2,817,454)
Net premium income		2,938,824	2,515,314	2,675,227	2,314,907
Fees and commission income	30	491,209	193,284	491,209	193,284
Net underwriting income		3,430,033	2,708,598	3,166,436	2,508,191
Insurance claims and benefits paid- Gross (including loss adjustment expenses)	31	(1,301,147)	(910,278)	(1,148,239)	(798,278)
Underwriting expenses	32	(846,439)	(506,256)	(846,439)	(506,256)
Underwriting result		1,282,447	1,292,064	1,171,758	1,203,657
Investment income	34	1,600,227	1,834,514	235,772	723,291
Fair value changes in financial assets-FVTPL	4a&b	6,459	11,622	6,459	11,622
Fair value changes in investment property	11	-	-	-	-
Other operating income	35	199,974	277,863	133,254	124,622
Impairment charge on financial assets and other assets	33	(35,528)	(30,627)	(29,314)	(22,000)
Finance cost (Interest cost)	18a(i)	(1,841)	(1,293)	-	-
Management expenses	36	(2,707,324)	(2,540,121)	(1,481,615)	(1,444,762)
Profit before tax		344,414	844,022	36,314	596,430
Income tax expense	37	225,949	96,623	294,928	144,501
Profit for the year from continuing operations		570,363	940,645	331,242	740,931
Other Comprehensive Income net of tax					
Items that may be reclassified subsequently to profit or loss:					
Fair value adjustment on FVOCI debt instruments	26b	-	-	-	-
		-	-	-	-
Items that will not be reclassified subsequently to profit or loss:					
Gain on revaluation of property, plant and equipment		829,994	(367)	398,415	(367)
Net actuarial (losses) / gains on retirement benefit obligations	18a(i)	533	(2,989)	-	-
Fair value adjustment on equities at FVOCI		(101,569)	3,700	(101,569)	3,700
		728,958	344	296,846	3,333
Other Comprehensive Income, net of taxes		728,958	344	296,846	3,333
Total Comprehensive Income for the year		1,299,320	940,989	628,088	744,264
Profit for the year, attributable to:					
* Non-controlling interests		65,061	55,621	-	-
* Owners' of the Parent		505,302	885,065	-	-
		570,363	940,686	-	-
Total Comprehensive Income, attributable to:					
* Non-controlling interests		194,693	55,621	-	-
* Owners' of the Parent		1,104,627	885,368	-	-
		1,299,320	940,989	-	-
Basic Earnings/(Loss) per Share	27	0.05	0.02	0.05	(0.12)

Consolidated and Separate Statement of Financial Position

Statement of Changes in Equity
for the year ended 31 December 2021
Group-2021

	Share Capital N'000	Share Premium N'000	Asset revaluation reserve N'000	Fair value reserve N'000	Contingency Reserve N'000	Retained Earnings N'000	Total N'000	Non- controlling interest N'000	Total N'000
As at 1 January 2021	6,933,333	663,600	1,809,597	40,924	1,121,845	(1,559,693)	9,009,606	494,366	9,503,972
Transferred from statement of Profit or loss for the <i>Other Comprehensive Income:</i>	-	-	-	-	-	505,302	505,302	65,061	570,363
Changes in fair value of FVOCI Investments	-	-	-	(101,569)	-	-	(101,569)	-	(101,569)
Net actuarial gains on retirement benefit obligations	-	-	-	533	-	-	533	-	533
Revaluation gain on PPE	-	-	700,360	-	-	-	700,360	129,633	829,993
Total Comprehensive Income	-	-	700,360	(101,036)	-	505,302	1,104,626	194,693	1,299,319
Transfer to Contingency Reserve	-	-	-	-	181,661	(181,661)	-	-	-
Transactions with owners of equity									
Dividends to equity holders	-	-	-	-	-	-	-	(279)	(279)
As at 31 December 2021	6,933,333	663,600	2,509,957	(60,112)	1,303,505	(1,236,052)	10,114,232	688,780	10,803,013

	Share Capital N'000	Share Premium N'000	Asset revaluation reserve N'000	Fair value reserve N'000	Contingency Reserve N'000	Retained Earnings N'000	Total N'000	Non- controlling interest N'000	Total N'000
As at 1 January 2020	6,933,333	663,600	1,809,964	40,213	939,949	(2,262,822)	8,124,237	439,024	8,563,261
Transferred from statement of Profit or loss for the <i>Other Comprehensive Income:</i>	-	-	-	-	-	885,026	885,026	55,621	940,647
Changes in fair value of FVOCI Investments	-	-	-	3,700	-	-	3,700	-	3,700
Net actuarial gains on retirement benefit obligations	-	-	-	(2,989)	-	-	(2,989)	-	(2,989)
Gain on revaluation of properties, plant	-	-	(367)	-	-	-	(367)	-	(367)
Total Comprehensive Income	-	-	(367)	711	-	885,026	885,370	55,621	940,991
Transfer to Contingency Reserve	-	-	-	-	181,896	(181,896)	-	-	-
Transactions with owners of equity									
Dividends to equity holders	-	-	-	-	-	-	-	(279)	(279)
As at 31 December 2020	6,933,333	663,600	1,809,597	40,924	1,121,845	(1,559,693)	9,009,607	494,366	9,503,973

As at December 31 2021
Consolidated and Separate Statement of Financial Position

Statement of Changes in Equity
for the year ended 31 December, 2021
Company 2021

As at 1 January 2021

Transferred from statement of Profit or loss for the year
Other Comprehensive Income:
 Revaluation gain on PPE

Total Comprehensive Income

Transfer to Contingency Reserve

Transactions with owners of equity

Dividends to equity holders

As at 31 December 2021

Share Capital	Share Premium	Asset revaluation reserve	Fair value reserve	Contingency Reserve	Retained Earnings	Total
N'000	N'000	N'000	N'000	N'000	N'000	N'000
6,933,333	663,600	1,809,597	45,146	1,121,845	(1,881,303)	8,692,219
-	-	-	-	-	331,242	331,242
-	-	-	-	-	-	-
-	-	398,415	(101,569)	-	-	296,846
-	-	-	-	-	-	-
6,933,333	663,600	2,208,012	(56,423)	1,121,845	(1,550,061)	9,320,306
				181,661	(181,661)	-
				-	-	-
6,933,333	663,600	2,208,012	(56,423)	1,303,505	(1,731,721)	9,320,306

As at 1 January 2020

Transferred from statement of Profit or loss for the year
Other Comprehensive Income:
 Changes in fair value of AFS Investments
 Gain on revaluation of properties, plant

Total Comprehensive income

Transfer to Contingency Reserve

Transactions with owners of equity

Dividends to equity holders

As at 31 December 2020

Share Capital	Share Premium	Asset revaluation reserve	Fair value reserve	Contingency Reserve	Retained Earnings	Total
N'000	N'000	N'000	N'000	N'000	N'000	N'000
6,933,333	663,600	1,809,964	41,446	939,949	(2,440,338)	7,947,954
-	-	-	-	-	740,931	740,931
-	-	-	-	-	-	-
-	-	(367)	3,700	-	-	3,333
-	-	-	-	-	-	-
6,933,333	663,600	1,809,597	45,146	939,949	(1,699,407)	8,692,218
				181,896	(181,896)	-
				-	-	-
6,933,333	663,600	1,809,597	45,146	1,121,845	(1,881,303)	8,692,218

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 DECEMBER, 2021

		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		Group	Group	Company	Company
	Notes	N'000	N'000	N'000	N'000
Cash flows from operating activities					
Premium received	28	6,283,064	6,271,795	6,019,467	5,985,683
Commission received	30	491,209	193,284	491,209	193,284
Reinsurance receipts in respect of claims	31(a)	2,058,387	229,994	2,058,387	229,995
Other operating income	34	199,974	190,702	133,254	37,461
Cash paid to and on behalf of employees	36	(1,384,669)	(1,238,228)	(712,088)	(596,737)
Reinsurance premium paid	29	(3,004,573)	(2,808,024)	(3,004,573)	(2,808,024)
Insurance benefits and claims paid	31	(2,845,716)	(1,313,926)	(2,694,452)	(1,202,782)
Maintenance expenses	32	(249,217)	(37,447)	(249,217)	(37,447)
Commission paid	32	(811,055)	(597,147)	(811,055)	(584,055)
Cash paid to intermediaries and other suppliers		(928,422)	(1,162,651)	(510,332)	(615,895)
Company income tax paid	20	(69,774)	(23,399)	(17,520)	(11,021)
Net cashflow from operating activities		(260,793)	(295,047)	703,079	590,462
Cash flow from Investing Activities					
Purchase of property, Plant and equipment	14	(323,094)	(202,371)	(98,722)	(161,921)
Purchase of intangible assets	13	(81,932)	(6,941)	(58,030)	(451)
Proceed from sale of property and equipment		10,353	1,461	10,353	1,461
Proceed from disposal of investment property		219,449	105,350	219,449	105,350
Dividend income	34	14,022	4,226	18,034	8,238
Interest received	34	1,905,118	1,562,379	536,651	463,387
Purchase of amortised cost investment		(2,292,741)	(1,736,009)	(706,699)	(1,669,557)
Redemption/repayment on amortised cost investments		2,459,528	445,498	1,883,018	385,047
Purchase of investment property	11	-	-	-	-
Net cash provided by investing activities		1,910,703	173,592	1,804,055	(868,446)
Cash flow from Financing Activities					
Dividend paid		(279)	(279)	-	-
Investment in subsidiary		-	-	(2,048,560)	-
Net cash provided by financing activities		(279)	(279)	(2,048,560)	-
Net decrease in cash and cash equivalent		1,649,630	(121,734)	458,574	(277,984)
Cash and cash equivalent at the 1 January		4,250,674	4,372,407	3,381,361	3,659,345
Cash and cash equivalent at the 31 December		<u>5,900,305</u>	<u>4,250,674</u>	<u>3,839,935</u>	<u>3,381,361</u>

NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021**General information**

Veritas Kapital Assurance plc ('the company') was initially incorporated under the name of Kapital Insurance Company Limited as a private Limited liability company on the 8 August, 1973. On 14 March 2007, it acquired and merged with two other insurance companies and became a public liability company. Its shares are quoted on the Nigeria Stock Exchange.

Its Head office is located at 497 Abogo Largema Street, off constitution Avenue, Central Business District, Abuja. Nigeria

The principal business of the company is underwriting of non-life insurance risks.

The Company has 91.46% equity interest in Health Care Security Limited and 70% interest in Veritas Glanvills Pensions Limited and 51.53% in Goldlink Insurance Plc. The group comprises of two subsidiaries, an associate and the parent company.

3 Cash and cash equivalents

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
This comprises of :				
Cash at hand	417	736	322	683
Cash at Bank	1,234,217	118,304	1,164,085	62,880
Short term deposit (Staff gratuity fund assets)*	9,239	9,238	9,239	9,239
Short term deposit (note 3a)	4,656,432	4,122,395	2,666,289	3,308,560
	5,900,305	4,250,673	3,839,936	3,381,361
Adjustment for ECL on fixed deposit (note 3.1)	(9,172)	(8,188)	(5,758)	(5,365)
Total	5,891,133	4,242,485	3,834,178	3,375,996

*Staff gratuity fund assets relates to fund set aside for staff of the parent who were still in service when the gratuity scheme was discontinued in July 2016. The intention of management is to keep the funds and make it available to the beneficiaries on exit.

3 Movement in Adjustment ECL

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
As at 1 January	8,188	8,147	5,365	5,831
Charge/(Write back) (See note 33)	984	41	393	(466)
As at 31 December	9,172	8,188	5,758	5,365

a Financed by:

In compliance with section 19(3) of Insurance Act 2003, the short term deposit is financed as follows:

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
Financed by Insurance fund	2,666,289	2,849,493	2,666,289	2,849,494
Financed by other funds	-	1,272,902	-	459,066
	2,666,289	4,122,395	2,666,289	3,308,560

Short term deposits consist of placements with commercial banks with a maturity date of less than 3 months.

NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
4 Financial Assets				
This comprises of:				
Fair value through profit or loss (note 4a)	69,913	58,414	69,913	58,414
Armortised Cost (Note 4b)	3,004,760	3,377,356	1,326,510	2,759,628
Fair Value through OCI (Note 4c)	83,416	184,985	83,416	184,985
	3,158,089	3,620,755	1,479,839	3,003,027
Current	185,041	-	143,702	-
Non-current	2,973,048	3,620,755	1,336,138	3,003,027
	3,158,089	3,620,755	1,479,839	3,003,027

- a(i)** These are quoted equities on the Nigerian Stock Exchange. The fair value is determined by reference to the quoted closing bid price at the end of the reporting year and are derived as follows:

Movement in FVTPL during the year	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
Fair value at 1 January	58,414	46,616	58,414	46,616
Addition (see note aiii below)	5,040	176	5,040	176
Fair value gain	6,459	11,622	6,459	11,622
Fair value as at 31 December	69,913	58,414	69,913	58,414

a(ii) Historical movement in FVTPL

Cost at initial recognition	152,278	152,278	152,278	152,278
Accumulated fair value losses to date	(82,365)	(93,864)	(82,365)	(93,864)
Fair value as at 31 December	69,913	58,414	69,913	58,414

- (iii)** These are quoted equities on the Nigerian Stock Exchange held by the entity which was recovered from during reconciliation carried out during the year and confirmed by the registrars. The stocks include the following; PZ Cusson, Fidelity Bank Plc, Access Bank Plc, Cadbury Nigeria Plc, Julius Berger Plc, Nestle Nigeria Plc and Union Bank Plc.

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
b Amortised Cost				
FGN treasury bills see note (i) below	185,041	-	143,702	-
State/FGN government bonds see note (ii) be	2,728,842	1,136,448	1,182,808	608,607
Corporate bond see note (iii) below	90,877	2,240,908	-	2,151,021
	3,004,760	3,377,356	1,326,510	2,759,628
Balance at 1 January	3,420,436	1,844,868	2,785,906	1,232,582
Additions	2,292,741	1,736,009	706,699	1,669,557
Redemption/Repayment during the year	(2,753,451)	(445,498)	(2,176,941)	(385,047)
Accrued interest	87,774	285,056	31,161	268,815
Balance at 31 December	3,047,500	3,420,436	1,346,825	2,785,906
Expected credit loss	(42,740)	(43,080)	(20,315)	(26,279)
	3,004,760	3,377,356	1,326,510	2,759,627

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
i FGN Treasury Bills				
Balance at 1 January	-	253,926	-	211,987
Additions	186,268	-	144,526	-
Redemption/Repayment during the year	-	(253,926)	-	(211,987)
Accrued interest	-	-	-	-
Balance at 31 December	186,268	-	144,526	-
ECL	(1,227)	-	(824)	-
	185,041	-	143,702	-
ii FGN Bonds and State Bonds				
Balance at 1 January	1,150,990	517,517	608,965	-
Additions	2,106,473	631,911	562,173	605,459
Redemption/Repayment during the year	(572,369)	(11,876)	-	-
Accrued interest	82,702	13,437	31,161	3,506
Balance at 31 December	2,767,797	1,150,990	1,202,299	608,965
ECL	(38,955)	(14,542)	(19,491)	(359)
	2,728,842	1,136,448	1,182,808	608,606
iii Corporate Bonds				
Balance at 1 January	2,269,445	1,073,425	2,176,941	1,020,595
Additions	-	1,104,098	-	1,064,098
Redemption/Repayment during the year	(2,181,082)	(179,696)	(2,176,941)	(173,060)
Accrued interest	5,071	271,618	-	265,308
Balance at 31 December	93,434	2,269,445	-	2,176,941
ECL	(2,557)	(28,538)	-	(25,920)
	90,877	2,240,908	-	2,151,021
iv Movement in expected credit losses (ECL) during the year				
Balance at 1 January	43,080	28,524	26,279	19,843
(Writeback)/charge during the year	(340)	14,556	(5,964)	6,436
Balance at 31 December	42,740	43,080	20,315	26,279
c Fair value through other comprehensive income				
	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
Fair value at 1 January	184,985	43,716	184,985	43,716
Additions during the year(see note i below)	-	137,569	-	137,569
Fair value (loss)/ gain	(101,569)	3,700	(101,569)	3,700
Balance at 31 December	83,416	184,985	83,416	184,985
i	The additions to unlisted equities includes shares in SystemsSpecs obtained from LightHouse Asset Management through a debt to shares swap agreement agreement during the year. (See note 8b). Also included in the additions is 22,089 units of shares from Afriland Properties Plc recognised upon reconciliation with registrars.			

NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
5 Trade receivables				
a This comprises of:				
Premium receivable from insurance brokers	527,343	491,457	527,343	491,457
Premium receivable from insurance agents	55,270	55,270	55,270	55,270
Premium receivable from policy holders	33,157	33,158	33,157	33,158
Premium receivable from insurance companies	241,779	241,779	241,779	241,779
	<u>857,549</u>	<u>821,664</u>	<u>857,549</u>	<u>821,664</u>
Impairment of premium receivables	(737,985)	(737,985)	(737,985)	(737,985)
	<u>119,564</u>	<u>83,679</u>	<u>119,564</u>	<u>83,679</u>
b Age analysis of gross trade receivables are as follows				
0-30 days	119,564	83,679	119,564	83,679
Above 30 days	-	-	-	-
Above 180 days	-	-	-	-
	<u>119,564</u>	<u>83,679</u>	<u>119,564</u>	<u>83,679</u>
c Analysis of movement in impairment				
Group	Balance at 1 January N'000	Addition N'000	Provision no longer required N'000	Balance at 31 December N'000
Premium receivable from insurance brokers	539,103	-	-	539,103
Premium receivable from insurance agents	6,728	-	-	6,728
Premium receivable from policy holders	55,610	-	-	55,610
Premium receivable from insurance companies	136,544	-	-	136,544
	<u>737,985</u>	<u>-</u>	<u>-</u>	<u>737,985</u>
Company	Balance at 1 January N'000	Addition N'000	Provision no longer required N'000	Balance at 31 December N'000
Premium receivable from insurance brokers	539,103	-	-	539,103
Premium receivable from insurance agents	6,728	-	-	6,728
Premium receivable from policy holders	55,610	-	-	55,610
Premium receivable from insurance companies	136,544	-	-	136,544
	<u>737,985</u>	<u>-</u>	<u>-</u>	<u>737,985</u>
	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
6 Reinsurance assets				
This is analysed as follows:				
Prepaid reinsurance(see note(a) below)	474,955	646,251	474,955	646,251
Reinsurer' share of outstanding claims (see note(b))	640,904	378,628	640,904	378,628
Reinsurers share of claims paid	-	877	-	877
	<u>1,115,859</u>	<u>1,025,756</u>	<u>1,115,859</u>	<u>1,025,756</u>
a Movement in prepaid reinsurance is as follows:				
Balance 1 January	646,251	96,020	646,251	96,020
Additions during the year	2,685,787	3,367,686	2,685,787	3,367,686
Amortized in the year - reinsurance expenses (see note(c))	(2,857,084)	(2,817,455)	(2,857,084)	(2,817,455)
Balance 31 December	<u>474,955</u>	<u>646,251</u>	<u>474,955</u>	<u>646,251</u>

b Movement in reinsurer's share of outstanding claims

Balance at 1 January	378,628	293,940	378,628	293,940
Movement in Reinsurers/coinsurers' share of outstanding claims reported during the year	262,276	84,688	262,276	84,688
Balance at 31 December	640,904	378,628	640,904	378,628

c Movement in reinsurer share of claim paid

Balance at 1 January	877	-	877	-
Movement in reinsurers/co-assurer's share of paid claims during the year	(877)	877	(877)	877
	-	877	-	877

Current	1,115,859	1,025,756	1,115,859	1,025,756
Non-Current	-	-	-	-
	1,115,859	1,025,756	1,115,859	1,025,756

7 Deferred acquisition cost**a This is analysed as follows:**

Agric	86,502	9,827	86,502	9,827
Motor	23,651	20,752	23,651	20,752
Fire	66,087	34,643	66,087	34,643
General Accident	14,478	18,148	14,478	18,148
Marine	37,028	2,913	37,028	2,913
Aviation	7,301	3,450	7,301	3,450
Engineering	16,473	7,311	16,473	7,311
Oil and Gas	35,116	19,077	35,116	19,077
Bond	-	3,258	-	3,258
Total	286,636	119,379	286,636	119,379

The movement in deferred acquisition cost is as follow:

Acquisition Cost brought forward	119,379	107,340	119,379	107,340
Acquisition Costs during the period (note 32)	764,476	480,848	764,476	480,848
Total	883,855	588,188	883,855	588,188
Amortised during the year (see note 32)	(597,219)	(468,809)	(597,219)	(468,809)
Acquisition costs carried forward	286,636	119,379	286,636	119,379

Current	286,636	119,379	286,636	119,379
Non-current	-	-	-	-
	286,636	119,379	286,636	119,379

NOTE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2021

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
8 Other receivables and prepayments				
The balance is analysed as follow:				
Receivables from staff (see note (a) below)	101,497	25,433	94,886	25,433
Deposit for investment (See Note (b)below)	28,346	28,346	28,346	28,346
Commercial papers (See Note (c)below)	217,460	217,460	217,460	217,460
Prepayment	33,066	20,732	7,841	9,095
Inventory	6,430	81	6,430	81
Receivables from Related parties (see note i below)	62,032	62,033	111,693	158,033
Fees receivables and other receivables (See Note (d)below)	308,925	266,333	93,017	78,575
Prepaid recapitalisation expenses (See Note (e)below)	22,250	19,450	22,250	19,450
Withholding tax receivable(See Note (f)below)	36,407	40,016	33,017	35,720
	<u>816,414</u>	<u>679,884</u>	<u>614,941</u>	<u>572,194</u>
Impairment of other receivables and prepayment(See Note (q)below)	<u>(393,966)</u>	<u>(359,081)</u>	<u>(393,966)</u>	<u>(359,081)</u>
	<u>422,448</u>	<u>320,803</u>	<u>220,975</u>	<u>213,113</u>
Current	310,754	162,770	109,282	55,080
Non-current	<u>111,693</u>	<u>158,033.45</u>	<u>111,693</u>	<u>158,033.45</u>
	<u>422,448</u>	<u>320,803</u>	<u>220,975</u>	<u>213,113</u>

- a Receivables from staff consist of amount due from staff in respect of unutilized upfront allowances.

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
Balance at 1 January	25,433	12,549	25,433	12,549
Addition	157,746	20,000	140,426	20,000
Repayment during the year	<u>(81,682)</u>	<u>(7,116)</u>	<u>(70,973)</u>	<u>(7,116)</u>
	<u>101,497</u>	<u>25,433</u>	<u>94,886</u>	<u>25,433</u>

- b Included in deposit for investment is the amount with Lighthouse Stockbrokers and Chapel Hill for purchase of quoted equities on the Nigeria Stock exchange and investment in other financial instruments. A deed assigning 437,686 units of Lighthouse share in Systemspecs was entered into on 23 December 2019 in consideration for its balance of N93.1 million and N44.4 million net balance due from Back-up Network Limited commercial paper (See note 4ci)

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
c Commercial papers represents receivables from the following entities				
a) TKM Mestro Nigeria Ltd	131,649	131,649	131,649	131,649
b) Off-shore Intergrated Concession Ltd	39,711	39,711	39,711	39,711
c) Kruger Brent Global Services Ltd	46,099	46,099	46,099	46,099
	<u>217,460</u>	<u>217,460</u>	<u>217,460</u>	<u>217,460</u>

These commercial papers with the exception of backup network limited (which have been considered in note 8b above) have being impaired by the company as they are in doubt of recovery.

- d Fee receivables includes fees receivable on RSA assets and administrative fees as at year end
- e This represents amount paid to consultants with respect to proposed preference shares to be issued by the company. This was classified as prepaid expense pending the conclusion of the process. On completion, this will be applied against the share premium.

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
f				
Withholding tax receivables				
At 1 January	39,937	11,110	35,720	2,793
Additions	27,555	123,697	24,115	119,401
Utilised during the period(see note 20)	<u>(31,085)</u>	<u>(94,870)</u>	<u>(26,818)</u>	<u>(86,474)</u>
At 31 December	<u>36,407</u>	<u>39,937</u>	<u>33,017</u>	<u>35,720</u>

g The movement in impairment charge is as follows:

Balance at 1 January	359,081	344,449	359,081	344,449
Provision no longer required	-	(33,930)	-	(33,930)
Impairment charge during the year	34,885	56,119	34,885	56,119
Write-off	-	(7,557)	-	(7,557)
Balance at 31 December	<u>393,966</u>	<u>359,081</u>	<u>393,966</u>	<u>359,081</u>

Company

	Balance at 1 Jan 2021	Addition	Provision no longer required	Write-off
Commercial papers	250,220	-	-	-
Prepayment	31,502	-	-	-
Receivables from staff	1,966	-	-	-
Inventory	5,689	-	-	-
Nigeria Liability Pool	6,825	-	-	-
Receivables from Goldlink	32,187	29,846	-	-
Fees receivable and other receivables	30,692	5,039	-	-
	<u>359,081</u>	<u>34,885</u>	<u>-</u>	<u>-</u>

Group	Balance at 1 Jan 2021	Addition	Provision no longer required	Write-off
Commercial papers	250,220	-	-	-
Prepayment	31,502	-	-	-
Receivables from staff	1,966	-	-	-
Inventory	5,689	-	-	-
Nigeria Liability Pool	6,825	-	-	-
Receivables from Goldlink	32,187	29,846	-	-
Fees receivable and other receivables	30,692	5,039	-	-
	<u>359,081</u>	<u>34,885</u>	<u>-</u>	<u>-</u>

- i** This relates to amount recoverable from :1. Subsidiary- Veritas Glanvills Pensions Limited as at 31 December 2021 for property situated at plot 1698 C and D Oyin Jolayemi Street, V.I. Lagos disposed to the later in 2018. The transaction was carried out at arms's lenght. The sales price was based on the most recent valuation carried out by Osas and Oseji estate surveyors and valuers. The sum outstanding is N49 million (N96 million, 2020). 2. Associates- Goldlink Insurance Plc - as at 31 December 2021, the amount relates to various expenses incurred on their behalf amounting to N62.033 million (N62.033 million ,2020).

9 Investment in Subsidiaries

Veritas Kapital has 2 subsidiaries as at 31 December 2021. The details of the subsidiaries and principal activities are detailed below:

	31-Dec-2021 N'000	31-Dec-2020 N'000
Veritas Glanvills Pension Limited at cost(See Note (a)below)	3,208,560	1,160,000
Health care Security Limited at cost (See Note (b)below)	416,300	416,300
	<u>3,624,860</u>	<u>1,576,300</u>

- a** Veritas Glanvills Pension Limited has issued share ordinary share capital of 1.5 billion units of N1 each.

Veritas Kapital holds 1.05 billion (70%): The company was incorporated on 20 April 2005, and licenced by National Pension Commission to carry on business of a Pension Fund Administrator on 19 June 2007. Its principal place of business is Lagos

- b** Health Care Security Limited has issued ordinary share capital of 429,075,000 units of N1 each Veritas Kapital holds 401,000,000 units (93.5%): The company carries on the business of a health maintenance organisation, and its principal place of business is Abuja.

- c** During the year, Veritas Kapital Plc. invested additional sum of N2.048 billion in Veritas Glanvills Pensions Limited towards the recapitalisation of the company.

Management tested investment in subsidiaries for impairment and concluded that there was no indication of impairment. Summarized financial information in respect of each of the Group's subsidiaries is set out below. The summarized financial information below represents amounts before intragroup eliminations

	Veritas Glanvill Pension		Healthcare Security	
	31-Dec-21 N'000	31-Dec-20 N'000	31-Dec-21 N'000	31-Dec-20 N'000
Total revenue	1,362,959	1,190,653	345,784	291,314
Profit before tax	<u>267,530</u>	<u>165,321</u>	<u>43,822</u>	<u>36,577</u>
Total assets	4,716,605	1,906,051	654,604	619,287
Total liabilities	<u>495,602</u>	<u>390,374</u>	<u>84,921</u>	<u>74,577</u>
Shareholders fund	<u>4,221,003</u>	<u>1,514,787</u>	<u>569,683</u>	<u>544,710</u>

NOTE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2021

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
10 Investment in Associates	1,010,650	1,010,650	1,010,650	1,010,650
Share of associate loss (see note(a)below)	(1,010,650)	(1,010,650)	(1,010,650)	(1,010,650)
	-	-	-	-

GOLDLINK Insurance Plc

Veritas Kapital holds 1,268,064,351 (2020:1,268,314,351) ordinary shares representing 51.53% (2020:51.53%) holdings in Goldlink Insurance Plc as at 31/12/2021.

Goldlink Insurance Plc became associate company of Veritas Kapital in 2011 but was taken over by the regulatory authority - National Insurance Commission (NAICOM) for infraction of insurance regulations and its Board of Directors was dissolved in 2012.

Though Veritas Kapital holds majority shares in Goldlink Insurance Plc. (51.53%) the investment has been treated as an associate and accounted for using equity method at both the Company and Group level. In arriving at the decision to treat the investment as an associate, the Board of Directors considered if Veritas Kapital has control over Goldlink Insurance Plc based on the requirements of IFRS 10. IFRS 10.5 states that an investor regardless of the nature of its involvement with an entity is required to determine whether it is a parent by assessing whether it controls the investee.

Specifically, IFRS 10 states that an investor controls an investee if and only if the investor has the following:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

Based on assessment carried out, Directors concluded that Veritas Kapital does not have the power over the investee because the relevant activities of Goldlink Insurance Plc are subject to direction of the NAICOM instituted Board of Directors. The Board of Directors report directly to NAICOM on all its activities and resolutions are subject to the NAICOM (IFRS 10:B37).

11 Investment properties

Investment property comprises of landed properties and buildings held for the purpose of capital appreciation and rental income and are carried at fair value. The fair value of the Investment properties has been determined by external, independent professional valuers, Messrs. Obiora Okafor & Associates, Real Estate surveyors (FRC/2020/003/00000021867) as at 31 December 2021, having appropriate recognised professional qualifications and recent experience in the locations and categories of the Investment properties being valued. The properties have been valued using the depreciated replacement cost and market value approaches. Valuations are performed on an annual basis and the fair value gains and losses are recognised in the profit or loss account. The valuations were based on market data such as discount rates, rental risk and reversionary rates.

The movement in the fair value of investment properties as at 31 December 2021 is as follows:

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
Balance at 1 January	289,439	412,111	289,439	412,111
Addition	-	-	-	-
Disposal	(244,439)	(122,672)	(244,439)	(122,672)
Fair value gain	-	-	-	-
Balance at 31 December (see note 11d)	45,000	289,439	45,000	289,439

Measurement of fair value

a Fair value hierarchy.

The fair value measurement for the investment properties of N45,000(2020:N289,439) has been categorised as a level 3 fair value based on the inputs into the valuation technique used.

b Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs	between key unobservable inputs and fair value
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 adjustments were made to reflect differences in site area and the actual location, quality of construction and off-site facilities.	<ul style="list-style-type: none"> - Price per square meter - rate of development in the area - Quality of the building - 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)

c	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Parent 31-Dec-21 N'000	Parent 31-Dec-20 N'000
A unit of 5 bedroom terrace house known as blk B, Ajiran Mews, Ikate Lagos	45,000	45,000	45,000	45,000
No 35 Kafur Street, Off Isa Kaita Road Kaduna	-	55,494	-	55,494
Plot 277, Giwa Road, Gyadi-Gyadi, Kano.	-	20,945	-	20,945
6 units of 3-bedroom flats known and identified as Block 8 Flat 2, Block 9 Flat 1&2, Block 14 Flat 2, Block 16 Flat 2 and Block 20 Flat 1&3 Aso Garden Estate Karsana Abuja.	-	144,000	-	144,000
1 Unit of 4-Bedroom s Flat known and identified as Block D, Flat 5, Hillview Estate, Gaduwa District, Abuja.	-	24,000	-	24,000
	45,000	289,439	45,000	289,439

d The movement in the fair value of investment properties as at 31 December 2021 is as follows

	Status of Title Documents	Balance at 1 Jan 2021	Additions	Disposals	Revaluation gain or loss	Balance at 31 Dec. 2021
A unit of 5 bedroom terrace house known as blk B, Ajiran Mews, Ikate Lagos	Deed of Legal Mortgage registered as No. 22, Vol. 2048, Lagos Land Registry.	45,000	-	-	-	45,000
No 35 Kafur Street, Off Isa Kaita Road Kaduna	Certificate of Occupancy No. 027560	55,494	-	(55,494)	-	-
Plot 277, Giwa Road, Gyadi-Gyadi, Kano.	Certificate of Occupancy No. LKN/RES/82/282	20,945	-	(20,945)	-	-
Block D flat 5 Hillview Estate Gaduwa District Abuja	Certificate of Occupancy No. 1932w-10645-65f	24,000	-	(24,000)	-	-
6 units of 3-bedroom flats known and identified as Block 8 Flat 2, Block 9 Flat 1&2, Block 14 Flat 2, Block 16 Flat 2 and Block 20		144,000	-	(144,000)	-	-
		289,439	-	(244,439)	-	45,000

The movement in the fair value of investment properties as at 31 December 2020 is as follows

	Status of Title Documents	Balance at 1 Jan 2020	Additions	Disposals	Revaluation gain or loss	Balance at 31 Dec. 2020
A unit of 5 bedroom terrace house known as blk B, Ajiran Mews, Ikate Lagos	Deed of Legal Mortgage registered as No. 22, Vol. 2048, Lagos Land Registry.	45,000	-	-	-	45,000
No 35 Kafur Street, Off Isa Kaita Road Kaduna	Certificate of Occupancy No. 027560	55,494	-	-	-	55,494
No 893/894 Jolly Nyame Street Bosso LGA, Kano	KSHC/EST/DNHE/BE-27	5,672	-	(5,672)	-	-
Plot No 37, city centre, Kano	Right of Occupancy No. COM/93/58	-	-	-	-	-
No. 68 Planner lane, NNDC Quarters, Off BUK Rd. Sharadda	Certificate of Occupancy No. LKN/RES/85/1506	-	-	-	-	-
No. 91 Planner lane, NNDC Quarters, Off BUK Rd. Sharadda	Certificate of Occupancy No. LKN/RES/85/1507	63,000	-	(63,000)	-	-
No. 103 A&B Lafiya Rd, Nassarawa GRA, Kano.	Certificate of Occupancy No. LKN/RES/RC/1336	-	-	-	-	-
Plot 277, Giwa Road, Gyadi-Gyadi, Kano.	Certificate of Occupancy No. LKN/RES/82/282	20,945	-	-	-	20,945
6 units of 3 bedroom flat known as blk A flt 7&8, blk B flt 7 and blk D flt 4,5&6 at	Certificate of Occupancy No. FCT/ABU/MCSC/1	30,000	-	(30,000)	-	-
Block D flat 5 Hillview Estate Gaduwa District Abuja	Certificate of Occupancy No. 1932w-10645-65f	24,000	-	-	-	24,000
6 units of 3-bedroom flats known and identified as Block 8 Flat 2, Block 9 Flat 1&2, Block 14 Flat 2, Block 16 Flat 2 and Block 20		168,000	-	(24,000)	-	144,000
		412,111	-	(122,672)	-	289,439

NOTE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2021

	31-Dec-21 N'000	31-Dec-20 N'000
12 Goodwill		
The goodwill is arising on acquisitions in the following subsidiaries:		
VG Pension Limited	316,884	316,884
Healthcare Securities Limited	-	-
	316,884	316,884
a Analysis of movement		
Balance at 1 January	316,884	316,884
Impairment	-	-
Balance at 31 December	316,884	316,884

The goodwill recognised on acquisition of Healthcare Securities Limited (N69.56 million) was fully impaired in December 2019 .

The calculation of value-in-use was based on the following key assumptions

- The cashflows were projected based on the company's approved budget. The cashflows were based on past experiences and were adjusted to reflect expected future performances of the company .

-A terminal growth rate averaging 4.6% for VGPL was applied in determining the terminal cash flows

- Discount rates averaging 21.7% (2020:22.2%)was used for VGPL, representing post-tax weighted average cost of capital (WACC), was applied in determining the value in use. Using an iterative process, the pre-tax discount rate of 30.5% (2020:25.3%) for VGPL was estimated. The growth rate used to extrapolate terminal cashflows for goodwill impairment testing is consistent with the long term sustainable growth rate for the company.

- The key assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these assumptions would not cause the recoverable amount of either CGU to decline below the carrying amount

Assessment of impairment on goodwill was developed by the management of the company.

13 Intangible assets - Software

This comprises of acquired computersoftware which does not form part of a related hardware.

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
	102,297	49,900	69,901	25,299
Computer software				
Cost				
Balance, at 1 January	404,437	397,496	294,254	293,802
Additions	81,932	6,941	58,030	451
Reclassification from PPE note 14	2,355	-	2,355	-
Balance, 31 December	488,724	404,437	354,639	294,254
Accumulated amortisation				
Balance, at 1 January	354,537	324,929	268,955	253,550
Amortisation expense	31,890	29,609	15,783	15,405
Balance, 31 December	386,427	354,537	284,738	268,955
Carrying amount 31 December	102,297	49,900	69,901	25,299

NOTE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2021

14 a GROUP

Property, plant and equipment

	Leasehold land	Building	Office computer equipment	Motor vehicles	Office furniture and fittings	Work in progress	Total
Cost/Valuation	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January	931,386	2,569,915	568,488	682,907	160,391	2,355	4,915,442
Additions	67,991	34,678	186,714	33,711	-	-	323,094
Revaluation adjustments	228,614	546,392	-	-	-	-	775,006
Reclassification to intangible assets	-	-	-	-	-	(2,355)	(2,355)
Disposals	-	-	(39,857)	(73,798)	(8,545)	-	(122,200)
As at 31 December	1,227,991	3,150,985	715,345	642,820	151,846	-	5,888,987
Accumulated depreciation							-
At 1 January	-	46,899	455,130	478,353	144,528	-	1,124,910
Depreciation expenses	-	53,170	43,758	104,505	6,854	-	208,287
Revaluation adjustments	-	(54,988)	-	-	-	-	(54,988)
Disposals	-	-	(39,299)	(64,614)	(14,683)	-	(118,596)
As at 31 December	-	45,081	459,589	518,244	136,699	-	1,159,613
Carrying amount as at 31 December, 2021	1,227,991	3,105,905	255,756	124,576	15,147	-	4,729,375

Group

	Leasehold land	Building	Office computer equipment	Motor vehicles	Office furniture and fittings	Work in progress	Total
Cost/Valuation	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January	921,272	2,267,168	521,714	613,973	157,685	257,684	4,739,496
Additions	-	55,544	51,646	88,984	3,843	2,355	202,372
Revaluation adjustments	10,114	(10,481)	-	-	-	-	(367)
Transfer	-	257,684	-	-	-	(257,684)	-
Disposals	-	-	(4,871)	(20,050)	(1,137)	-	(26,058)
As at 31 December	931,386	2,569,915	568,488	682,907	160,391	2,355	4,915,442
Accumulated depreciation							-
At 1 January	-	36,323	412,000	418,865	135,385	-	1,002,573
Depreciation expenses	-	10,575	46,765	79,538	10,282	-	147,161
Disposals	-	-	(3,635)	(20,050)	(1,139)	-	(24,824)
As at 31 December	-	46,899	455,130	478,353	144,528	-	1,124,910
Carrying amount as at 31 December, 2020	931,386	2,523,017	113,358	204,554	15,863	2,355	3,790,533

NOTE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2021

14 b Company
Property, plant and equipment

Cost/Valuation	Leasehold land N'000	Building N'000	Office computer equipment N'000	Motor vehicles N'000	Office furniture and fittings N'000	Work in progress N'000	Total N'000
At 1 January	911,386	1,901,612	299,758	387,076	114,773	2,355	3,616,961
Additions		52,140	20,278		26,304	-	98,722
Revaluation adjustments	228,614	169,801	-	-	-	-	398,415
Reclassification to intangible assets	-	-	-	-	-	(2,355)	(2,355)
Disposals			(39,857)	(48,372)	(8,545)	-	(96,774)
As at 31 December	1,140,000	2,123,553	280,179	338,704	132,532	-	4,014,969
Accumulated depreciation							-
At 1 January	-	-	246,609	266,943	112,610	-	626,163
Depreciation expenses	-	38,554	16,787	47,179	2,002	-	104,522
Revaluation adjustments	-	-	-	-	-	-	-
Disposals	-	-	(39,299)	(45,396)	(8,472)	-	(93,167)
As at 31 December	-	38,554	224,097	268,726	106,140	-	637,518
Carrying amount as at 31 December, 2021	1,140,000	2,084,999	56,082	69,978	26,392	-	3,377,451

Company
Property, plant and equipment

Cost/Valuation	Leasehold land N'000	Building N'000	Office computer equipment N'000	Motor vehicles N'000	Office furniture and fittings N'000	Work in progress N'000	Total N'000
At 1 January	901,272	1,794,613	263,701	319,100	115,674	67,056	3,461,417
Additions		50,425	40,929	67,976	236	2,354.78	161,921
Revaluation adjustments	10,114	(10,481)	-	-	-	-	(367)
Reclassification	-	67,056	-	-	-	(67,056)	-
Disposals	-	-	(4,871)	-	(1,137)	-	(6,008)
As at 31 December	911,386	1,901,612	299,758	387,076	114,773	2,355	3,616,962
Accumulated depreciation							
At 1 January	-	-	231,047	229,406	107,559	-	568,012
Depreciation expenses	-	-	19,198	37,538	6,188	-	62,923
Disposals	-	-	(3,635)	-	(1,137)	-	(4,772)
As at 31 December 2020	-	-	246,609	266,943	112,610	-	626,163
Carrying amount as at 31 December, 2020	911,386	1,901,612	53,149	120,133	2,163	2,355	2,990,799

a) Land and Building was independently valued by Obiora Okafor & Associates, Real Estate surveyors (FRC/2020/003/00000021867) in 2021 to ascertain the open market value of land and building. The open market value of land and building as at 31 December 2021 was N3,264 million (2020: N2,813 million)

14c. Leasehold Land and Building Comprises:

Group	31 December 2021			31 December 2020		
	Leasehold Land N'000	Building N'000	Total N'000	Leasehold Land N'000	Building N'000	Total N'000
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	-	845,432	845,432	-	470,168	470,168
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	900,000	1,700,000	2,600,000	700,000	1,600,000	2,300,000
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	100,000	200,000	300,000	142,057	147,943	290,000
Plot 116 Hadejia Road, Yankaba, Kano.	140,000	185,000	325,000	69,329	153,671	223,000
26, Commercial Avenue, Sabo, Yaba, Lagos	20,000	250,000	270,000	20,000	198,133	218,133
	<u>1,160,000</u>	<u>3,180,432</u>	<u>4,340,432</u>	<u>931,386</u>	<u>2,569,915</u>	<u>3,501,301</u>
Parent						
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	900,000	1,700,000	2,600,000	700,000	1,600,000	2,300,000
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	100,000	200,000	300,000	142,057	147,943	290,000
Plot 116 Hadejia Road, Yankaba, Kano.	140,000	185,000	325,000	69,329	153,671	223,000
	<u>1,140,000</u>	<u>2,085,000</u>	<u>3,225,000</u>	<u>911,386</u>	<u>1,901,614</u>	<u>2,813,000</u>

**14d Movement in leasehold land and building is as follows:
Group 2021**

	Status of title documents	Tenor	Balance as at Jan 1, 2021	Addition	Disposals	Transfer	Depreciation	Revaluation adjustment	Balance as at 31 December 2021
			N'000	N'000	N'000	N'000	N'000	N'000	N'000
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	Certificate of Occupancy No. 53/53/187A	99 years	433,845	50,529	-	-	-	324,725	809,099
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	Certificate of Occupancy No. FCT/ABU/MISC/5687	99 years	2,300,000	52,140	-	-	-	247,860	2,600,000
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	Deed of Lease No. 1124/SD/4	90 years	290,000	-	-	-	-	10,000	300,000
Plot 116 Hadejia Road, Yankaba, Kano.	Certificate of Occupancy No. LKN/RES/RC/96/64	40 years	223,000	-	-	-	-	102,000	325,000
26, Commercial Avenue, Sabo, Yaba, Lagos	Governor Consent (Deed of Assignment)	99 years	218,133	-	-	-	-	51,867	270,000
			3,464,978	102,669	-	-	-	736,452	4,304,099

Group 2020

	Status of title documents	Tenor	balance as at Jan 1, 2020	Addition	Disposals	Transfer	Depreciation	Revaluation adjustment	Balance as at 31 December 2020
			N'000	N'000	N'000	N'000	N'000	N'000	N'000
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	Certificate of Occupancy No. 53/53/187A	99 years	238,098	5,119	-	190,628	-	-	433,845
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	Certificate of Occupancy No. FCT/ABU/MISC/5687	99 years	2,200,000	117,481	-	-	-	(17,481)	2,300,000
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	Deed of Lease No. 1124/SD/4	90 years	280,000	-	-	-	-	10,000	290,000
Plot 116 Hadejia Road, Yankaba, Kano.	Certificate of Occupancy No. LKN/RES/RC/96/64	40 years	215,886	-	-	-	-	7,114	223,000
26, Commercial Avenue, Sabo, Yaba, Lagos	Governor Consent (Deed of Assignment)	99 years	218,133	-	-	-	-	-	218,133
			3,152,117	122,600	-	190,628	-	(367)	3,464,978

Company 2021

	Status of title documents	Tenor	balance as at Jan 1, 2021	Addition	Disposals	Transfer	Depreciation	Revaluation adjustment	Balance as at 31 December 2021
			N'000	N'000	N'000	N'000	N'000	N'000	N'000
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	Certificate of Occupancy No. FCT/ABU/MISC/5687	99 years	2,300,000	52,140	-	-	(38,554)	286,414	2,600,000
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	Deed of Lease No. 1124/SD/4	90 years	290,000	-	-	-	-	10,000	300,000
Plot 116 Hadejia Road, Yankaba, Kano.	Certificate of Occupancy No. LKN/RES/RC/96/64	40 years	223,000	-	-	-	-	102,000	325,000
			2,813,000	52,140	-	-	(38,554)	398,414	3,225,000

Company 2020

	Status of title documents	Tenor	balance as at Jan 1, 2020	Addition	Disposals	Transfer	Depreciation	Revaluation adjustment	Balance as at 31 December 2020
			N'000	N'000	N'000	N'000	N'000	N'000	N'000
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	Certificate of Occupancy No. FCT/ABU/MISC/5687	99 years	2,200,000	117,481	-	-	-	(17,481)	2,300,000
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	Deed of Lease No. 1124/SD/4	90 years	280,000	-	-	-	-	10,000	290,000
Plot 116 Hadejia Road, Yankaba, Kano.	Certificate of Occupancy No. LKN/RES/RC/96/64	40 years	215,886	-	-	-	-	7,114	223,000
			2,695,886	117,481	-	-	-	(367)	2,813,000

NOTE TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2021

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Parent 31-Dec-21 N'000	Parent 31-Dec-20 N'000
15 Statutory deposit	355,000	355,000	355,000	355,000

This represent amount deposited with the Central bank of Nigeria (CBN) as at December, 2021 in pursuant to section 9(1) and section 10(3) of insurance Act 2003. Interest income earned on this deposit is included in investment income. (See note 34)

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Parent 31-Dec-21 N'000	Parent 31-Dec-20 N'000
16 Insurance contract liabilities				
<i>Outstanding claims(see Note(a) below)</i>				
Outstanding claims reported	1,270,426	736,872	1,270,426	736,872
Claims incurred but not reported	735,499	493,837	729,356	489,338
	<u>2,005,926</u>	<u>1,230,709</u>	<u>1,999,782</u>	<u>1,226,210</u>
Unearned premium(see Note (b) below)	2,146,324	1,625,307	2,146,324	1,623,284
	<u>4,152,250</u>	<u>2,856,017</u>	<u>4,146,106</u>	<u>2,849,493</u>

a Provision for outstanding claims

Motor insurance	60,222	22,312	60,222	22,312
Fire insurance	601,704	157,993	601,704	157,993
General accident insurance	187,134	94,806	187,134	94,806
Marine insurance	91,035	6,158	91,035	6,158
Engineering	159,192	125,847	159,192	125,847
Aviation	66,996	73,321	66,996	73,321
Oil and gas	285,273	534,298	285,273	534,298
Bond	11,462	3,644	11,462	3,644
Agric	536,765	207,831	536,765	207,831
PHI	6,143	4,499	-	-
	<u>2,005,926</u>	<u>1,230,709</u>	<u>1,999,782</u>	<u>1,226,210</u>

a(i) Movement in outstanding claims:

Balance at 1 January	736,872	1,113,141	736,872	1,113,141
Decrease in Outstanding Claims (see note 31)	533,554	(376,269)	533,554	(376,269)
Balance at 31 December	<u>1,270,426</u>	<u>736,872</u>	<u>1,270,426</u>	<u>736,872</u>

a(ii) Movement in IBNR is analysed as follows:

Balance at 1 January	493,837	205,657	489,338	202,014
Increase in IBNR (see note 31)	241,662	288,180	240,018	287,324
Balance at 31 December	<u>735,499</u>	<u>493,837</u>	<u>729,356</u>	<u>489,338</u>

a(iii) Age analysis of outstanding claims is analysed below

	2021		2020	
No. of Days	Number of Claimants	Outstanding claims (N'000)	Number of Claimants	Outstanding claims (N'000)
0-90	94.00	312,709	151	36,923
91-180	92.00	51,054	65	54,256
181-270	100.00	30,249	22	6,701
271-365	89.00	70,491	40	16,035
Above 365	781.00	805,924	620	622,957
Total	<u>1,156</u>	<u>1,270,427</u>	<u>898</u>	<u>736,872</u>

All claims are recorded as outstanding claims upon receipt of notification from the broker/beneficiary. Claims are settled within the stipulated timelines in accordance with section 70 of the insurance Act 2003. Upon receipt of signed discharge voucher from the beneficiary, as at 31 December 2021, the balance of outstanding claims above 90 days represents claims for which appropriate complete documentation are yet to be received.

- a(iv) The investment in respect of these insurance funds is stated in Note 3b.
Estimates of incurred but not reported (IBNR) claims liability and calculation of unearned premium was developed by the management of the company with the use of a professional actuary (O and A Hedge Actuarial Consulting) with FRC registration number FRC/2016/NAS/00000015764

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Parent 31-Dec-21 N'000	Parent 31-Dec-20 N'000
b Reserve for unearned premium				
Motor insurance	200,491	200,785	200,491	200,785
Fire insurance	384,628	180,861	384,628	180,861
General accident insurance	99,156	99,001	99,156	99,001
Marine insurance	193,097	15,464	193,097	15,464
Engineering	81,839	36,202	81,839	36,202
Aviation	37,857	15,641	37,857	15,641
Oil and gas	267,764	107,324	267,764	107,324
Bond	15,137	16,291	15,137	16,291
Agric	852,923	947,955	852,923	947,955
1% PHI PREMIUM	-	2,024	-	-
	<u>2,132,892</u>	<u>1,621,548</u>	<u>2,132,892</u>	<u>1,619,524</u>
AURR	<u>13,432</u>	<u>3,760</u>	<u>13,432</u>	<u>3,760</u>
	<u>2,146,324</u>	<u>1,625,307</u>	<u>2,146,324</u>	<u>1,623,284</u>

- b(i) Movement in unearned premium can be analysed as follows:

Balance at 1 January	1,625,307	693,667	1,623,284	692,442
Increase in unearned premium(see note 28)	<u>521,017</u>	<u>931,641</u>	<u>523,041</u>	<u>930,842</u>
	<u>2,146,324</u>	<u>1,625,307</u>	<u>2,146,324</u>	<u>1,623,284</u>

17 Trade payables

Trade payables represent amounts payable to reinsurance, co-insurers, agents and brokers at year end. The carrying amounts disclosed below approximate the fair values at the reporting date.

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Parent 31-Dec-21 N'000	Parent 31-Dec-20 N'000
This is analysed as follows:				
Co-insurance premium	357,745	676,530	357,745	676,530
Commission payable	<u>130,445</u>	<u>9,765</u>	<u>130,445</u>	<u>9,767</u>
	<u>488,190</u>	<u>686,295</u>	<u>488,190</u>	<u>686,297</u>

NOTES OF FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER, 2021

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
18 Retirement benefit obligation				
Gratuity Scheme				
Balance at 1 January	14,724	11,246	-	-
Contributions in the period(see note (a) below)	2,300	3,478	-	-
Balance at 31 December	<u>17,024</u>	<u>14,724</u>	<u>-</u>	<u>-</u>

a Defined Benefit Scheme

Healthcare Security Limited has a non-contributory defined gratuity scheme whereby on separation, staff who have spent a minimum number of periods are paid a sum based on their qualifying emoluments and the number of periods spent in service of the Company. The actuarial valuation of the scheme for 31 December 2021 was performed by PENMED Actuarial Consultants FRC/2014/NAS/0000000953.

Summary of membership data	2021	2020
Active Members	13	14
Total annual emoluments	N96.7mn	N94.2mn
Average Liability duration over future service	18.5	19.5

Underlying assumptions

The rate used to discount Pre-retirement employment benefit obligations is determined in line with IAS19, with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yield on government bonds are used. The actuary is of the opinion that there is no deep market in corporate bonds in Nigeria and as such, assumptions underlying the determination of discount rates are referenced to the yield on Nigeria Government Bonds of medium duration, as compiled by the debt management office, after provision for small risk premium to be included in the discount rate assumption.

Benefit Liability and assets	2021 N'000	2020 N'000
Present Value of Funded Obligations	-	-
Fair Value of Plan Assets	-	-
(Deficit) / Surplus of Funded Plans	-	-
Present Value of Unfunded Obligations	(17,024)	(14,724)
Unrecognized past service cost		
(Liability)/Asset Recognition in the	<u>(17,024)</u>	<u>(14,724)</u>

(i). Reconciliation of Defined Benefit Obligation

Changes in the present value of the defined benefit obligation are as follows;

	2021 N'000	2020 N'000
At 1 January	14,724	11,246
Current service cost*	1,954	1,598
Interest Cost	1,841	1,293
Employees Contribution	-	-
Benefit paid (estimate)	(962)	(2,402)
Actuarial losses/(gains) due to change in financial assumptions	(533)	3,070
Actuarial losses/(gains) due to change in demographic assumptions	-	(81)
At 31 December	<u>17,024</u>	<u>14,724</u>

*Current service cost was included as part of staff cost in note 36

Pension scheme

The employees of the Company are members of a state arranged Pension scheme (Pension Reform Act, 2004) which is managed by several Pension Funds Administrators. The only obligation of the Company with respect to this pension plan is to make the specified contributions.

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
19 Provision and other payables				
This is analysed as follows:				
Life insurance fund (Note 19a)	131,417	131,417	131,417	131,417
PAYE tax, VAT, NHF and other remitable deductions	55,326	61,939	38,773	26,693
Staff accounts (see note 19b)	31,526	31,956	31,526	28,764
Accrued professional fees (see note 19c)	40,992	153,690	40,992	46,148
Accrued NAICOM levy	61,887	85,671	61,887	85,671
Supplies & Services Bills Payables (note 19e)	334,201	141,453	107,373	134,459
Other accruals and payables (see note 19f)	181,486	12,984	137,305	11,280
Unclaimed dividends	15,046	15,046	15,046	15,046
Due to employees (see note 3)	8,545	9,239	8,545	9,239
Pension Protection fund(note 19d)	136,283	98,300	-	-
	996,710	741,695	572,864	488,717

Life insurance fund arose from the business of the defunct Kapital Insurance Company Limited that ceased life

- a business in 2007 because the emerged Unity Kapital is not licensed to carry on life business. The fund was kept in abeyance pending transfer to a life assurance company.
- Staff account balance is in respect of variable pay provision, unremitted amount on behalf of staff to various PFAs for the month of December 2021 and deductions from staff salary to be remitted to their co-operative scheme administrator. As at December 2021, staff related benefits have been fully settled.
- c Accrued professional fees include accrual for audit fees, tax review and actuarial fees.
- d Pension protection fund represents pension protection fund maintained by the pension fund administrators as a cushion to Pensioner whose pension balance is not enough to guarantee at least 2/3 of the Federal Government minimum wage bill on retirement based on section 82 of the Pension Reform Act, 2014
- e Suppliers and service bills payables relates to outstanding payments due to vendors and suppliers for services rendered.
- f Included in other accruals are unmatched inflows into various bank accounts and stale unpresented cheques.

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
Current	713,963	496,931	426,401	342,254
Non-Current	282,747	244,763	146,463	146,463
	996,710	741,695	572,864	488,717

20 Income tax liabilities

Company income tax	63,929	53,076	17,279	13,900
Education tax	16,315	8,472	6,838	2,768
Police trust fund	13	-	-	-
Under provision in prior years	12,795	70,873	12,795	70,873
Per income statement	93,051	132,421	36,911	87,541
Balance at beginning of the year	94,458	80,306	30,969	40,923
Withholding tax utilised(see note 8f)	(31,085)	(94,870)	(26,818)	(86,474)
Payments	(69,772)	(23,399)	(17,520)	(11,021)
Per statement of financial position	86,652	94,458	23,542	30,969

21.1 Deferred tax asset

At 1 January	7,316	8,486	-	-
Write back to income statement	14,977	(1,170)	21,745	-
At 31 December	22,293	7,316	21,745	-

21.2 Deferred tax liability

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
At 1 January	324,764	554,978	310,094	542,136
Charges for the year	6,071	1,828	-	-
Write back	(310,094)	(232,042)	(310,094)	(232,042)
At 31 December	20,741	324,764	-	310,094

NOTES OF FINANCIAL STATEMENT (CONT'D) FOR THE YEAR ENDED 31 DECEMBER, 2021

	31-Dec-21 N'000	31-Dec-20 N'000	31-Dec-21 N'000	31-Dec-20 N'000
22 Issued and paid up share capital				
a Authorised				
14 billion ordinary shares of 50 kobo each	7,000,000	7,000,000	7,000,000	7,000,000
b Issued and fully paid				
At 31 December	6,933,333	6,933,333	6,933,333	6,933,333

All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at the meetings of the Company.

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
23 Share premium				
Share premium comprises additional paid-in capital in excess of their per value.				
Balance at 31 December	663,600	663,600	663,600	663,600

24 Statutory contingency reserve

In compliance with Section 21 (1) of Insurance Act 2003, the contingency reserve for non-life insurance business is credited with the greater of 3% of total premiums, or 20% of the net profits and the amount shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium. The movement in the account is as follows:-

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
Balance at 1 January	1,121,845	939,949	1,121,845	939,949
Transfer from retained earnings	181,661	181,896	181,661	181,896
Balance at 31 December	1,303,505	1,121,845	1,303,505	1,121,845

25 Retained earnings

The retained earning are carried forward recognised income net of expenses plus current period profit attributable to shareholders.

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
Balance at 1 January	(1,559,692)	(2,262,822)	(1,881,302)	(2,440,337)
Transferred from statement of Profit or loss for the year	505,302	885,026	331,242	740,931
Transfer to Contingency Reserve	(181,661)	(181,896)	(181,661)	(181,896)
Balance at 31 December	(1,236,049)	(1,559,692)	(1,731,721)	(1,881,302)

26.1 Assets revaluation reserve

Assets revaluation reserve represents the net accumulated change in the fair value of land and buildings until the asset is derecognized or impaired.

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
Land				
Balance at 1 January	756,182	746,068	756,182	746,068
Revaluation surplus	228,614	10,114	228,614	10,114
Balance at 31 December	984,796	756,182	984,796	756,182
Building				
Balance at 1 January	1,053,415	1,063,896	1,053,415	1,063,896
Revaluation surplus	601,380	(10,481)	169,801	(10,481)
Balance at 31 December	1,654,795	1,053,415	1,223,216	1,053,415
Transferred to NCI (see note 38)	(129,634)	-	-	-
	1,525,161	1,053,415	1,223,216	1,053,415
Carrying amount	2,509,957	1,809,597	2,208,012	1,809,597

*Consolidated and Separate Financial Statements
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	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
26.2 FVOCI reserve				
Balance at 1 January	40,924	40,213	45,146	41,446
Net actuarial gains on retirement benefit obligation	533	(2,989)	-	-
Fair value gain on FVOCI financial instruments	(101,569)	3,700	(101,569)	3,700
	<u>(60,112)</u>	<u>40,924</u>	<u>(56,423)</u>	<u>45,146</u>

27 Earnings per share

Basic earnings per share (kobo)

The calculation of basic earnings per share was based on the profit after tax attributable to ordinary shareholders, and a weighted average number of ordinary shares outstanding on that date calculated as follow:

	Group 31-Dec-21	Group 31-Dec-20	Company 31-Dec-21	Company 31-Dec-20
Profit after tax attributable to equity holders N'000	<u>344,414</u>	<u>940,645</u>	<u>331,242</u>	<u>740,931</u>
Weighted average no. of ordinary shares at end of year N'000	<u>6,933,333</u>	<u>6,933,333</u>	<u>6,933,333</u>	<u>6,933,333</u>
Basic earnings per share (kobo)	<u><u>0.05</u></u>	<u><u>0.14</u></u>	<u><u>0.05</u></u>	<u><u>0.11</u></u>

The Company does not have any instrument with a dilutive effect on its capital, Hence, the basic earnings per share is same as diluted earnings per share

NOTES ON FINANCIAL STATEMENT (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2021

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Company 31-Dec-21 N'000	Company 31-Dec-20 N'000
28 Gross premium				
Gross premium earned (see note (a)below)	6,250,994	6,183,058	5,987,397	5,980,625
Inward reinsurance premium (see note (b)below)	67,955	82,578	67,955	82,577
Gross written premium	6,318,949	6,265,636	6,055,352	6,063,202
Changes in unearned premium (see note 16 b(i))	(523,041)	(932,866)	(523,041)	(930,842)
	5,795,908	5,332,770	5,532,311	5,132,361
a Group premium earned is further analysed as follows:				
Fire	775,450	776,017	775,450	776,017
General accident	341,814	365,987	341,814	365,987
Marine	394,845	59,422	394,845	59,422
Motor	583,641	539,756	583,641	539,756
Oil and gas	870,614	440,225	870,614	440,225
Aviation	279,345	218,110	279,345	218,110
Engineering	196,594	132,369	196,594	132,369
Bond	22,489	48,855	22,489	48,855
Agric	2,522,605	3,399,883	2,522,605	3,399,883
PHI Premium	263,597	202,432	-	-
	6,250,994	6,183,055	5,987,397	5,980,624
b Inward reinsurance premium				
Fire	22,688	17,213	22,688	17,213
Motor	7,268	5,963	7,268	5,963
General accident	1,580	1,611	1,580	1,611
Aviation	2,703	47	2,703	47
Engineering	16,139	16,544	16,139	16,544
Marine	2,266	4,035	2,266	4,035
Oil and gas	4,733	12,897	4,733	12,897
Agric	10,578	24,267	10,578	24,267
	67,955	82,577	67,955	82,577
29 Reinsurance expenses				
Reinsurance cost	2,685,787	3,367,686	2,685,787	3,367,686
Movement in prepaid reinsurance	171,297	(550,232)	171,297	(550,232)
Reinsurance expenses (note 6a)	2,857,084	2,817,455	2,857,084	2,817,455
30 Commission income	491,209	193,284	491,209	193,284
Deferred commission income at 1 January	-	-	-	-
Fees and Commission income during the year	491,209	193,284	491,209	193,284
Fees and commission earned during the year	(491,209)	(193,284)	(491,209)	(193,284)
Deferred commission as at 31 December	-	-	-	-
31 Claims expenses				
Direct claims paid	2,694,452	1,202,782	2,694,452	1,202,782
Changes in outstanding claims (see note 16 a(i))	533,554	(376,269)	533,554	(376,269)
Changes in IBNR (see note 16a(ii))	241,662	288,180	240,018	287,324
PHI claims	151,264	111,145	-	-
Gross claims incurred	3,620,933	1,225,837	3,468,025	1,113,837
Reinsurance recovery(see note 31(a)below)	(2,319,786)	(315,559)	(2,319,786)	(315,559)
	1,301,147	910,278	1,148,239	798,278
31a Analysis of reinsurance recoverable				
Reinsurance recovery on paid claims	2,058,387	229,994	2,058,387	229,994
Movement in reinsurance share of outstanding claims (see note 6b)	262,276	84,688	262,276	84,688
Movement in reinsurer's share of paid claims	(877)	877	(877)	877
Total reinsurance recoverable	2,319,786	315,559	2,319,786	315,559
32 Underwriting expenses				
Acquisition costs during the year	764,476	480,848	764,476	480,848
Movement in deferred acquisition	(167,257)	(12,039)	(167,257)	(12,039)
Acquisition expenses during the year(See note 7)	597,219	468,809	597,219	468,809
Maintenance cost during the year	249,220	37,447	249,220	37,447
Total underwriting expenses	846,439	506,256	846,439	506,256

NOTES OF FINANCIAL STATEMENT (CONT'D) FOR THE YEAR ENDED 31 DECEMBER, 2021

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Parent 31-Dec-21 N'000	Parent 31-Dec-20 N'000
33 Impairment of financial assets				
Impairment charge on other assets	34,885	56,119	34,885	56,119
Write back on other assets	-	(33,930)	-	(33,930)
Charge/write back on trade receivable	-	(6,159)	-	(6,159)
ECL charge on financial asset (see note 4b)	(340)	14,556	(5,964)	6,436
ECL (write back) / charge on placement (see note 3.1)	984	41	393	(466)
	<u>35,528</u>	<u>30,627</u>	<u>29,314</u>	<u>22,000</u>
34 Investment income				
Dividends from equity investments at FVTPL	14,022	4,226	18,034	8,238
Loss on disposal of investment property	(24,990)	(17,147)	(24,990)	(17,147)
Interest received from:				
Bonds	391,804	507,945	310,475	441,874
FGN Treasury bills	7,989	64,576	7,989	23,012
Short term deposits	254,690	232,414	209,165	220,997
RSA asset based fee	1,241,613	996,183	-	-
Statutory deposit	9,022	46,317	9,022	46,317
Loss on disposal of investment	(293,923)	-	(293,923)	-
	<u>1,600,227</u>	<u>1,834,514</u>	<u>235,772</u>	<u>723,291</u>
Further analysed as follows:				
Attributable to policy holders fund	49,512	151,891	49,512	151,891
Attributable to shareholders funds.	1,550,715	1,682,622	186,260	571,401
	<u>1,600,227</u>	<u>1,834,514</u>	<u>235,772</u>	<u>723,292</u>
35 Other operating income				
Rental and other incomes	10,629	3,258	12,856	14,319
Profit on sale of property, plant and equipment	6,746	227	6,746	227
RSA administrative fee income	-	116,439	-	-
Exchange (loss) / gain (See Note 35bi)	86,031	86,934	86,031	86,934
Admin charges- Formal sector	45,409	47,863	-	-
Sundry income (See 35bii)	51,158	23,142	27,621	23,142
	<u>199,974</u>	<u>277,863</u>	<u>133,254</u>	<u>124,622</u>

35bi Exchange gain/ loss relates to translation of transactions in foreign currency for outstanding claims, bank balances and foreign currency investments as at year end to naira at spot rate. Nafex dollar exchange rate was adopted for transactions in dollars while Oanda rates was adopted for euro and pounds sterling denominated transactions.

35bii Sundry income relates to income received in the current period as a result of legacy transactions which were not earlier accrued for due to insufficient information. This includes:

1. Withholding tax credit recovered N9,634
2. Shares recovered upon reconciliation with registrars N11,842
3. Service charge from tenants N3,805

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Parent 31-Dec-21 N'000	Parent 31-Dec-20 N'000
36 Management expenses				
Staff costs	1,309,780	1,222,550	644,703	596,737
Directors' allowances and expenses	381,440	271,790	255,903	178,600
Depreciation and amortisation	240,028	176,770	120,305	78,329
Professional fees	47,152	229,766	31,614	221,748
Audit fees	30,063	28,495	20,000	20,000
Marketing and advertisement	192,316	119,795	177,382	71,937
Administrative expenses	224,085	156,215	123,796	68,952
NITDA information technology levy	2,649	8,221	-	6,035
Repairs and maintenance	26,286	52,334	4,618	33,752
Travel costs and allowances	45,618	29,351	18,131	19,115
NAICOM Levy	35,032	63,508	35,032	63,508
Donation (See Note 36b below)	21,796	31,457	-	20,100
Electricity and power	26,818	21,113	21,685	13,940
ECL charge	-	-	-	-
Penalty charge (see note 41)	500	-	500	-
Subscription	1,873	17,449	-	2,401
Printing and stationeries	18,121	18,952	2,640	12,404
Information technology expenses	48,852	51,915	25,305	32,951
Write-offs	-	-	-	-
Pension protection fund levy	35,537	31,681	-	-
Rent and rate	19,378	8,759	-	4,255
	<u>2,707,324</u>	<u>2,540,120</u>	<u>1,481,615</u>	<u>1,444,762</u>

36b	Beneficiary		Amount
			N'000
1	COVID- 19 support fund to FGN through Nigerian Insurers Association		20,000
2	The Nigeria Council of Registered Insurance Brokers(NCRIB)		100
			20,100

37a Income tax expense

Education tax	16,315	8,472	6,838	2,768
Company income tax	63,929	53,076	17,279	13,900
Police trust fund	13	-	-	-
Under provision in prior years	12,795	70,873	12,795	70,873
Deferred tax (write-back)/expense	(319,000)	(229,044)	(331,839)	(232,042)
	(225,949)	(96,623)	(294,928)	(144,501)

NOTES OF FINANCIAL STATEMENT (CONT'D) FOR THE YEAR ENDED 31 DECEMBER, 2021

	Group 31-Dec-21 N'000	Group 31-Dec-20 N'000	Parent 31-Dec-21 N'000	Parent 31-Dec-20 N'000
37b Reconciliation of effective tax rate				
Profit for the year after income tax	570,363	940,647	331,242	740,930
Total Tax expense;				
Income	63,929	53,076	17,279	13,900
Education	16,315	8,472	6,838	2,768
Police Trust Fund	13	-	-	-
Deferred	(319,000)	(229,044)	(331,839)	(232,042)
Under provision in previous years	12,795	70,873	12,795	70,873
Total income tax expense in comprehensive income	344,414	844,024	36,314	596,429
38 Non-Controlling interest				
The movement in non-controlling interest during the year is shown below:				
Balance, beginning of year	494,366	439,024		
Share of profit for the period	65,061	55,621		
Share of other comprehensive income(see note 26.1)	129,633	-		
Dividend Paid	(279)	(279)		
	688,780	494,366		
39 Proposed Dividend				
There was no propose dividend during the year (2020: Nil)				
40 Contingent liabilities				
There were claims and litigations against the company as at 31 December, 2021, amounting to ₦43,034,060.16 (2020: ₦16,125,089.68). No provision is made in respect of this our legal team is of the opinion that it is not certain an outflow of economic resources will be required to settle this amount in the future.				

NOTES OF FINANCIAL STATEMENT (CONT'D) FOR THE YEAR ENDED 31 DECEMBER, 2021

41 Contraventions

31 December 2021

NATURE OF CONTRAVENTIONS

NAICOM penalty on single obligor limit
NAICOM penalty for failure to submit minimum rates applicable to all classes of business

Group N,000	Parent N,000
250	250
250	250
500	500

31 December 2020

NATURE OF CONTRAVENTIONS

-	-
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42 Related Parties Transactions

- a Transactions between the company, and the subsidiaries also meet the definition of related party transactions where these are The Company enters into transactions with its subsidiaries, Major shareholders and its key management personnel in the normal

	Relationship	Premium written N,000	Claims paid N,000
Veritas	Major Shareholder	12,534	2,160
Veritas Glanvills Pensions Limited	Subsidiary	-	-
Healthcare Security Ltd	Subsidiary	10,525	-
Gold links insurance plc			

- b Included in note 8 is the sum of N108 million receivable from related entities during the year under review. The breakdown and nature of transactions are included below:

	Relationship	Amount N,000	Nature of transaction
Veritas Glanvills Pensions Limited	Subsidiary	46,000	This relates to amount receivable on property sold to the entity in year 2018
Goldlink Insurance Plc	Associate	62,033	This relates to the amount receivable on various expenses incurred on behalf of the entity in year 2019.

c Compensation of key management personnel

Key management personnel of the group include all directors, executive and non-executive, senior management. The summary of compensation of key management personnel for the year is as follows:

	2021	2020
Salaries	170,919	152,119
Fees	-	-
Total compensation to key management personnel	170,919	152,119
Directors cost	203,700	152,000
Salaries and wages	40,979	55,919
Pension cost	3,278	7,511
Total Directors cost	247,957	215,430
Remuneration of highest paid Director/Chairman		
Remuneration of highest paid Director	35,000	20,000

43 Information regarding employees

The table below shows the number of staff whose emoluments during the year excluding pension contributions were within the ranges stated:

	2021 Number	2020 Number	2021 Number	2020 Number
Below - 500,000	-	-	-	-
500,001 - 1,500,000	68	68	-	-
1,500,001 - 2,500,000	47	61	8	22
2,500,001 - 3,500,000	48	44	27	23
3,500,001 - 4,500,000	17	18	9	10
4,500,001 - 5,500,000	34	19	17	2
5,500,001 - 6,500,000	6	12	6	12
6,500,001 - 7,500,000	-	6	0	6
7,500,001 - 8,500,000	13	-	13	0
8,500,001 - 9,500,000	4	6	-	2
9,500,001 - 10,500,000	3	0	3	0
10,500,001 - and above	10	9	10	9
	250	243	93	86

44 Hypothecation

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term its investment proceeds will not be sufficient to fund the obligations arising from its insurance and investment contracts. In response to the risk, the Company's assets and liabilities at 31/12/2021 were allocated as follows:

	Policy Holders	Shareholders'	Total
	N'000	Funds N'000	N'000
Cash and cash equivalents	2,880,683	953,495	3,834,178
Financial assets		1,581,408	1,581,408
Trade receivables	119,564	-	119,564
Reinsurance assets	1,115,859	-	1,115,859
Deferred acquisition cost	-	286,635	286,635
Other receivables and prepayments		217,247	217,247
investment in subsidiaries		3,624,860	3,624,860
Investment in associates		-	-
Investment properties	30,000	15,000	45,000
Goodwill and other intangible asset		69,901	69,901
Property, Plant and Equipment		3,377,451	3,377,451
Statutory Deposits		355,000	355,000
Total assets	4,146,106	10,480,997	14,627,103
Insurance contract liabilities	4,146,106	-	4,146,106
Shareholders and other funds	-	10,480,997	10,480,997
Total funds	4,146,106	10,480,997	14,627,103
Surplus / (deficit)	-	-	-

45 SEGMENT REPORTING**Identification of reportable segments**

The business activities of Veritas Kapital Plc Group are first organized by product and type of service: insurance activities, asset management activities and Health Management activities.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (or loss) before income taxes, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within this industry. Inter-segment pricing is determined on an arm's length basis.

Information reported to the chief operating decision maker (the CEO) for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Company's reportable segments under IFRS 8 are therefore as follows:

- Non-life business
- Pension Administration
- Health Care

Non-Life Business

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

Pension Administration

This reportable segment include the administration and management of the retirement benefits of members. The administration includes making investment decisions, collection of contribution and making payment to retirees in-line with provisions of Pension Reform Act 2014. The revenue earned includes administration and management fees received and receivable on members' contributions and the Net Asset value of Funds under Management respectively.

Health Care

This reportable segment is a National Health Maintenance Organization (HMO) duly licenced and accredited by the National Health Insurance Scheme which provide Health Insurance Services to individuals and organizations in both the private sector and the formal sector under the National Health Insurance Scheme (NHIS).

Business Segment Information- Consolidated statement of financial position

	Non-life		Pension administrator		Healthcare		Elimination		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000
Assets:										
Cash and Cash Equivalents	3,834,178	3,375,996	1,501,683.31	297,900	555,272	568,589	-	-	5,891,133	4,242,485
Financial Assets	1,479,839	3,003,027	1,678,250.87	617,728	-	-	-	-	3,158,090	3,620,755
Trade receivable	119,564	83,679	-	-	-	-	-	-	119,564	83,679
Reinsurance Assets	1,115,859	1,025,756	-	-	-	-	-	-	1,115,859	1,025,756
Deferred Acquisition Cost	286,636	119,379	-	-	-	-	-	-	286,636	119,379
Other receivables and prepayment	220,975	213,113	199,465.84	178,476	51,668	25,217	(49,663)	(96,000)	422,446	320,806
Investment in subsidiaries	3,624,860	1,576,300	-	-	-	-	(3,624,860)	(1,576,300)	-	-
Investment in Associate	-	-	-	-	-	-	-	-	-	-
Investment Properties	45,000	289,440	-	-	-	-	-	-	45,000	289,440
Goodwill	-	-	-	-	-	-	316,884	316,884	316,884	316,884
Intangible Assets	69,901	25,299	32,396.73	24,599	-	-	-	-	102,298	49,898
Property, Plant and Equipment	3,377,451	2,990,799	1,304,260.42	774,251	47,664	25,481	-	-	4,729,375	3,790,531
Statutory Deposit	355,000	355,000	-	-	-	-	-	-	355,000	355,000
Deferred Tax Asset	-	-	548	7,316.00	-	-	-	-	548	7,316
	<u>14,529,263</u>	<u>13,057,787</u>	<u>4,716,605</u>	<u>1,900,271</u>	<u>654,604</u>	<u>619,287</u>	<u>(3,357,639)</u>	<u>(1,355,416)</u>	<u>16,542,833</u>	<u>14,221,929</u>
Total Assets										
Liabilities:										
Insurance contract liabilities	4,146,106	2,849,493	-	-	6,143	6524	-	-	4,152,249	2,856,017
Trade payables	488,190	686,295	-	-	-	-	-	-	488,190	686,295
Employees retirement benefit obligati	-	0	-	-	17,024	14,725	-	-	17,024	14,725
Provision and other payables	572,864	488,717	447,948.95	326,099	25,554	11,586	(49,663)	(96,000)	996,704	739,509
Income tax liabilities	23,542	30,969	47,653.00	36,412	15,459	28,643	-	-	86,654	96,024
Deferred Tax Liabilities	-	310,094	-	-	20,741	14,670	-	-	20,741	324,764
Other Liabilities	-	-	-	-	-	-	-	-	-	0
Issued and paid up share capital	6,933,333	6,933,333	1,500,000.00	1,500,000	429,075	429,075	(1,929,075)	(1,929,075)	6,933,333	6,933,333
Share premium	663,600	663,600	-	-	8,946	8,946	(8,946)	(8,946)	663,600	663,600
Deposit for shares	-	-	2,048,560	-	-	-	(2,048,560)	-	-	-
Statutory Contingency reserves	1,303,505	1,121,845	-	100,162	-	-	-	(99,978)	1,303,505	1,122,029
Retained earnings	(1,731,721)	(1,881,303)	240,864.84	(102,629)	131,662	106,689	123,143	317,618	(1,236,051)	-1,559,625
Other Component of Equity	-	-	-	-	-	-	-	-	-	-
Asset revaluation reserve	2,208,012	1,809,967	431,579	40,227	-	-	(129,634)	(40,227)	2,509,957	1,809,967
Fair value reserve	(56,423)	45,146	-	-	-	-	(3,689)	-	(60,112)	40,924
Non Controlling interest(NCI)	-	-	-	-	-	-	688,780	494,366	688,780	494,366
	<u>14,551,008</u>	<u>13,058,157</u>	<u>4,716,606</u>	<u>1,900,271</u>	<u>654,604</u>	<u>620,858</u>	<u>(3,357,644)</u>	<u>(1,362,242)</u>	<u>16,564,575</u>	<u>14,221,929</u>
	Non-life		Pension administrator		Healthcare		Consolidation Adjustments		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Net Underwriting Income	3,166,436	2,508,190	-	1,112,933	263,597	179,313	-	-	3,430,033	3,800,436
Profit before tax	36,314	596,429	264,881	218,417	43,822	36,577	(602)	(4,012)	344,415	847,411
Profit after tax	331,242	744,263	210,528	179,634	29,264	21,105	(670)	(4,012)	570,364	940,991

For the purposes of monitoring segment performance and allocating resources between segments, the Group's Chief Executive monitors the tangible, intangible and financial assets and liabilities attributable to each segment. All assets and liabilities are allocated to reportable segments.

46 Risk management framework

(a) Capital management objectives, policies and approach

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- (i) To maintain the required level of stability of the Company thereby providing a degree of security to policyholders.
- (ii) To allocate capital efficiently and support the development of business by ensuring that returns on capital employed
- (iii) To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.
- (iv) To align the profile of assets and liabilities taking account of risks inherent in the business.
- (v) To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders.
- (vi) To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and

In reporting financial strength, capital and solvency are measured using the rules prescribed by the National Insurance Commission (NAICOM). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. The Company's capital management policy for its insurance and non-insurance business is to hold sufficient capital to cover the statutory requirements based on the NAICOM directives, including any additional amounts required by the regulator.

(b) Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and policyholders. The Company's 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 the capital position of the Group in the light of changes in economic conditions and risk characteristics.

The primary source of capital used by the Company is equity shareholders' funds.

The Group has had no significant changes in its policies and processes to its capital structure during the past year from previous years.

The table below shows the available capital resources as at 31 December:

	2021	2020
Total shareholders' funds	9,320,306	8,692,217
Regulatory required capital	3,000,000	3,000,000
Excess capital reserve	6,320,306	5,692,217

(c) Regulatory framework

The insurance industry regulator measures the financial strength of Non-Life Insurers using a Solvency Margin model. NAICOM generally expects non-life insurers to comply with this capital adequacy requirement. Section 24 of the Insurance Act 2003 defines the solvency margin of a non-life insurer as the difference between the admissible assets and liabilities, and this shall not be less than 15% of the net premium income (gross income less reinsurance premium paid), or the minimum capital base (N3billion) whichever is higher.

47 Solvency Margin

The solvency margin for the company as at 31 December 2021 is as follows:

	Total Assets N'000	Inadmissible Assets N'000	Admissible Assets N'000
Cash and cash equivalents	3,834,178	981,495	2,852,683
Financial assets	1,481,008		1,481,008
Trade receivable	119,564		119,564
Reinsurance assets	1,115,859		1,115,859
Deferred acquisition cost	286,635		286,635
Other receivables and prepayments	220,975	128,055	92,920
Investment in subsidiaries	3,624,860		3,624,860
Investment in Associates	-		-
Investment properties	45,000	15,000	30,000
Goodwill	-		-
Intangible assets - Software	69,901		69,901
PPE (land and building)	3,225,000	2,225,000	1,000,000
PPE (others)	152,451	-	152,451
Statutory deposits	355,000		355,000
Deferred tax asset	-		-
Total Admissible Assets	14,530,431	3,349,550	11,180,881
Insurance contract liabilities	4,146,106		4,146,106
Trade payables	488,190		488,190
Provision and other payables	572,864		572,864
Income tax liabilities	16,704		16,704
Deferred Tax Liabilities	-		-
Total Admissible liabilities	5,223,864		5,223,864
Solvency Margin			5,957,017
The higher of 15% OF Net premium or Minimum capital base	3,000,000.00		3,000,000
Excess			2,957,017
Solvency ratio			199%

48 Financial instruments - Fair values and risk management**(a) Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2021

In thousands of naira	Note	Carrying amount		Other		Total	Level 1	Level 2	Level 3	Total
		Designated at fair value	Amortised cost	Fair value through OCI	Financial liabilities					
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets measured at fair value										
Fair value through OCI		-	-	83,416	-	83,416	-	-	83,416	83,416
Fair Value through Profit or Loss		69,913	-	-	-	69,913	69,913	-	-	69,913
		69,913	-	83,416	-	153,330				
Financial assets not measured at fair value										
Amortised cost investment			3004760.412							
Cash and cash equivalents		-	1,234,634	-	-	1,234,634				
Reinsurance assets [^]		-	640,904	-	-	640,904				
Placements		-	4,656,499	-	-	4,656,499				
Statutory deposit		-	355,000	-	-	355,000				
		-	6,887,037	-	-	6,887,037				
Financial liabilities not measured at fair value										
Other payables [*]		-	-	-	996,710					
Trade payables [*]		-	-	-	488,190	488,190				
		-	-	-	1,484,900	488,190				

The Company has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IFRS 9 Financial instruments: Recognition and Measurement.

^{*} The Company has not disclosed the fair values for financial instruments such as receivables, payables and reinsurance assets because their carrying amounts are a reasonable approximation of fair value.

[^] Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (N94.41 million)

^{^^} Unquoted equities not measured at fair value comprise of unquoted equities carried at cost as their fair value was not readily available.

31 December 2021

		Carrying amount								
					Other					
In thousands of naira	Note	Designated at fair value	armotised cost	Fair value through OCI	Financial liabilities	Total	Level 1	Level 2	Level 3	Total
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets measured at fair value										
Financial assets		58,414	-	184,985	-	243,399	243,399	-		243,399
		-	-	184,985	-	243,399				
Financial assets not measured at fair value										
Cash and cash equivalents		-	63,563	-	-	63,563				
Reinsurance assets*^		-	379,505	-	-	379,505				
Placements		-	3,317,798	-	-	3,317,798				
Statutory deposit		-	355,000	-	-	355,000				
		-	4,115,866	-	-	4,115,866				
Financial liabilities not measured at fair value										
Other payables*		-	-	-	741,696	741,696				
Trade payables*		-	-	-	686,297	686,297				
		-	-	-	1,427,993	1,427,993				

The Company has disclosed the fair value of each class of financial assets and liabilities in a way that permits the information to be compared with the carrying amounts. In addition, it has reconciled the assets and liabilities to the different categories of financial instruments as defined in IFRS 9 Financial instruments: Recognition and Measurement.

* The Company has not disclosed the fair values for financial instruments such as receivables, payables and reinsurance assets because their carrying amounts are a reasonable approximation of fair value.

^ Reinsurance assets excludes prepaid reinsurance, which is not a financial asset (N249.78 million)

^ Unquoted equities not measured at fair value comprise of unquoted equities carried at cost as their fair value was not readily available.

(b) Financial risk management

The Company has exposure to the following risks arising from financial instruments

Credit risk
Liquidity risk
Market risk

(b)(i) Risk management framework

The company has an Enterprise -wide Risk Management (ERM) Frame work that is responsible for identifying and managing the inherent and residual risks facing the Company. The Company's board of directors has the overall responsibility for the establishment of oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors for on its activities.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the audit committee.

(b)(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

In addition to credit risks arising out of investments and transactions with clients, Veritas Kapital Assurance actively assumes Credit Risk through the writing of insurance business. Credit Risk can arise when a client defaults on settlement of premium payments and can also arise when its own repayment capability decreases (as reflected in a rating downgrade).

Veritas Kapital Assurance's strategy as Insurance Company does not entail the elimination of Credit Risk but rather to take on Credit Risk in a well-controlled, planned and targeted manner pursuant to its business objectives. Its approach to measuring Credit Risk is therefore designed to ensure that it is assessed accurately in all its forms, and that relevant, timely and accurate Credit Risk information is available to the relevant decision makers at an operational and strategic level at all times.

At a strategic level, Veritas Kapital Assurance manages its credit risk profile within the constraints of its overall Risk Appetite and structured its portfolio so that it provides optimal returns for the level of risk taken. Operationally, the Insurance Company Credit Risk Management is governed by the overall risk appetite framework and aims to ensure that the risk inherent to individual exposures or certain business portfolios are appropriately managed through the economic cycle.

The organization is committed to:

- a) Create, monitor and manage credit risk in a manner that complies with all applicable laws and regulations.
- b) Identify Credit Risk in each investment, loan or other activity of the Insurance Company.
- c) Utilize appropriate, accurate and timely tools to measure credit risk.
- d) Set acceptable risk parameters.
- e) Maintain acceptable levels of credit risk for existing individual credit exposures.
- f) Maintain acceptable levels of overall credit risk for Veritas Kapital Assurance's Portfolio; and
- g) Coordinate Credit Risk Management with the management of other risks inherent in Veritas Kapital Assurance's business activities.

Unsecured exposures to high risk obligors, transactions with speculative cash flows, loans in which the insurance Company will hold an inferior or subordinate position are some of the credit exposures that are considered undesirable by the organization.

The Company's credit risk can be analysed as follows:

	2021	2020
	N'000	N'000
Reinsurance receivables (see note (a) below)	1,115,859	1,025,756
Cash and cash equivalents (see note (b) below)	5,891,133	4,242,485
Debt Instruments (see note (c) below)	3,004,760	3,377,356
Statutory deposit	355,000	355,000
	<u>10,366,752</u>	<u>9,000,597</u>

a Reinsurance receivables

The Company insures its liabilities with reputable reinsurance companies with which it has a right of set-off. None of its receivables from reinsurance companies was impaired as at 31 December 2021 (2020: NIL)

b Cash and cash equivalents

The Company's cash and cash equivalents are held with reputable banks and financial institutions.

c Armotized cost

The Company's Debt instruments are investment in bonds with Government and reputable financial institutions. None of its investment was impaired as at 31 December 2021 (2020: NIL)

The Company did not have any debt securities that were past due but not impaired as at 31 December 2021 (2020: nil)

Veritas Kapital Assurance Plc is exposed to risk relating to its investment securities (Fixed deposits and receivables). Its receivables comprise trade receivables from customers, reinsurers and coinsurers recoverable and other receivables.

Collateral held and other credit enhancements, and their financial effect

The Company does not hold collateral or any other enhancements against any of its receivables as at 31 December 2021.

Trade receivables

The Company has placed more responsiveness on effective management of credit risk exposure that relates to trade receivables. In general, the regulator has laid great emphasis on "No Premium, No Cover" and this has positively changed the phase of credit management within the industry. The Company defines credit risk as the risk of counterparty's failure to meet its contractual obligations. Credit risk arises from insurance cover granted to parties with payment instruments or payments plan issued by stating or implying the terms of contractual agreement.

The Company has placed stringent measures to guard against credit default. Credit risk exposure operates from the level of brokered transactions with little emphasis placed on direct business. The Company's credit risk exposure to brokered business is very low as the Company requires brokers to provide payment within 30 days after which impairment trigger is identified and the receivable is assessed for impairment.

Sources of credit risk:

- Direct default risk: risk that the Company will not receive the cash flows or assets to which it is entitled because a party with which the Company has a bilateral contract defaults on one or more obligations.
- Downgrade Risk: risk that changes in the possibility of a future default by an obligor will adversely affect the present value of the contract with the obligor today.
- Settlement Risk: risk arising from the lag between the value and settlement dates of securities transactions.

Management of credit risk due to trade receivables

The Company constantly reviews brokers' contribution to ensure that adequate attention is paid to high premium contributing brokers.

The Company credit risk is constantly reviewed and approved during the Management Committee meetings. It also ensured that adequate provisions are taken in line with IFRS 9. Other credit risk management

- Formulating credit policies with strategic business units, underwriters, brokers, covering brokers grading, reporting, assessment, legal procedures and compliance with regulatory and statutory bodies.
- Identification of credit risk drivers within the Company in order to coordinate and monitor the probability of default that could have an unfortunate impact.
- Developing and monitoring credit limits. The Company is responsible for setting credit limits through grading in order to categorize risk exposures according to the degree of financial loss and the level of priority expected from management.
- Assessment of credit risk. All first-hand assessment and review of credit exposures in excess of credit limits, prior to granting insurance cover are subject to review process and approval given during MC meetings.
- Continuous reviewing of compliance and processes in order to maintain credit risk exposure within acceptable parameters.

Impairment model

Premium debtors are measured at amortized cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. The standard favours the use of the incurred loss model in estimating the impairment of its receivables. However, with the inception of IFRS 9 which becomes effective for annual periods beginning on/after 1 January 2018, the Expected Credit Losses (ECL) method of impairment calculation will be in force.

The Company uses the aging of receivables as the major parameter in calculating impairment. However, based on NAICOM's "No Premium No Cover" guidelines which state that "all insurance covers shall be provided on a strict 'no premium no cover' basis", only cover for which payment has been received shall be booked. However, brokers have a 30 day period to make payments from the date of the credit notes. The Company uses the aging of receivables as the major parameter in calculating impairment.

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost or FVOCI, and to off-balance sheet lending commitments such as loan commitments and financial guarantees (hereafter collectively referred to as financial assets). This contrast to the IAS 39 impairment model which was not applicable to loan commitments and financial guarantee contracts, as there were instead covered by International Accounting standards 37: "Provisions, contingent liabilities and contingent assets (IAS 37).

The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognized when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where provisions are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition. Under IFRS 9, The Company first evaluates individually whether objective evidence of impairment exists for loans that are individually significant and then collectively assess the loan and other receivables that are not significant and those which are significant but for which there is no objective evidence of impairment available under the individual assessment

Staged Approach to the Determination of Expected Credit Losses

IFRS 9 outlines a three-stage model for impairment based on changes in credit quality since initial recognition. These stages are as outlined below:

Stage 1: The Company recognises a credit loss allowance at an amount equal to the 12 month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.

Stage 2: The Company recognises a credit loss allowance at an amount equal to the lifetime expected credit losses (LTECL) for those financial assets that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on Lifetime probabilities of default that represents the probability of a default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in stage 1.

Stage 3: The Company recognises a loss allowance at an amount equal to life-time expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired. The Company's definition of default is aligned with the regulatory definition. The treatment of the loans and other receivables in stage 3 remains substantially the same as the treatment of impaired financial assets under IAS 39 except for the portfolios of assets purchased or originated as credit impaired

The Company does not originate or purchase credit impaired loans or receivables

Impairment Methodology

Calculation of Expected Credit Losses

Calculation of the expected credit loss is based on the key risk parameters of PD, LGD and ED according to the formular set below:

ECL	=	PD	X	EAD	X	LGD
12 -month / lifetime Expected Credit Loss (ECL)		Probability of default		Exposure at default		Loss Given Default (after consideration of collaterals and recoveries)

The calculation of ECL incorporates forward-looking information in all the ECL components. This forward-looking information will impact the various ECL components as follows:

Probability of default – The PDs will vary during various stages of an economic cycle. It is based on the likelihood that a borrower will default within one year (PD), assessment of the creditworthiness of the counterparty and transformation of 1 Year horizon into lifetime of the asset.

Loss Given Default – Collateral values will vary based on the stage of an economic cycle.

Exposure at default – Change in interest rates may affect the EAD e.g. higher interest rates may result in longer terms for loans causing a change in the EAD.

Loss Given Default

The Company applies historical experience to determine the expected loss given default ratios for each class of financial instruments. Where internal historical experience is not available, other sources, e.g. data available from rating companies as well as professional judgments are used to determine the LGD ratios that will apply. Collateral that is held against the financial assets is also considered in determining the LGD.

The Company management has resolved to use the recovery rates as published by Moodys credit analytics for all credit exposures to sovereign denominated in foreign currencies and all corporate exposures.

For sovereign exposures denominated in Naira which are assessed as low credit risk exposures, we have resolved to use LGDs within the range of 5-10% based on the Central banks of Nigeria's Revised Guidance Notes on Credit risk. Section 3.1 of the document addresses exposure to sovereigns and Central banks and states that financial institutions should assign a risk weight of 0% to the following:

- Exposures to Federal Government of Nigeria (FGN) and Central Bank of Nigeria (CBN);
- Instruments issued by other entities backed by express guarantee of the FGN;
- Inter-bank transactions guaranteed by the FGN or CBN; and
- Inter-bank transactions among supervised institutions collateralized by FGN Bonds, Treasury Bills or other similar sovereign bills.

Treatment of loans and other receivables

All loans issued fall within the scope of debt instruments as financial assets. This covers e.g. Inter-company loans, staff loans and mortgages etc.

Estimation of impairment on the loans based on expected loss is done in the three-stage approach with specific consideration for change in credit risk and forward-looking assumptions.

Intercompany loans are considered low credit risk if it meets the required conditions. Estimation and provision for impairment is based on simplified one stage approach. Loans are put in one bucket e.g. stage 1 and assess the 12 month ECL as long as there are no assets for assessed to have had significant increase in credit risk or the initial criteria for categorizing the asset as low risk has changed.

Significant increase in credit risk, default and cure

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due, In addition, the Company also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near-default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties.

The Company considers a financial instrument defaulted and, therefore, credit-impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Company may also consider an instrument to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full. In such cases, the Company recognises a lifetime ECL. In rare cases when an instrument identified as defaulted, it is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

There has been no significant increase in credit risk or default for financial assets during the year.

Expected credit loss

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 100%. In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Impairment losses on financial investments subject to impairment assessment

Debt instruments measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk per based on the Company's internal/Moody's credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are also provided.

Internal rating grade	Moody's rating	2021			2020		
		12mECL	LTECL	Total	12mECL	LTECL	Total
Performing		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents							
High grade	AAA-A+	-	-	-	-	-	-
Standard grade	BBB-B+	5,900,304.78	-	5,900,304.78	4,250,673.00	-	4,250,673.00
Past due but not impaired	C-CCC	-	-	-	-	-	-
Default	D	-	-	-	-	-	-
				-			-
Total Gross Amount		5,900,304.78	-	5,900,304.78	4,250,673.00	-	4,250,673.00
				-			-
ECL		(9,171.97)		(9,171.97)	(8,188.00)		(8,188.00)
Total Net Amount		5,891,132.82	-	5,891,132.82	4,242,485.00	-	4,242,485.00
				-			-
- amortised cost				-			-
High grade	AAA-A+	-	-	-	-	-	-
Standard grade	BBB-B+	3,047,500.10	-	3,047,500.10	3,420,435.00	-	3,420,435.00
Past due but not impaired	C-CCC	-	-	-	-	-	-
Default	D	-	-	-	-	-	-
				-			-
Total Gross Amount		3,047,500.10	-	3,047,500.10	3,420,435.00	-	3,420,435.00
				-			-
ECL		(42,739.69)		(42,739.69)	(43,079.00)		(43,079.00)
				-			-
Total Net Amount		3,004,760.41	-	3,004,760.41	3,377,355.00	-	3,377,355.00

As at 31 December 2021, Group had no asset reposed as security against asset. The group policy is to pursue timely realisation of collateral in an orderly manner in the case of default. The company does not generally use the non cash collateral for its own operations.

As at 31 December 2021, the Company has not pledged any of its assets as collateral for any liability or payable balance (2020: nil)

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment.

When determining whether the credit risk (i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both qualitative and quantitative information analysis based on the Company's experience, expert credit assessment and forward looking information. The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing the remaining life time probability of default (PD) as at reporting date with the remaining Life time PD for this point in time that was estimated on initial recognition of the exposure.

Whenever available, the Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain p to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in the published rating, the group also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default (including but not limited to the audited financial statement, management accounts and cashflow projections, available regulatory and press information about the borrowers and apply experienced credit judgement. Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and standards and Poor.

The Company has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be B- or higher based on the Moody rating which is equivalent to an internal risk grade of standard grade or higher.

As a back stop, the Company considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower. The Company monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:

- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- The criteria do no align with the point in time when the asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable
- Exposures are not generally transferred from 12- month ECL measurement to credit impaired and
- There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECL measurement.

Definition of default

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realizing security (if any is held); or the financial asset is more than 90 days past due.

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative: e.g. breaches of covenant and the other indicators of financial distress;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of Forward looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Company's Investment and risk committee, economic experts and consideration of a variety of external actual and forecast information. This process involves developing three additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Nigeria, supranational organizations such as the Organisation for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a best estimate and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and pessimistic outcomes."

Measurement of ECL

The calculation of the expected credit loss is based on the key risk parameters of Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD)

To determine the Lifetime and 12-month PDs, the Company uses the PD tables supplied by Moody's based on the default history of sovereign and corporate obligors with the same credit rating. The Company adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. The PDs are recalibrated and adjusted to reflect forward looking information as described below. Changes in the rating for counterparties and exposure lead to a change in estimate of the associated PD.

Loss Given Default is the magnitude off the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against the defaulted counterparties. The LGD for sovereign fixed income exposures are based on publications by Moody's and the models consider the structure, collateral, seniority of claims and recovery cot of any collateral that is integral to the financial asset. For loans secured with properties or asset, loan to value ratios are key parameter in determining LGD. LGDs are calculated on discounted cash flow basis using effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company deprives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount. As described in the accounting policy, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The modelling of parameter is carried out on an individual basis or collective basis where the assets share same risk characteristics like instrument type, credit risk rating and grading, collateral type, date of initial recognition or remaining term to maturity or industry. The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Company uses to derive the default rates of its portfolios. This includes the PDs provided in the Moody's or Standards and Poor default study and the LGDs provided in the recovery studies reports provided by the same rating agencies.

An overview of the approach to estimating ECLs is set out in Note 2.1 Summary of significant accounting policies and in Note 2.3 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Moody's, Standards and Poor, Economist associate etc.) and its investment team verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios.

(c)(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements and optimising its cash return on investments.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities over the next 60 days.

The Company also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date.

The amounts are gross and undiscounted, include contractual interest payments and exclude the impact of netting agreements.

31 December 2021

31 December 2021	Contractual cash flows						
	Carrying amount	Total	3 month or less	3 - 12 months	1-2 years	2-5 years	More than 5 years
Trade payables	488,190	488,190	464,533	23,657	-	-	-
Other payables	996,710	996,710	189,730	806,980	-	-	-
	1,484,900	1,484,900	654,263	830,637			

31 December 2020

31 December 2020	Contractual cash flows						
	Carrying amount	Total	3 month or less	3 - 12 months	1-2 years	2-5 years	More than 5 years
Trade payables	686,296	686,295	662,639	23,657	—	—	—
Provisions and other payables	741,696	741,695	3,332,567	408,439	—	—	—
	1,427,992	1,427,990	3,995,206	432,096	—	—	—

Maturity analysis

The table below summarises the expected utilisation or settlement of assets and liabilities as at 31 December:

	2021			2020		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets:	0	5,891,133	5,891,133	0	4,242,485	4,242,485
Reinsurance assets	1,115,859	-	1,115,859	1,025,756	-	1,025,756
Trade debtors	-	-	0	83,678.84	-	83,679
Deferred acquisition cost	286,636	-	286,636	119,379	-	119,379
Other receivables and prepayments	422,448	-	422,448	320,803	-	320,803
Statutory deposit	-	355,000	355,000	0	355,000	355,000
	1,824,942	6,246,133	8,071,075	1,549,617	4,597,485	6,147,102
Insurance contract liabilities	4,152,250	-	4,152,250	2,856,017	-	2,856,017
Trade payables	488,190	-	488,190	686,295	-	686,295
Other payables and accruals	996,710	-	996,710	741,695	-	741,695
Current tax payable	86,652	-	86,652	94,458	-	94,458
Deferred Tax	-	20,741	20,741	-	324,764	324,764
Retirement benefit obligation	-	17,024	17,024	-	14,724	14,724
Total liabilities	5,723,801	37,765	5,761,566	4,378,465	339,488	4,717,953

(c)(iv) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the returns.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which premium and claims are denominated and the respective functional currencies of the Company. The functional currency of the Company is the Nigerian naira.

The currencies in which these transactions are primarily denominated are the Nigerian naira.

However, the Company receives some premium in foreign currencies and also pays some claims in foreign currencies. The foreign currencies the Company transacts in include euro, british pounds and united states dollars.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

In Thousands of	31 December 2021		31 December 2020		USD	NGN
	Carrying	USD	Carrying value	USD		
Cash and cash equivalent	3,834,178		3,375,996	1,700,292		1,675,704
Financial assets	1,479,839		3,003,027	1,449,522		3,003,027
Net statements of financial position exposure	5,314,017	0	6,379,023	3,149,814		4,678,731

The following significant exchange rates have been applied.

Naira	Year- end spot rate	
	2021	2020
USD 1	412.99	400.33

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts show below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effects in thousand of naira	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 December 2021				
USD (10% movement)	0	0	0	0
31 December 2020				
USD (10% movement)	314,981	(314,981)	314,981	(314,981)

(c)(v) Interest rate risk

The Company adopts a policy of ensuring that all its interest rate risk exposure is at a fixed rate.

This eliminates the variability the variability in the risks and returns on the Company's interest bearing assets and liabilities.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

The Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non-proportional basis. The majority of proportional reinsurance is quota-share reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business. Non-proportional reinsurance is primarily excess-of-loss reinsurance designed to mitigate the Company's net exposure to catastrophe losses. Retention limits for the excess-of-loss reinsurance vary by product line and territory.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

The Company principally issues the following types of general insurance contracts: fire, motor, bond, personal accident, aviation, marine and oil and gas. Risks under non-life insurance policies usually cover twelve months duration. For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer tail claims that take some years to settle, there is also inflation risk. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

Furthermore, strict claim review policies and procedures exist to assess all new and on-going claims, regular detailed review of claims handling procedure and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities.

The Company has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events (e.g., hurricanes, earthquakes and flood damage).

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophes based on the Company's risk appetite as decided by management. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 50% of shareholders' equity on a gross basis and 10% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

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 claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year.

We have adopted actuarial methods and assumptions that are consistent with those used in prior years. The level of

The calculation of the reserves was conducted on both deterministic (assuming average historic experience would be **Chain Ladder Method (CL)**)

We have used the Chain Ladder method which is the most widely used method in loss reserving, and it is the starting point of the other reserving methods described in this report. The Chain Ladder also called Loss development triangle method uses statistical projection technique that relies on the setting of past known claim payments by year of origin (accident year) and year of payment (development year). Using historical claims paid for each class, we grouped the claims into 10 years cohorts, considering the age-age-claim amounts paid. These cohorts are called loss development triangles. Each left - right diagonal represents the total loss amounts paid in that year for losses reported in each accident year. The age-to-age claim amounts are then accumulated from the origin year to the valuation date. The cumulated incremental paid claims (2008-2017) to the valuation date are then projected to their expected ultimate claim estimate, using factors called link ratios or development factors. The gross claim reserves are then derived from the difference between the cumulated actual paid claims and the estimated ultimate claim. Variants of the chain ladder method were exploited to reflect adequately the key characteristics of the risks being reserved for by the company.

The IACL is a variant of the chain ladder method and it could be used with allowance for time value of money (discounting or no discounting). Under this method, the historical age -to- age paid claims are increased in line with relevant inflation index from their accident year of or payment to the valuation year before being cumulated. The cumulated payments in money terms of the valuation year are projected into the future. The decumulated payments are then projected forward to their expected year of payment and ultimate claim estimate, allowing for future inflation. Published year - to - year inflation factors used in our projection is as stated in the assumptions section of this report. We have calculated for two types of this

Expected Loss Ratio Method

We estimated the ultimate loss ratio from historical data for each class of business and multiplied this by the earned premium for that class in each accident year to obtain the ultimate claim for each accident year. In arriving at the historical loss ratio, we considered the underwriter's views. We then deducted the actual paid claim amount to date to give the required outstanding claim reserve. This approach is considered appropriate for as it is not affected by distortions in data and although it is simplistic but gives an approximate estimate. We applied this method for classes where there is no sufficient mass of data to generate credible results using other more sophisticated methods.

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and IBNR for each successive accident year at each reporting date, together with cumulative payments to date. The estimated technical reserves are derived statistically through analysing the company's non-life policy data for policies underwritten and emerging claims over each of the past 6 (six) underwriting years.

In general, the uncertainty associated with the ultimate claims experience in an accident year is greatest when the accident year is at an early stage of development and the margin necessary to provide the necessary confidence in the provisions adequacy is relatively at its highest. As claims develop, and the ultimate cost of claims becomes more certain, the relative level of margin maintained should decrease. However, due to the uncertainty inherited in the estimation process, the actual overall claim provision may not always be in surplus.

Consolidated and Separate Financial Statements
For the year ended 31 December 2021

In Thousands of naira	31-Dec-21	31-Dec-20
Fixed-rate instruments		
Cash deposit	1,234,634	119,040
Money market placement	4,665,671	4,131,633
Armotized	3,004,760	3,377,356
	8,905,065	7,628,029

Cashflow sensitivity analysis for fixed-rate instruments

	Profit 100bp increase	loss 100bp decrease	Equity, 100bp increase	net of tax 100bp decrease
Effect in thousands of naira				
31 December 2021				
Financial instruments	890,507	(890,507)	300,303	(300,303)
	890,507	(890,507)	300,303	(300,303)
31 December 2020				
Financial instruments	762,803	(762,803)	303,303	(303,303)
	762,803	(762,803)	303,303	(303,303)

The analysis assumes that all other variables, in particular, foreign currency exchange rates remain constant.

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets and financial liabilities at fair value through profit or loss.

Other market price risk

The Company is exposed to equity price risk, which arises from available-for-sale equity securities held for partially meeting the claims and benefits obligations.

The management of the Company monitors the proportion of equity securities in its investment portfolio based on market indices.

Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management Committee.

The primary goal of the Company's investment strategy is to maximise investment returns, both to partially meet the Company's claims and benefits obligations and to improve its returns in general.

Sensitivity analysis - Equity price risk

The Company's has equity investments some of which are listed on the Nigeria Stock Exchange and are classified as fair value through profit or loss. A 2% increase in the share price of those equities at the reporting date would have increased equity by N1.17 million after tax (2020: N.932 million). An equal change in the opposite direction would have reduced equity by N1.17 million after tax (2021: N.932 million).

Engineering Classes paid claim amounts(NGN'000) excluding large losses

Incremental Engineering Class Chain Ladder's Claim payments (in NGN'000) by Development Year										
Accident Year	1	2	3	4	5	6	7	8	9	10
2012	4,666	314,422	90	2,442	1,270	-	-	-	-	-
2013	6,998	9,346	1,245	15	3,844	-	-	-	-	-
2014	26,301	7,911	3,378	2	-	-	-	198	198	-
2015	7,646	109,700	2,111	2,333	265	-	198	0	-	-
2016	4,790	23,419	16,389	269	7,446	2258	-	-	-	-
2017	39,630	54,776	4,369	1,422	1955	-	-	-	-	-
2018	78,342	10,912	1,327	423	-	-	-	-	-	-
2019	6,544	12,328	507	-	-	-	-	-	-	-
2020	2,143	8087	-	-	-	-	-	-	-	-
2021	4,812	-	-	-	-	-	-	-	-	-

Engineering Class paid claim amounts (NGN'000) allowing for inflation to 2021 money terms

Engineering Class paid claim amounts (NGN'000) allowing for inflation to 2021 money terms											
Incremental Claim Amounts(NGN'000) Paid for Engineering Class by Development Year											
	1	2	3	4	5	6	7	8	9	10	
2012	13,957	869,083	869,310	874,946	877,519	877,519	877,519	877,519	877,519	877,519	
2013	19,032	42,535	45,409	45,439	52,099	52,099	52,099		52,099	52,099	-
2014	66,140	84,400	91,242	91,246	91,246	91,246	91,246		91,459	-	-
2015	17,648	239,852	243,509	247,074	247,437	247,437	247,650		-	-	-
2016	9,702	50,276	75,318	75,686	84,802	87,229	-		-	-	-
2017	68,659	152,354	158,343	160,084	162,185	-	-		-	-	-
2018	119,702	134,660	136,284	136,739	-	-	-		-	-	-
2019	8,970	24,063	24,608	-	-	-	-		-	-	-
2020	2,624	11,314	-	-	-	-	-		-	-	-
2021	5,171	-	-	-	-	-	-	-	-	-	

Key Results: Reserves Large Losses for and Engineering Class

Accident Year	Exposure/Earned Premium (N)	Latest Paid Large Loss Amounts (N)	O/s Reported Large Loss Reserves	Inflation Adjusted Large losses	No. of Large Losses	Claim Frequency	Average Paid Cost (N)	Ult Average Cost	Ultimate Paid Amounts (N)	Large Loss Reserves (N)	Discounted value NGN'000
2012	122,691	-	-	-	-	0.00000%	-	-	-	-	-
2013	367,601	-	-	-	-	0.00000%	-	-	-	-	-
2014	314,254	-	-	-	-	0.00000%	-	-	-	-	-
2015	261,565	-	-	-	-	0.00000%	-	-	-	-	-
2016	238,366	-	-	-	-	0.00000%	-	-	-	-	-
2017	293,193	-	-	-	-	0.00000%	-	-	-	-	-
2018	516,450	-	-	-	-	0.00049%	-	-	-	-	-
2019	296,535	-	-	-	-	0.00017%	-	-	-	-	-
2020	164,322	4368	-	-	2	0.00023%	2184	2,184	0.00122%	4,368	-
2021	172,224	-	-	-	-	0.00000%	-	0	0.00000%	-	-
Total	2,747,201	4,368	-	-	2					4,368	-

Expected Loss Ratio Method: Illustration of Gross Claim Reserving – Oil and Gas

Accident Year	Gross Earned Premium (N'000)	Claims Paid till date (N'000)	Total O/s as at 31 Dec 2021 (N'000)	Inflation Adjusted loss (NGN'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	O/s Claim Reserves (N'000)
2012	593,488	14,710			14,710	2.5%	2.5%	14,710	-
2013	740,564	115,964			115,964	15.7%	15.7%	115,964	-
2014	1,027,446	123,541			123,541	12.0%	12.0%	123,541	-
2015	1,134,888	2,219			2,219	0.2%	0.2%	2,219	-
2016	1,044,042	319,649			319,649	30.6%	30.6%	319,649	-
2017	1,170,381	395,642	22,266	41,434	437,076	37.3%	37.3%	437,076	41,434
2018	949,530	70,943	122,824	198,113	269,056	28.3%	28.3%	269,056	198,113
2019	535,636	63,539	14,125	20,444	83,983	15.7%	15.8%	84,787	21,248
2020	446,092	3,741	20,088	26,077	29,818	6.7%	7.9%	35,394	31,653
2021	718,346	764	30,639	30,639	31,403	4.4%	8.7%	62,651	61,887
Total	8,360,413	1,110,712	209,942	316,707	1,427,419			1,465,047	354,335
								NPV	285,273

IBNR by Accident Year

MOTOR			
Accident Year	Estimated Claims Reserves	Outstanding Claims	IBNR
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	286	271	15
2020	3,862	3,372	490
2021	56,420	46,402	10,018
Total	60,568	50,045	10,523

MARINE			
Accident Year	Estimated Claims Reserves	Outstanding Claims	IBNR
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	473	458	15
2018	903	818	85
2019	2,957	2,548	409
2020	5,574	4,190	1384
2021	104,556	74,142	30414
Total	114,463	82,156	32,307

GENERAL ACCIDENT			
Accident Year	Estimated Claims Reserves	Outstanding Claims	IBNR
2006	-	-	-
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	174	51	123
2014	1,824	1,025	799
2015	319	-	319
2016	452	149	303
2017	7,508	6,785	723
2018	32,566	12,446	20,120
2019	26,289	15,073	11,216
2020	74,692	59,210	15,481
2021	42,590	29,126	13,464
Total	186,414	123,865	62,548

FIRE			
Accident Year	Estimated Claims Reserves	Outstanding Claims	IBNR
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	754	550	204
2018	6,286	4,283	2003
2019	15,494	14,967	527
2020	430,927	380,097	50,830
2021	171,487	40,335	131,153
Total	624,948	440,232	184,717

OIL & GAS			
Accident Year	Estimated Claims Reserves	Outstanding Claims	IBNR
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	35,707	22,266	13,441
2018	175,337	122,824	52,512
2019	18,304	14,125	4,179
2020	28,258	20,088	8,170
2021	31,401	30,639	762
Total	289,007	209,942	79,064

AGRICULTURE			
Accident Year	Estimated Claims Reserves	Outstanding Claims	IBNR
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	85	70	15
2021	515,435	260,721	254,714
Total	515,520	260,791	254,729

BOND			
Accident Year	Estimated Claims Reserves	Outstanding Claims	IBNR
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	516	-	516
2021	11,147	-	11,147
Total	11,663	0	11,663

AVIATION			
Accident Year	Estimated Claims Reserves	Outstanding Claims	IBNR
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	5,355	2,819	2,536
2016	1,460	843	618
2017	7,872	5,338	2,535
2018	5,429	4,144	1,284
2019	9,236	7,607	1,629
2020	18,380	17,380	1,000
2021	21,332	7,501	13,831
Total	69,065	45,632	23,432

UNDERWRITING REVENUE ACCOUNT

for the period ended December 31, 2021

										December	December
	FIRE	G/ACCIDENT	MARINE	MOTOR	OIL & GAS	AVIATION	ENGINEERING	BOND	AGRIC	2021	2020
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
INCOME											
Direct premium	776,001	342,879	394,845	583,641	871,606	279,345	197,149	22,489	2,519,442	5,987,397	5,980,625
Inward premium	22,688	1,580	2,266	7,268	4,733	2,703	16,139	-	10,578	67,955	82,578
Gross premium written	798,689	344,459	397,110	590,909	876,339	282,048	213,288	22,489	2,530,020	6,055,352	6,063,203
(Increase)/Decrease in provision for unexpired risks	(210,825)	(155)	(177,634)	295	(160,440)	(22,216)	(45,637)	(1,460)	95,032	(523,040)	(930,843)
Gross premium earned	587,864	344,304	219,477	591,204	715,899	259,832	167,651	21,029	2,625,052	5,532,312	5,132,360
Outward premium	(279,433)	(133,007)	(326,842)	(135,356)	(382,616)	(137,339)	(123,072)	(300)	(989,334)	(2,507,299)	(3,369,294)
Prepaid reinsurance	120,201	37,425	170,850	9,399	(18,001)	64,296	26,624	16	(671,352)	(260,541)	551,840
Net Premium earned	428,633	248,723	63,485	465,248	315,282	186,789	71,203	20,745	964,366	2,764,473	2,314,906
Commission Received	68,876	38,873	70,590	19,255		510	30,352	-	262,753	491,209	193,286
TOTAL OPERATING INCOME	497,509	287,596	134,075	484,503	315,282	187,299	101,555	20,745	1,227,119	3,255,682	2,508,192
Claims Expenses											
Gross claims paid	(171,351)	(52,388)	(15,375)	(131,943)	(158,223)	(2,478)	(18,223)		(2,144,471)	(2,694,452)	(1,202,782)
Increase/(Decrease) in provision for outstanding claims	(326,590)	(61,146)	(27,358)	(33,245)	213,713	3,136	(23,018)	-	(519,064)	(773,572)	88,945
Gross claims incurred	(497,941)	(113,534)	(42,733)	(165,188)	55,490	658	(41,241)	-	(2,663,535)	(3,468,025)	(1,113,837)
Reinsurance claims recoveries	43,618	32,806	11,539	51,868	-	-	69,976	-	2,020,735	2,230,542	315,559
Net claims incurred	(454,324)	(80,728)	(31,194)	(113,320)	55,490	658	28,735	-	(642,800)	(1,237,483)	(798,278)
Underwriting Expenses											
Acquisition cost	(141,263)	(50,227)	(72,096)	(77,248)	(138,336)	(51,718)	(41,278)	-	(441,529)	(1,013,695)	(518,295)
Movement in deferred Acquisition cost	31,444	(3,671)	34,115	2,899	16,038	3,850	9,162	(3,258)	76,676	167,256	12,039
UNDERWRITING PROFIT:											
2021	(66,634)	152,970	64,900	296,834	248,474	140,089	98,174	17,487	219,466	1,171,759.83	1,203,658
2020	16,742	50,622	74,288	203,319	183,552	103,739	65,079	44,363	104,117	1,203,658	

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

Value Added Statement

	Group		Group		Company		Company	
	31-Dec-21	%	31-Dec-20	%	31-Dec-21	%	31-Dec-20	%
Gross premium income	5,795,908		5,332,770		5,532,312		5,132,361	
Investment Income	1,600,227		1,834,514		235,772		723,291	
Other income	697,642		482,769		630,922		329,528	
Reinsurance claims, commission and operating expenses	(6,301,498)		(5,406,988)		(5,595,731)		(4,913,685)	
Value added	<u>1,792,279</u>	100	<u>2,243,065</u>	100	<u>803,275</u>	100	<u>1,271,495</u>	100
Applied to pay								
Staff cost	1,309,780	72	1,222,550	55	644,703	76	596,737	54
Government as tax	93,051	5	132,421	6	36,911	4	87,541	6
To provider finance								
Shareholders as dividend	(279)	(0)	(279)	(0)	-		-	
Retained in the business								
Deferred Tax	(319,000)	(17)	(229,044)	(10)	21,746	3	(232,042)	(10)
Depreciation and amortisation	240,028	13	176,770	8	120,305	14	78,329	8
Retained profit for the year	505,302	28	940,647	42	23,053	3	740,930	42
	<u>1,828,882</u>	100	<u>2,243,065</u>	100	<u>846,718</u>	100	<u>1,271,495</u>	100

FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

	Group 31-Dec-21	Group 31-Dec-20	Group 31-Dec-19	Group 31-Dec-18	Group 31-Dec-17
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash and cash equivalents	5,891,133.00	4,242,485	4,372,408	4,549,657	4,602,898
Financial assets	3,158,089.08	3,620,755	1,906,676	788,376	931,286
Trade receivables	119,564.16	83,679	-	0	6,678.00
Reinsurance assets	1,115,859.00	1,025,756	389,960	643,363	216,302
Deferred acquisition cost	286,636.00	119,379	107,340	161,294	98,318
Other receivables and prepayments	422,448.00	320,803	425,574	548,071	539,675
Investment in subsidiaries	-	-	-	-	-
Investment in associates	-	-	-	-	-
Investment properties	45,000.00	289,439	412,111	880,201	880,201
Goodwill and other intangible asset	316,884.00	316,884	316,884	386,444	386,444
Intangible assets- Software	102,297.00	49,900	72,567	77,450	90,582
Property, plant and equipment	4,729,375.00	3,790,533	3,736,923	3,654,376	3,183,537
Statutory deposits	355,000.00	355,000	355,000	355,000	355,000
Deferred tax asset	22,293.00	7,316	8,486.00	-	43,721
Total assets	16,564,577	14,221,929	12,103,929	12,044,232	11,334,641
LIABILITIES					
Insurance contract liabilities	4,152,250	2,856,017	2,012,465	2,331,582	1,687,994
Trade payables	488,190	686,297	229,840	115,467	43,520
Employees retirement benefit obligations	17,024	14,724	11,245.76	9,581	7,272
Provision and other payables	996,710	741,696	651,833	530,176	363,638
Income tax liabilities	86,652	94,458	80,306	93,994	82,442
Deferred tax liabilities	20,741	324,764	554,978	607,046	299,016
Total liabilities	5,761,566	4,717,956	3,540,669	3,687,846	2,483,882
EQUITY					
Issued and paid up share capital	6,933,333	6,933,333	6,933,333	6,933,333	6,933,333
Share premium	663,600	663,600	663,600	663,600	663,600
Statutory contingency reserves	1,303,505	1,121,845	939,949	851,335	754,172
Retained earnings	(1,236,052)	(1,559,692)	(2,262,822)	(2,358,811)	(1,620,172)
Asset revaluation reserve	2,509,957	1,809,597	1,809,964	1,773,780	1,559,768
Fair value reserve	(60,112)	40,924	40,213	34,501	34,923
Non Controlling interest(NCI)	688,780	494,365	439,024	458,648	525,135
Shareholders fund	10,803,012	9,503,972	8,563,261	8,356,386	8,850,759
TOTAL LIABILITIES AND EQUITY	16,564,578	14,221,928	12,103,929	12,044,232	11,334,641
Gross premium written	6,318,949	6,265,636	3,076,332	3,333,642	2,411,074
Underwriting Profit	1,282,447	1,292,064	1,105,697	896,749	102,134
Profit(loss) before taxation .	344,414	844,022	214,375	(262,881)	(558,604)
Taxation	225,949	96,623	(49,116)	(432,371)	(142,037)
Profit after taxation	570,363	940,645	165,258	(695,252)	(700,641)

FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

	Company 31-Dec-21	Company 31-Dec-20	Company 31-Dec-19	Company 31-Dec-18	Company 31-Dec-17
	N'000	N'000	N'000	N'000	N'000
ASSETS					
Cash and cash equivalents	3,834,178	3,375,996	3,659,345	3,981,106	3,756,993
Financial assets	1,479,839	3,003,027	1,303,071	87,435	92,230
Trade receivables	119,564	83,679.00	-	-	6,678.00
Reinsurance assets	1,115,859	1,025,756	389,960	643,363	216,302
Deferred acquisition cost	286,636	119,379	107,340	161,294	98,318
Other receivables and prepayments	220,975	213,113	409,596	596,921	335,483
Investment in subsidiaries	3,624,860	1,576,300	1,576,300	1,576,300	1,576,300
Investment in associates	-	-	-	-	-
Investment properties	45,000	289,439	412,111	880,201	880,202
Intangible asset	69,901	25,299	40,253	47,606	68,378
Property, plant and equipment	3,377,451	2,990,799	2,893,407	2,730,955	2,849,945
Statutory deposits	355,000	355,000	355,000	355,000	355,000
Total assets	14,529,263	13,057,787	11,146,383	11,060,181	10,235,829
LIABILITIES					
Insurance contract liabilities	4,146,106	2,849,493	2,007,596	2,330,632	1,687,090
Trade payables	488,190	686,295	229,840	115,467	43,520
Employees retirement benefit obligations	-	-	-	-	-
Provision and other payables	572,864	488,717	377,934	274,051	276,807
Income tax liabilities	23,542	30,969	40,923	56,815	42,600
Deferred tax liabilities	-	310,094	542,136	501,814	292,730
Total liabilities	5,230,703	4,365,569	3,198,429	3,278,778	2,342,747
EQUITY					
Issued and paid up share capital	6,933,333	6,933,333	6,933,333	6,933,333	6,933,333
Share premium	663,600	663,600	663,600	663,600	663,600
Statutory contingency reserves	1,303,505	1,121,845	939,949	851,335	754,171
Retained earnings	(2,039,913)	(1,881,302)	(2,440,338)	(2,475,146)	(2,052,713)
Asset revaluation reserve	2,169,458	1,809,597	1,809,964	1,773,780	1,559,768
Fair value reserve	45,146	45,146	41,446	34,501	34,923
Shareholders fund	9,075,129	8,692,219	7,947,954	7,781,403	7,893,082
TOTAL LIABILITIES AND EQUITY	14,305,831	13,057,787	11,146,383	11,060,181	10,235,829
Gross premium written	6,055,352	6,063,203	2,953,792	3,238,769	2,320,768
Underwriting Profit(Loss)	1,171,758	1,203,657	1,076,778	873,154	76,784
Profit(loss) before taxation .	36,314	596,430	253,949	(50,782)	(744,268)
Taxation	294,928	144,501	(130,527)	(272,513)	(117,834)
Profit(loss) after taxation	331,241	740,930	123,422	(323,295)	(862,102.00)