



**VERITAS KAPITAL ASSURANCE PLC**  
**(Formerly UnityKapital Assurance Plc)**

**UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER  
ENDED**

**30 JUNE 2019**

## Second Quarter Ended June 2019 Report and Financial Statements

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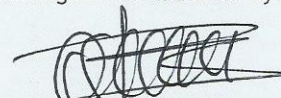
**Statement of Financial Position**  
**As at June 30, 2019**

		30-06-2019 Company N'000	31-12-2018 Company N'000
	Note		
<b>ASSETS</b>			
Cash and cash equivalents	3	2,337,313	3,981,106
Financial assets	4	87,435	87,435
Trade receivable	5	334,833	-
Reinsurance assets	6	530,988	643,363
Deferred acquisition cost	7	170,370	161,294
Other receivables and prepayments	8	432,076	596,921
Investment in subsidiaries	9	1,576,300	1,576,300
Deposit for Shares	10	1,787,442	-
Investment properties	11	1,033,876	880,201
<i>Intangible assets - Software</i>	13	40,073	47,606
Property, plant and equipment	14	2,845,912	2,730,955
Statutory deposits	15	355,000	355,000
<b>Total Assets</b>		<b>11,531,618</b>	<b>11,060,181</b>
<b>Liabilities:</b>			
Insurance contract liabilities	16	2,519,504	2,330,632
Trade payables	17	344,336	115,467
Provision and other payables	19	271,316	274,050
Income tax liabilities	20	52,334	56,815
Deferred Tax Liabilities	21.2	501,814	501,814
<b>Total Liabilities</b>		<b>3,689,304</b>	<b>3,278,778</b>
<b>EQUITY &amp; LIABILITIES</b>			
<i>Share capital &amp; reserves:</i>			
Issued and paid up share capital	22	6,933,333	6,933,333
Share premium	23	663,600	663,600
Statutory Contingency reserves	24	904,951	851,335
Retained earnings	25	(2,467,851)	(2,475,146)
Asset revaluation reserve	26a	1,773,781	1,773,780
Fair value reserve	26b	34,500	34,501
<b>Total Equity</b>		<b>7,842,314</b>	<b>7,781,403</b>
<b>Total Equity &amp; Liabilities</b>		<b>11,531,618</b>	<b>11,060,181</b>

This Financial statement were approved by the board of Directors on July 22 and signed on its behalf by:



**Mojeed Somorin**  
**Chief Finance Officer**  
**FRC/2017/ICAN/00000016849**



**Olalekan Oyinlade**  
**Executive Director, Operations**  
**FRC/2012/CIIN/00000000366**

**BOARD OF DIRECTORS**  
**Non-Executive Directors:**

Thomas Etuh (Chairman)  
 Ibrahim Muhammad Kashim  
 Priyal Heal  
 Sen. Maj. General Mohammed Magoro OFR.  
 Nahim Abe Ibraheem  
 Yabawa Lawan Wabi Mni  
 Aminu Babangida  
 Oluwafunsho Obasanjo

**Executive Directors:**

Polycarp Osee Didam (MD/CEO)  
 Olalekan Oyinlade (Operations)

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Authorized & Regulated by NAICOM RIC -022

Statement of Profit or Loss and Other

Comprehensive income for the period ended June 30, 2019

		January- June 2019 Company N'000	January- June 2018 Company N'000	April- June 2019 Company N'000	April- June 2018 Company N'000
	Note				
Gross Premium written		1,787,239	2,133,454	1,066,712	905,429
Gross Premium Income	28	1,492,488	1,478,278	803,520	520,037
Reinsurance Expenses	29	(522,785)	(324,666)	(450,885)	(59,596)
Net premium income		969,702	1,153,612	352,634	460,441
Fees and commission income	30	75,860	34,154	21,751	34,154
Net underwriting income		1,045,562	1,187,766	374,385	494,595
Insurance claims and benefits paid- Gross (including loss adjustment expenses)	31	(168,221)	(469,280)	(150,515)	(188,456)
Underwriting expenses	32	(283,861)	(272,761)	(141,223)	(131,336)
Underwriting result		593,480	445,725	82,647	174,803
Investment income	34	246,191	274,613	144,139	128,655
Fair value changes in financial assets-FVTPL	4a&b	-	-	-	-
Fair value changes in investment property	11	-	-	-	-
Other operating income	35	24,253	7,670	17,389	(2,000)
Impairment of financial assets	36.2	-	-	-	-
Management expenses	36.1	(701,398)	(634,386)	(334,152)	(308,089)
(Profit)\loss before tax		162,527	93,621	(89,976)	(6,632)
Income tax expense	34	(101,615)	(28,086)	23,806	(2,908)
(Loss)\profit for the year from continuing operations		60,912	65,535	(66,170)	(9,540)



Statement of Changes in Equity  
for the period ended June 30, 2019  
Company-2019

	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
As at 1 January 2019	6,933,333	663,600	1,773,780	34,501	851,335	(2,475,146)	7,781,403
Impact of transition to IFRS 9							
Adjusted opening earnings	6,933,333	663,600	1,773,780	34,501	851,335	(2,475,146)	7,781,403
Transferred from statement of Profit or loss for the <i>Other Comprehensive Income:</i>	-	-	-	-	-	60,912	60,912
Changes in fair value of AFS Investments	-	-	-	-	-	-	-
Total Comprehensive Income	6,933,333	663,600	1,773,780	34,501	851,335	(2,414,234)	7,842,315
Transfer to Contingency Reserve					53,617	(53,617)	-
Transactions with owners of equity							
Dividends to equity holders							
As at June 30 2019	6,933,333	663,600	1,773,780	34,501	904,952	(2,467,851)	7,842,315

	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
As at 1 January 2018	6,933,333	663,600	1,559,768	34,923	754,172	(2,052,713)	7,893,083
Impact of IFRS 9						(1,975)	(1,975)
Adjusted opening balance	6,933,333	663,600	1,559,768	34,923	754,172	(2,054,688)	7,891,108
Transferred from statement of Profit or loss for the <i>Other Comprehensive Income:</i>	-	-	-	-	-	(323,295)	(323,295)
Changes in fair value of AFS Investments	-	-	-	(422)	-	-	(422)
Gain on revaluation of properties, plant	-	-	214,012	-	-	-	214,012
Transfer to Contingency Reserve					97,163	(97,163)	-
Total Comprehensive income	6,933,333	663,600	1,773,780	34,501	851,335	(2,475,146)	7,781,403
Transactions with owners of equity							
Dividends to equity holders							
As at December 31 2018	6,933,333	663,600	1,773,780	34,501	851,335	(2,475,146)	7,781,403

STATEMENT OF CASH FLOWS FOR PERIOD ENDED 30 JUNE, 2019

		2019	2018
Cash flows from operating activities		Company	Company
	Notes	N'000	N'000
Premium received	28	1,787,239	2,133,454
Commission received	30	75,860	34,154
Reinsurance receipts in respect of claims	31(i)	(35,757)	
Other operating receipts	34	24,253	5,919
Cash paid to and on behalf of employees	36	(361,716)	(309,725)
Reinsurance premium paid	29	(430,081)	(409,082)
Insurance benefits and claims paid	31	(309,859)	(268,626)
Underwriting expenses	32	(292,937)	(438,109)
Cash paid to intermediaries and other suppliers		(212,373)	(813,400)
Company income tax paid	20	(53,239)	-
<b>Net cash used in/from operating activities</b>		<b>191,390</b>	<b>(65,415)</b>
Cash flow from Investing Activities		(1,787,442)	
Purchase of property and equipments	14	(139,934)	(87,962)
Purchase of intangible assets	13b	-	-
Proceed from sale of property and equipment		(322)	-
Proceed from sales of equity investment			-
Dividend income	34	4,593	543
Interest receivables	34	241,598	274,070
Purchase of held to maturity			-
Redemptio/repayment of HTM			-
Purchase of investment property	11	(153,675)	-
<b>Net cash provided by investing activities</b>		<b>(1,835,183)</b>	<b>186,652</b>
Cash flow from Financing Activities			
Dividend paid		-	-
<b>Net cash provided by financing activities</b>		<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalent		(1,643,793)	121,237
Cash and cash equivalent at the beginning		3,981,106	3,756,993
Cash and cash equivalent at the end of the year		2,337,313	3,878,230



## NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE, 2019

### 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 93.46% equity interest in Health Care Security Limited and 70% interest in Veritas Glanvills Pensions Limited. These two subsidiary companies together with the Company constitute the Group.

### Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are disclosed under General information on the Reporting Entity and Summary of Significant Accounting Policies. These policies have been consistently applied to all the years presented unless otherwise stated.

### 3 Cash and cash equivalents

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
This comprises of :		
Cash at hand	3,026	441
Cash at Bank	159,883	113,516
Staff gratuity fund assets	119,476	119,476
Short term deposit (3a)	2,054,928	3,747,673
Total	<u>2,337,313</u>	<u>3,981,106</u>

#### 3.1 Movement in Adjustment ECL

1-Jan-19	-	-
Opening ECL adjustment on transition date	13,560	1,975
Charge during the year	-	11,585
30-Jun-19	<u>13,560</u>	<u>13,560</u>

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
<b>4 Financial Assets</b>		
This comprises of:		
Fair value through profit or loss-quoted equities (note	50,663	50,663
Armotised Cost (Note 4b)	-	-
Fair Value through OCI (Note 4c)	36,771	36,771
	<u>87,435</u>	<u>87,435</u>
Current	50,663	50,663
Non-current	36,771	36,771
	<u>87,435</u>	<u>87,435</u>

- a 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:

	Company 30-Jun-19 N'000	Company 31-Dec-18 N'000
<b>Cost</b>		
Balance at 1 January	50,663	50,663
Additions during the year	-	-
Disposal during the year	-	-
Balance, at 30 June 2019	<u>50,663</u>	<u>50,663</u>
<b>Market value reserve</b>		
Balance at 1 January	-	-
Disposal in the year	-	-
Fair value loss	-	-
Balance at 30 June 2019	<u>-</u>	<u>-</u>
<b>Fair value as at 30 June 2019</b>	<u>50,663</u>	<u>50,663</u>

- b Investment at armotised cost are measured using the effective interest method and assessed for impairment for uncollectibility at the end of each reporting period.

	Parent 31-Dec-18 N'000	Parent 31-Dec-17 N'000
FGN treasury bills	-	-
State/FGN government bonds	-	-
Corporate bond	-	-
	<u>-</u>	<u>-</u>
Balance at 1 January	-	-
Movement during the year	-	-
Balance at 30 June 2019	<u>-</u>	<u>-</u>
Expected credit loss	<u>-</u>	<u>-</u>

- c The fair value of some of the unlisted equity investments could not be reliably determined at the end of the reporting period. As such, those unlisted equity investments have been accounted for at cost less impairment. Management believes that the recoverable amount of these unlisted investments is not significantly different from the carrying amount.

	Parent 31-Jul-19 N'000	Parent 31-Dec-18 N'000
<b>Cost</b>		
Balance at 1 January	78,804	79,227
Fair value (loss) / gain	-	(422)
Reclassification to other receivables	-	-
Balance at 30 June 2019	<u>78,804</u>	<u>78,804</u>
<b>Impairment loss</b>		
Balance at 1 January	(42,033)	(42,033)
Impairment charge during the year	-	-
Balance at 30 June 2019	<u>(42,033)</u>	<u>(42,033)</u>
<b>Fair value as at 30 June 2019</b>	<u>36,771</u>	<u>36,771</u>



NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE, 2019

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
<b>5 Trade receivables</b>		
a. This comprises of:		
Premium receivable from insurance bokers	491,457	491,457
Premium receivable from insurance agents	61,428	61,428
Premium receivable from policy holders	335,321	2,166
Premium receivable from insurance compainies	190,771	189,093
	<u>1,078,977</u>	<u>744,144</u>
Less:		
Impairment of premium receivables	(744,144)	(744,144)
	<u><u>334,833</u></u>	<u><u>-</u></u>

Age analysis of gross trade receivables are as follows

0-90 days	334,833	-
91-180 days	-	-
Above 180 days	-	744,144
	<u><u>334,833</u></u>	<u><u>744,144</u></u>

**6 Reinsurance assets**

This is analysed as follows:

Prepaid reinsurance( see note(a) below)	530,988	249,776
Reinsurer' share of outstanding claims (see note(b)below)		323,540
Reinsurers share of claims paid		70,047
	<u><u>530,988</u></u>	<u><u>643,363</u></u>

**7 Deferred acquisition cost**

a This is analysed as follows:

Agric	116	
Motor	25,015	23,813
Fire	44,415	44,619
General Accident	21,868	14,513
Marine	10,183	11,909
Aviation	1,301	2,207
Engineering	22,469	25,892
Oil and Gas	44,448	32,891
Bond	556	5,450
Total	<u><u>170,370</u></u>	<u><u>161,294</u></u>

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE, 2019

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
<b>8 Other receivables and prepayments</b>		
The balance is analysed as follow:		
Receivables from staff	25,723	30,628
Deposit for investment (See Note (a)below)	121,457	121,457
Commercial papers (See Note (b)below)	261,872	261,872
Prepayment	32,654	9,410
Inventory	7,895	7,557
Receivables from Related parties	298,033	277,975
Reconciliation Legacy- Naira	33,181	
Reconciliation Legacy- FCY	20,137	
Fees receivables and other receivables	84,721	122,259
ASO saving and loans(see note 8(C))	-	219,361
	<u>885,672</u>	<u>1,050,518</u>
Impairment of other receivables and prepayment(See Note (d)below)	<u>(453,597)</u>	<u>(453,597)</u>
	<u><b>432,076</b></u>	<u><b>596,922</b></u>

a Deposit for investment represent net balances with Lighthouse stockbrokers for purchase of quoted equities on the Nigeria Stock exchange. An impairment charge has been recognised in the financial statement with respect to this as the reporting date.

b Commercial papers represents receivables from the following entities

a) Back-up Network Ltd	44,412	44,412
b) TKM Mestro Nigeria Ltd	131,649	131,649
C) Off-shore intergrated Concession Ltd	39,711	39,711
d) Kruger Brent Global Services Ltd	46,099	46,099
	<u>261,872</u>	<u>261,872</u>

These commercial paper have being impaired by the company as they are in doubt of recovery.

c This represents amount receivable from Aso Savings and loans on the fund placed with the entity. As at the reporting date, the principal and accrued interest to date has been redeemed via property swap and cash payment.

d The movement in impairment charge is as follows:

Balance, beginning of year	453,597	420,315
Provision no longer required		(14,985)
Impairment charge during the year		48,267
Balance, end of the year	<u><b>453,597</b></u>	<u><b>453,597</b></u>

**9 Investment in Subsidiaries**

Veritas Kapital has 3 subsidiaries as at 30 June 2019. The details of the subsidiaries and principal activities are detailed below:

	30-Jun-19 N'000	31-Dec-18 N'000
Veritas Glanvills Pension Limited at cost(See Note (a)belc	1,160,000	1,160,000
Health care Security Limited at cost (See Note (b)below)	416,300	416,300
	<u><b>1,576,300</b></u>	<u><b>1,576,300</b></u>

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

a

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.

Summarised financial information in respect of each of the Group's subsidiaries is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Healthare Security	
	30-June-2019	30-June-2018
	N'000	N'000
Total revenue	68,206	60,382
(Loss)/Profit before tax	20,053	10,069
Total assets	590,564	568,266
Total liabilities	67,640	54,541
Shareholders fund	522,924	513,725

	Veritas Glanvills Pension Limited	
	30-June-2019	30-June-2018
	N'000	N'000
Total revenue	500,003	533,265
(Loss)/Profit before tax	14,251	51,480
Total assets	1,827,752	1,769,746
Total liabilities	561,815	50,269
Shareholders fund	1,265,937	1,719,477

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
10.0 Investment in Associates	1,010,650	1,010,650
Share of associate loss (see note(a)below)	(1,010,650)	(1,010,650)
	-	-

**Goldlink Insurance Plc**

- a Veritas Kapital holds 1,268,064,351 (2018: 1,268,314,351) ordinary shares representing 51.53% (2018:51.53%)holdings in Goldlink Insurance Plc as at 30/06/2019.

Goldlink Insurance Plc became associate company of Veritas Kapital in 2011 but was taken over by the regulatory authority-National Insurance Commission 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).

**Assessment of share of Profit/loss in Associate**

On initial assessment, the shareholders fund for Goldlink Insurance Plc as at 31 December 2017 was in deficit of N6.177 billion. Veritas Kapital's shares of the shareholder's fund of Goldlink Insurance Plc. as at that date was N2.45 billion. However, IAS 28:38-39 states that, the investor ceases to recognise its share of the investee's losses once it has reduced its investment to zero. Hence the share of loss recognised is limited to N1.01 billion.

Based on a reassessment carried out in 2018, Veritas Kapital's share of associate loss stood at the shareholder's fund of the associate stood at N 3.18 billion. Hence, the share of loss recognised is limited to N1.01 billion.

	30-Jun-19 N'000	31-Dec-18 N'000
Deposit for Shares(Veritas Goldlink recievables at	1,787,442	-
10.1 cost	1,787,442	-

**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 deteremined by external, independent professional valuers, Messrs. OSAS & OSAS and Partners (FRC/2012/NIESV/0000000522) as at 31 December 2018, 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 30 June 2019 is as follows:

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
Balance at 1 January	880,201	88,201
Addition	153,675	-
Fair value (loss)\gain	-	-
Balance at 30 June	1,033,876	880,201



Measurement of fair value

a Fair value hierarchy.

The fair value measurement for the investment properties of N880,201 (2018:N880,201) has been categorised as a level 3 fair value based on the inputs into the valuation technique used.

b Valuation technique and significant unobservation 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	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 tim. References were made to prices of land and comparable properties in the nighbourhood. The data obtained were analysed and adjustments was made to reflect differences in site area and the actual location ,quality of construction and off-site facilities.	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 Analysed below is the list of investment properties whose titles are yet to be perfected as at the reporting date.

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
--	------------------------------	------------------------------

## 12 Goodwill

The goodwill is arising on acquisitions in the following subsidiaries:

FUG Pension	316,884	316,884
Healthcare Securities	69,560	69,560
	<u>386,444</u>	<u>386,444</u>

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 2.8% was applied in determining the terminal cash flows

- Discount rates of averaging 21.88%, representing pre-tax weighted average cost of capital (WACC), was applied in determining the value in use. An additional 6.34% was incorporated into WACC as an adjustment factor for country risk to ensure compliance with the standard. The growth rate used to extrapolate terminal cashflows for goodwill impairment testing is consistent with long term average growth rate for the respective industries.

- 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.

## 13 Intangible assets - Software

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

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
<b>Computer software</b>	<u>40,073</u>	<u>47,606</u>
<b>Cost</b>		
Balance, at 1 January	285,988	275,497
Additions	-	10,492
Balance, 30 June	<u>285,988</u>	<u>285,989</u>
<b>Accumulated amortisation</b>		
Balance, at 1 January	238,383	207,119
Amortisation expense	7,533	31,264
Balance, 30 June	<u>245,916</u>	<u>238,383</u>
Carrying amount 30 June	<u>40,073</u>	<u>47,606</u>



## Parent

## Property, plant and equipment

	Leasehold land N'000	Building N'000	Office computer equipment N'000	Motor vehicles N'000	Office furniture and fittings N'000	Total N'000
Cost/Valuation						
At 1 January	891,272	1,760,169	253,739	287,955	110,637	3,303,772
Additions	-	40,862	17,922	81,150	-	139,934
Revaluation adjustments	-	-	-	-	-	-
Disposals	-	-	(14,660)	(3,900)	-	(18,560)
As at 30 June	891,272	1,801,033	257,001	365,205	110,637	3,425,148
Accumulated depreciation						
At 1 January	-	-	231,594	234,090	107,133	572,817
Depreciation expenses	-	-	6,470	17,771	415	24,656
Revaluation adjustments	-	-	-	-	-	-
Disposals	-	-	(14,337)	(3,900)	-	(18,237)
Balance, 30 June	-	-	223,727	247,961	107,548	579,236
Carrying amount 30 June	891,272	1,801,033	33,274	117,244	3,089	2,845,912

## Parent

	Leasehold land N'000	Building N'000	Office computer equipment N'000	Motor vehicles N'000	Office furniture and fittings N'000	Total N'000
Cost/Valuation						
At 1 January	1,047,272	1,719,547	249,694	250,892	116,334	3,383,739
Reclassification/reversals (1)	-	-	-	-	-	-
Revaluation adjustment	100,000	79,622	-	-	-	179,622
Disposals	-256,000	-39,000	-2,809	(14,847)	-9,849	(322,505)
As at 31 December	891,272	1,760,169	253,739	287,955	110,637	3,303,772
Accumulated depreciation						
At 1 January	-	34,391	194,483	222,987	116,324	568,185
Depreciation expenses	-	(34,391)	39,919	25,950	658	32,136
Disposals	-	-	(2,808)	(14,847)	(9,849)	(27,504)
Balance as at 31 December	-	-	231,594	234,090	107,133	572,817
Carrying amount as at 31 December, 2018	891,272	1,760,169	22,145	53,865	3,504	2,730,955

a) Land and Building was independently valued by Osas&Osas and Partners, Estate surveyors &Valuers(FRC/2012/0000000000522) in 2018 to ascertain the open market value of land and building .The open market value of land and building as at 31 December 2018 was N2,869,573,000 (2017:2,766,818,000)

Parent	Parent
30-Jun-19	31-Jan-18
N'000	N'000

<b>15 Statutory deposit</b>	<b>355,000</b>	<b>355,000</b>
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This represent amount deposited with the Central bank of Nigeria (CBN) as at June, 2019 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 ( c ).

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
<b>16 Insurance contract liabilities</b>		
<i>Outstanding claims(see Note(a) below)</i>		
Outstanding claims reported	1,108,944	1,214,825
Claims incurred but not reported	189,395	189,393
	<u>1,298,339</u>	<u>1,404,218</u>
Acturial adjustment on valuation (AURR)		24
Unearned premium(see Note (b) below)	1,221,165	926,390
	<u>2,519,504</u>	<u>2,330,633</u>

**a Provision for outstanding claims**

Motor insurance	26,663	29,544
Fire insurance	47,809	46,348
General accident insurance	91,581	218,513
Marine insurance	13,496	17,003
Engineering	71,799	95,975
Aviation	87,937	109,138
Oil and gas	769,660	887,057
Bond	-	641
	<u>1,108,944</u>	<u>1,404,218</u>

**b Reserve for unearned premium**

Agric insurance	219,206	
Motor insurance	208,132	205,845
Fire insurance	276,473	251,766
General accident insurance	111,088	79,501
Marine insurance	48,171	55,726
Engineering	111,064	11,405
Aviation	8,550	128,024
Oil and gas	235,702	166,898
Bond	2,781	27,250
	<u>1,221,165</u>	<u>926,414</u>

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

Balance, beginning of the year	1,214,825	959,478
Increase/(Decrease) in unearned premium(see note 28)	6,340	255,347
	<u>1,221,165</u>	<u>1,214,825</u>

**c The investment in respect of this insurance funds is as stated in Note 3b.**

**17 Trade payables**

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

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
This is analys as follows:		
Co-insurance premium	104,903	49,709
Commission payable	239,433	65,758
	<u>344,336</u>	<u>115,467</u>



	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
<b>18 Retirement benefit obligation</b>		
a .Gratuity Scheme		
Balance, beginning of period	-	-
Contributions in the period( see note (b) below)	-	-
Balance, end of year	<u>-</u>	<u>-</u>

**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.

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
<b>19 Provision and other payables</b>		
This is analysed as follows:		
Life insurance fund (Note 19a)	131,417	131,417
PAYE tax, VAT, NHF and other remitable deductions	14,688	7,127
Staff accounts	24,699	22,017
Accrued professional fees	4,791	32,279
Accrued NAICOM levy	10,500	20,000
Accrued penalty charge	-	-
Supplies & Services Bills Payables	-	-
Other accruals and payables	34,555	10,543
Unclaimed dividends	24,248	24,248
Due to employees	26,419	26,419
Pension Protection fund	-	-
	<u>271,316</u>	<u>274,050</u>

Life insurance fund arose from the business of the defunct Kapital Insurance Company Limited that ceased life business in 2007 because the emerged Veritas Kapital is not licensed to carry on life business. The fund was kept in abeyance pending transfer to a life assurance company.

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
<b>20 Income tax liabilities</b>		
Company income tax	48,758	43,990
Education tax	-	12,825
Under/ (over) provision in prior years	-	6,614
Per income statement	48,758	63,429
Balance at beginning of the year	56,815	42,600
Payments/adjustment	(53,239)	(49,214)
Per statement of financial position	<u>52,334</u>	<u>56,815</u>

**21.1 Deferred tax asset**

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
At 1 January	-	-
Charge to income statement	-	-
At 30 June	<u>-</u>	<u>-</u>

**21.2 Deferred tax liability**

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
At 1 January	(501,814)	292,730
Charge for the period on building revaluation	-	-
Other Charges for the year	-	209,084
Charge on revaluation of investment property	-	-
At 31 December	<u>501,814</u>	<u>501,814</u>

	30-Jun-19 N'000	31-Dec-18 N'000
<b>22 Issued and paid up share capital</b>		
<b>a Authorised</b>		
14 billion ordinary shares of 50 kobo each	7,000,000	7,000,000
<b>b Issued and fully paid</b>		
Balance, beginning of year	6,933,333	6,933,333
Bonus shares issued from share premium	-	-
Balance, at June	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.

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
<b>23 Share premium</b>		
Share premium comprises additional paid-in capital in excess of their per value.		
Balance, beginning of year	663,600	663,600
Transfer to share capital	-	-
Balance, end of period	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:-

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
Balance, beginning of year	851,334	754,172
Transfer from retained earnings	53,617	97,162
Balance, end of year	904,951	851,334

#### 25 Retained earnings

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

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
Balance, beginning of year	(2,475,145)	(2,052,713)
Impact of transition to IFRS 9	-	(1,975)
Transferred from statement of Profit or loss for the year	60,912	(316,820)
Transfer to Contingency Reserve	(53,617)	(103,637)
Dividend paid (see note 25.1 below)	-	-
Balance, end of year	(2,467,850)	(2,475,145)

#### 26 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.

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
<b>Land</b>		
Balance, beginning of year	736,068	636,068
Revaluation gain	-	100,000
Balance, end of year	736,068	736,068
<b>Building</b>		
Balance, beginning of year	1,037,712	923,700
Revaluation surplus	-	114,012
Balance, end of year	1,037,712	1,037,712
<b>Carrying amount</b>	<b>1,773,780</b>	<b>1,773,780</b>

#### 26 Available for sale reserve

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
Balance, beginning of year	34,501	34,923
Movement during the year	-	(422)
	34,501	34,501

#### 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:



NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE, 2019

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
Profit after tax attributable to equity holders	60,912	(316,820)
Weighed average number of ordinary shares at end of year	6,933,333	6,933,333
Basic Profit/earnings per share (kobo)	0.01	(0.05)
The Company does not have any instrument with a dilutive effect on its capital, hence, the basic		
	30-Jun-19 N'000	31-Dec-18 N'000
<b>28 Gross premium</b>		
Gross premium earned (see note (a)below)	1,775,042	2,090,531
Inward reinsurance premium (see note (b)below)	12,197	42,924
Gross written premium	1,787,239	2,133,454
Changes in unearned premium (see note 16 b(i))	(294,751)	(655,176)
	<u>1,492,488</u>	<u>1,478,278</u>
<b>a Group premium earned is further analysed as follows:</b>		
Fire	345,126	558,302
General accident	252,961	230,599
Marine	78,079	155,040
Motor	282,781	536,030
Oil and gas	377,981	996,698
Aviation	25,051	41,646
Engineering	184,636	420,502
Bond	4,100	65,566
Agriculture	232,397	-
Return Premium	(8,069)	-
PHI Premium	-	-
	<u>1,775,042</u>	<u>2,090,531</u>
<b>b Inward reinsurance premium</b>		
Fire	2,646	6,645
Motor	4,729	2,679
General accident	-	9,305
Engineering	1,065	3,243
Marine	949	5,778
Oil and gas	2,807	15,273
Bond	-	-
	<u>12,197</u>	<u>42,924</u>
<b>29 Reinsurance cost</b>		
Reinsurance cost	430,081	409,082
Movement in prepaid reinsurance	92,705	(84,416)
Reinsurance expenses (note 6a)	<u>522,785</u>	<u>324,666</u>
<b>30 commission income</b>	<u>75,860</u>	<u>34,154</u>
<b>31 Claims expenses</b>		
Direct claims paid	309,859	268,626
Changes in outstanding claims	(105,881)	205,333
Actuarial losses in outstanding claims	-	-
PHI claims	-	-
Gross claims incurred	203,978	473,959
Reinsurance recovery(see note 31(a)below)	(35,757)	(4,680)
	<u>168,221</u>	<u>469,279</u>
<b>31a Analysis of reinsurance recoverable</b>		
Reinsurance recovery on paid claims	35,757	(101,290)
Reinsurance recoverable on outstanding claims	-	105,970
Total reinsurance recoverable	<u>35,757</u>	<u>4,680</u>
<b>32 Underwriting expenses</b>		
Acquisition cost paid during the year	292,937	438,109
Movement in deferred acquisition	(9,076)	(255,960)
Cost during the year(See note 7)	283,861	182,149
Maintenance cost during the year	-	90,612
Total underwriting expenses	<u>283,861</u>	<u>272,761</u>

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 JUNE, 2019

	Parent 30-Jun-19 N'000	Parent 31-Dec-18 N'000
<b>33 Impairment of financial assets</b>		
Impairment charge on other assets	-	176,535
Impairment charge on unquoted equities	-	35,709
ECL charge	-	-
	<u>-</u>	<u>212,244</u>
<b>34 Investment income</b>		
Dividends from equity investments at FVTPL	4,593	543
Interest received from:		
Staff loan-interest		10
Short term deposits	241,598	274,060
RSA asset based fee	-	-
Statutory deposit	-	-
	<u>246,191</u>	<u>274,613</u>
Further analysed as follows:		
Attributable to policy holders fund	51,700	57,669
attributable to shareholders funds.	194,491	216,944
	<u>246,191</u>	<u>274,613</u>
<b>35 Other operating income</b>		
Rental and other incomes	6,858	6,434
Bad debt write-off recovered	-	-
Profit on sale of investment		655
Profit on sale of asset	6,090	1,096
RSA administrative fee income	-	-
Staff loan-interest	-	-
Exchange gain	-	-
Admin charges- Formal sector	-	-
Sundry income	11,305	(515)
	<u>24,253</u>	<u>7,670</u>
<b>36 Management expenses</b>		
Staff costs	361,716	309,725
Directors' allowances and expenses	75,510	63,455
Depreciation and amortisation	32,189	47,008
Professional fees	66,591	40,253
Audit fees	6,746	7,424
Marketing and advertisement	17,152	23,373
Administrative expenses	68,256	65,324
NITDA information technology levy	-	-
Repairs and maintenance	3,824	16,467
Travel costs and allowances	15,081	27,547
NAICOM Levy	22,428	7,500
Donation	-	250
Electricity and power	18,452	26,060
Penalty charge	-	-
Subscription	9,845	-
Printing and stationeries	3,607	-
Information technology expenses	-	-
Pension protection fund levy	-	-
Rent and rate	-	-
	<u>701,398</u>	<u>634,386</u>
<b>37a Income tax expense</b>		
Education tax	-	-
Company income tax	48,758	28,086
Under provision in prior years	52,857	-
Deferred tax expense	-	-
	<u>101,615</u>	<u>28,086</u>



VERITAS CAPITAL ASSURANCE PLC  
PARENT UNDERWRITING REVENUE ACCOUNT  
for the period ended June 30, 2019

	FIRE	G/ACCIDENT	MARINE	MOTOR	OIL & GAS	AVIATION	ENGINEERING	BOND	AGRIC	June 2019
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>INCOME</b>										
Direct premium	345,126	252,961	78,079	282,781	369,912	25,051	184,636	4,100	232,397	1,775,042
Inward premium	2,646	-	949	4,729	2,807	-	1,065	-	-	12,197
<b>Gross premium written</b>	<b>347,772</b>	<b>252,961</b>	<b>79,028</b>	<b>287,510</b>	<b>372,719</b>	<b>25,051</b>	<b>185,701</b>	<b>4,100</b>	<b>232,397</b>	<b>1,787,239</b>
(Increase)/Decrease in provision for unexpired risks	24,707	31,587	(7,555)	2,287	68,804	(2,855)	(16,960)	(24,469)	219,206	294,751
<b>Gross premium earned</b>	<b>323,065</b>	<b>221,374</b>	<b>86,583</b>	<b>285,223</b>	<b>303,915</b>	<b>27,906</b>	<b>202,661</b>	<b>28,569</b>	<b>13,191</b>	<b>1,492,488</b>
Outward premium	(123,534)	(115,781)	(40,042)	(8,333)	(74,058)	-	(66,881)	(1,202)	(248)	(430,081)
Prepaid reinsurance	-	-	-	-	-	-	-	-	-	(92,705)
<b>Net Premium earned</b>	<b>199,531</b>	<b>105,593</b>	<b>46,542</b>	<b>276,890</b>	<b>229,857</b>	<b>27,906</b>	<b>135,780</b>	<b>27,366</b>	<b>12,943</b>	<b>969,702</b>
Commission Received	22,009	17,063	5,727	561	-	14,328	5,322	353	56	65,418
<b>TOTAL OPERATING INCOME</b>	<b>221,539</b>	<b>122,657</b>	<b>52,269</b>	<b>277,451</b>	<b>229,857</b>	<b>42,234</b>	<b>141,102</b>	<b>27,719</b>	<b>12,998</b>	<b>1,035,120</b>
<b>Claims Expenses</b>										
Gross claims paid	-	-	(309,859)	-	-	-	-	-	-	(309,859)
Increase/(Decrease) in provision for outstanding claims	(1,461)	126,932	3,507	(186,512)	117,397	24,177	21,201	641	-	105,881
<b>Gross claims incurred</b>	<b>(1,461)</b>	<b>126,932</b>	<b>(306,352)</b>	<b>(186,512)</b>	<b>117,397</b>	<b>24,177</b>	<b>21,201</b>	<b>641</b>	<b>-</b>	<b>(203,978)</b>
Reinsurance claims recoveries	7,481	21,034	3,221	1,722	-	-	2,299	-	-	35,757
<b>Net claims incurred</b>	<b>6,020</b>	<b>147,966</b>	<b>(303,131)</b>	<b>(184,791)</b>	<b>117,397</b>	<b>24,177</b>	<b>23,500</b>	<b>641</b>	<b>-</b>	<b>(168,221)</b>
<b>Underwriting Expenses</b>										
Acquisition cost	(54,298)	(40,717)	(13,519)	(33,300)	(71,688)	(4,768)	(32,936)	(820)	(135)	(282,496)
Movement in deferred Acquisition cost	(204)	7,355	(1,727)	1,202	11,556	(906)	(3,423)	(4,894)	116	9,076
Acquisition & maintenance costs less deferred cost	(54,501)	(33,362)	(15,246)	(32,098)	(60,131)	(5,674)	(36,358)	(5,714)	(20)	(273,419)
<b>TOTAL DIRECT EXPENSES</b>	<b>(48,481)</b>	<b>114,604</b>	<b>(318,377)</b>	<b>(216,889)</b>	<b>57,265</b>	<b>18,503</b>	<b>(12,859)</b>	<b>(5,073)</b>	<b>(20)</b>	<b>(441,640)</b>
<b>UNDERWRITING PROFIT:</b>										
2019	<u>173,058</u>	<u>237,261</u>	<u>(266,108)</u>	<u>60,562</u>	<u>287,122</u>	<u>60,737</u>	<u>128,243</u>	<u>22,646</u>	<u>12,979</u>	<u>593,480</u>

The statement of significant accounting policies and the accompanying notes to the account form an integral part of these financial statements

The solvency margin for the company as at 30 June 2019 is as follows:

Assets	Total Assets	Inadmissible assets	Admissible assets
Cash and cash equivalents	2,337,313		2,337,313
Financial assets	87,435		87,435
Trade receivable	334,833		334,833
Reinsurance assets	530,988		530,988
Deferred acquisition cost	170,370		170,370
Other receivables and prepayments	432,076	298,033	134,042
Investment in subsidiaries	1,576,300	1,160,000	416,300
Investment in associates	-		-
Investment properties	1,033,876	299,440	734,436
Goodwill	-		-
Intangible assets-Software	40,073		40,073
Property, Plant and equipment	2,845,912		2,845,912
Statutory deposits	355,000		355,000
<b>Total Admissible Assets</b>	<b>9,744,176</b>	<b>1,757,473</b>	<b>7,986,703</b>
Insurance contract liabilities	2,519,504		2,519,504
Trade payables	344,336		344,336
Employees retirement benefit obligations	-		-
Provision and other payables	271,316		271,316
Income tax liabilities	52,334		52,334
Deferred Tax Liabilities	501,814	501,814	-
<b>Total Admissible liabilities</b>	<b>3,689,304</b>	<b>501,814</b>	<b>3,187,491</b>
Solvency margin			4,799,212
The Higher of:			
A. Minimum Capital requirement			3,000,000
B. 15% of net premium			145,455
( Premium less reinsurance)			
Higher of A and B	3,000,000		3,000,000
Solvency ratio			160%