



VERITAS KAPITAL ASSURANCE PLC
(Formerly Unity Kapital Assurance Plc)

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

30 SEPTEMBER 2019

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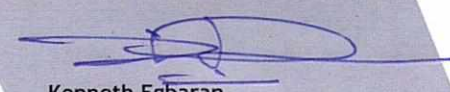
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Statement of Financial Position
As at September 30, 2019

		30-09-2019 Company N'000	31-12-2018 Company N'000
ASSETS	Note		
Cash and cash equivalents	3	2,616,220	3,981,106
Financial assets	4	82,179	87,435
Trade receivable	5	119,954	-
Reinsurance assets	6	897,670	643,363
Deferred acquisition cost	7	142,970	161,294
Other receivables and prepayments	8	359,147	596,921
Investment in subsidiaries	9	1,576,300	1,576,300
Deposit for Shares	10	1,824,656	-
Investment properties	11	765,876	880,201
Goodwill	12	-	-
<i>Intangible assets - Software</i>	13	40,861	47,606
Property, plant and equipment	14	2,824,340	2,730,955
Statutory deposits	15	355,000	355,000
Deferred tax asset	21.1	-	-
Total Assets		11,605,173	11,060,181
Liabilities:			
Insurance contract liabilities	16	2,642,520	2,330,632
Trade payables	17	266,294	115,467
Employees retirement benefit obligations	18	-	-
Provision and other payables	19	268,584	274,050
Income tax liabilities	20	61,727	56,815
Deferred Tax Liabilities	21.2	501,814	501,814
Other Liabilities	32	-	-
Total Liabilities		3,740,939	3,278,778
EQUITY & LIABILITIES			
<i>Share capital & 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	924,963	851,335
Retained earnings	25	(2,465,945)	(2,475,146)
Other Component of Equity			
Asset revaluation reserve	26a	1,773,781	1,773,780
Fair value reserve	26b	34,501	34,501
Non Controlling interest(NCI)	38	-	-
Total Equity		7,864,234	7,781,403
Total Equity & Liabilities		11,605,173	11,060,181

This Financial statement were approved by the board of Directors on October 17, 2019 and signed on its behalf by:


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


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

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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:

Kenneth E. Egbaran (MD/CEO)
Wole Onasanya (Finance & Investment)



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Authorized & Regulated by NAICOM RIC -022

Statement of Profit or Loss and Other

Comprehensive income for the period ended September 30, 2019

	Note	January- Sept. 2019 Company N'000	January- Sept. 2018 Company N'000	July- Sept. 2019 Company N'000	July- Sept. 2018 Company N'000
Gross Premium written		2,454,316	2,499,603	667,077	366,149
Gross Premium Income	28	2,348,884	1,916,051	856,397	957,810
Reinsurance Expenses	29	(682,893)	(515,984)	667,077	366,149
Net premium income		1,665,991	1,400,067	1,523,474	1,323,959
Fees and commission income	30	124,212	65,521	48,352	31,367
Net underwriting income		1,790,203	1,465,588	1,571,826	1,355,326
Insurance claims and benefits paid- Gross (including loss adjustment expenses)	31	(559,554)	(313,703)	(391,333)	155,577
Underwriting expenses	32	(441,837)	(489,769)	(157,976)	(217,008)
Underwriting result		788,811	662,115	1,022,516	1,293,894
Investment income	34	429,761	360,186	183,571	85,573
Fair value changes in financial assets-FVTPL	4a&b	(5,256)	(5,427)	(5,256)	(5,427)
Fair value changes in investment property	11	-	-	-	-
Other operating income	35	31,809	10,594	7,556	2,924
Impairment of financial assets	33	-	(212,244)	-	(212,244)
Management expenses	36	(1,051,286)	(882,770)	(349,889)	(248,384)
(Profit)\loss before tax		193,839	(67,545)	858,497	916,338
Income tax expense	37	(111,008)	(6,614)	(9,394)	21,472
Profit\Loss for the year from continuing operations		82,831	(74,159)	849,104	937,810

This Financial statement were approved by the board of Directors on October 17, 2019 and signed on its behalf by:

Statement of Changes in Equity
for the period ended September 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 Other Comprehensive Income:	-	-	-	-	-	82,831	82,831
Changes in fair value of AFS Investments	-	-	-	-	-	-	-
Total Comprehensive Income	6,933,333	663,600	1,773,780	34,501	851,335	(2,392,315)	7,864,234
Transfer to Contingency Reserve					73,629	(73,629)	-
Transactions with owners of equity							
Dividends to equity holders					-	-	-
As at September 31 2019	6,933,333	663,600	1,773,780	34,501	924,964	(2,465,945)	7,864,234

	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 Other Comprehensive Income:	-	-	-	-	-	(323,295)	(323,295)
Changes in fair value of AFS Investments	-	-	-	(422)	-	-	(422)
Gain on revaluation of properties,	-	-	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 SEPTEMBER, 2019

		2019 Company N'000	2018 Company N'000
Cash flows from operating activities	Notes		
Premium received	28	2,454,316	3,245,447
Commission received	30	124,212	111,819
Reinsurance receipts in respect of claims	31(i)	-	-
Other operating receipts	34	31,809	9,913
Cash paid to and on behalf of employees	36	(572,565)	(802,677)
Reinsurance premium paid	29	(912,482)	(991,605)
Insurance benefits and claims paid	31	(412,912)	(658,096)
Underwriting expenses	32	(414,222)	(602,281)
Cash paid to intermediaries and other suppliers		(143,681)	(519,628)
Company income tax paid	20	52,857	(49,214)
Net cash used in/from operating activities		207,333	(256,322)
 Cash flow from Investing Activities:			
Purchase of property and equipments	14	(143,457)	(62,916)
Purchase of intangible assets	13b	(5,000)	(10,492)
Proceed from sale of property and equipment		322	59,000
Proceed from sales of equity investment		-	-
Dividend income	34	5,184	4,048
Interest receivables	34	395,388	504,355
Purchase of held to maturity		(1,824,656)	-
Redemptio/repayment of HTM		-	-
Purchase of investment property	11	-	-
Net cash provided by investing activities		(1,572,219)	493,995
 Cash flow from Financing Activities			
Dividend paid		-	-
Net cash provided by financing activities		-	-
 Net increase/(decrease) in cash and cash equivalent		(1,364,887)	237,673
Cash and cash equivalent at the beginning		3,981,106	3,756,993
Cumulative effect of transition to IFRS 9 [ECL]		-	(13,560)
Cash and cash equivalent at the end of the year		2,616,220	3,981,106

NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER, 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-Sep-19 N'000	Parent 31-Dec-18 N'000
This comprises of :		
Cash at hand	3,932	441
Cash at Bank	(70,680)	113,516
Staff gratuity fund assets	18,197	119,476
Short term deposit (3a)	2,664,772	3,747,673
		-
Total	<u>2,616,221</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-Sep-19	<u>13,560</u>	<u>13,560</u>

	Parent 30-Sep-19 N'000	Parent 31-Dec-18 N'000
4 Financial Assets		
This comprises of:		
Fair value through profit or loss-quoted equities (note 4a)	45,907	50,663
Armotised Cost (Note 4b)	-	-
Fair Value through OCI (Note 4c)	36,271	36,771
	<u>82,179</u>	<u>87,435</u>
Current	45,907	50,663
Non-current	36,271	36,771
	<u>82,179</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-Sep-19 N'000	Company 31-Dec-18 N'000
Cost		
Balance at 1 January	60,501	60,501
Additions during the year	500	-
Disposal during the year	-	-
Balance, at 30 September 2019	<u>61,001</u>	<u>60,501</u>
Market value reserve		
Balance at 1 January	(9,838)	-
Disposal in the year	-	-
Fair value loss	(5,256)	(9,838)
Balance, at 30 September 2019	<u>(15,094)</u>	<u>(9,838)</u>
Fair value as at 31 September 2019	<u>45,907</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 30-Sep-19 N'000	Parent 31-Dec-18 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 September 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 30-Sep-19 N'000	Parent 31-Dec-18 N'000
Cost		
Balance at 1 January	78,804	79,227
Fair value (loss) / gain	-	(422)
Reclassification to quoted shares	(500)	-
Balance, at 30 September 2019	<u>78,304</u>	<u>78,804</u>
Impairment loss		
Balance at 1 January	(42,033)	(42,033)
Impairment charge during the year	-	-
Balance, at 30 September 2019	<u>(42,033)</u>	<u>(42,033)</u>
Fair value as at 31 September 2019	<u>36,271</u>	<u>36,771</u>

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

	Parent 30-Sep-19 N'000	Parent 31-Dec-18 N'000
5 Trade receivables		
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	120,435	2,166
Premium receivable from insurance compainies	190,778	189,093
	<u>864,098</u>	<u>744,144</u>
Less:		
Impairment of premium receivables	(744,144)	(744,144)
	<u><u>119,954</u></u>	<u><u>0</u></u>

Age analysis of gross trade receivables are as follows

0-90 days	119,954	-
91-180 days	-	-
Above 180 days	744,144	744,144
	<u><u>864,098</u></u>	<u><u>744,144</u></u>

6 Reinsurance assets

This is analysed as follows:

Prepaid reinsurance(see note(a) below)	588,728	249,776
Reinsurer' share of outstanding claims (see note(b)below)	265,430	323,540
Reinsurers share of claims paid	43,511	70,047
	<u><u>897,670</u></u>	<u><u>643,363</u></u>

7 Deferred acquisition cost

a This is analysed as follows:

Agric	726	-
Motor	19,785	23,813
Fire	37,856	44,619
General Accident	20,368	14,513
Marine	10,242	11,909
Aviation	449	2,207
Engineering	16,695	25,892
Oil and Gas	36,519	32,891
Bond	330	5,450
Total	<u><u>142,970</u></u>	<u><u>161,294</u></u>

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

	Parent 30-Sep-19 N'000	Parent 31-Dec-18 N'000
8 Other receivables and prepayments		
The balance is analysed as follow:		
Receivables from staff	19,705	30,628
Deposit for investment (See Note (a)below)	121,457	121,457
Commercial papers (See Note (b)below)	261,872	261,872
Prepayment	23,713	9,410
Inventory	7,987	7,557
Receivables from Related parties	233,033	277,975
Reconciliation Legacy- Naira	26,025	
Reconciliation Legacy- FCY	20,137	
Fees receivables and other receivables	98,815	122,259
ASO saving and loans(see note 8(C))	-	219,361
	<u>812,744</u>	<u>1,050,518</u>
Impairment of other receivables and prepayment(See Note (d)below)	(453,597)	(453,597)
	<u>359,147</u>	<u>596,921</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>453,597</u>	<u>453,597</u>
9 Investment in Subsidiaries		
Veritas Kapital has 2 subsidiaries as at 31 August 2019. The details of the subsidiaries and principal activities are detailed below:		
	30-Sep-19 N'000	31-Dec-18 N'000
Veritas Glanvills Pension Limited at cost(See Note (a)t	1,160,000	1,160,000
Health care Security Limited at cost (See Note (b)belo	416,300	416,300
	<u>1,576,300</u>	<u>1,576,300</u>
a Veritas Glanvills Pension Limited has issued share ordinary share capital of 1.5 billion units		
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-Sep-19	31-Dec-18
	N'000	N'000
Total revenue	90,250	75,678
(Loss)/Profit before tax	33,280	17,387
Total assets	618,919	580,370
Total liabilities	86,927	64,945
Shareholders fund	531,992	515,425

	Veritas Glanvills Pension Limited	
	30-Sep-19	31-Dec-18
	N'000	N'000
Total revenue	766,126	533,265
(Loss)/Profit before tax	39,783	51,480
Total assets	1,723,524	1,991,598
Total liabilities	473,646	317,167
Shareholders fund	1,249,878	1,674,431

	Parent 30-Sep-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)
	-	(0)

Goldlink Insurance Plc

Veritas Kapital holds 1,268,064,351 (2018: 1,268,314,351) ordinary shares representing 51.53% (2018:51.53%)holdings 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.

- a 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-Sep-19 N'000	31-Dec-18 N'000
10.1 Deposit for Shares(Veritas Goldlink - at cost)	1,824,656	-
	<u>1,824,656</u>	<u>-</u>

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. 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 3 September 2019 is as follows:

	Parent 30-Sep-19 N'000	Parent 31-Dec-18 N'000
Balance at 1 January	880,201	88,201
Addition	176,000	-
Disposal	(290,325)	-
Fair value (loss)\gain	-	-
Balance at 31 August	<u>765,876</u>	<u>880,201</u>

Measurement of fair value**a Fair value hierarchy.**

The fair value measurement for the investment properties of N765,876 (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 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	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.	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.

Details of movement in the fair value of investment properties as at 30 September 2019 is as follows

In thousands of naira					
DESCRIPTION OF PROPERTY	Balance at 1 Jan 2019	Additions	Disposals	Revaluation gain or loss	Balance at 30 Sep. 2019
A unit of 5 bedroom terrace house known as blk B, Ajiran Mews, Ikate Lagos	45,000	-	-	-	45,000
No. 5 Atakpema Street, off Adetokunbo Ademola Street, Wuse II Abuja	200,000	-	-	-	200,000
No 35 Kafur Street, Off Isa Kaita Road Kaduna	55,494	-	-	-	55,494
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	6,084	-	-	-	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	6,084	-	-	-	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	6,084	-	-	-	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	6,084	-	-	-	6,084
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	6,084	-	-	-	6,084
No 893/894 Jolly Nyame Street Bosso LGA, Kano	11,344	-	-	-	11,344
Plot No 37, city centre, Kano	70,000	-	70,000.00	-	-
No. 68 Planner lane, NNDC Quarters, Off BUK Rd. Sharadda	72,000	-	-	-	72,000
No. 91 Planner lane, NNDC Quarters, Off BUK Rd. Sharadda	63,000	-	-	-	63,000
No. 103 A&B Lafiya Rd, Nassarawa GRA, Kano.	108,000	-	108,000.00	-	-
Plot 277, Giwa Road, Gyadi-Gyadi, Kano.	20,943	-	-	-	20,943
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 evergreen estate, Durumi Abuja.	180,000	-	60,000.00	-	120,000
Block D flat 5 Hillview Estate Gaduwa District Abuja	24,000	-	-	-	24,000
ASO SAVINGS AND LOANS- BEING ASSET SWAP OF 8 UNITS OF 3 BEDROOM FLATS @ GARDEN ESTATE, N22M PER FLAT	-	176,000	52,325.00	-	123,675
	880,201	176,000	290,325	-	765,876

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

	Parent 30-Sep-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
	386,444	386,444

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-Sep-19 N'000	Parent 31-Dec-18 N'000
	40,861	47,606
Computer software		
Cost		
Balance, at 1 January	285,988	275,497
Additions	5,000	10,492
Balance, 30 September	290,988	285,989
Accumulated amortisation		
Balance, at 1 January	238,383	207,119
Amortisation expense	11,745	31,264
Balance, 30 September	250,128	238,383
Carrying amount 30 September	40,861	47,606

14 NOTE TO THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER, 2019

Parent

Property, plant and equipment

	Leasehold land	Building	Computer Hardware	Office Machinery	Motor vehicles	Office furniture and fittings	Total
Cost/Valuation	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January, 2019	891,272	1,760,169	193,279	60,460	287,955	110,637	3,303,773
Additions		44,268	2,232	15,023	81,935		143,457
Revaluation adjustments			-	-	-	-	-
Disposals			(449)	(17,669)	(50,790)		(68,908)
As at 30 September, 2019	891,272	1,804,437	195,062	57,814	319,100	110,637	3,378,322
Accumulated depreciation							
At 1 January, 2019	-	-	180,945	50,648	234,091	107,133	572,818
Depreciation expenses			5,596	2,133	22,624	623	30,976
Revaluation adjustments			-	-	-	-	-
Disposals			(127)	(15,453)	(34,232)	-	(49,812)
As at 30 September, 2019	-	-	186,414	37,328	222,484	107,756	553,982
Carrying amount as at 30 September, 2019	891,272	1,804,437	8,648	20,486	96,617	2,882	2,824,340

Parent

	Leasehold land	Building	Office computer equipment	Motor vehicles	Office furniture and fittings	Total
Cost/Valuation	N'000	N'000	N'000	N'000	N'000	N'000
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	-2809	(14,847)	-9849	(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)

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

	Parent 30-Sep-19 N'000	Parent 31-Jan-18 N'000
15 Statutory deposit	355,000	355,000

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-Sep-19 N'000	Parent 31-Dec-18 N'000
16 Insurance contract liabilities		
<i>Outstanding claims(see Note(a) below)</i>		
Outstanding claims reported	1,421,281	1,214,825
Claims incurred but not reported	189,393	189,393
	1,610,674	1,404,218
Acturial adjustment on valuation (AURR)		24
Unearned premium(see Note (b) below)	1,031,846	926,390
	2,642,520	2,330,632

a Provision for outstanding claims

Motor insurance	44,995	29,544
Fire insurance	112,660	46,348
General accident insurance	78,758	218,513
Marine insurance	61,266	17,003
Engineering	71,799	95,975
Aviation	132,131	109,138
Oil and gas	919,674	887,057
Bond	-	641
	1,421,281	1,404,218

b Reserve for unearned premium

Agric insurance	272,667	
Motor insurance	159,667	205,845
Fire insurance	179,681	251,766
General accident insurance	99,812	79,501
Marine insurance	43,795	55,726
Engineering	79,550	11,405
Aviation	3,291	128,024
Oil and gas	191,733	166,898
Bond	1,650	27,250
	1,031,846	926,414

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)	(182,979)	255,347
	1,031,846	1,214,825

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-Sep-19 N'000	Parent 31-Dec-18 N'000
This is analys as follows:		
Co-insurance premium	168,843	49,709
Commission payable	97,450	65,758
	266,294	115,467

	Parent 30-Sep-19 N'000	Parent 31-Dec-18 N'000
18 Retirement benefit obligation		
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-Sep-19 N'000	Parent 31-Dec-18 N'000
19 Provision and other payables		
This is analysed as follows:		
Life insurance fund (Note 19a)	131,417	131,417
PAYE tax, VAT, NHF and other remitable deductions	11,195	7,127
Staff accounts	25,406	22,017
Accrued professional fees	11,028	32,279
Accrued NAICOM levy	21,621	20,000
Accrued penalty charge	-	-
Supplies & Services Bills Payables	-	-
Other accruals and payables	25,471	10,543
Unclaimed dividends	24,248	24,248
Due to employees	18,197	26,419
Pension Protection fund	-	-
	<u>268,584</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-Sep-19 N'000	Parent 31-Dec-18 N'000
20 Income tax liabilities		
Company income tax	58,152	43,990
Education tax	-	12,825
Under/ (over) provision in prior years	-	6,614
Per income statement	58,152	63,429
Balance at beginning of the year	-	42,600
Payments/adjustment	3,576	(49,214)
Per statement of financial position	<u>61,727</u>	<u>56,815</u>

21.1 Deferred tax asset

At 1 January	-	-
Charge to income statement	-	-
At 31 September	<u>-</u>	<u>-</u>

21.2 Deferred tax liability

	Parent 30-Sep-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 August	<u>501,814</u>	<u>501,814</u>

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

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-Sep-19 N'000	Parent 31-Dec-18 N'000
23 Share premium		
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	<u>663,600</u>	<u>663,600</u>

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-Sep-19 N'000	Parent 31-Dec-18 N'000
Balance, beginning of year	851,334	754,172
Transfer from retained earnings	73,629	97,162
Balance, end of year	<u>924,963</u>	<u>851,335</u>

25 Retained earnings

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

	Parent 30-Sep-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	82,831	(316,820)
Transfer to Contingency Reserve	(73,629)	(103,637)
Dividend paid(see note 25.1 below)	-	-
Balance, end of year	<u>(2,465,945)</u>	<u>(2,475,146)</u>

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-Sep-19 N'000	Parent 31-Dec-18 N'000
a Land		
Balance, beginning of year	736,068	636,068
Revaluation gain	-	100,000
Balance, end of year	<u>736,068</u>	<u>736,068</u>
Building		
Balance, beginning of year	1,037,712	923,700
Revaluation surplus	-	114,012
Balance, end of year	<u>1,037,712</u>	<u>1,037,712</u>
Carrying amount	<u>1,773,781</u>	<u>1,773,780</u>
b Available for sale reserve		
Balance, beginning of year	34,500	34,923
Movement during the year	-	(422)
	<u>34,500</u>	<u>34,501</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:

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

	Parent 30-Sep-19 N'000	Parent 31-Dec-18 N'000
Profit after tax attributable to equity holders	82,831	(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 earnings per share is same as diluted earnings per share		
	30-Sep-19 N'000	30-Sep-18 N'000
28 Gross premium		
Gross premium earned (see note (a)below)	2,438,558	2,447,184
Inward reinsurance premium (see note (b)below)	15,758	52,419
Gross written premium	2,454,316	2,499,603
Changes in unearned premium (see note 16 b(i))	(105,432)	(583,552)
	2,348,884	1,916,051
a Gross premium earned is further analysed as follows:		
Fire	433,199	323,053
General accident	296,867	237,254
Marine	104,582	103,361
Motor	379,291	402,222
Oil and gas	480,541	842,984
Aviation	27,103	29,058
Engineering	213,115	443,686
Bond	4,100	65,566
Agriculture	499,759	-
	2,438,558	2,447,184
b Inward reinsurance premium		
Fire	3,704	7,456
Motor	6,020	3,947
General accident	99	10,195
Aviation	-	-
Engineering	1,065	5,023
Marine	1,870	8,692
Oil and gas	3,000	17,107
Bond	-	-
	15,758	52,419
29 Reinsurance cost		
Reinsurance cost	912,482	600,400
Movement in prepaid reinsurance	(229,588)	(84,416)
Reinsurance expenses (note 6a)	682,893	515,984
30 commission income	124,212	65,521
31 Claims expenses		
Direct claims paid	412,912	607,758
Changes in outstanding claims	203,913	(144,816)
Actuarial losses in outstanding claims	-	-
PHI claims	-	-
Gross claims incurred	616,825	462,942
Reinsurance recovery(see note 31(a)below)	(57,271)	(149,239)
	559,554	313,703
31a Analysis of reinsurance recoverable		
Reinsurance recovery on paid claims	57,271	-
Reinsurance recoverable on outstanding claims	-	149,239
Total reinsurance recoverable	57,271	149,239
32 Underwriting expenses		
Acquisition cost paid during the year	423,513	465,913
Movement in deferred acquisition	18,324	(16,572)
Cost during the year(See note 7)	441,837	449,341
Maintenance cost during the year	-	40,428
Total underwriting expenses	441,837	489,769

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

	Parent 30-Sep-19 N'000	Parent 31-Dec-18 N'000
33 Impairment of financial assets		
Impairment charge on other assets	-	176,535
Impairment charge on unquoted equities	-	35,709
ECL charge	-	
	<u>-</u>	<u>212,244</u>
34 Investment income		
Dividends from equity investments at FVTPL	5,184	3,430
Profit on sale of investment properties	29,190	
Interest received from:		356,754.98
Staff loan-interest		
Short term deposits	351,309	-
RSA asset based fee	-	
Statutory deposit	44,078	1
	<u>429,761</u>	<u>360,186</u>
Further analysed as follows:		
Attributable to policy holders fund	90,250	75,639
attributable to shareholders funds.	339,511	284,547
	<u>429,761</u>	<u>360,186</u>
35 Other operating income		
Rental and other incomes	14,084	6,434
Bad debt write-off recovered	-	-
Profit on sale of investment		
Profit on sale of asset	7,419	1,268
RSA administrative fee income	-	-
Staff loan-interest	-	
Exchange gain	-	
Admin charges- Formal sector	-	
Sundry income	10,305	2,892
	<u>31,809</u>	<u>10,594</u>
36 Management expenses		
Staff costs	572,565	493,717
Directors' allowances and expenses	120,110	97,599
Depreciation and amortisation	50,352	53,979
Professional fees	91,485	42,735
Audit fees	12,534	-
Marketing and advertisement	20,954	31,525
Administrative expenses	96,361	47,811
NITDA information technology levy	-	-
Repairs and maintenance	5,694	16,207
Travel costs and allowances	19,655	51,770
NAICOM Levy	33,672	5,417
Donation	-	-
Electricity and power	13,588	18,426
Penalty charge (see note(x))	-	6,908
Subscription	8,573	6,951
Printing and stationeries	5,745	8,993
Information technology expenses	-	
Pension protection fund levy	-	
Rent and rate	-	
	<u>1,051,286</u>	<u>882,770</u>
37 Income tax expense		
Education tax	-	-
Company income tax	58,152	
Under provision in prior years	52,857	6,614
Deferred tax expense	-	
	<u>111,008</u>	<u>6,614</u>

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

	FIRE	G/ACCIDENT	MARINE	MOTOR	OIL & GAS	AVIATION	ENGINEERING	BOND	AGRIC	SEPTEMBER 2019	SEPTEMBER 2018
	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	433,199	296,867	104,582	379,291	480,541	27,103	213,115	4,100	499,759	2,438,558	2,447,184
Inward premium	3,704	99	1,870	6,020	3,000		1,065	-	-	15,758	52,419
<i>Gross premium written</i>	436,903	296,967	106,452	385,311	483,541	27,103	214,180	4,100	499,759	2,454,316	2,499,603
unexpired risks	(72,085)	20,311	(11,931)	(46,178)	24,836	(8,114)	(48,474)	(25,600)	272,667	105,432	583,552
<i>Gross premium earned</i>	508,988	276,656	118,382	431,489	458,706	35,217	262,654	29,700	227,092	2,348,884	1,916,051
Outward premium	(265,385)	(116,188)	(62,697)	(22,766)	(96,880)	(1,928)	(91,542)	(1,202)	(253,895)	(912,482)	(600,400)
Prepaid reinsurance	(86,242)	(32,132)	(363)	(6,464)	(34,788)	-	(17,488)	(573)	(51,539)	229,588	84,416
<i>Net Premium earned</i>	157,361	128,336	55,323	402,259	327,038	33,289	153,625	27,924	(78,341)	1,665,991	1,400,067
Commission Received	36,776	(29,764)	11,532	1,260	14,424	14,016	16,086	288	59,592	124,212	65,521
TOTAL OPERATING INCOME	194,137	98,572	66,856	403,519	341,462	47,305	169,711	28,212	(18,749)	1,790,203	1,465,588
Claims Expenses											
Gross claims paid	(78,437)	(179,269)	(16,316)	(77,455)	(43,601)	(4,148)	(13,686)			(412,912)	(607,758)
Increase/(Decrease) in provision for outstanding claims	(64,864)	138,004	(42,769)	(206,393)	(31,258)	24,177	(21,451)	641	-	(203,913)	144,816
<i>Gross claims incurred</i>	(143,302)	(41,265)	(59,084)	(283,848)	(74,859)	20,029	(35,137)	641	-	(616,825)	462,942
Reinsurance claims recoveries	13,883	27,343	8,243	5,106	-		2,697	-	-	57,271	149,239
<i>Net claims incurred</i>	(129,419)	(13,922)	(50,842)	(278,743)	(74,859)	20,029	(32,441)	641	-	(559,554)	(313,703)
Underwriting Expenses											
Acquisition cost	(64,589)	(49,672)	(19,472)	(48,268)	(145,869)	(5,130)	(38,902)	(820)	(50,791)	(423,513)	(465,913)
Movement in deferred Acquisition cost	(6,762)	5,856	(1,668)	(4,028)	3,628	(1,759)	(9,197)	(5,120)	726	(18,324)	(16,572)
Acquisition & maintenance costs less deferred cost	(71,351)	(43,817)	(21,139)	(52,296)	(142,241)	(6,889)	(48,099)	(5,940)	(50,065)	(441,837)	(482,484)
TOTAL DIRECT EXPENSES	(200,770)	(57,738)	(71,981)	(331,038)	(217,100)	13,140	(80,539)	(5,299)	(50,065)	(1,001,391)	(796,188)
UNDERWRITING PROFIT:											
2019	-6,633.34	40,834	(5,125)	72,480	124,362.06	60,446	89,172	22,913	(68,814)	788,810.39	662,115.43

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 Septemebr 2019 is as follows:

Assets	Total Assets	Inadmissible assets	Admissible assets
Cash and cash equivalents	2,616,221		2,616,221
Financial assets	82,179		82,179
Trade receivable	119,954		119,954
Reinsurance assets	897,670		897,670
Deferred acquisition cost	142,970		142,970
Other receivables and prepayments	359,147	233,033	126,114
Investment in subsidiaries	1,576,300	1,576,300	-
Investment in associates	-		-
Investment properties	765,876	299,440	466,436
Goodwill	-		-
Intangible assets-Software	40,861		40,861
Property, Plant and equipment	2,824,340		2,824,340
Statutory deposits	355,000		355,000
Total Admissible Assets	9,780,518	2,108,773	7,671,744
Insurance contract liabilities	2,642,520		2,642,520
Trade payables	266,294		266,294
Employees retirement benefit obligations	-		-
Provision and other payables	268,584		268,584
Income tax liabilities	61,727		61,727
Deferred Tax Liabilities	501,814	501,814	-
Total Admissible liabilities	3,740,939	501,814	3,239,126
Solvency margin			4,432,618
The Higher of:			
A. Minimum Capital requirement			<u>3,000,000</u>
B. 15% of net premium			249,899
(Premium less reinsurance)			<u>3,000,000</u>
Higher of A and B	3,000,000		<u>3,000,000</u>
Solvency ratio			<u>148%</u>