VERITAS KAPITAL ASSURANCE PLC

Annual Report and Consolidated and Separate Financial Statements
31 December 2020

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CORPORATE INFORMATION

Membership of the Board of Directors during the year ended 31 December, 2020.

1	Thomas Etuh	Non-Executive Director	Chairman
2	Mr. Aminu Babangida	Non-Executive Director	
3	Dr. Oluwafunsho A. Obasanjo	Non-Executive Director	
4	Mr. Nahim Abe Ibraheem	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	
8	Sen. Maj. Gen. M. Magoro (OFR)	Non-Executive Director	
9	Mr. Kenneth Egbaran	Managing Director/CEO	
10	Mr. Wole Onasanya	Executive Director (Finance & Investment)	

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 NO: 11785

FRC REGISTRATION NO:
FRC/2013/0000000000717

BANKERS
Unity Bank Plc
Guaranty Trust Bank Plc.
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 & Touché
(Chartered Accountants)
Civic Center Towers
Ozumba Mbadiwe Avenue,
Victoria Island, Lagos.

Tax Consultants
Shephered 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 behavior 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 customer’s 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 active 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 2020, 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, 2021

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.

Thomas A. Etuh
Chairman
FRC/2016/CIBN/00000014341

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Insurance Industry
The Nigerian insurance sector, like other sectors in the economy, struggled to overcome the challenges posed by the effects of the economic downturn caused by the dual challenges of ENDSARS protest and pandemic which left businesses in stagnated positions. However, the industry is set to be even more resilience and competitive with companies adapting and embracing technology to drive performance. The year also witnessed entrants of four new practioners into the Nigerian Insurance market across the Life and Non-Life business segments.

As a whole, the future of the industry looks promising with the Covid-19 pandemic forcing businesses to rethink and ultimately re-strategize the way and manner they communicate with their customers. This has witnessed 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 made historic achievements in its performance, a spectacular growth in all performance indicators. Gross Premium Written (GPW), increased by 105% i.e. N6.063Bn in 2020 compared to N2.9Bn in the prior year. Profit before Tax grew from N253.9Mn in 2019 to N596.43Mn in 2020; a growth spurt of 134.9%; while Profit after Tax recorded a 502% leap from N123Mn in prior year to N740.93Mn in 2020.

Consequent on the above, shareholders' equity grew organically by 9% from N7.947Bn to N8.692Bn in the year 2020 due to profit recorded in the year. 17% growth in total assets was recorded in the year (2019: N11.146Bn and 2020: N13.058Bn).

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

Outlook
With the worst decline in recent history last year as a result of the Covid-19 pandemic and economic jolts associated with the drop in oil prices, the Nigerian economy is seen emerging back to growth in 2021 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 rude awakening induced by the pandemic in the year, the Company, for the first time in its history, crossed the N5billion mark in terms of Gross Premiums Written. Be rest assured that Veritas Kapital Assurance Plc is committed to the consistent growth in our financial indices. This, we will achieve by leveraging on this historic milestone achievement, 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 of 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.
The Company’s management creates awareness of risk and risk
c) 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 defense: 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 defense: 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 defense: 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 organization.

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 behavior 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.

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

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 arrangement does not represent a substantial modification or potentially a contract extinguishment.

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 2020 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.

Ibrahim M. Kashim
FRC/2017/NBA/00000016458
Chairman, Audit Committee

Mal. Ibrahim M. Kashim	Independent Non-Executive Director	Chairman
Mr. Nahim Abe Ibraheem	Non-Executive Director	Member
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 2020.

1 Legal Form

The company was incorporated in Nigeria as a 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 Gold link 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	2020	2019	Changes	
Gross Premium	6,265,636	3,076,332	3,189,304	104%
Net Premium	2,515,315	1,988,012	527,303	27%
Net Claim incurred	(910,278)	(576,1710	(334,107)	58%
Underwriting Profit	1,292,066	1,105,697	186,369	17%
Management Expenses	(2,540,121)	2,617,936	77,815	-3%
Profit before Taxation	844,024	214,375	629,649	294%
Taxation	96,623	49,116	145,739	-297%
Profit after taxation	**940,647**	**165,258**	**775,389**	**469%**

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 (CAMA 2020) and the listing requirements of the Nigerian Stock Exchange as at 31 December, 2020 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	7,321,989,662	52.8	Veritas Capital Limited
Mr. Thomas Etuh		219,801,879	1.59	Tak Asset Management Limited

DIRECTOR'S REPORT

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	- Part of the gross salary package for Executive Directors only. - It reflects the industry competitive salary package and the extent to which the company's objectives have been met for the financial year.	Paid monthly during the financial year.
13th-month salary	- Part of the gross salary package for Executive Directors only. - It reflects the industry competitive salary package and the extent to which the Company'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

No change was made on the Board of the Company in the financial year ended December 31, 2020.

7 Directors Interest in Contracts

In compliance with Section 303(1) of the Companies and Allied Matters Act of Nigeria (CAMA 2020), 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 2020.

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.

DIRECTOR'S REPORT

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 Corporate Social Responsibility

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

To achieve this, while identifying with the aspirations of the community and the environment within which the Company operates, and what the pandemic has thrown at the world, 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 gave financial support to the Federal Government of Nigeria towards her efforts in combating the pandemic, the initiative was anchored by the Nigeria Insurance Association (NIA) in conjunction with the insurance regulatory body. Also, the Company has distributed facemask and hand sanitizers in several communities across the six geo-political zones. The donation was done with the intent to create awareness for COVID-19 and curtail the spread of the Corona Virus

13 Complaints Management Policy

The Company has in place, a Complain 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 found on the Company’s Website:
www.veritaskapital.com

14 Agent and Brokers

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

15 Human Resources

Staff Gender Analysis
The number of males and females employed as at December 31, 2020 vis-a-vis total workforce is as follows:

	MALE	FEMALE	TOTAL
EMPLOYEES	54 (Fifty-four)	32 (Thirty-Two)	86 (Eighty- Six)

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

DIRECTOR'S REPORT

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 ensure 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. 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

16 Share Capital Information

a.	Share Range Analysis	Holdings	Units	%	=N=

DIRECTOR'S REPORT

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 2020 were as follows:

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

DIRECTOR'S REPORT

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

17 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, 2020 was N15,046,462.14 (Fifteen Million, Forty-Six Thousand, Four Hundred and Sixty-two Naira, Fourteen Kobo).

18 Audit and Compliance Committee

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

Mr. Ibrahim M. Kashim	Independent Non-Executive Director	Chairman
Hajia Yabawa Lawan Wabi *(mni)*	Non-Executive Director	Member
Mr. Nahim Abe Ibraheem	Non-Executive Director	Member
Mr. Olusegun J. Akintunde	Shareholders' representative	Member
Mal. Usman Abaji	Shareholders' representative	Member
Muhammed B. Alhassan	Shareholders' representative	Member

Hajia Yabawa Lawan Wabi (mni) left the Audit and Compliance Committee in October 2020 in compliance with the CAMA 2020 allowing members of the audit committee of a public company to be 5(five) with 3 (three) shareholders and 2(two) non-Executive directors.

19 Post Balance Sheet Events

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

20 Auditors

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

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

BY THE ORDER OF THE BOARD

Ms. Saratu Umar Garba
COMPANY SECRETARY / LEGAL ADVISER
FRC/ 2019 /NBA/00000019159

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 2020, 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 and understandable information;
- ✓ - 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 prepared,

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

(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) (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 2020 were approved by the directors on 26 March 2020.

Thomas A. Etuh	**Kenneth Egbaran**
Chairman	***Managing Director***
FRC/2016/CIBN/00000014341	FRC/2015/CIIN/00000011953

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF VERITAS KAPITAL ASSURANCE PLC

Report on the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of **Veritas Kapital Assurance Plc** and its subsidiaries (the Group and Company) set out on pages 26 to 116, which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows 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 2020, and its consolidated and separate financial performance and consolidated and separate statement of cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the requirements of the Companies and Allied Matters Act (CAMA) 2020, Insurance Act I17 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 its Subsidiaries in line with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other ethical requirements that are relevant to our audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate 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 our audit addressed the key audit matter
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.	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

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Key audit matter	How our audit addressed the key audit matter
As disclosed in notes 16 to the financial statements, the insurance contract liabilities for the Company amounted to N2.85billion [2019:N2.01billion]. This represents about 60.5% (2019: 56.8%) of the Group total liabilities as at 31 December 2020. 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 2020. 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. At the end of each financial year, management employ the services of an external actuary in the determination of its insurance liability after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities determined by the actuary	management related to the valuation of general insurance reserves. In relation to the particular matters set out above, our substantive testing procedures included the following: 1. Tested the completeness and accuracy of underlying claims data utilized by the company's actuaries in estimating general insurance loss reserves. 2. Utilized data analytics to analyse claims through claims data plausibility checks and recalculation of claims development patterns. 3. 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. 4. 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. 5. Performed sensitivity testing and evaluated the appropriateness of any significant adjustments made to management's general insurance reserve estimates. 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.

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Key audit matter	How our audit addressed the key audit matter
Valuation of goodwill	
Goodwill carrying value was N316 million on the group's statement of financial position as at 31 December 2020 (2019: N316 million). This asset has been recognized in the consolidated statement of financial position. 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.	We focused our testing of the impairment of goodwill on the key assumptions made by management. Our audit procedures included the following: • We tested the design of 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. • Engaged our internal specialists to assist with: - 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. • Analyzed 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. • Subjected the key assumptions to sensitivity analyses. • Compared 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. • Checked 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 Corporate Governance Report, Management Discussion and Analysis, Enterprise Risk Management Report and Directors' Report, which we obtained prior to the date of this auditors' report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance or 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 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 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 or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the 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 financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

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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 consolidated and separate 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 auditors' report. However, future events or conditions may cause the Group to cease 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 consolidated 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 financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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 those charged with governance 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In accordance with the Fifth Schedule of the Companies and Allied Matters Act (CAMA) 2020, 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 its Subsidiaries has kept proper books of account, so far as appears from our examination of those books.

iii) The Group and its Subsidiaries' financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

There were no contraventions or penalties paid during the year under review.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
16 May, 2021
Engagement Partner: Joshua Ojo, FCA
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 withs 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 Gold link 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 recognized in the profit or loss segment of comprehensive income to arrive at the profit for the year.

Other comprehensive income is recognized in the other comprehensive segment of the statement of other comprehensive income and comprises items of income and expenses that are not recognized 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 recognized in other comprehensive income in the current or previous periods. Transactions with the owners of the Group in their capacity as owners are recognized 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

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 short-term 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 recognized in the financial statements include:

- **Claims arising from insurance contracts**
  Liabilities for unpaid claims are estimated on a case by case basis. The liabilities recognized 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 statement 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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1.8 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 2020. 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.

Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

These amendments have no impact on the financial statements of the Company as it does not have financial instruments that reference IBORs at 31 December 2020 or apply hedge accounting to any of its benchmark interest rate exposures.

Definition of a Business – Amendments to IFRS 3

The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. The amendments remove the assessment of whether market participants can replace any missing inputs or processes and continuing to produce outputs. The amendment clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. The Company has adopted the amendments to IFRS 3 for the first time in the current year.

The amendments remove the assessment of whether market participants can replace any missing inputs or processes and continuing to produce outputs. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

These amendments had no impact on the financial statements of the Company but may impact future periods should the Company enter any business combinations.

Amendments to IAS 1 and IAS 8 Definition of material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The new definition states that, ’Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.’

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The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term ‘material’ to ensure consistency.
These amendments had no impact on the financial statements of, nor is there expected to be any future impact to, the Company.

The Conceptual Framework for Financial Reporting
The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board n developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements regarding references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC- 32. These amendments had no impact on the financial statements of the Company.

Amendments to IFRS 16 Covid-19 Related Rent Concessions
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-19 and only if all the following conditions are met:

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 not applied the amendment to IFRS 16 (as issued by the IASB in May 2020) as it did not receive any COVID-19 related rent concession on its lease

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1.9 Functional and presentation currency

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

1.10 Summary of significant accounting policies

1.10.1 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

Amendments to the following standard(s) became effective in the annual period starting from 1st January 2019. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

IFRS 16 Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The standard does not significantly change the accounting for leases for lessors. However, it requires lessees to recognize most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognized leases but will have the option not to recognize ‘short-term’ leases and leases of ‘low-value’ assets. Generally, the profit or loss recognition pattern for recognized leases will be similar to today’s finance lease accounting, with interest and depreciation expense recognized separately in the statement of profit or loss.

IFRS 16 became effective 1 January 2019. The group was not in any lease arrangement as at the year ended 31 December 2019.

Amendments to IAS 19

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 recognize:

- 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.

The amendments clarify that:

- on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and
- the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income (OCI).

This amendment has no material impact on the group.

IFRIC 23 – Uncertainty over Income Tax Treatments

This standard which became effective 1 January 2019, clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over tax treatments under IAS 12. The Company has considered the guidance included within the interpretation and concluded that the prescribed approach does not have a material impact on the Group.

Amendments to IFRS 2 - Share Based Payment - Classification and measurement of share-based payment transactions
This standard clarifies classification and measurement of share-based payment transactions with net settlement features for withholding tax obligations (i.e. equity settled share-based payment for employees and cash settled share based payment for withholding taxes). It grants an exemption to alleviate operational issues encountered in dividing the share-based payment into cash-settled and equity-settled component. The amendments also clarify modifications to terms and conditions that change classifications from cash-settled to equity-settled as well as application of non-market vesting conditions and market non-vesting conditions. These amendments do not have any material impact on the Group

Standards and interpretations issued/amended but not yet effective
The Group has not applied the following new or amended standards in preparing these consolidated and separate financial statements as it plans to adopt these standards at their respective effective dates. Commentaries on these new standards/amendments are provided below.

New or amended standards and effective date	Summary of the requirements
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 recognized as revenue over the coverage period. The standard allows a choice between recognizing 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.

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Amendments to IAS 1: Classification of Liabilities as Current or Non-current	"In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: - What is meant by a right to defer settlement - That a right to defer must exist at the end of the reporting period - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification - That classification is unaffected by the likelihood that an entity will exercise its deferral right. - that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that "In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: - What is meant by a right to defer settlement - That a right to defer must exist at the end of the reporting period - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification - That classification is unaffected by the likelihood that an entity will exercise its deferral right. - that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that
Reference to the Conceptual Framework – Amendments to IFRS 3	In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.
IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter as part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.
IAS 41 Agriculture – Taxation in fair value measurements	As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. 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 by the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.
Amendments to IFRS 3: Covid-19 Related Rent Concessions	On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a

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	lease modification. The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The amendments are intended to eliminate diversity in practice and give preparers a consistent set of principles to apply for such transactions. However, the application of the definition of a business is judgmental and entities need to consider the definition carefully in such transactions. The amendments must be applied prospectively. Early application is permitted and must be disclosed. In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalized any amendments that result from its research project on the equity method. Early application of the amendments is still permitted.
Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	On 27 August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9 Financial Instruments (IFRS 9), IAS 39 Financial Instruments: Recognition and Measurement (IAS 39), IFRS 7 Financial Instruments: Disclosures (IFRS 7), IFRS 4 Insurance Contracts (IFRS 4) and IFRS 16 Leases (IFRS 16). With publication of the phase two amendments, the IASB has completed its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Inherent in allowing the use of this practical expedient is the requirement that the transition from an IBOR benchmark rate to an RFR takes place on an economically equivalent basis with no value transfer having occurred. "Any other changes made at the same time, such as a change in the credit spread or maturity date, are assessed. If they are substantial, the instrument is derecognized. If they are not substantial, the updated effective interest rate (EIR) is used to recalculate the carrying amount of the financial instrument, with any modification gain or loss recognized in profit or loss. The practical expedient is required for entities applying IFRS 4 Insurance Contracts that are using the exemption from IFRS 9 Financial Instruments (and, therefore, apply IAS 39 Financial Instruments: Classification and Measurement) and for IFRS 16 Leases, to lease modifications required by IBOR reform.

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	The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Permitted changes include redefining the hedged risk to reference an RFR and redefining the description of the hedging instruments and/or the hedged items to reflect the RFR. Entities are allowed until the end of the reporting period, during which a modification required by IBOR reform is made, to complete the changes. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 and IAS 39 to measure and recognize hedge ineffectiveness. Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR. The cash flow hedge reserve is released to profit or loss in the same period or periods in which the hedged cash flows based on the RFR affect profit or loss. For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero. This relief applies when the exception to the retrospective assessment ends. For the IAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero. This relief applies when the exception to the retrospective assessment ends. The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued. As items within the hedged group transition at different times from IBORs to RFRs, they will be transferred to sub-groups of instruments that reference RFRs as the hedged risk. As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform. The phase two reliefs cease to apply once all changes have been made to financial instruments and hedging relationships, as required by IBOR reform. The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. The relief allows entities upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Hedging relationships must be reinstated if the hedging relationship was discontinued solely due to changes required by IBOR reform and it would not have been discontinued if the phase two amendments had been applied at that time. While application is retrospective, an entity is not required to restate prior periods. IFRS 7 Financial Instruments: Disclosures includes the following: - How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform - Disaggregated by each significant IBOR benchmark, quantitative information about financial instruments that have yet to transition to RFRs

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	- If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

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 transact 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 recognized 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 recognized in other comprehensive income.

2.2 Segment reporting

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.

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2.4 Financial instruments

Initial recognition and measurement
Financial instruments are recognized 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 is 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 recognized 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 recognizes 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 recognized 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 recognized financial assets are derecognized 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.

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Collateral (shares and bonds) furnished by the Company under standard repurchase agreements and securities lending and borrowing transactions is not derecognized 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 recognized amounts and there is an intention to settle on a net basis or realize 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 amortized 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 2019 are fair value through profit or loss; at fair value through other comprehensive income and at amortized 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 recognized 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 recognized in 'Net gains from financial assets held for trading’.

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ii) Amortized 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 amortized 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 amortized 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 recognized. 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 data 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 amortized 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 recognized 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 collateralized 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 recognized (such as an improvement in the debtor’s credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized 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 recognized 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 recognized 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 recognized 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 derecognized or reclassified.

When the financial asset is derecognized, the cumulative gain or loss previously recognized 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 recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if the financial asset had been measured at amortized cost.

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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.

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 amortized cost. These financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Any difference between the proceeds net of transaction costs and the redemption value is recognized 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 recognized as transaction costs of the loan to the extent that it is probable that some or all 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 amortized over the period of the facility to which it relates.

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The classification of the Company's financial instruments has been summarized 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 amortized 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 is expensed in the income statement.

Amortized cost measurement
The amortized 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 amortization using the effective interest method of any difference between the initial amount recognized 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.

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.

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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 recognized 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 recognizes that impairment loss in the income statement. The Group gathers the objective evidence that an insurance receivable impaired using the same methodology adopted for financial assets held at amortized 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 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 recognized in the income statement immediately at the date of purchase and are not amortized. 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 recognized 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 i 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.

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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 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 recognized directly in equity and attributed to the Group.

Inter-Group transactions, balances and unrealized gains on transactions between companies within the Group are eliminated on consolidation. Unrealized losses are also eliminated in the same manner as unrealized 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 recognized 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 recognized 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 recognized 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 recognized at the date of acquisition is recognized 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 recognized immediately in profit or loss.

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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 recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized 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 recognized 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 recognized at cost including the transaction costs. Subsequently, investment property is accrued 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 recognized 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 recognized 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 recognized as intangible assets.

Amortization is calculated 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 intended 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 recognized in the income statement when the asset it derecognized.

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

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2.12 Goodwill

Goodwill arising on an acquisition of a business is carried 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 recognized directly in profit or loss in the consolidated (statement of comprehensive income/income statement). An impairment loss recognized 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 recognized 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 decomponetised as the asset has not been put into use.

Subsequent cost are included in the asset's carrying amount or recognized 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 recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognized 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 considered 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 ono-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 dependents 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 is 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 recognized 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 financially 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 ta the total amount of outstanding claims incurred and reported plus claims insured 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

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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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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.

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Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized 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 recognized 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 during the accounting period and are recognized 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 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 recognized 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.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 recognized 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 recognized as an adjustment to the effective interest rate of the instrument.

Investment income also includes dividend income which is recognized 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 recognized when the related gross insurance claim is recognized according to the terms of the relevant contract.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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 in interest rate basis.

2.27 Expenses

Expenses are recognized 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 recognized 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 deprecation or amortization. These allocation procedures are intended to recognize expenses in the accounting periods in which the economic benefits associated with these items ae consumed or expire. an expense is recognized 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 recognized 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, he 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 recognized in the income statement in those expenses' 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 recognized 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 recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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 recognized as a liability in the year in which they are approved by the company's shareholders. Proposed dividends are not recognized 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 recognized 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 crystalize.

2.33 Contingent assets

Contingent assets are not recognized 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 writing the group's control.

Consolidated and Separate Statement of Financial Position
As at 31 December, 2020

	Note	31-Dec-2020 Group N'000	31-Dec-2019 Group N'000	31-Dec-2020 Company N'000	31-Dec-2019 Company N'000
ASSETS					
Cash and cash equivalents	3	4,242,485	4,372,408	3,375,996	3,659,345
Financial assets	4	3,620,755	1,906,676	3,003,027	1,303,071
Trade receivable	5	83,679	-	83,679	-
Reinsurance assets	6	1,025,756	389,960	1,025,756	389,960
Deferred acquisition cost	7	119,379	107,340	119,379	107,340
Other receivables and prepayments	8	320,803	425,574	213,113	409,596
Investment in subsidiaries	9	-	-	1,576,300	1,576,300
Investment in associate	10	-	-	-	-
Investment properties	11	289,439	412,111	2 89,439	412,111
Goodwill	12	316,884	316,884	-	-
Intangible assets - Software	13	49,900	72,567	25,299	40,253
Property, plant and equipment	14	3,790,533	3,736,923	2,990,799	2,893,407
Statutory deposits	15	355,000	355,000	355,000	355,000
Deferred tax asset	21.1	7,316	8,486	-	-
Total Assets		**14,221,929**	**12,103,929**	**13,057,787**	**11,146,383**
Liabilities:					
Insurance contract liabilities	16	2,856,017	2,012,465	2,849,493	2,007,596
Trade payables	17	686,296	229,840	686,295	229,840
Employees retirement benefit obligations	18	14,724	11,246	-	-
Provision and other payables	19	741,696	651,833	488,717	377,934
Income tax liabilities	20	94,458	80,306	30,969	40,923
Deferred Tax Liabilities	21.2	324,764	554,978	310,094	542,136
Total Liabilities		**4,717,955**	**3,540,669**	**4,365,568**	**3,198,429**
EQUITY & LIABILITIES					
Share capital & reserves:					
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	1,121,845	939,949	1,121,845	939,949
Retained earnings	25	(1,559,692)	(2,262,822)	(1,881,302)	(2,440,338)
Asset revaluation reserve	26a	1,809,597	1,809,964	1,809,597	1,809,964
Fair value reserve	26b	40,924	40,213	45,146	41,446
Non-Controlling interest (NCI)	38	494,367	439,024	-	-
Total Equity		**9,503,974**	**8,563,261**	**8,692,219**	**7,947,954**
Total Equity & Liabilities		**14,221,929**	**12,103,929**	**13,057,787**	**11,146,383**

These financial statements were approved by the board of directors on the 26 March 2021 and signed on their behalf by the directors listed below:

Mojeed Somorin	**Thomas Etuh**	**Kenneth Egbaran**
Chief Financial Officer	***Chairman***	***Managing Director***
FRC/2017/ICAN/00000016849	FRC/2016/CIBN/00000014341	FRC/2015/CIIN/00000011953

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income

	Note	Group 2020 N'000	Group 2019 N'000	Company 2020 N'000	Company 2019 N'000
Gross Premium written		6,265,636	3,076,332	6,063,203	2,953,792
Gross Premium Income	28	5,332,770	3,310,029	5,132,361	3,187,765
Reinsurance Expenses	29	(2,817,455)	(1,322,017)	(2,817,455)	(1,322,017)
Net premium income		2,515,315	1,988,012	2,314,906	1,865,748
Fees and commission income	30	193,285	166,979	193,286	166,980
Net underwriting income		2,708,600	2,154,991	2,508,192	2,032,728
Insurance claims and benefits paid- Gross (including loss adjustment expenses)	31	(910,278)	(576,171)	(798,278)	(482,826)
Underwriting expenses	32	(506,256)	(473,124)	(506,256)	(473,124)
Underwriting result		1,292,066	1,105,696	1,203,658	1,076,778
Investment income	34	1,834,514	1,538,232	723,291	515,676
Fair value changes in financial assets-FVTPL	4a&b	11,622	(4,048)	11,622	(4,048)
Fair value changes in investment property	11	-	14,325	-	14,325
Other operating income	35	277,863	153,834	124,622	16,477
Impairment charge on financial assets and other assets	33	(30,627)	25,660	(22,000)	97,024
Finance cost (Interest cost)	18a(i)	(1,293)	(1,389)	-	-
Management expenses	36	(2,540,121)	(2,617,936)	(1,444,763)	(1,462,283)
Profit before tax		**844,024**	**214,374**	**596,430**	**253,949**
Income tax expense	37	96,623	(49,116)	144,501	(130,527)
Profit for the year from continuing operations		**940,647**	**165,258**	**740,931**	**123,422**
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 reclassified subsequently to profit or loss:					
Gain on revaluation of property, plant and equipment		(367)	36,184	(367)	36,184
Net actuarial (losses) / gains on retirement benefit obligation	**18a(i)**	(2,989)	(1,233)		
Fair value adjustment on equities at FVOCI		3,700	6,945	3,700	6,945
		344	41,896	3,333	43,129
Other Comprehensive Income, net of taxes		344	41,896	3,333	43,129
Total Comprehensive Income for the year		**940,991**	**207,154**	**744,264**	**166,551**
Profit for the year, attributable to:					
* Non-controlling interests		55,621	(19,345)	-	-
* Owners' of the Parent		885,026	184,603	-	-
		940,647	**165,258**	-	-
Total Comprehensive Income, attributable to:					
* Non-controlling interests		55,621	(19,345)	-	-
* Owners' of the Parent		885,370	226,499	-	-
		940,991	**207,154**	-	-
Basic Earnings/(Loss) per Share	**27**	0.14	0.02	0.11	(0.12)

Statement of Changes in Equity

Group-2020

	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 year	-	-	-	-	-	885,026	885,026	55,621	940,647
Other Comprehensive Income:							-		-
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)
Revaluation gain on PPE	-	-	(367)	-	-	-	(367)	-	(367)
Total Comprehensive Income	**-**	**-**	**(367)**	**711**	**-**	**885,026**	**885,370**	**55,621**	**940,991**
Transfer to Contingency Reserve	-	-	-	-	181,896	(181,896)	0		0
									-
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**	**(1,559,692)**	**9,009,607**	**494,366**	**9,503,973**

	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 2019	6,933,333	663,600	1,773,780	34,501	851,335	(2,358,811)	7,897,738	458,648	8,356,386
Transferred from statement of Profit or loss for the year	-	-	-	-	-	184,603	184,603	(19,345)	165,258
Other Comprehensive Income:									-
Changes in fair value of FVOCI Investments	-	-	-	6,945	-		6,945	-	6,945
Net actuarial gains on retirement benefit obligations	-	-	-	(1,233)			(1,233)	-	(1,233)
Gain on revaluation of properties, plant	-	-	36,184	-	-	-	36,184	-	36,184
Total Comprehensive Income	**-**	**-**	**36,184**	**5,712**	**-**	**184,603**	**226,499**	**(19,345)**	**207,154**
Transfer to Contingency Reserve	-	-	-	-	88,614	(88,614)	-	-	-
Transactions with owners of equity									
Dividends to equity holders	-	-	-	-	-	-	-	(279)	(279)
As at 31 December 2019	**6,933,333**	**663,600**	**1,809,964**	**40,213**	**939,949**	**(2,262,822)**	**8,124,238**	**439,024**	**8,563,262**

Statement of Changes in Equity

Company

	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
As at 1 January 2020	**6,933,333**	**663,600**	**1,809,964**	**41,446**	**939,949**	**(2,440,338)**	**7,947,954**
Transferred from statement of Profit or loss for the year	-	-	-	-	-	740,931	740,931
Other Comprehensive Income:	-	-	-		-		-
Changes in fair value of FVOCI instruments	-	-	(367)	3,700	-	-	3,333
Total Comprehensive Income	**6,933,333**	**663,600**	**1,809,597**	**45,146**	**939,949**	**(1,699,407)**	**8,692,218**
Transfer to Contingency Reserve					181,896	(181,896)	-
Transactions with owners of equity							
Dividends to equity holders					-	-	
As at 31 December 2020	**6,933,333**	**663,600**	**1,809,597**	**45,146**	**1,121,845**	**(1,881,303)**	**8,692,218**

	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
As at 1 January 2019	**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 year	-	-	-	-	-	123,422	123,422
Other Comprehensive Income:	-	-	-	6,945	-		6,945
Changes in fair value of AFS Investments	-	-	-	-	-	-	-
Gain on revaluation of properties, plant	-	-	36,184	-	-	-	36,184
Total Comprehensive income	**6,933,333**	**663,600**	**1,809,964**	**41,446**	**851,335**	**(2,351,724)**	**7,947,954**
Transfer to Contingency Reserve					88,614	(88,614)	-
Transactions with owners of equity							
Dividends to equity holders	-	-	-	-	-	-	-
As at 31 December 2019	**6,933,333**	**663,600**	**1,809,964**	**41,446**	**939,949**	**(2,440,338)**	**7,947,954**

STATEMENT OF CASH FLOWS

Cash flows from operating activities	**Notes**	**31-Dec-20 Group N'000**	**31-Dec-19 Group N'000**	**31-Dec-20 Company N'000**	**31-Dec-19 Company N'000**
Premium received	28	6,271,795	3,076,331	5,985,683	2,953,792
Commission received	30	193,284	166,979	193,284	166,979
Reinsurance receipts in respect of claims	31(a)	229,994	90,730	229,995	90,730
Other operating income	34	190,702	172,984	37,461	35,627
Cash paid to and on behalf of employees	36	(1,238,228)	(1,351,803)	(596,737)	(729,969)
Reinsurance premium paid	29	(2,808,024)	(1,102,709)	(2,808,024)	(1,102,709)
Insurance benefits and claims paid	31	(1,313,926)	(652,674)	(1,202,782)	(562,972)
Underwriting expense	32	(634,594)	(281,226)	(621,502)	(281,226)
Cash paid to intermediaries and other suppliers		(1,162,651)	(996,011)	(615,895)	(493,884)
Company income tax paid	20	(23,399)	(115,933)	(11,021)	(106,097)
Net cashflow from operating activities		**(295,047)**	**(993,333)**	**590,462**	**(29,731)**
Cash flow from Investing Activities					
Purchase of property, Plant and equipment	14	(202,371)	(284,419)	(161,921)	(242,593)
Purchase of intangible assets	13	(6,941)	(23,666)	(451)	(7,813)
Proceed from sale of property and equipment		1,461	22,699	1,461	22,699
Proceed from disposal of investment property		105,350	663,953	105,350	663,953
Dividend income	34	4,226	1,174	8,238	5,186
Interest received	34	1,562,379	1,531,519	463,387	478,385
Purchase of amortized cost investment		(1,736,009)	(1,299,248)	(1,669,557)	(1,206,016)
Redemption/repayment on amortized cost investments		445,498	212,497	385,047	-
Purchase of investment property	11	-		-	-
Net cash provided by investing activities		**173,592**	**824,509**	**(868,446)**	**(286,199)**
Cash flow from Financing Activities					
Dividend paid		(279)	(279)	-	-
Net cash provided by financing activities		(279)	**(279)**	**-**	**-**
Net decrease in cash and cash equivalent		(121,734)	(169,103)	(277,984)	(315,930)
Cash and cash equivalent at the 1 January		4,372,407	4,549,657	3,659,345	3,981,106
Cumulative effect of transition to IFRS 9 (ECL)		-	-	-	-
Adjustment for ECLs not involving cash outflows			(8,147)		(5,831)
Cash and cash equivalent at the 31 December		4,250,674	4,372,407	3,381,361	3,659,345

NOTE TO THE FINANCIAL STATEMENTS

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 Gold link Insurance Plc. The group comprises of two subsidiaries, an associate and the parent company.

		Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
3	**Cash and cash equivalents**				
	This comprises of:				
	Cash at hand	736	540	683	465
	Cash at Bank	118,304	315,986	62,880	202,663
	Short term deposit (Staff gratuity fund assets) *	9,238	18,197	9,238	18,197
	Short term deposit (note 3a)	4,122,395	4,045,832	3,308,560	3,443,851
		4,250,673	4,380,555	3,381,361	3,665,176
	Adjustment for ECL on fixed deposit (note 3.1)	(8,188)	(8,147)	(5,365)	(5,831)
	Total	**4,242,485**	**4,372,408**	**3,375,996**	**3,659,345**

*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.

		Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
3.1	Movement in Adjustment ECL				
	As at 1 January	8,147	15,785	5,831	13,560
	Charge/ (Write back) (See note 33)	41	(7,638)	(466)	(7,729)
	As at 31 December	**8,188**	**8,147**	**5,365**	**5,831**

a Financed by:

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

	Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
Financed by Insurance fund	2,849,493	2,007,596	2,849,494	2,007,596
Financed by other funds	1,272,902	2,038,236	459,066	1,436,255
	4,122,395	**4,045,832**	**3,308,560**	**3,443,851**

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

		Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
4	**Financial Assets**				
	This comprises of:				
	Fair value through profit or loss (note 4a)	58,414	46,616	58,414	46,616
	Amortized Cost (Note 4b)	3,377,356	1,816,344	2,759,628	1,212,739
	Fair Value through OCI (Note 4c)	184,985	43,716	184,985	43,716
		3,620,755	**1,906,676**	**3,003,027**	**1,303,071**
	Current	-	1,862,960	-	1,212,739
	Non-current	3,620,755	43,716	3,003,027	90,332
		3,620,755	**1,906,676**	**3,003,027**	**1,303,071**

NOTE TO THE FINANCIAL STATEMENTS

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-20 N'000**	**Group 31-Dec-19 N'000**	**Company 31-Dec-20 N'000**	**Company 31-Dec-19 N'000**
Fair value at 1 January	46,616	50,664	46,616	50,664
Addition (see note aiii below)	176	-	176	-
Fair value gain/(loss)	11,622	(4,048)	11,622	(4,048)
Fair value as at 31 December	**58,414**	**46,616**	**58,414**	**46,616**

a(ii)

Historical movement in FVTPL				
Cost at initial recognition	152,278	143,587	152,278	143,587
Accumulated fair value losses to date	(93,864)	(96,971)	(93,864)	(96,971)
Fair value as at 31 December	**58,414**	**46,616**	**58,414**	**46,616**

a(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-20 N'000	**Group 31-Dec-19 N'000**	**Company 31-Dec-20 N'000**	**Company 31-Dec-19 N'000**
b	**Amortized Cost**				
	FGN treasury bills see note (i) below	-	250,887	-	209,026
	State/FGN government bonds see note (ii) below	1,136,448	509,095	608,606	-
	Corporate bond see note (iii) below	2,240,908	1,056,362	2,151,021	1,003,713
		3,377,356	**1,816,344**	**2,759,627**	**1,212,739**
	Balance at 1 January	1,844,868	707,909	1,232,582	-
	Additions	1,736,009	1,299,247	1,669,557	1,206,015
	Redemption/Repayment during the year	(445,498)	(212,497)	(385,047)	-
	Accrued interest	285,058	50,209	268,815	26,567
	Balance at 31 December	3,420,436	1,844,868	2,785,906	1,232,582
	Expected credit loss	(43,080)	(28,524)	(26,279)	(19,843)
		3,377,356	**1,816,344**	**2,759,627**	**1,212,739**
i	**FGN Treasury Bills**				
	Balance at 1 January	253,926	146,023	211,987	-
	Additions	-	256,015	-	206,015
	Redemption/Repayment during the year	(253,926)	(155,519)	(211,987)	-
	Accrued interest	-	7,407	-	5,972
	Balance at 31 December	**-**	**253,926**	**-**	**211,987**
	ECL	-	(3,039)	-	(2,961)
		-	**250,887**	**-**	**209,026**
ii	FGN Bonds and State Bonds				
	Balance at 1 January	517,517	505,666	**-**	**-**
	Additions	631,911	43,232	605,459	-
	Redemption/Repayment during the year	(11,876)	(49,326)	-	-
	Accrued interest	13,438	17,945	3,506	-
	Balance at 31 December	**1,150,990**	**517,517**	**608,965**	-
	ECL	(14,542)	(8,422)	(359)	-
		1,136,448	**509,095**	**608,606**	-

NOTE TO THE FINANCIAL STATEMENTS

		Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
iii	Corporate Bonds				
	Balance at 1 January	1,073,425	56,220	1,020,595	-
	Additions	1,104,098	1,000,000	1,064,098	1,000,000
	Redemption/Repayment during the year	(179,696)	(7,652)	(173,060)	-
	Accrued interest	271,619	24,857	265,308	20,595
	Balance at 31 December	**2,269,446**	**1,073,425**	**2,176,941**	**1,020,595**
	ECL	(28,538)	(17,063)	(25,920)	(16,882)
		2,240,908	**1,056,362**	**2,151,021**	**1,003,713**
iv	**Movement in expected credit losses (ECL) during the year**				
	Balance at 1 January	28,524	6,968	19,843	-
	Addition during the year	14,556	21,556	6,436	19,843
	Balance at 31 December	43,080	28,524	26,279	19,843
c	**Fair value through other comprehensive income**				
	Fair value at 1 January	43,716	36,771	43,716	36,771
	Additions during the year (see note i below)	137,569	-	137,569	-
	Fair value gain	3,700	6,945	3,700	6,945
	Balance at 31 December	**184,985**	**43,716**	**184,985**	**43,716**

i The additions to unlisted equities includes shares in Systems Specs obtained from Lighthouse Asset Management through a debt to shares swap agreement during the year. (See note 8b). Also included in the additions is 22,089 units of shares from Afriland Properties Plc recognized upon reconciliation with registrars.

		Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
5	**Trade receivables**				
a	This comprises of:				
	Premium receivable from insurance brokers	491,457	491,457	491,457	491,457
	Premium receivable from insurance agents	55,270	61,428	55,270	61,428
	Premium receivable from policy holders	33,158	2,166	33,158	2,166
	Premium receivable from insurance companies	241,779	189,093	241,779	189,093
		821,664	744,144	821,664	744,144
	Impairment of premium receivables	(737,985)	(744,144)	(737,985)	(744,144)
		83,679	**-**	**83,679**	**-**
b	**Age analysis of gross trade receivables are as follows**				
	0-30 days	83,679	-	83,679	-
	Above 30 days	-	-	-	-
	Above 180 days				-
		83,679	**-**	**83,679**	**-**

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	545,262		(6,159)	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
	744,144	-	(6,159)	737,985

Company

NOTE TO THE FINANCIAL STATEMENTS

	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	545,262	-	(6,159)	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
	744,144	-	(6,159)	737,985

		Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
6	**Reinsurance assets**				
	This is analyzed as follows:				
	Prepaid reinsurance (see note(a) below)	646,251	96,020	646,251	96,020
	Reinsurer' share of outstanding claims (see note(b)below)	378,628	293,940	378,628	293,940
	Reinsurers share of claims paid	877	-	877	-
		1,025,756	**389,960**	**1,025,756**	**389,960**
a	Movement in prepaid reinsurance is as follows:				
	Balance 1 January	96,020	249,776	96,020	249,776
	Additions during the year	3,367,686	1,168,261	3,367,686	1,168,261
	Amortized in the year - reinsurance expenses (see note 29)	(2,817,455)	(1,322,017)	(2,817,455)	(1,322,017)
	Balance 31 December	**646,251**	**96,020**	**646,251**	**96,020**
b	Movement in reinsurer' share of outstanding claims				
	Balance at 1 January	293,940	323,540	293,940	323,540
	Movement in Reinsurers/coinsurers' share of outstanding claims reported during the year	84,688	(29,600)	84,688	(29,600)
	Balance at 31 December	**378,628**	**293,940**	**378,628**	**293,940**
c	Movement in reinsurer share of claim paid				
	Balance at 1 January	-	70,047	-	70,047
	Movement in reinsurers/co-assurer's share of paid claims during the year	877	(70,047)	877	(70,047)
		877	**-**	**877**	**-**
	Current	1,025,756	389,960	1,025,756	389,960
	Non-Current	-	-	-	-
		1,025,756	**389,960**	**1,025,756**	**389,960**
7	**Deferred acquisition cost**				
a	This is analyzed as follows:				
	Agric	9,827	659	9,827	659
	Motor	20,752	15,188	20,752	15,188
	Fire	34,643	39,594	34,643	39,594
	General Accident	18,148	8,606	18,148	8,606
	Marine	2,913	6,638	2,913	6,638
	Aviation	3,450	6,773	3,450	6,773
	Engineering	7,311	10,543	7,311	10,543
	Oil and Gas	19,077	18,013	19,077	18,013
	Bond	3,258	1,326	3,258	1,326
	Total	**119,379**	**107,340**	**119,379**	**107,340**

NOTE TO THE FINANCIAL STATEMENTS

		Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
7	**Deferred acquisition cost (Cont'd)**				
	The movement in deferred acquisition cost is as follow:				
	Acquisition Cost brought forward	107,340	161,294	107,341	161,294
	Acquisition Costs during the period (note 32)	480,848	295,624	480,848	295,625
	Total	588,188	456,918	588,189	456,919
	Amortized during the year (see note 32)	(468,809)	(349,578)	(468,809)	(349,578)
	Acquisition costs carried forward	**119,379**	**107,340**	**119,380**	**107,341**
	Current	119,379	107,340	119,379	107,340
	Non-current	-	-	-	-
		119,379	**107,340**	**119,379**	**107,340**
8	**Other receivables and prepayments**				
	The balance is analyzed as follow:				
	Receivables from staff (see note (a) below)	25,433	18,653	25,433	12,549
	Deposit for investment (See Note (b)below)	28,346	121,457	28,346	121,457
	Commercial papers (See Note (c)below)	217,460	261,872	217,460	261,872
	Prepayment	20,732	23,921	9,095	8,996
	Inventory	81	21,105	81	8,006
	Receivables from Related parties (see note i below)	62,033	62,033	158,033	233,033
	Fees receivables and other receivables (See Note (d)below)	266,333	249,883	78,575	105,350
	Prepaid recapitalization expenses (See Note (e)below)	19,450	-	19,450	-
	Withholding tax receivable (See Note (f)below)	40,016	11,110	35,721	2,794
		679,884	770,034	572,194	754,055
	Impairment of other receivables and prepayment (See Note (g)below)	(359,081)	(344,459)	(359,081)	(344,459)
		320,803	**425,575**	**213,113**	**409,596**
	Current	162,770	425,575	55,080	409,596
	Non-current	158,033	-	158,033	-
		320,803	**425,575**	**213,113**	**409,596**
a	Receivables from staff consist of amount due from staff in respect of unutilized upfront allowances.				
	Balance at 1 January	18,653	43,423	12,549	30,628
	Addition	20,000	15,596	20,000	15,596
	Repayment during the year	(7,116)	(40,366)	(7,116)	(33,675)
		31,537	18,653	25,433	12,549

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 System specs 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-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
c	Commercial papers represent receivables from the following entities				
	a) Back-up Network Ltd	-	44,412	-	44,412
	b) TKM Maestro Nigeria Ltd	131,649	131,649	131,649	131,649
	c) Off-shore Integrated Concession Ltd	39,712	39,712	39,712	39,712
	d) Kruger Brent Global Services Ltd	46,099	46,099	46,099	46,099
		217,460	**261,872**	**217,460**	**261,872**

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

NOTE TO THE FINANCIAL STATEMENTS

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.

f

	Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
Withholding tax receivables				
At 1 January	11,110	2,793	2,793	2,793
Additions	123,697	15,742	119,401	-
Utilized during the period (see note 20)	(94,870)	(7,425)	(86,474)	-
At 31 December	**39,937**	**11,110**	**35,720**	**2,793**

g The movement in impairment charge is as follows:

Balance at 1 January	344,460	465,538	344,459	453,597
Provision no longer required	(33,930)	(161,384)	(33,930)	(149,444)
Impairment charge during the year	56,118	40,306	56,119	40,306
Write-off	(7,557)	-	(7,557)	-
Balance at 31 December	**359,091**	**344,460**	**359,091**	**344,459**

Company

	Balance at 1 Jan 2020	Addition	Provision no longer required	Write-off	Balance at 31 Dec 2020
Commercial papers	221,874	23,932	-	-	245,806
Prepayment	31,502	-	-	-	31,502
Receivables from staff	19,129	-	(17,163)	-	1,966
Inventory	7,567	-	-	(7,567)	(0)
Nigeria Liability Pool	6,825	-	-	-	6,825
Receivables from Gold link	-	32,187	-	-	32,187
Fees receivable and other receivables	57,562		(16,767)	-	40,795
	344,459	**56,119**	**(33,930)**	**(7,567)**	**359,081**

Group

	Balance at 1 Jan 2019	Addition	Provision no longer required	Write-off	Balance at 31 Dec 2019
Commercial papers	221,874	23,932	-	-	245,806
Prepayment	31,502	-	-	-	31,502
Receivables from staff	19,129	-	(17,163)	-	1,966
Inventory	7,567	-	-	(7,567)	(0)
Nigeria Liability Pool	6,825	-	-	-	6,825
Receivables from Gold link	-	32,187			32,187
Fees receivable and other receivables	57,562	-	(16,767)	-	40,795
	344,459	**56,119**	**(33,930)**	**-**	**359,081**

i This relates to amount recoverable from :1. Subsidiary- Veritas Glanvills Pensions Limited as at 31 December 2019 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 arm's length. The sales price was based on the most recent valuation carried out by Osas and Oseji estate surveyors and valuers. The sum outstanding is N96 million (N171 million, 2019). 2. Associates- Gold link Insurance Plc - as at 31 December 2020, the amount relates to various expenses incurred on their behalf amounting to N62.033 million (N62.033 million ,2019).

9 **Investment in Subsidiaries**

Veritas Kapital has 2 subsidiaries as at 31 December 2019. The details of the subsidiaries and principal activities are detailed below:

	31-Dec-2020 N'000	31-Dec-2019 N'000
Veritas Glanvills Pension Limited at cost (See Note (a)below)	1,160,000	1,160,000
Health care Security Limited at cost (See Note (b)below)	416,300	416,300
	1,576,300	**1,576,300**

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 licensed by National Pension Commission to carry on business of a Pension Fund Administrator on 19 June 2007. Its principal place of business is Lagos

NOTE TO THE FINANCIAL STATEMENTS

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 organization, and its principal place of business is Abuja.

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.

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 Glanvills Pension		Healthcare Security	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	N'000	N'000	N'000	N'000
Total revenue	1,190,653	1,037,171	291,314	249,016
Profit/(Loss) before tax	165,321	2,547	36,577	30,254
Total assets	1,906,051	1,764,201	619,287	623,633
Total liabilities	390,374	414,512	74,577	98,728
Shareholders fund	1,514,787	1,349,689	544,710	524,905

		Group	Group	Company	Company
		31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
		N'000	N'000	N'000	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 (2017:1,268,314,351) ordinary shares representing 51.53% (2017:44.65%) holdings in Gold link Insurance Plc as at 31/12/2018. The increase in the percentage holding in Gold link Insurance Plc is due to shares forfeited and surrendered by shareholders in Gold link Insurance Plc in 2018 due to non-cash payment.

Gold link 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 Gold link 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 Gold link 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 Gold link 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).

NOTE TO THE FINANCIAL STATEMENTS

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 2020, having appropriate recognized 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 recognized 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 2020 is as follows:

	Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
Balance at 1 January	412,111	880,201	412,111	880,201
Addition	-	176,000	-	176,000
Disposal	(122,672)	(658,415)	(122,672)	(658,415)
Fair value gain	-	14,325	-	14,325
Balance at 31 December (see note 11d)	**289,439**	**412,111**	**289,439**	**412,111**

a Measurement of fair value

Fair value hierarchy.

The fair value measurement for the investment properties of N289,439 (2019: N412,111) has been categorized as a level 3 fair value based on the inputs into the valuation technique used.

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

NOTE TO THE FINANCIAL STATEMENTS

i

	Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Parent 31-Dec-20 N'000	Parent 31-Dec-19 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	55,494	55,494
No 893/894 Jolly Nyame Street Bosso LGA, Kano	-	5,672	-	5,672
No. 91 Planner lane, NNDC Quarters, Off BUK Rd. Sharadda	-	63,000		63,000
Plot 277, Giwa Road, Gyadi-Gyadi, Kano.	20,945	20,945	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 evergreen estate, Durumi Abuja.	-	30,000	-	30,000
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 Flat 1&3 Aso Garden Estate Karsana Abuja.	144,000	168,000	144,000	168,000
1 Unit of 4-Bedroom s Flat known and identified as Block D, Flat 5, Hillview Estate, Gaduwa District, Abuja.	24,000	24,000	24,000	24,000
	289,439	**412,111**	**289,439**	**412,111**

NOTE TO THE FINANCIAL STATEMENTS

d 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/85/1508	-	-		-	-
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 evergreen estate, Durumi Abuja.	Certificate of Occupancy No. FCT/ABU/MCSC/11092	30,000	-	(30,000)	-	-
Block D flat 5 Hillview Estate Gaduwa District Abuja	Certificate of Occupancy No. 1932w-10645-65f7r-bbb2u-10	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 Flat 1&3 Aso Garden Estate Karsana Abuja.		168,000		(24,000)		144,000
		412,111	**-**	**(122,672)**	**-**	**289,439**

NOTE TO THE FINANCIAL STATEMENTS

The movement in the fair value of investment properties as at 31 December 2019 is as follows

	Status of Title Documents	Balance at 1 Jan 2019	Additions	Disposals	Revaluation gain or loss	Balance at 31 Dec. 2019
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. 5 Atakpema Street, off Adetokunbo Ademola Street, Wuse II Abuja	Certificate of Occupancy No. 1932w-12d43-697br-bfb8u-10	200,000	-	(200,000)	-	-
No 35 Kafur Street, Off Isa Kaita Road Kaduna	Certificate of Occupancy No. 027560	55,494	-	-	-	55,494
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-7A	6,084	-	(6,084)	-	-
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-8A	6,084	-	(6,084)	-	-
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-9	6,084	-	(6,084)	-	-
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-10A	6,084	-	(6,084)	-	-
No AC-7 A&B Prof. Jerry Gana Street, Danladi Nasidi Housing Estate	KSHC/EST/DNHE/AC-11A	6,084	-	(6,084)	-	-
No 893/894 Jolly Nyame Street Bosso LGA, Kano	KSHC/EST/DNHE/BE-27	11,344	-	(5,672)	-	5,672
Plot No 37, city centre, Kano	Right of Occupancy No. COM/93/58	70,000	-	(70,000)	-	-
No. 68 Planner lane, NNDC Quarters, Off BUK Rd. Sharadda	Certificate of Occupancy No. LKN/RES/85/1508	72,000	-	(72,000)	-	-
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	108,000	-	(108,000)	-	-
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 evergreen estate, Durumi Abuja.	Certificate of Occupancy No. FCT/ABU/MCSC/11092	180,000	-	(150,000)	-	30,000
Block D flat 5 Hillview Estate Gaduwa District Abuja	Certificate of Occupancy No. 1932w-10645-65f7r-bbb2u-10	24,000	-	-	-	24,000
7units 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 Kanasa Abuja.		-	176,000	(22,325)	14,325	168,000
		880,203	**176,000**	**(658,417)**	**14,325**	**412,111**

INVESTMENT PROPERTIES NOT IN THE NAME OF VERITAS KAPITAL AS AT YEAR END DECEMBER, 2020.

LOCATION	Title document number	Amount	STEPS TAKEN FOR PERFECTION
No 35 Kafur Street, Off Isa Kaita Road Kaduna	Certificate of Occupancy No. 027560	55,494,000.00	Perfection complete, awaiting C of O from lands registry Kaduna

NOTE TO THE FINANCIAL STATEMENTS

	31-Dec-20 N'000	31-Dec-19 N'000
12 Goodwill		
The goodwill is arising on acquisitions in the following subsidiaries:		
FUG Pension	316,884	316,884
Healthcare Securities	-	-
	316,884	**316,884**
a Analysis of movement		
Balance at 1 January	316,884	386,444
Impairment (see note 33)	-	(69,560)
Balance at 31 December	**316,884**	**316,884**

The goodwill recognized 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 2.8% for HCSL and 4.6% for VGPL (2019: averaging 2.8% for HCSL and 4.6% for VGPL) was applied in determining the terminal cash flows
- Discount rates (averaging 21.88% for HCSL and 30.9% 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 30.3% for HCSL and 44.9% 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 computer software which does not form part of a related hardware.

	Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
	49,900	72,567	25,299	40,253
Computer software				
Cost				
Balance, at 1 January	397,496	373,830	293,802	285,989
Additions	6,941	23,666	452	7,814
Balance, 31 December	404,437	397,496	294,254	293,803
Accumulated amortization				
Balance, at 1 January	324,929	296,380	253,550	238,383
Amortization expense	29,609	28,549	15,405	15,167
Balance, 31 December	354,537	324,929	268,955	253,550
Carrying amount 31 December	**49,900**	**72,567**	**25,299**	**40,523**

NOTE TO THE FINANCIAL STATEMENTS

14 a GROUP

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	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	-	-	(4,872)	(20,050)	(1,137)		(26,059)
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	-	147,160
Disposals	-	-	(3,635)	(20,050)	(1,139)	-	(24,824)
As at 31 December	-	46,898	455,130	478,353	144,528	-	1,124,911
Carrying amount as at 31 December, 2020	**931,386**	**2,523,017**	**113,358**	**204,554**	**15,863**	**2,355**	**3,790,533**

Group

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	911,272	1,986,453	473,211	573,811	142,871	498,373	4,585,991
Additions	-	8,262	80,781	93,226	34,950	67,200	284,419
Revaluation adjustments	10,000	26,184	-	-	-		36,184
Transfer	-	246,269	13,905	-	4,023	(264,197)	-
Write off (see note 36)	-	-	-	-	-	(43,692)	(43,692)
Disposals	-	-	(46,183)	(53,065)	(24,158)	-	(123,406)
As at 31 December	921,272	2,267,168	521,714	613,972	157,684	257,686	4,739,496
Accumulated depreciation							-
At 1 January	-	28,152	385,621	386,814	131,029	-	931,616
Depreciation expenses	-	8,171	67,072	74,299	28,512	-	178,054
Disposals	-	-	(40,693)	(42,248)	(24,156)	-	(107,097)
As at 31 December	-	36,323	412,000	418,865	135,385	-	1,002,573
Carrying amount as at 31 December, 2019	**921,272**	**2,230,845**	**109,714**	**195,108**	**22,301**	**257,684**	**3,736,923**

NOTE TO THE FINANCIAL STATEMENTS

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	901,272	1,794,613	263,701	319,100	115,674	67,056	3,461,417
Additions		50,425	40,929	67,976	236	2,355	161,921
Revaluation adjustments	10,114	(10,481)	-	-	-	-	(367)
Transfer/ Reclassification		67,056				(67,056)	-
Disposals			(4,871)		(1,137)		(6,008)
As at 31 December	911,386	1,901,613	299,759	387,076	114,773	2,355	3,616,962
Accumulated depreciation							-
At 1 January	-	-	231,047	229,406	107,559	-	568,012
Depreciation expenses	-	-	19,199	37,537	6,188	-	62,923
Disposals	-	-	(3,635)	-	(1,137)		(4,772)
As at 31 December	-	-	246,608	266,943	112,610	-	626,163
Carrying amount as at 31 December, 2020	**911,386**	**1,901,613**	**53,149**	**120,133**	**2,163**	**2,355**	**2,990,799**

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	891,272	1,760,169	253,739	287,955	110,637	-	3,303,772
Additions		8,262	56,144	81,935	29,195	67,056	242,593
Revaluation adjustments	10,000	26,183	-	-	-	-	36,183
Disposals			(46,183)	(50,790)	(24,158)	-	(121,131)
As at 31 December	901,272	1,794,614	263,700	319,100	115,674	67,056	3,461,417
Accumulated depreciation							
At 1 January	-	-	231,594	234,090	107,133	-	572,817
Depreciation expenses			40,146	35,289	24,581	-	100,016
Revaluation adjustments				-	-	-	-
Disposals			(40,693)	(39,973)	(24,156)	-	(104,822)
As at 31 December 2019	-	-	231,047	229,406	107,558	-	568,011
Carrying amount as at 31 December, 2019	901,272	1,794,614	32,654	89,695	8,115	67,056	2,893,406

a) Land and Building was independently valued by Osas & Osas and Partners, Estate surveyors &Valuers(FRC/2012/0000000000522) in 2020 to ascertain the open market value of land and building .The open market value of land and building as at 31 December 2020 was N2,813,000,000 (2019: N2,695,887,000)

NOTE TO THE FINANCIAL STATEMENTS

14c. Leasehold Land and Building Comprises:

Group	31 December 2020			31 December 2019		
	Leasehold Land	**Building**	**Total**	**Leasehold Land**	**Building**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	-	470,168	470,168	-	274,421	274,421
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	700,000	1,600,000	2,300,000	700,000	1,500,000	2,200,000
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	142,057	147,943	290,000	132,057	147,943	280,000
Plot 116 Hadejia Road, Yankaba, Kano.	69,329	153,671	223,000	69,215	146,671	215,886
26, Commercial Avenue, Sabo, Yaba, Lagos	20,000	198,133	218,133	20,000	198,133	218,133
	931,386	2,569,915	3,501,301	921,272	2,267,168	3,188,440

Parent						
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	700,000	1,600,000	2,300,000	700,000	1,500,000	2,200,000
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	142,057	147,943	290,000	132,057	147,943	280,000
Plot 116 Hadejia Road, Yankaba, Kano.	69,329	153,671	223,000	69,215	146,671	215,886
	911,386	1,901,614	2,813,000	901,272	1,794,614	2,695,886

NOTE TO THE FINANCIAL STATEMENTS

14d Movement in leasehold land and building is as follows:
Group 2020

	Status of title documents	Balance as at Jan 1, 2020 N'000	Addition N'000	Disposals N'000	Transfer N'000	Depreciation N'000	Revaluation adjustment N'000	Balance as at 31 December 2020 N'000
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	Certificate of Occupancy No. 53/53/187A	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	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	280,000	-	-			10,000	290,000
Plot 116 Hadejia Road, Yankaba, Kano.	Certificate of Occupancy No. LKN/RES/RC/96/64	215,886	-	-			7,114	223,000
26, Commercial Avenue, Sabo, Yaba, Lagos	Governor Consent (Deed of Assignment)	218,133	-	-			-	218,133
		3,152,117	**122,600**	**-**	**190,628**	**-**	**(367)**	**3,464,978**

Group 2019

	Status of title documents	balance as at Jan 1, 2019 N'000	Addition N'000	Disposals N'000	Transfer N'000	Depreciation N'000	Revaluation adjustment N'000	Balance as at 31 December 2019 N'000
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	Certificate of Occupancy No. 53/53/187A	-	-		246,269	(8,171)	-	238,098
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	Certificate of Occupancy No. FCT/ABU/MISC/5687	2,171,440	8,262	-	-		20,298	2,200,000
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	Deed of Lease No. 1124/SD/4	280,000	-	-	-			280,000
Plot 116 Hadejia Road, Yankaba, Kano.	Certificate of Occupancy No. LKN/RES/RC/96/64	200,000	-	-	-		15,886	215,886
26, Commercial Avenue, Sabo, Yaba, Lagos	Governor Consent (Deed of Assignment)	218,133	-	-	-	-		218,133
		2,869,573	**8,262**	**-**	**246,269**	**(8,171)**	**36,184**	**3,152,117**

NOTE TO THE FINANCIAL STATEMENTS

Company 2020

	Status of title documents	balance as at Jan 1, 2020 N'000	Addition N'000	Disposals N'000	Transfer N'000	Depreciation N'000	Revaluation adjustment N'000	Balance as at 31 December 2020 N'000
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	Certificate of Occupancy No. 53/53/187A	-	-	-	-	-	-	-
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	Certificate of Occupancy No. FCT/ABU/MISC/5687	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	280,000	-	-	-	-	10,000	290,000
Plot 116 Hadejia Road, Yankaba, Kano.	Certificate of Occupancy No. LKN/RES/RC/96/64	215,886	-	-	-	-	7,114	223,000
		2,695,886	**117,481**	**-**	**-**	**-**	**(367)**	**2,813,000**

Company 2019

	Status of title documents	balance as at Jan 1, 2019 N'000	Addition N'000	Disposals N'000	Transfer N'000	Depreciation N'000	Revaluation adjustment N'000	Balance as at 31 December 2019 N'000
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	Certificate of Occupancy No. 53/53/187A	-	-					-
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	Certificate of Occupancy No. FCT/ABU/MISC/5687	2,171,440	8,262			-	20,298	2,200,000
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	Deed of Lease No. 1124/SD/4	280,000						280,000
Plot 116 Hadejia Road, Yankaba, Kano.	Certificate of Occupancy No. LKN/RES/RC/96/64	200,000					15,886	215,886
		2,651,440	**8,262**	**-**	**-**	**-**	**36,184**	**2,695,886**

NOTE TO THE FINANCIAL STATEMENTS

		Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Parent 31-Dec-20 N'000	Parent 31-Dec-19 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 2020 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-20 N'000	Group 31-Dec-19 N'000	Parent 31-Dec-20 N'000	Parent 31-Dec-19 N'000
16	**Insurance contract liabilities**				
	Outstanding claims (see Note(a) below)				
	Outstanding claims reported	736,872	1,113,141	736,872	1,113,141
	Claims incurred but not reported	493,837	205,657	489,338	202,014
		1,230,709	1,318,797	1,226,210	1,315,154
	Unearned premium (see Note (b) below)	1,625,308	693,668	1,623,284	692,442
		2,856,017	**2,012,465**	**2,849,493**	**2,007,596**
a	**Provision for outstanding claims**				
	Motor insurance	22,312	44,760	22,312	44,760
	Fire insurance	157,993	204,005	157,993	204,005
	General accident insurance	94,806	64,516	94,806	64,516
	Marine insurance	6,158	74,806	6,158	74,806
	Engineering	125,847	131,199	125,847	131,199
	Aviation	73,321	41,670	73,321	41,670
	Oil and gas	534,298	697,871	534,298	697,871
	Bond	3,644	304	3,644	304
	Agric	207,831	56,023	207,831	56,023
	PHI	4,499	3,643	-	-
		1,230,709	**1,318,797**	**1,226,210**	**1,315,154**
a(i)	Movement in outstanding claims:				
	Balance at 1 January	1,113,141	1,214,825	1,113,141	1,214,825
	Decrease in Outstanding Claims (see note 31)	(376,269)	(101,684)	(376,269)	(101,684)
	Balance at 31 December	**736,872**	**1,113,141**	**736,872**	**1,113,141**
a(ii)	Movement in IBNR is analyzed as follows:				
	Balance at 1 January	205,657	189,393	202,014	189,393
	Increase in IBNR (see note 31)	288,180	16,264	287,324	12,621
	Balance at 31 December	**493,837**	**205,657**	**489,338**	**202,014**

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

	2020		**2019**	
No. of Days	Number of Claimants	Outstanding claims (N'000)	Number of Claimants	Outstanding claims (N'000)
0-90	151	36,923	120	173,149
91-180	65	54,256	108	161,324
181-270	22	6,701	53	68,222
271-365	40	16,035	68	21,695
Above 365	620	622,957	446	688,751
Total	898	736,872	795	1,113,141

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 2020, 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 a 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

NOTE TO THE FINANCIAL STATEMENTS

		Group	Group	Parent	Parent
b	**Reserve for unearned premium**	**31-Dec-20**	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
		N'000	**N'000**	**N'000**	**N'000**
	Motor insurance	200,785	170,230	200,785	170,230
	Fire insurance	180,861	244,765	180,861	244,765
	General accident insurance	99,001	43,355	99,001	43,355
	Marine insurance	15,464	32,645	15,464	32,645
	Engineering	36,202	51,612	36,202	51,612
	Aviation	15,641	34,455	15,641	34,455
	Oil and gas	107,324	100,295	107,324	100,295
	Bond	16,291	6,630	16,291	6,630
	Agric	947,955	3,034	947,955	3,034
	1% PHI PREMIUM	2,024	1,226	-	-
		1,621,548	688,247	1,619,524	687,021
	AURR	3,760	5,421	3,760	5,421
		1,625,307	**693,668**	**1,623,284**	**692,442**

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

	Group 31-Dec-20	Group 31-Dec-19	Parent 31-Dec-20	Parent 31-Dec-19
Balance at 1 January	693,667	927,363	692,442	926,414
Increase/(Decrease) in unearned premium (see note 28)	931,641	(233,696)	930,842	(233,972)
	1,625,307	**693,667**	**1,623,284**	**692,442**

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	Group	Parent	Parent
	31-Dec-20	**31-Dec-19**	**31-Dec-20**	**31-Dec-19**
	N'000	**N'000**	**N'000**	**N'000**
This is analyzed as follows:				
Co-insurance premium	676,530	116,868	676,530	116,868
Commission payable	9,765	112,972	9,765	112,972
	686,295	**229,840**	**686,295**	**229,840**

18 Retirement benefit obligation

Gratuity Scheme				
Balance at 1 January	11,246	9,581	-	-
Contributions in the period (see note (a) below)	3,478	1,665	-	-
Balance at 31 December	**14,724**	**11,246**	**-**	**-**

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 2020 was performed by PENMED Actuarial Consultants FRC/2014/NAS/0000000953.

Summary of membership data	2020	2019
Active Members	14	13
Total annual emoluments	N21.97mn	N21.97mn
Average Liability duration over future service	19.5	21

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.

NOTE TO THE FINANCIAL STATEMENTS

Benefit Liability and assets	**2020 N'000**	**2019 N'000**
Present Value of Funded Obligations	-	-
Fair Value of Plan Assets	-	-
(Deficit) / Surplus of Funded Plans	(14,724)	(11,246)
Present Value of Unfunded Obligations	-	-
Unrecognized past service cost		
(Liability)/Asset Recognition in the Balance Sheet	(14,724)	(11,246)

(i). **Reconciliation of Defined Benefit Obligation**
Changes in the present value of the defined benefit obligation are as follows;

At 1 January	11,246	9,581
Current service cost*	1,598	1,596
Interest Cost	1,293	1,389
Employees Contribution	-	-
Benefit paid (estimate)	(2,402)	(2,553)
Actuarial losses/(gains) due to change in financial assumptions	3,070	(509)
Actuarial losses/(gains) due to change in demographic assumptions	(81)	1,742
At 31 December	**14,724**	**11,246**

*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.

19 Provision and other payables	**Group 31-Dec-20 N'000**	**Group 31-Dec-19 N'000**	**Company 31-Dec-20 N'000**	**Company 31-Dec-19 N'000**
This is analyzed as follows:				
Life insurance fund (Note 19a)	131,417	131,417	131,417	131,417
PAYE tax, VAT, NHF and other remittable deductions	61,939	26,021	26,693	1,597
Staff accounts (see note 19b)	31,957	35,374	28,764	30,552
Accrued professional fees (see note 19c)	153,690	202,110	46,148	46,291
Accrued NAICOM levy	85,671	28,754	85,671	28,755
Supplies & Services Bills Payables (note 19e)	141,453	58,507	134,459	36,319
Other accruals and payables (see note 19f)	12,984	60,584	11,280	60,558
Unclaimed dividends	15,045	24,249	15,046	24,248
Due to employees (see note 3)	9,239	18,197	9,239	18,197
Pension Protection fund (note 19d)	98,300	66,619	-	-
	741,695	**651,833**	**488,717**	**377,934**

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

b Staff account balance is in respect of variable pay provision, unremitted amount on behalf of staff to various PFAs for the month of December 2020 and deductions from staff salary to be remitted to their co-operative scheme administrator. As at March 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-20 N'000	**Group 31-Dec-19 N'000**	**Company 31-Dec-20 N'000**	**Company 31-Dec-19 N'000**
Current	496,932	429,549	342,253	222,269
Non-Current	244,763	222,284	146,464	155,665
	741,695	**651,833**	**488,717**	**377,934**

NOTE TO THE FINANCIAL STATEMENTS

		Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
20	**Income tax liabilities**				
	Company income tax	53,076	48,269	13,900	31,123
	Education tax	8,472	8,544	2,768	6,225
	Under provision in prior years	70,873	52,857	70,873	52,857
	Per income statement	132,421	109,670	87,541	90,205
	Balance at beginning of the year	80,306	93,994	40,923	56,815
	Withholding tax utilized (see note 8f)	(94,870)	(7,425)	(86,474)	-
	Payments	(23,399)	(115,933)	(11,021)	(106,097)
	Per statement of financial position	**94,458**	**80,306**	**30,969**	**40,923**
21.1	**Deferred tax asset**				
	At 1 January	8,486	-	-	-
	Write back to income statement	(1,170)	8,486	-	-
	At 31 December	**7,316**	**8,486**	-	-
21.2	**Deferred tax liability**				
	At 1 January	554,978	607,046	542,136	501,814
	Charges for the year	1,828	43,489	-	40,322
	Write back	(232,042)	(95,557)	(232,042)	-
	At 31 December	**324,764**	**554,978**	**310,094**	**542,136**

		31-Dec-20 N'000	31-Dec-19 N'000	31-Dec-20 N'000	31-Dec-19 N'000
22	**Issued and paid up share capital**				
a	**Authorized**				
	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.

23 Share premium

Share premium comprises additional paid-in capital in excess of their per value.

	Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
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-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
Balance at 1 January	939,949	851,335	939,949	851,335
Transfer from retained earnings	181,896	88,614	181,896	88,614
Balance at 31 December	**1,121,845**	**939,949**	**1,121,845**	**939,949**

NOTE TO THE FINANCIAL STATEMENTS

25 Retained earnings

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

	Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
Balance at 1 January	(2,262,822)	(2,358,811)	(2,440,337)	(2,475,145)
Transferred from statement of Profit or loss for the year	885,026	184,603	740,931	123,422
Transfer to Contingency Reserve	(181,896)	(88,614)	(181,896)	(88,614)
Balance at 31 December	**(1,559,692)**	**(2,262,822)**	**(1,881,302)**	**(2,440,337)**

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.

Land	Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
Balance at 1 January	746,068	736,068	746,068	736,068
Revaluation surplus	10,114	10,000	10,114	10,000
Balance at 31 December	**756,182**	**746,068**	**756,182**	**746,068**
Building				
Balance at 1 January	1,063,896	1,037,712	1,063,896	1,037,712
Revaluation (deficit)/ surplus	(10,481)	26,184	(10,481)	26,184
Balance at 31 December	**1,053,415**	**1,063,896**	**1,053,415**	**1,063,896**
Carrying amount	**1,809,597**	**1,809,964**	**1,809,597**	**1,809,964**

26.2 FVOCI reserve

Balance at 1 January	40,213	34,501	41,446	34,501
Net actuarial gains on retirement benefit obligation	(2,989)	(1,233)	-	-
Fair value gain on FVOCI financial instruments	3,700	6,945	3,700	6,945
	40,924	**40,213**	**45,146**	**41,446**

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-20	Group 31-Dec-19	Company 31-Dec-20	Company 31-Dec-19
Profit after tax attributable to equity holders N'000	940,647	165,258	740,931	123,422
Weighted average no. of ordinary shares at end of year '000	6,933,333	6,933,333	6,933,333	6,933,333
Basic earnings per share (kobo)	0.14	0.02	0.11	0.02

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

NOTE TO THE FINANCIAL STATEMENTS

		Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
28	**Gross premium**				
	Gross premium earned (see note (a)below)	6,183,057	3,054,142	5,980,625	2,931,603
	Inward reinsurance premium (see note (b)below)	82,578	22,189	82,578	22,189
	Gross written premium	6,265,636	3,333,642	6,063,203	2,953,792
	Changes in unearned premium (see note 16 b(i))	(932,866)	233,696	(930,842)	233,972
		5,332,770	**3,567,338**	**5,132,361**	**3,187,764**
a	**Group premium earned is further analyzed as follows:**				
	Fire	776,017	589,332	776,017	589,332
	General accident	365,987	325,410	365,987	325,410
	Marine	59,422	120,382	59,422	120,382
	Motor	539,756	502,039	539,756	502,039
	Oil and gas	440,225	515,226	440,225	515,226
	Aviation	218,110	137,938	218,110	137,938
	Engineering	132,369	226,929	132,369	226,929
	Bond	48,855	11,350	48,855	11,350
	Agric	3,399,883	502,997	3,399,883	502,997
	PHI Premium	202,432	122,539	-	-
		6,183,056	**3,054,142**	**5,980,624**	**2,931,603**
b	**Inward reinsurance premium**				
	Fire	17,213	4,961	17,213	4,961
	Motor	5,963	6,782	5,963	6,782
	General accident	1,611	391	1,611	391
	Aviation	47	120	47	120
	Engineering	16,544	3,004	16,544	3,004
	Marine	4,035	2,316	4,035	2,316
	Oil and gas	12,897	3,000	12,897	3,000
	Agric	24,267	1,615	24,267	1,615
		82,577	**22,189**	**82,577**	**22,189**
29	**Reinsurance cost**				
	Reinsurance cost	3,367,686	1,168,261	3,367,686	1,168,261
	Movement in prepaid reinsurance	(550,232)	153,756	(550,232)	153,756
	Reinsurance expenses (note 6a)	**2,817,454**	**1,322,017**	**2,817,454**	**1,322,017**
30	**Commission income**	**193,284**	**166,979**	**193,284**	**166,979**
	Deferred commission income at 1 January	-	-	-	-
	Fees and Commission income during the year	193,284	166,979	193,284	166,979
	Fees and commission earned during the year	(193,284)	(166,979)	(193,284)	(166,979)
	Deferred commission as at 31 December	**-**	**-**	**-**	**-**
31	**Claims expenses**				
	Direct claims paid	1,202,782	562,972	1,202,782	562,972
	Changes in outstanding claims (see note 16 a(i))	(376,269)	(101,684)	(376,269)	(101,684)
	Changes in IBNR (see note 16a(ii))	288,180	16,264	287,324	12,621
	PHI claims	111,145	89,702	-	-
	Gross claims incurred	1,225,838	567,254	1,113,837	473,909
	Reinsurance recovery (see note 31(a)below	(315,559)	8,917	(315,559)	8,917
		910,279	**576,171**	**798,278**	**482,826**
31a	**Analysis of reinsurance recoverable**				
	Reinsurance recovery on paid claims	229,994	90,730	229,994	90,730
	Movement in reinsurance share of outstanding claims (see note 6b)	84,688	(29,600)	84,688	(29,600)
	Movement in reinsurer's share of paid claims	877	(70,047)	877	(70,047)
	Total reinsurance recoverable	**315,559**	**(8,917)**	**315,559**	**(8,917)**

NOTE TO THE FINANCIAL STATEMENTS

		Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Company 31-Dec-20 N'000	Company 31-Dec-19 N'000
32	**Underwriting expenses**				
	Acquisition costs during the year	480,848	295,624	480,848	295,624
	Movement in deferred acquisition	(12,039)	53,954	(12,039)	53,954
	Acquisition expenses during the year (See note 7)	468,809	349,578	468,809	349,578
	Maintenance cost during the year	37,447	123,546	37,447	123,546
	Total underwriting expenses	**506,256**	**473,124**	**506,256**	**473,124**

		Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Parent 31-Dec-20 N'000	Parent 31-Dec-19 N'000
33	**Impairment of financial assets**				
	Impairment charge on other assets	56,119	40,306	56,119	40,306
	Write back on other assets	(33,930)	(149,444)	(33,930)	(149,444)
	Impairment write-back on trade receivable	(6,159)	-	(6,159)	-
	Impairment charge on goodwill (see note 12)	-	69,560	-	-
	ECL charge on financial asset (see note 4b)	14,556	21,556	6,436	19,843
	ECL (write back) / charge on placement (see note 3.1)	41	(7,638)	(466)	(7,729)
		30,627	(25,660)	22,000	(97,024)
34	**Investment income**				
	Dividends from equity investments at FVTPL	4,226	1,174	8,238	5,186
	(Loss)/profit on disposal of investment property	(17,147)	5,539	(17,147)	5,539
	Interest received from:				
	Bonds	507,945	86,767	441,874	20,595
	FGN Treasury bills	64,576	19,416	23,012	5,972
	Short term deposits	232,414	526,908	220,997	434,307
	RSA asset-based fee	996,183	854,350	-	-
	Statutory deposit	46,317	44,078	46,317	44,078
		1,834,514	**1,538,232**	**723,291**	**515,677**
	Further analyzed as follows:				
	Attributable to policy holders fund	151,891	106,765	151,890	108,293
	Attributable to shareholders funds.	1,682,622	1,431,467	571,401	407,384
		1,834,514	**1,538,232**	**723,291**	**515,677**
35	**Other operating income**				
	Rental and other incomes	3,258	14,084	14,319	14,084
	Profit on sale of property, plant and equipment	227	6,390	227	6,390
	RSA administrative fee income	116,439	92,767	-	-
	Exchange (loss) / gain (See Note 35bi)	86,934	(25,540)	86,934	(25,540)
	Admin charges- Formal sector	47,863	43,577	-	-
	Sundry income (See 35bii)	23,142	22,555	23,142	21,543
		277,863	**153,833**	**124,622**	**16,477**

35bi Exchange gain/ loss relates to translation of transactions in foreign currency for outstanding claims, bank balances and foriegn 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. Year 2019 ITF Reimbursement N2,881
2. Amount accrued in excess of liability on staff gratuity fund as at June 2020 N5,438
3. Excess Stamp Duty recovered through NIA   N23,142

NOTE TO THE FINANCIAL STATEMENTS

		Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Parent 31-Dec-20 N'000	Parent 31-Dec-19 N'000
36	**Management expenses**				
	Staff costs	1,222,550	1,290,864	596,737	748,361
	Directors' allowances and expenses	271,790	360,357	178,600	210,059
	Depreciation and amortization	176,770	206,603	78,329	115,183
	Professional fees	229,766	136,948	221,748	115,235
	Audit fees	28,495	28,495	20,002	20,000
	Marketing and advertisement	119,795	122,061	71,937	45,839
	Administrative expenses	156,215	154,284	68,952	83,085
	NITDA information technology levy	8,221	2,589	6,035	2,566
	Repairs and maintenance	52,334	25,531	33,752	7,460
	Travel costs and allowances	29,351	49,819	19,115	23,596
	NAICOM Levy	63,508	40,703	63,508	40,703
	Donation (See Note 36b below)	31,457	7,518	20,100	504
	Electricity and power	21,113	27,868	13,940	20,166
	Penalty charge (see note 41)	-	1,650		1,650
	Subscription	17,449	22,274	2,401	8,588
	Printing and stationeries	18,952	17,837	12,402	7,545
	Information technology expenses	51,915	22,425	32,951	11,740
	Write-offs	-	43,692		-
	Pension protection fund levy	31,681	34,883	-	-
	Rent and rate	8,759	21,535	4,255	-
		2,540,120	**2,617,936**	**1,444,762**	**1,462,283**

36b **T**he donations made by the entity comprise of the following:

1. COVID- 19 support fund to FGN through Nigerian Insurers Association N20,000,000
2. The Nigeria Council of Registered Insurance Brokers (NCRIB) N100,000

		Group 31-Dec-20 N'000	Group 31-Dec-19 N'000	Parent 31-Dec-20 N'000	Parent 31-Dec-19 N'000
37a	**Income tax expense**				
	Education tax	8,472	8,544	2,768	6,225
	Company income tax	53,076	48,269	13,900	31,123
	Under provision in prior years	70,873	52,857	70,873	52,857
	Deferred tax (write-back)/expense	(229,044)	(60,554)	(232,042)	40,322
		(96,623)	**49,116**	**(144,501)**	**130,527**
37b	**Reconciliation of effective tax rate**				
	Profit for the year after income tax	940,647	207,154	740,930	123,422
	Total Tax expense;				
	Income	53,076	59,694	13,900	31,123
	Education	8,472	14,312	2,768	6,225
	Deferred	(229,044)	351,751	(232,042)	40,322
	Under provision in previous years	70,873	6,614	70,873	52,857
	Total income tax expense in comprehensive income	844,024	639,525	596,429	253,949

NOTE TO THE FINANCIAL STATEMENTS

38	Non-Controlling interest	31-Dec-20	31-Dec-19
	The movement in non-controlling interest during the year is shown below:		
	Balance, beginning of year	439,024	458,648
	Share of profit/(loss) for the period	55,621	(19,345)
	Dividend Paid	(279)	(279)
		494,366	**439,024**

39 Proposed Dividend

There was no propose dividend during the year (2019: Nil)

40 Contingent liabilities

There were claims and litigations against the company as at 31 December 2020, amounting to ₦16,125,089.68 (2019: ₦38,350,904.89). 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.

41 Contraventions

31 December 2020	Group	Parent
NATURE OF CONTRAVENTIONS	**N,000**	**N,000**
	-	-
	-	**-**
31 December 2019		
NATURE OF CONTRAVENTIONS		
Late filing of 2018 Audited Financial Statements to SEC	1,650	1,650
	1,650	**1,650**

42 Related Parties Transactions

a Transactions between the company, and the subsidiaries also meet the definition of related party transactions where these are eliminated on consolidation, they are not disclosed in the consolidated financial statements. Details of transactions between the group and other related parties are disclosed below:

The Company enters into transactions with its subsidiaries, Major shareholders and its key management personnel in the normal course of business of providing insurance cover on Motor, Fire, and General accidents. The transactions with related parties are made at normal market prices and conducted at arm's length.

	Relationship	Premium written N,000	Claims paid N,000
Veritas	Major Shareholder	5,658	7,626
Veritas Glanvills Pensions Limited	Subsidiary	8,140	-
Healthcare Security Ltd	Subsidiary	11,056	127
Gold links insurance plc			

NOTE TO THE FINANCIAL STATEMENTS

b Included in note 8 is the sum of N158 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	96,000	This relates to amount receivable on property sold to the entity in year 2018
Gold link 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:

	2020	**2019**
Salaries	152,119	129,457
Fees	-	-
Total compensation to key management personnel	152,119	129,457
Directors cost	152,000	85,059
Salaries and wages	55,919	61,557
Pension cost	7,511	7,626
Total Directors cost	**215,430**	**154,243**
Remuneration of highest paid Director/Chairman		
Remuneration of highest paid Director	20,000	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:

			2020 Number	**2019 Number**	**2020 Number**	**2019 Number**
Below	-	500,000	0	0	-	-
500,001	-	1,500,000	61	61	-	21
1,500,001	-	2,500,000	85	85	22	15
2,500,001	-	3,500,000	25	25	23	17
3,500,001	-	4,500,000	20	20	10	11
4,500,001	-	5,500,000	25	25	2	22
5,500,001	-	6,500,000	6	6	12	1
6,500,001	-	7,500,000	5	5	6	0
7,500,001	-	8,500,000	9	9	0	5
8,500,001	-	9,500,000	3	3	2	1
9,500,001	-	10,500,000	5	5	-	0
10,500,001	-	and above	13	13	9	8
			257	**257**	**86**	**101**

NOTE TO THE FINANCIAL STATEMENTS

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).

NOTE TO THE FINANCIAL STATEMENTS

Business Segment Information- Consolidated statement of financial position

	Non-life		Pension administrator		Healthcare		Elimination		Group	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
	=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	3,375,996	3,659,345	297,900	137,453	568,589	575,609			4,242,486	4,372,407
Financial Assets	3,003,027	1,303,071	617,728	603,605					3,620,755	1,906,675
Trade receivable	83,679								83,678	
Reinsurance Assets	1,025,756	389,960		-					1,025,756	389,960
Deferred Acquisition Cost	119,379	107,340	-	-	-	-			119,379	107,340
Other receivables and prepayment	213,113	409,595	178,473	167,862	25,217	19,118	(96,000)	(171,000)	320,803	425,575
Investment in subsidiaries	1,576,300	1,576,300					(1,576,300)	(1,576,300)	-	-
Investment in Associate	-	-							-	-
Investment Properties	289,440	412,111							289,440	412,111
Goodwill	-	-					316,884	316,884	316,884	316,884
Intangible Assets	25,299	40,253	24,599	32,446					49,898	72,699
Property, Plant and Equipment	2,990,799	2,893,407	774,251	814,610	25,481	28,906			3,790,900	3,736,923
Statutory Deposit	355,000	355,000							355,000	355,000
Deferred Tax Asset	-	-	7,316	8,356.00					7,316	8,356
Total Assets	**13,057,787**	**11,146,382**	**1,900,267**	**1,764,332**	**619,287**	**623,633**	**(1,355,416)**	**(1,430,416)**	**14,221,929**	**12,103,930**
Liabilities:										
Insurance contract liabilities	2,849,493	2,007,596			6,524	9704			2,856,017	2,017,300
Trade payables	686,295	229,840							686,295	229,840
Employees retirement benefit obligations	-	0			14,725	11,246			14,725	11,246
Provision and other payables	488,717	377,934	335,206	403,993	11,586	36,070	(96,000)	(171,000)	740,129	646,997
Income tax liabilities	30,969	40,923	36,412	10,650	28,643	28,866			960,024	80,439
Deferred Tax Liabilities	542,136	542,136			14,670	12,842			324,764	554,978
Other Liabilities										-
Issued and paid up share capital	6,933,333	6,933,333	1,500,000	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
Statutory Contingency reserves	1,121,845	939,949	100,162	67,252			(100,162)	(67,252)	1,121,845	939,949
Retained earnings	(1,881,303)	(2,440,338)	(102,629)	(217,564)	106,689	86,884	317,618	306,554	(1,559,691)	(2,264,464)
Other Component of Equity		0								-
Asset revaluation reserve	1,809,967	1,809,964	40,227	-			(40,227)		1,809,964	1,809,964
Fair value reserve	45,146	41,446			(4,222)				40,924	41,446
Non Controlling interest(NCI)	-						494,366	439,303	494,366	439,303
	13,057,787	11,146,382	1,900,870	1,764,332	616,636	623,633	(1,362,425)	(1,430,416)	14,221,929	12,103,930

NOTE TO THE FINANCIAL STATEMENTS

Business Segment Information- Consolidated statement of Comprehensive Income

	Non-life		Pension administrator		Healthcare		Consolidation Adjustments		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=	=N=
Net Underwriting Income	2,508,190	2,031,118	1,112,933	2,569	179,313	122,263	-	-	3,800,436	2,155,950
Profit before tax	596,429	253,949	218,417	2,569	36,577	31,487	(4,012)	(3,209)	847,411	284,796
Profit after tax	744,263	253,949	179,634	98,033	21,105	17,442	(4,012)	(3,209)	940,991	366,215

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.

NOTE TO THE FINANCIAL STATEMENTS

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 meet the requirements of its capital providers and of its shareholders.
(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 maximize shareholders value.

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 optimize 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:

	2020	2019
Total shareholders' funds	8,692,217	7,427,651
Regulatory required capital	3,000,000	3,000,000
Excess capital reserve	5,692,217	4,427,651

(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.

NOTE TO THE FINANCIAL STATEMENTS

47 Solvency Margin

The solvency margin for the company as at 31 December 2020 is as follows:

	Total Assets N'000	Inadmissible Assets N'000	Admissible Assets N'000
Cash and cash equivalents	3,375,996	(1,299,463)	2,076,533
Financial assets	3,003,027		3,003,027
Trade receivable	83,679		83,679
Reinsurance assets	1,025,756		1,025,756
Deferred acquisition cost	119,379		119,379
Other receivables and prepayments	213,113	(213,113)	0.00
Investment in subsidiaries	1,576,300		1,576,300
Investment in Associates	-		-
Investment properties	289,439	(173,664)	115,775
Goodwill	-		-
Intangible assets - Software	25,299		25,299
Property, plant and equipment (L&B)	2,812,999	(1,812,999)	1,000,000
Property, plant and equipment (Others)	177,800		177,800
Statutory deposits	355,000		355,000
Deferred tax asset	-		-
Total Admissible Assets	**13,057,786**	(3,499,239)	**9,558,547**
Insurance contract liabilities	2,849,493		2,849,493
Trade payables	686,295		686,295
Employees retirement benefit obligations	-		-
Provision and other payables	488,717		488,717
Income tax liabilities	30,969		30,969
Deferred Tax Liabilities	310,094	310,094	-
Total Admissible liabilities	**4,365,569**		**4,055,475**
Solvency Margin			5,503,073
The higher of 15% OF Net premium or			
Minimum capital base	3,000,000.00		3,000,000
Excess			2,503,073
Solvency ratio			183%

NOTE TO THE FINANCIAL STATEMENTS

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 2020 — **Carrying amount**

Fairvalue

In thousands of naira	Note	Designated at fair value	Armotised cost	Fair value through OCI	Other Financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value		**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Fair value through OCI		-	-	184,985	-	184,985	15,416	-	169,569	184,985
Fair Value through Profit or Loss		58,414	-	-	-	58,414	58,414	-	-	58,414
		58,414	-	184,985	-	243,399				
Financial assets not measured at fair value										
Cash and cash equivalents		-	119,040	-	-	119,040				
Reinsurance assets*^		-	379,505	-	-	379,505				
Placements		-	4,123,445	-	-	4,123,445				
Statutory deposit		-	355,000	-	-	355,000				
		-	4,976,990	-	-	4,976,990				
Financial liabilities not measured at fair value										
Other payables*		-	-	-	741,696					
Trade payables*		-	-	-	686,296	686,296				
		-	**-**	**-**	**1,427,992**	**686,296**				

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.

NOTE TO THE FINANCIAL STATEMENTS

* 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.

NOTE TO THE FINANCIAL STATEMENTS

31 December 2019				**Carrying amount**						
Fairvalue										
In thousands of naira		**Designated at fair value**	**armotised cost**	**Fair value through OCI**	**Other Financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value	**Note**	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets		46,616	-	43,716	-	90,332	90,332	_		90,332
		-	-	**43,716**	**0**	**90,332**				
Financial assets not measured at fair value										
Cash and cash equivalents		-	203,128	-	-	203,128				
Reinsurance assets*^		-	293,940	-	-	293,940				
Placements		-	3,462,048	-	-	3,462,048				
Statutory deposit		-	355,000	-	-	355,000				
		_	**4,314,116**	**0**	-	**4,314,116**				
Financial liabilities not measured at fair value										
Other payables*		_	_	_	651,833	651,833				
Trade payables*		_	_	_	229,840	229,840				
		_	**_**	**_**	**881,673**	**881,673**				

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 (#249.78 million)
^^ Unquoted equities not measured at fair value comprise of unquoted equities carried at cost as their fair value was not readily available.

NOTE TO THE FINANCIAL STATEMENTS

(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 arisies 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.

NOTE TO THE FINANCIAL STATEMENTS

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:

	2020	2019
	N'000	**N'000**
Reinsurance receivables (see note (a) below)	1,025,756	389,960
Cash and cash equivalents (see note (b) below)	4,242,485	4,372,408
Debt Instruments (see note (c) below)	3,377,355	1,816,344
Statutory deposit	355,000	355,000
	9,000,596	6,933,712

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 2020 (2019: 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 2020 (2019: NIL)

The Company did not have any debt securities that were past due but not impaired as at 31 December 2020 (2019: 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 2020.

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.

NOTE TO THE FINANCIAL STATEMENTS

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 includes:

- 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).

NOTE TO THE FINANCIAL STATEMENTS

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)

NOTE TO THE FINANCIAL STATEMENTS

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 rage 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 unlikeliness 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

NOTE TO THE FINANCIAL STATEMENTS

- 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.

NOTE TO THE FINANCIAL STATEMENTS

Internal rating grade	Moody's rating	2020 12mECL ₦'000	2020 LTECL ₦'000	2020 Total ₦'000	2019 12mECL ₦'000	2019 LTECL ₦'000	2019 Total ₦'000
Performing							
Cash and cash equivalents							
High grade	AAA-A+	-	-	-	-	-	-
Standard grade	BBB-B+	4,250,673	-	4,250,673	3,727,761		3,727,761
Past due but not impaired	C-CCC	-	-	-	-	-	-
Default	D			-			-
				-			-
Total Gross Amount		4,250,673	-	4,250,673	3,727,761	-	3,727,761
				-			-
ECL		(8,188)		(8,188)	(12,707)	-	(12,707)
Total Net Amount		4,242,485	-	4,242,485	3,715,054	-	3,715,054
				-			-
- amortised cost				-			-
High grade	AAA-A+	-	-	-	-	-	-
Standard grade	BBB-B+	3,420,435	-	3,420,435	-	-	-
Past due but not impaired	C-CCC	-	-	-	-	-	-
Default	D			-			-
				-			-
Total Gross Amount		3,420,435	-	3,420,435.21	-	-	-
				-			-
ECL		(43,079)		(43,079)	-	-	-
				-			-
Total Net Amount		3,377,355	-	3,377,355	-	-	-

As at 31 December 2020, Group had no asset reposed as security against asset. The group policy is to pursue timely realization 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 2020, the Company has not pledged any of its assets as collateral for any liability or payable balance (2019: 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.

NOTE TO THE FINANCIAL STATEMENTS

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 unacceptables 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 togther 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 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	686,296	662,639	23,657	-	-	-
Other payables	741,696	741,696	333,257	408,439	-	-	-
	1,427,992	1,427,992	995,896	432,096			_

31 December 2019			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	229,840	229,840	91,810	23,657	_	_	_
Provisions and other payables	651,833	651,833	292,261	359,572	_	_	-
	881,673	881,673	384,071	383,229	_	_	-

Maturity analysis

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

	2020			2019		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets:	0	4,242,485	4,242,485	0	4,372,408	4,372,408
Reinsurance assets	1,025,756	-	1,025,756	389,960	-	389,960
Trade debtors	83,679	-	83,679	-	-	-
Deferred acquisition cost	119,379	-	119,379	107,340	-	107,340
Other receivables and prepayments	320,803	-	320,803	425,575	-	425,575
Statutory deposit	-	355,000	355,000		355,000	355,000
	1,549,617	**4,597,485**	**6,147,102**	**922,875**	**4,727,408**	**5,650,283**
Insurance contract liabilities	2,856,017	-	2,856,017	2,012,465	-	2,012,465
Trade payables	686,295	-	686,295	229,840	-	229,840
Other payables and accruals	741,695	-	741,695	651,833	-	651,833
Current tax payable	94,458	-	94,458	80,306	-	80,306
Deferred Tax		324,764	324,764	-	554,978	554,978
Retirement benefit obligation	-	14,724	14,724	-	11,246	11,246
Total liabilities	**4,378,465**	**339,488**	**4,717,953**	**2,974,444**	**566,224**	**3,540,668**

NOTE TO THE FINANCIAL STATEMENTS

(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:

	31 December 2020			31 December 2019		
In Thousands of	**Carrying**	**USD**	**NGN**	**Carrying value**	**USD**	**NGN**
Cash and cash equivalent	3,375,996	1,700,292	1,675,704	3,659,345	2,920	3,656,425
Financial assets	3,003,027	1,449,522	3,003,027	1,303,071	0	1,303,071
Net statements of financial **position exposure**	6,379,023	3,149,814	4,678,731	4,962,416	2,920	4,959,496

NOTE TO THE FINANCIAL STATEMENTS

The following significant exchange rates have been applied.

	Year- end spot rate	
Year-end spot rate	**2020**	**2019**
Naira		
USD 1	400.33	364.7

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.

	Profit or Loss		Equity, net of tax	
Effects in thousand of naira	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
31 December 2020				
USD (10% movement)	314,981	(314,981)	314,981	(314,981)
31 December 2019				
USD (10% movement)	292	(292)	292	(292)

(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 insurance 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 singlere insurance 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.

NOTE TO THE FINANCIAL STATEMENTS

Furthermore, strict claim review policies and procedures exist to assess all new and on-going claims, regular detailed review of claims handling procedure sand 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 even 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 exceed2% 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 reserve was determined after data cleansing by using our internationally accepted actuarial models

The calculation of the reserves was conducted on both deterministic (assuming average historic experience would be reflected in the future experience without attaching probability or level of uncertainty of variations around such experience) and stochastic(allowing for likely future variation around the average expected experience) and stochastic approach uses Bootstrap-Mark method

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

NOTE TO THE FINANCIAL STATEMENTS

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 analyzing 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.

In Thousands of naira	31-Dec-20	31-Dec-19
Fixed-rate instruments		
Cash deposit	119,040	316,526
Money market placement	4,131,633	4,064,029
Amortized	3,377,355	1,816,344
	7,628,029	6,196,899

Cashflow sensitivity analysis for fixed-rate instruments

	Profit or	**loss**	**Equity,**	**net of tax**
Effect in thousands of naira	**100bp increase**	**100bp decrease**	**100bp increase**	**100bp decrease**
31 December 2020				
Financial instruments	762,803	(762,803)	300,303	(300,303)
	762,803	(762,803)	300,303	(300,303)
31 December 2019				
Financial instruments	619,690	(619,690)	369,475	(369,475)
	619,690	(619,690)	369,475	(369,475)

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. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

NOTE TO THE FINANCIAL STATEMENTS

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 maximize 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 (2019: N.932 million). An equal change in the opposite direction would have reduced equity by N1.17 million after tax (2019: N.932 million).

NOTE TO THE FINANCIAL STATEMENTS

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**
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	-	-	-		
2015	7,646	109,700	2,111	2,333	265	-			
2016	4,790	23,419	16,389	269	7,446				
2017	39,630	54,776	4,369	1,422					
2018	78,342	10,912	1,327						
2019	6,544	12,328							
2020	2,143								

Engineering Class paid claim amounts (NGN'000) allowing for inflation to 2020 money terms

Incremental Claim Amounts(NGN'000) Paid for Engineering Class by Development Year									
	1	2	3	4	5	6	7	8	9
2012	12,087	740,562	196		2,228	-	-	-	-
2013	16,482	20,354	2,489	26	5,768	-	-	-	
2014	57,279	15,814	5,926	3	-	-	-		
2015	15,284	192,434	3,167	3,087	315	-			
2016	8,403	35,138	21,687	319	7,895				
2017	59,461	72,482	5,186	1,508					
2018	103,665	12,953	1,407						
2019	7,768	13,071							
2020	2,272								

NOTE TO THE FINANCIAL STATEMENTS

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 Freq	Ultimate Paid Amounts (N)	Large Loss Reserves (N)	Discounted value NGN'000
2012	122,691	-	-	-	-	0.00000%	-	-	-	-	-	-
2013	367,601	-	-	-	-	0.00000%	-	-	0.00000%	-	-	-
2014	314,254	-	-	-	-	0.00000%	-	-	0.00000%	-	-	-
2015	261,565	-	-	-	-	0.00000%	-	-	0.00000%	-	-	-
2016	238,366	-	-	-	-	0.00000%	-	-	0.00000%	-	-	-
2017	293,193	-	4,700	5,812	1	0.00030%	-	5,812	0.00030%	5,812	5,812	4,956
2018	516,450	-	-	-	-	0.00000%	-	-	0.00000%	-	-	-
2019	296,535	10,935	18,390	20,654	3	0.00100%	3,645	10,529	0.00100%	31,901	20,966	17,822
2020	164,322	9,697	-	-	2	0.00120%	4,849	4,849	0.00170%	13,283	3,585	2,956
Total	**2,574,977**	**20,632**	**23,090**	**26,466**	**6**						**30,364**	**25,733**

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 2020 (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	110,453	-	-	110,453	10.8%	10.8%	110,453	-
2015	1,134,888	2,219	30,628	64,095	66,314	5.8%	5.8%	66,314	64,095
2016	1,044,042	259,631	50,032	95,532	355,163	34.0%	34.0%	355,163	95,532
2017	1,170,381	372,504	201,827	325,261	697,765	59.6%	59.6%	697,765	325,261
2018	949,530	70,854	20,924	29,228	100,082	10.5%	10.5%	100,082	29,228
2019	535,636	4,676	91,565	114,775	119,450	22.3%	25.5%	136,674	131,998
2020	446,092	1,479	14,947	14,947	16,426	3.7%	5.7%	25,348	23,869
Total	**7,642,067**	**952,489**	**409,923**		**1,596,327**				**669,983**
								Discounted	**534,298**

NOTE TO THE FINANCIAL STATEMENTS

IBNR by Accident Year

MOTOR

Accident Year	Estimated Claims Reserves	Outstanding Claims	IBNR
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	9,919	9,750	169
2019	2,529	283	2,246
2020	9,864	6,766	3,098
Total	**22,312**	**16,800**	**5,512**

MARINE

Accident Year	Estimated Claims Reserves	Outstanding Claims	IBNR
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	560	458	102
2018	956	818	138
2019	3,081	2,277	804
2020	1,560	1,090	470
Total	**6,158**	**4,643**	**1,515**

GENERAL ACCIDENT

Accident Year	Estimated Claims Reserves	Outstanding Claims	IBNR
2006			-
2007			-
2008	-		-
2009	-		-
2010	-		-
2011	-		-
2012	-		-
2013	410	400	10
2014	3,082	2,178	904
2015	5,361	5,143	218
2016	7,892	5,181	2,711
2017	8,880	6,841	2,039
2018	27,615	11,999	15,616
2019	19,746	14,169	5,577
2020	21,819	16,952	4,867
Total	94,806	62,863	31,943

FIRE

Accident Year	Estimated Claims Reserves	Outstanding Claims	IBNR
2008	-		
2009	-		-
2010	-		-
2011	-		-
2012	-		-
2013	-	-	-
2014	-	-	-
2015	448	400	48
2016	919	500	419
2017	560	550	10
2018	3,301	2,886	415
2019	52,378	30,970	21,408
2020	100,387	75,719	24,669
Total	**157,993**	**111,025**	**46,968**

OIL & GAS

Accident Year	Estimated Claims Reserves	Outstanding Claims	IBNR
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	53,715	30,628	23,087
2016	77,786	50,032	27,753
2017	258,098	201,827	56,271
2018	23,211	20,924	2,287
2019	104,659	91,565	13,094
2020	16,830	14,947	1,883
Total	**534,298**	**409,923**	**124,375**

BOND

Accident Year	Estimated Claims Reserves	Outstanding Claims	IBNR
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	359	-	359
2020	3,285	-	3,285
Total	**3,644**	**-**	**3,644**

NOTE TO THE FINANCIAL STATEMENTS

AGRICULTURE			
Accident Year	**Estimated Claims Reserves**	**Outstanding Claims**	**IBNR**
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	207,831	70	207,761
Total	**207,831**	**70**	**207,761**

AVIATION			
Accident Year	**Estimated Claims Reserves**	**Outstanding Claims**	**IBNR**
2007	-	-	-
2008	-	-	-
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	7,909	3,702	4,208
2015	7,815	3,961	3,854
2016	11,878	6,598	5,280
2017	7,605	5,005	2,600
2018	5,098	3,871	1,227
2019	13,224	7,112	6,112
2020	19,791	16,506	3,285
Total	**73,321**	**46,756**	**26,565**

NOTE TO THE FINANCIAL STATEMENTS

PARENT UNDERWRITING REVENUE ACCOUNT

INCOME	FIRE N'000	G/ACCIDENT N'000	MARINE N'000	MOTOR N'000	OIL & GAS N'000	AVIATION N'000	ENGINEERING N'000	BOND N'000	AGRIC N'000	31-Dec-20 N'000	31-Dec-19 N'000
Direct premium	776,017	365,987	59,422	539,756	440,225	218,110	132,369	48,855	3,399,883	**5,980,625**	**2,931,603**
Inward premium	17,213	1,611	4,035	5,963	12,897	47	16,544	-	24,267	**82,577**	**22,189**
Gross premium written	**793,230**	**367,598**	**63,457**	**545,720**	**453,121**	**218,157**	**148,913**	**48,855**	**3,424,150**	**6,063,202**	**2,953,792**
(Increase)/Decrease in provision for unexpired risks	63,904	(55,646)	17,182	(30,555)	(7,029)	18,814	15,409	(7,998)	(944,922)	**(930,842)**	**233,972**
Gross premium earned	**857,135**	**311,952**	**80,639**	**515,164**	**446,092**	**236,971**	**164,322**	**40,857**	**2,479,228**	**5,132,361**	**3,187,764**
Outward premium	(176,622)	(122,303)	(17,902)	(37,597)	(132,794)	(98,456)	(48,845)	22,506	(2,757,282)	**(3,369,294)**	**(1,168,261)**
Prepaid reinsurance	(16,171)	(8,549)	(5,904)	2,913	(376)	1,479	(14,122)	69	592,502	**551,840**	**(153,756)**
Net Premium earned	**664,342**	**181,100**	**56,833**	**480,480**	**312,923**	**139,994**	**101,355**	**63,431**	**314,449**	**2,314,907**	**1,865,747**
Commission Received	37,186	31,105	5,310	8,779	1,661	11,173	15,020	828	82,223	**193,284**	**166,979**
TOTAL OPERATING INCOME	**701,528**	**212,205**	**62,144**		**314,584**	**151,166**	**116,375**	**64,258**	**396,672**	**2,508,191**	**2,032,726**
Claims Expenses											
Gross claims paid	(478,697)	(79,678)	(63,103)	(119,788)	(261,561)	(1,405)	(45,297)		(153,252)	**(1,202,782)**	**(562,972)**
Increase/(Decrease) in provision for outstanding claims	64,186	(4,453)	60,092	11,568	227,814	(8,712)	25,844	-	(70)	**376,269**	**291,077**
IBRN Movement	(16,735)	(17,202)	8,667	2,140	(64,240)	(22,940)	(23,315)	(1,963)	(151,738)	**(287,324)**	**(202,014)**
Gross claims incurred	**(431,246)**	**(101,333)**	**5,656**	**(106,080)**	**(97,988)**	**(33,057)**	**(42,766)**	**(1,963)**	**(305,061)**	**(1,113,837)**	**(473,909)**
Reinsurance claims recoveries	8,663	31,594	29,189	8,111	56,146	8,800	63,390	-	109,665	**315,559**	**(8,917)**
Net claims incurred	**(422,582)**	**(69,739)**	**34,845**	**(97,969)**	**(41,841)**	**(24,257)**	**20,624**	**(1,963)**	**(195,395)**	**(798,278)**	**(482,826)**
Underwriting Expenses											
Acquisition cost	(177,998)	(82,002)	(13,167)	(64,702)	(90,046)	(47,041)	(33,867)	(9,776)	304	**(518,295)**	**(419,170)**
Movement in deferred Acquisition cost	3,224	548	(3,056)	4,894	927	(3,468)	(1,076)	1,932	9,168	**13,092**	**(53,953)**
Acquisition & maintenance costs less deferred cost	**(174,774)**	**(81,453)**	**(16,223)**	**(59,809)**	**(89,119)**	**(50,509)**	**(34,944)**	**(7,843)**	**9,472**	**(505,203)**	**(473,123)**
TOTAL DIRECT EXPENSES	**(597,356)**	**(151,192)**	**18,621**	**(157,778)**	**(130,961)**	**(74,766)**	**(14,320)**	**(9,806)**	**(185,923)**	**(1,303,481)**	**(955,950)**
UNDERWRITING PROFIT:											
2020	**104,172**	**61,013**	**80,765**	**331,481**	**183,625**	**76,400**	**102,055**	**54,451**	**210,748**	**1,204,711**	**1,076,776**
2019	**329,736**	**(387,109)**	**90,209**	**608,883**	**129,586**	**88,916**	**93,374**	**(623)**	**123,804**	**1,076,776**	

Value Added Statement

	Group 31-Dec-20	%	Group 31-Dec-19	%	Company 31-Dec-20	%	Company 31-Dec-19	%
Gross premium income	5,332,770		3,310,029		5,132,361		3,187,765	
Investment Income	1,834,514		1,538,232		723,291		515,676	
Other income	482,769		331,090		329,528		193,733	
Reinsurance claims, commission and operating expenses	(5,406,709)		(3,467,508)		(4,913,685)		(2,779,680)	
Value added	**2,243,344**	**100**	**1,711,842**	**100**	**1,271,495**	**100**	**1,117,494**	**100**
Applied to pay								
Staff cost	1,222,550	54	1,290,864	75	596,737	47	748,361	67
Government as tax	132,421	6	109,670	6	87,541	7	90,205	8
To provider finance								
Shareholders as dividend								
Retained in the business								
Deferred Tax	(229,044)	(10)	(60,554)	(4)	(232,042)	(18)	40,323	4
Depreciation and amortization	176,770	8	206,604	12	78,329	6	115,183	10
Retained profit for the year	940,647	42	165,258	10	740,930	58	123,422	11
	2,243,344	**100**	**1,711,842**	**100**	**1,271,495**	**100**	**1,117,494**	**100**

FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

	31-Dec-20 N'000	31-Dec-19 N'000	31-Dec-18 N'000	31-Dec-17 N'000	31-Dec-16 N'000
ASSETS					
Cash and cash equivalents	4,242,485	4,372,408	4,549,657	4,602,898	4,691,391
Financial assets	3,620,755	1,906,676	788,376	931,286	1,084,689
Trade receivables	83,679	-	0	6,678.00	-
Reinsurance assets	1,025,756	389,960	643,363	216,302	144,579
Deferred acquisition cost	119,379	107,340	161,294	98,318	90,191
Other receivables and prepayments	320,803	425,574	548,071	539,675	494,120
Investment in subsidiaries	-	-	-	-	-
Investment in associates	-	-	-	-	-
Investment properties	289,439	412,111	880,201	880,201	676,201
Goodwill and other intangible asset	316,884	316,884	386,444	386,444	
Intangible assets- Software	49,900	72,567	77,450	90,582	93,675
Property, plant and equipment	3,790,533	3,736,923	3,654,376	3,183,537	3,183,747
Statutory deposits	355,000	355,000	355,000	355,000	355,000
Deferred tax asset	7,316	8,486	-	43,721	46,403
Total assets	**14,221,929**	**12,103,929**	**12,044,232**	**11,334,641**	**10,376,427**
LIABILITIES					
Insurance contract liabilities	2,856,017	2,012,465	2,331,582	1,687,994	1,007,068
Trade payables	686,296	229,840	115,467	43,520	9,024
Employees retirement benefit obligations	14,724	11,246	9,581	7,272.00	-
Provision and other payables	741,696	651,833	530,176	363,639	279,401
Income tax liabilities	94,458	80,306	93,994	82,442	68,452
Deferred tax liabilities	324,764	554,978	607,046	299,016	262,624
Total liabilities	**4,717,955**	**3,540,669**	**3,687,846**	**2,483,883**	**1,626,569**
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	1,121,845	939,949	851,335	754,172	684,549
Retained earnings	(1,559,692)	(2,262,822)	(2,358,811)	(1,620,172)	(732,208)
Asset revaluation reserve	1,809,597	1,809,964	1,773,780	1,559,768	1,559,768
Fair value reserve	40,924	40,213	34,501	34,923	33,725
Non-Controlling interest(NCI)	494,366	439,024	458,648	525,135	477,104
Shareholders fund	**9,503,974**	**8,563,261**	**8,356,386**	**8,850,759**	**9,619,871**
TOTAL LIABILITIES AND EQUITY	**14,221,929**	**12,103,929**	**12,044,232**	**11,334,642**	**11,246,440**
Gross premium written	6,265,636	3,076,332	3,333,642	2,411,074	2,110,768
Underwriting Profit	1,292,066	1,105,697	896,749	102,134	473,460
Profit(loss) before taxation	844,024	214,375	(262,881)	(558,604)	408,911
Taxation	96,623	(49,116)	(432,371)	(142,037)	(123,225)
Profit after taxation	940,647	165,258	(695,252)	(700,641)	285,686

FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

	31-Dec-20 N'000	31-Dec-19 N'000	31-Dec-18 N'000	31-Dec-17 N'000	31-Dec-16 N'000
ASSETS					
Cash and cash equivalents	3,375,996	3,659,345	3,981,106	3,756,993	4,037,438
Financial assets	3,003,027	1,303,071	87,435	92,230	162,666
Trade receivables	83,678.84	-	-	6,678.00	-
Reinsurance assets	1,025,756	389,960	643,363	216,302	144,580
Deferred acquisition cost	119,379	107,340	161,294	98,318	90,191
Other receivables and prepayments	213,113	409,596	596,921	335,483	331,801
Investment in subsidiaries	1,576,300	1,576,300	1,576,300	1,576,300	1,576,300
Investment in associates	-	-	-	-	-
Investment properties	289,439	412,111	880,201	880,202	676,201
Intangible asset	25,299	40,253	47,606	68,378	86,725
Property, plant and equipment	2,990,799	2,893,407	2,730,955	2,849,945	2,875,075
Statutory deposits	355,000	355,000	355,000	355,000	355,000
Total assets	**13,057,787**	**11,146,383**	**11,060,181**	**10,235,829**	**10,335,977**
LIABILITIES					
Insurance contract liabilities	2,849,493	2,007,596	2,330,632	1,687,090	1,007,068
Trade payables	686,295	229,840	115,467	43,520	9,024
Employees retirement benefit obligations	-	-	-	-	0
Provision and other payables	488,717	377,934	274,051	276,807	218,677
Income tax liabilities	30,969	40,923	56,815	42,600	19,883
Deferred tax liabilities	310,094	542,136	501,814	292,730	258,004
Total liabilities	**4,365,569**	**3,198,429**	**3,278,778**	**2,342,747**	**1,512,656**
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	1,121,845	939,949	851,335	754,171	684,549
Retained earnings	(1,881,304)	(2,440,338)	(2,475,146)	(2,052,713)	(1,051,655)
Asset revaluation reserve	1,809,597	1,809,964	1,773,780	1,559,768	1,559,769
Fair value reserve	45,146	41,446	34,501	34,923	33,725
Shareholders fund	**8,692,219**	**7,947,954**	**7,781,403**	**7,893,082**	**8,823,321**
TOTAL LIABILITIES AND EQUITY	**13,057,787**	**11,146,383**	**11,060,181**	**10,235,829**	**10,335,977**
Gross premium written	6,063,203	2,953,792	3,238,769	2,320,768	2,042,788
Underwriting Profit (Loss)	1,203,657	1,076,778	873,154	76,784	451,738
Profit(loss) before taxation	596,429	253,949	(50,782)	(744,268)	85,175
Taxation	144,501	(130,527)	(272,513)	(117,834)	(54,283)
Profit(loss) after taxation	**740,930**	**123,422**	**(323,295)**	**(862,102.00)**	**30,892**