

VERITAS KAPITAL ASSURANCE PLC

UNAUDITED FINANCIAL STATEMENT

FOR THE PERIOD ENDED 30 SEPTEMBER 2024

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CORPORATE INFORMATION

DIRECTORS

Mr. Nahim Abe Ibraheem
Dr. Oluwafunsho A. Obasanjo
Mr. Aminu Babangida
Hajia Yabawa Lawan Wabi (mni)
Mrs Priya Heal (British)
Emmanuel Etuh
Sen. Maj. Gen. M. Magoro (OFR)
Mr. Paul Oki
Mr. Sunkanmi Adekeye
Dr. Adaobi Nwakuche

Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Non-Executive Director
Executive Director, Operations
Managing Director/CEO

Chairman

COMPANY SECRETARY

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

REGISTERED OFFICE

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

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.

www.veritaskapital.com

RC NO: 11785

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

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
Zenith Bank Plc

REGISTRARS

Unity Registrars Limited
25 Ogunlana Drive
Surulere Lagos.

AUDITORS

Ernst & Young Nigeria
(Chartered Accountants)
10th & 13th Floor, UBA House,
57 Marina, Lagos, Nigeria

TAX CONSULTANTS

Pedabo Professional Services
Lagos

PROPERTY VALUERS

Obiora Okafor and Associates
No 11 Aliyu mohammed Road
Life Camp
Abuja-FCT

REGULATORY AUTHORITY

National Insurance Commission

Tax Identification Number

01129230-0001

VISION MISSION AND VALUES

MISSION

To help our Stakeholders have peace of mind

VISION

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

PRINCIPLES

Integrity

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

Performance

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

Responsibility

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

Values

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

OUR COMMITMENTS

Customers

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

We are committed to:

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

Business Partners

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

We are committed to:

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

Employees

Motivated and skilled employees are critical to our success.

We are committed to:

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

In return we expect our employees to:

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

OUR COMMITMENTS - CONTINUED

Regulators

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

We are committed to:

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

Community & Environment

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

We are committed to:

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

Shareholders

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

We are committed to:

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

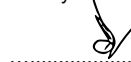
**Statement of Financial Position
As at 30 September 2024**

	Note	2024 Group N'000	2023 Group N'000	2024 Company N'000	2023 Company N'000
Assets					
Cash and cash equivalents	3	10,151,463	6,564,667	8,777,594	4,718,745
Investment Securities:					
Fair value through profit or loss	4	140,230	113,615	140,230	113,615
Armortised cost	4	10,390,977	7,472,050	5,193,839	3,161,226
Fair value through OCI	4	433,485	433,485	433,485	433,485
Premium Receivables	5	3,688,223	1,029,780	3,688,223	1,029,780
Reinsurance contract assets	18	9,121,237	1,647,856	9,121,237	1,647,856
Other receivables and prepayments	6	1,029,936	826,508	361,030	352,853
Investment in subsidiaries	7	-	-	4,026,300	4,026,300
Investment properties	9	-	-	-	-
Property, plant and equipment	10	5,584,686	5,436,390	4,606,171	4,391,555
Goodwill	11	316,884	316,884	-	-
Intangible assets - Software	12	346,197	422,753	331,641	401,541
Statutory deposits	13	355,000	355,000	355,000	355,000
Deferred tax asset	17.1	21,745	21,745	21,745	21,745
Total Assets		41,580,065	24,640,733	37,056,495	20,653,701
Liabilities:					
Insurance contract liabilities	18	16,852,411	4,539,202	16,852,411	4,539,202
Other contract liabilities	26	2,892	15,539	-	-
Trade Payables	14	3,554,193	2,105,972	3,554,193	2,105,972
Employees retirement benefit obligations	15	23,933	23,933	-	-
Provision and other payables	16	1,538,279	1,147,744	854,613	597,587
Income tax liabilities	17	172,976	187,033	126,087	80,876
Deferred Tax Liabilities	17.2	199,475	252,507	157,143	157,143
Total Liabilities		22,344,160	8,271,930	21,544,447	7,480,780
Share capital & reserves:					
Share capital	19	6,933,333	6,933,333	6,933,333	6,933,333
Share premium	20	663,600	663,600	663,600	663,600
Statutory contingency reserves	21	2,368,281	1,900,456	2,368,281	1,900,456
Retained earnings	22	3,262,426	1,008,862	1,910,976	39,674
Asset revaluation reserve	23	3,634,971	3,634,971	3,396,185	3,396,185
Fair value reserve	24	235,984	235,984	239,673	239,673
Equity attributable to equity holders of the parent		17,098,596	14,377,206	15,512,049	13,172,921
Non Controlling interest(NCI)	38	2,137,309	1,991,597	-	-
Total Equity		19,235,905	16,368,802	15,512,049	13,172,921
Total Equity & Liabilities		41,580,065	24,640,733	37,056,496	20,653,701

These financial statements were approved by the Board on **28th October 2024** and signed on its behalf by:


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Mojeed Somorin
Chief Financial Officer
FRC/2017/PRO/ICAN/001/00000016849


.....

Dr. Adaobi Nwaku
Managing Director
FRC/2021/003/00000023865

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

Statement of Profit or Loss and Other Comprehensive income

For the period ended September 30, 2024

		Jan-Sept. 2024	Jan-Sept. 2023	Jan-Sept. 2024	Jan-Sept. 2023
	Note	Group N'000	Group N'000	Company N'000	Company N'000
Gross premium written		18,539,697	4,086,826	18,539,697	4,086,826
Insurance revenue	27	16,098,534	3,067,536	16,098,534	2,860,778
Insurance service expenses	28	(13,976,711)	(2,755,582)	(13,976,711)	(1,849,572)
Insurance service result before reinsurance contracts held		2,121,823	311,954	2,121,823	1,011,206
			-		
Net expenses from reinsurance contracts held	29	(3,465,326)	(1,122,982)	(3,465,326)	(1,122,982)
Insurance service result		(1,343,503)	(811,028)	(1,343,503)	(111,776)
Interest income calculated using the effective interest method	32a	759,829	628,015	326,224	150,549
Net fair value gains/(losses) on financial assets at fair value through profit or loss	4a	26,615	23,692	26,615	23,692
Net foreign exchange gain	33	4,958,034	1,389,238	4,958,034	1,389,238
Credit impairment (losses)/reversal	35	-	-	-	-
Finance cost	15a(i).	-	-	-	-
Other investment income	32b	639,878	-	478,158	-
			-		-
Net investment income		6,384,356	2,040,944	5,789,031	1,563,478
			-		
Finance expenses from insurance contracts issued	30	(609,656)	(12,883)	(609,656)	(12,883)
Finance income from reinsurance contracts held	31	194,128	63,486	194,128	63,486
Net insurance finance income		(415,528)	50,603	(415,528)	50,603
Net insurance and investment result		4,625,325	1,280,518	4,030,000	1,502,305
			-		
Other operating income	34	1,842,565	1,412,007	33,666	13,134
Other operating expenses	36	(3,492,058)	(1,325,231)	(1,622,570)	(795,139)
			-		
Share of profit of associates and joint ventures accounted for using the equity method		-	-	-	-
Profit before income tax		2,975,833	1,367,295	2,441,096	720,301
Tax expense	37	(108,730)	(47,556)	(101,968)	(22,478)
Profit for the period		2,867,103	1,319,739	2,339,128	697,823
Other comprehensive income:			-		
Items that will not be reclassified subsequently to profit or loss(net of tax):			-		
Net actuarial gains/(loss) on retirement benefit obligation	51a	-	-	-	-
Gain on revaluation of property, plant and equipment (net of tax)	51b	-	-	-	-
Fair value gain on financial asset at FVOCI(net of tax)	51c	-	-	-	-
Other comprehensive income, Net of tax		-	-	-	-
Total comprehensive income		2,867,103	1,319,739	2,339,128	697,823
			-		
Profit for the period, attributable to:					
* Non-controlling interests		145,713	70,663	-	-
* Owners' of the Parent		2,721,390	1,249,075	-	-
		2,867,103	1,319,739	2,339,128	697,823
Total Comprehensive Income, attributable to:			-		
* Non-controlling interests		-	-	-	-
* Owners' of the Parent		-	-	-	-
		-	-	-	-
Basic Earnings per Share	25	0.41	0.19	0.34	0.10

VERITAS KAPITAL ASSURANCE PLC

Unaudited Financial Statement

For the period ended 30 September 2024

**Statement of Changes in Equity
for the period ended 30 September 2024
Group**

	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
Balance as at 1 January 2024	6,933,333	663,600	3,634,971	235,984	1,900,456	1,008,862	14,377,206	1,991,597	16,368,802
Profit for the year	-	-	-	-	-	2,721,390	2,721,390	145,713	2,867,103
Other Comprehensive Income:									
Gain on revaluation of properties, plant and	-	-	-	-	-	-	-	-	-
Fair value gain on financial asset at FVOCI	-	-	-	-	-	-	-	-	-
Transfer of revaluation gain on disposal of PPE	-	-	-	-	-	-	-	-	-
Actuarial gain on retirement benefit obligation	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	2,721,390	2,721,390	145,713	2,867,103
Transfer to Contingency Reserve	-	-	-	-	467,826	(467,826)	-	-	-
Transactions with owners of equity	-	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-
As at 30 September 2024	6,933,333	663,600	3,634,971	235,984	2,368,281	3,262,426	17,098,596	2,137,309	19,235,905

	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
Balance as at 1 January 2023	6,933,333	663,600	2,572,253	(50,953)	1,434,593	(985,525)	10,567,302	1,892,000	12,459,302
Profit for the year	-	-	-	-	-	2,575,372	2,575,372	174,916	2,750,288
Other Comprehensive Income:									
Gain on revaluation of properties, plant and	-	-	1,127,346	-	-	-	1,127,346	-	1,127,346
Fair value gain on financial asset at FVOCI	-	-	-	286,937	-	-	286,937	-	286,937
Transfer of revaluation gain on disposal of PPE	-	-	(64,629)	-	-	64,629	-	-	-
Actuarial gain on retirement benefit obligation	-	-	-	-	-	1,266	1,266	99	1,364
Total Comprehensive Income	6,933,333	663,600	3,634,971	235,984	1,434,593	1,655,742	14,558,223	2,067,015	16,625,237
Transfer to Contingency Reserve	-	-	-	-	465,863	(465,863)	-	-	-
Transactions with owners of equity	-	-	-	-	-	(181,017)	-	(75,418)	(256,435)
Dividends to equity holders	-	-	-	-	-	-	-	-	-
As at 31 December 2023	6,933,333	663,600	3,634,971	235,984	1,900,456	1,008,862	14,558,223	1,991,597	16,368,802

**Statement of Changes in Equity
for the period ended 30 September 2024
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
Balance as at 1 January 2024	6,933,333	663,600	3,396,185	239,673	1,900,456	39,674	13,172,921
Profit for the year	-	-		-	-	2,339,128	2,339,128
Other Comprehensive Income:							
Gain on revaluation of properties, plant and equipment			-			-	-
Fair value gain on financial asset at FVOCI				-			-
Transfer of revaluation gain on disposal of PPE						-	-
Total Comprehensive Income	-	-	-	-	-	2,339,128	2,339,128
Transfer to Contingency Reserve	-	-	-	-	467,826	(467,826)	-
As at 30 September 2024	6,933,333	663,600	3,396,185	239,673	2,368,281	1,910,976	15,512,049

	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
Balance as at 1 January 2023	6,933,333	663,600	2,333,468	(47,264)	1,434,593	(1,888,408)	9,429,322
Profit for the year	-	-		-	-	2,329,316	2,329,316
Other Comprehensive Income:							
Gain on revaluation of properties, plant and equipment			1,127,346			-	1,127,346
Fair value gain on financial asset at FVOCI				286,937			286,937
Transfer of revaluation gain on disposal of PPE			(64,629)			64,629	-
Total Comprehensive Income	-	-	3,396,185	239,673	1,434,593	505,537	1,414,283
Transfer to Contingency Reserve	-	-	-	-	465,863	(465,863)	-
As at 31 December 2023	6,933,333	663,600	3,396,185	239,673	1,900,456	39,674	13,172,921

Statement of Cashflows for the period ended 30 September 2024

		30-Sep-24	31-Dec-2023	30-Sep-24	31-Dec-2023
		Group	Group	Company	Company
		N'000	N'000	N'000	N'000
Cash flows from operating activities:					
Premium received	Notes	17,475,972	7,563,210	17,241,918	7,298,401
Commission received		1,604,883	655,246	1,604,883	655,246
Reinsurance receipts in respect of claims		809,706	295,303	809,706	295,303
Other operating income	34	1,842,565	838,082	33,666	115,782
Cash paid to and on behalf of employees	36	(1,249,879)	(1,358,585)	(379,984)	(415,544)
Reinsurance premium paid		(8,864,395)	(1,339,558)	(8,864,395)	(1,339,558)
Insurance benefits and claims paid		(1,921,089)	(2,210,543)	(1,811,513)	(1,776,210)
Commission paid		(2,602,725)	(89,107)	(2,602,725)	(89,107)
Maintenance expenses		75,387	(168,081)	75,387	(168,081)
Cash paid to intermediaries and other suppliers		(3,324,250)	(1,191,784)	(2,397,948)	(1,107,431)
Company income tax paid	17	(122,787)	(145,415)	(56,757)	(33,119)
Net cashflow from/(used in) operating activities		3,723,388	2,848,767	3,652,237	3,435,682
Cash flow from Investing Activities:					
Purchase of property, Plant and equipment	10	(364,770)	(157,266)	(329,156)	(61,248)
Purchase of intangible assets	12	(2,659)	(424,613)	-	(413,357)
Proceed from sale of property and equipment	50a	(107,258)	424,313	(104,439)	411,102
Proceed from disposal of investment property	9	-	45,000	-	45,000
Dividend income	32	6,868	13,210	6,868	194,225
Interest received		1,392,839	1,967,187	771,152	455,782
Purchase of amortised cost investment	4v	(2,407,906)	(2,710,086)	(1,284,110)	(1,688,718)
Redemption/repayment on amortised cost investments	4v	1,346,296	412,404	1,346,296	-
Net cashflows (used in)/from investing activities		(136,590)	(429,850)	406,612	(1,057,213)
Cash flow from Financing Activities:					
Investment in subsidiary	7	-	-	-	-
Deposit for shares		-	-	-	-
Dividend paid		-	(256,435)	-	-
Net cashflows from/(used in) financing activities		-	(256,435)	-	-
Net increase /(decrease) in cash and cash equivalent		3,586,797	2,162,482	4,058,849	2,378,468
Cash and cash equivalent at the 1 January		6,576,971	4,414,489	4,721,860	2,343,392
Cash and cash equivalent at the 30 September	3	10,163,768	6,576,971	8,780,709	4,721,860

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1.1 Reporting Entity

Veritas Kapital Assurance Plc ("the group") was initially incorporated under the name of Kapital Insurance group Limited as a private limited liability group on the 8 August, 1973. on 14 March 2007, it acquired and merged with two other insurance companies became a public limited liability group. 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 financial statements for the period ended 30 September 2024 were authorized for issue in accordance with a resolution of the board on 28 October 2024

The group has 93.5% equity interest in Veritas Health Care Limited and 70% interest in Veritas Glanvills Pensions Limited and 51.53% in Goldlink Insurance Plc. The group comprises of two subsidiaries, an associate and the parent.

1.2 Principal Activities

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

The subsidiaries activities are:

- Veritas Glanvills Pensions Limited, the administration and management of pension fund assets.
- Veritas Health Care Limited provision of health insurance.

1.3 Components of Financial Statements

The Consolidated and Separate Financial Statements comprise the Statements of Profit or Loss and Other Comprehensive Income, statements of Financial Position, Statement of Changes in Equity, Statements of Cash Flows, and the accompanying Notes.

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

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

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

1.4 Basis of preparation and measurement

The Consolidated and separate financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act 2020.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1.4 Basis of preparation and measurement - continued

Insurance Act, 2003 and regulatory guidelines as pronounced from time to time by National Insurance Commission (NAICOM), and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011. Historical cost basis was used in preparation of the consolidated and separate financial statements as modified by the certain items of:

- Property, plant and equipment at valuation
- Investment property at fair value
- Investments at fair value
- Impaired assets at their recoverable amounts
-

1.5 Compliance with IFRS

These Consolidated and separate 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 and separate 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 company and group 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 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.

1.8 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1.8 Significant judgements and key sources of estimation uncertainty-continued

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

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

- **Insurance contracts**
The Company applies the PAA to simplify the measurement of insurance contracts. When measuring liabilities for remaining coverage, the PAA is broadly similar to the Company's previous accounting treatment under IFRS 4. However, when measuring liabilities for incurred claims, the Company now discounts cash flows that are expected to occur more than one year after the date on which the claims are incurred and includes an explicit risk adjustment for non-financial risk. (Note 2.2)
- **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 proportions 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.
- **Goodwill**
Goodwill is evaluated for impairment annually or whenever we identify certain triggering events or circumstances that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro and reporting unit specific economic factors (for example, interest rate and foreign exchange rate fluctuations, and loss of key personnel), supply costs, unanticipated competitive activities, and acts by governments and courts.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment is recognized.

- **Deferred Tax Assets**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which temporary differences can be utilized. Management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and other factors.

1.8 Functional and presentation currency

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

2 Summary of material accounting policies

2.1 Introduction to summary of material 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.

2.2 Insurance contracts

A. Key types of insurance contracts issued, reinsurance contracts held and measurement approach.

The company issues non-life insurance to individuals and businesses. Non-life insurance products offered include motor, general accident, marine, fire bond, oil & gas, engineering and agriculture. These products contain significant insurance risks and offer protection of policyholder's assets and indemnification of other parties that have suffered damage as a result of a policyholder's accident or the effect of their actions against third parties.

The Company accounts for these insurance contracts applying the principles underlying International Financial Reporting Standard (IFRS 17) Insurance Contracts and other relevant International Account Standards (IAS) - the Premium Allocation Approach (PAA).

The company also holds reinsurance contracts to mitigate risk exposures. The types of reinsurance contracts held include -facultative reinsurance, treaty Reinsurance. proportional reinsurance, non-proportional reinsurance. These are also accounted for using the Premium Allocation Approach (PAA).

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies- continued

2.2 Insurance contracts-continued

B. Definition and Classification

Insurance contracts underwritten by the company are classified as insurance contracts when the company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the company considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

The Company does not issue any pure life insurance contracts or any life insurance contracts with direct participating features or any contract of insurance with investment component. The company issues only non-life (General Business) insurance to individuals and commercial businesses.

The company does not issue any contracts with direct participating features.

C. Combining a set or series of contracts

Sometimes, the company enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The company accounts for such a set of contracts as a single insurance contract when this reflects the substance of the contracts. When making this assessment, the company considers whether:

- i· The rights and obligations are different when looked at together compared to when looked at individually.
- ii· The company is unable to measure one contract without considering the other.

D. Separating components from insurance and reinsurance contracts

In line with the requirement of IFRS 17, the company assesses its insurance and reinsurance products to determine whether they contain components which must be accounted for under another IFRS rather than IFRS 17 (distinct non- insurance components). After separating any distinct components, an entity must apply IFRS 17 to all remaining components of the (host) insurance contract.

Currently, the company's products do not include distinct components that require separation.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

E. Level of aggregation (Unit of account)

IFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the company considers the similarity of risks rather than the specific labelling of product lines. The company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. The Company's insurance contracts portfolios are disaggregated into annual cohorts or cohorts of periods that are not more than one year apart. Limiting groups to contracts issued within one year or less apart improves the transparency of profitability to be reported in the Company's set of financial statements.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied.

At initial recognition, the company segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- Contracts that are onerous on initial recognition
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- Any remaining contracts

For short term contracts accounted for applying the PAA, the company determines that contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. As IFRS 17 does not define what "facts/circumstances" entail; the following are considered on their impact on expected cashflows and resulting profitability:

- Significant changes in external conditions including economic or regulatory changes.
- Changes to the organization or processes
- Changes in underwriting and pricing strategies
- Trends in experience and expected variability in cashflows

This consideration is only required for Liabilities for Remaining Claims (LRC) and not Liabilities for Incurred Claims (LIC) which is already measured at the current fulfillment value. Fulfillment cashflows can be estimated at whichever aggregate level is deemed appropriate and then subsequently allocated into IFRS 17 portfolios and groups. The fact that incurred claims of a particular cohort are loss-making does not mean the LRC will also be onerous. Judgment is applied to determine whether each cohort's LRC will be similar to this incurred experience and hence onerous.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

E. Level of aggregation (Unit of account) -continued

For example, actions taken to improve profitability a historically loss-making cohort may indicate that the cohort will be non-onerous going forward.

"At initial recognition, the company segregates contracts based on when they were issued. A cohort contains all contracts that were issued within a 12-month period. Each cohort is then further disaggregated into three groups of contracts:

- Contracts that are onerous on initial recognition
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- Any remaining contracts

For short term contracts accounted for applying the PAA, the Group determines that its contracts are not onerous on initial recognition, unless there are facts and circumstances indicating otherwise. As IFRS 17 does not define what "facts/circumstances" entail; the following are considered on their impact on expected cashflows and resulting profitability:

- Significant changes in external conditions including economic or regulatory changes.
- Changes to the organization or processes
- Changes in underwriting and pricing strategies
- Trends in experience and expected variability in cashflows

All contracts have currently been assessed as having no possibility of becoming onerous. In subsequent periods, non-onerous contracts are re-assessed based on the likelihood of prevailing facts and circumstances leading to significant possibility of becoming onerous.

Reinsurance contracts Held

Reinsurance contracts held are assessed for aggregation on an individual contract basis and are assessed separately from insurance contracts. The smallest unit of account is a reinsurance contract, even where this contract covers more than one type of insurance product. However, there are cases where a reinsurance contract covers separate and identifiable product lines which are only included in the same legal document for administrative convenience. These contracts have been separated into its different component.

If two or more reinsurance contracts are written on a particular product line, these may be grouped together in the same portfolio as they will be covering risks of the same nature and will be managed together.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

Reinsurance contracts Held-continued

For example, the Surplus contracts (1&2) on Fire have been grouped together as they cover risks of the same nature and can be measured under the same measurement approach (PAA because they have a contract boundary of 1 year). While, facultative and excess of loss contracts are in separate groups; though they cover the same risks and are even managed together, differing measurement approaches as well as recognition requirements may apply.

F. Recognition

The company recognizes groups of insurance contracts issued from the date when the first payment from a policyholder in the group becomes due. As the company adheres to the statutory “no premium no cover”, the date premium is received from the policyholder will always be earlier or on the same date as the coverage period. This premium receipt date would then be used to separate the groups of insurance contracts into yearly cohorts. The contract groupings shall not be reassessed until they are derecognized.

G. Contract Boundaries

The company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks Or
- Both of the following criteria are satisfied:
 - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.
 - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognized. Such amounts relate to future insurance contracts.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

H. Measurement of insurance contracts issued.

1. Initial Measurement

The Company measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts

Fulfilment cash flows within contract boundary

The fulfilment cash flows are the current unbiased and probability-weighted estimates of the present value of the future cash flows, including a risk adjustment for non-financial risk. In arriving at a probability-weighted mean, the Company considers a range of scenarios to establish a full range of possible outcomes incorporating all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of expected future cash flows. The estimates of future cash flows reflect conditions existing at the measurement date including assumptions at that date about the future. The Company estimates expected future cash flows for a group of contracts at a portfolio level and allocates them to the groups in that portfolio in a systematic and rational way.

When estimating future cash flows, the Group includes all cash flows within the contract boundary including:

- Premiums and any additional cash flows resulting from those premiums.
- Reported claims that have not yet been paid, claims incurred but not yet reported, future claims expected to arise from the policy and potential cash inflows from recoveries on future claims covered by existing insurance contracts.
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the issued contract belongs.
- Claim handling costs.
- Costs of providing contractual benefits in kind, such as home and vehicle repair
- Policy administration and maintenance costs including recurring commissions expected to be paid to intermediaries for policy administration services only (recurring commissions that are insurance acquisition cash flows are treated as such in the estimate of future cash flows)
- Transaction-based taxes

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

H. Measurement of insurance contracts issued-continued

- An allocation of fixed and variable overheads directly attributable to the fulfilment of insurance contracts including overhead costs such as accounting, human resources (Marketers, Underwriters, Claims & Reinsurance etc.), information technology and support, building depreciation, rent, and maintenance and utilities
- Costs incurred for performing investment activities that enhance insurance coverage benefits for the policyholder.
- Costs incurred for providing investment-related service and investment-return service to policyholders.
- Other costs specifically chargeable to the policyholder under the terms of the contract

The Company does not provide investment-return services in respect of contracts that it issues, nor does it perform investment activities for the benefit of policyholders.

The Company incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows.

The Company estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by policyholders
- Other information about the known or estimated characteristics of the insurance contracts
- Historical data about the Company's own experience, supplemented, when necessary, with data from other sources. Historical data is adjusted to reflect current conditions.
- Current pricing information, when available

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract in a systematic and rational way on the basis of the passage of time. The Company does not elect to accrete interest on insurance acquisition cash flows to be allocated to profit or loss.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

H. Measurement of insurance contracts issued-continued

Discount Rate

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognized in profit or loss at the end of each reporting period unless the Company has elected the accounting policy to present the time value of money separately in profit or loss and other comprehensive income. The Company measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g., credit risk).

In determining discount rates for cash flows, the Company uses the 'bottom-up approach' to estimate discount rates starting from a risk-free rate with similar characteristics, plus an illiquidity premium where applicable. Risk free rates are determined by reference to the yields of highly liquid FGN Bonds. The illiquidity premium is determined by reference to observable market rates, including sovereign debt, corporate debt and market swap rates. However, for the current year the company has adopted a Bottom-up approach was adopted in setting the average discount rate for the liability valuation, having regard to the published yield curve by the Nigeria Actuarial Society (NAS). An average spot/zero curve locked in rate of 13.34% per year was adopted to estimate the value of the future expected cashflows from the liability for incurred claims (LIC) obligations as at the valuation date. No deduction for illiquidity premium and No (additional) spread has been applied. The NAS interest curve used to discount future cash flows is derived from the Federal Government (FGN) Bonds yield with similar characteristics (in terms of timing, currency and liquidity requirements) as the future fulfillment cashflows.

Risk adjustment for non-financial risk

The Company measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk

"The Company adopts Confidence level (Value at Risk) approach as measure of the risk adjustment for non-financial risks.

A full IFRS 17 liability distribution is generated across all non-financial risks and the risk adjustment is calculated as the difference between the best estimate liability and the liability value at the chosen confidence level. This is allocated to all the group of insurance contracts. Diversification benefits are derived from a study of the negative correlation that exists among the different non-financial variables impacting the cash flows from the portfolios of the Company and results in lower economic capital being necessary to absorb the residual level of uncertainty.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

H. Measurement of insurance contracts issued-continued

A bootstrap (Mack) stochastic reserving approach was used to derive the risk margin or risk adjustment in the above. The Confidence level used in the calculation of the company's technical provisions was set at an average of 75th percentile (75% confidence level) yielding 16.97% of the discounted best estimate liability for incurred claims. The risk adjustment as a proportion of the discounted liability at 99.5% confidence level using VAR method would be 252,0%. This also applies to the reinsurance held. "

Contractual Service Margin (CSM)

As Section 4.4.3 of the NAICOM guidance is about the Contractual service margin (CSM) and explaining how locked in rates work. The Group considers the calculation of Contractual service margin (CSM) as irrelevant in its case, as it adopts the premium allocation approach (PAA) approach for non-life insurers. Under PAA there is no CSM (said otherwise, the CSM is zero under PAA), The CSM is a component of the overall carrying amount of a group of insurance contracts representing unearned profit that the Group will recognize as it provides insurance contract services over the coverage period.

Methodology: Premium Allocation Approach (PAA)

This is a simplification of the general model. The Company applies the PAA to the measurement of non-life insurance contracts with a coverage period of each contract in the group of one year or less.

Contracts with coverage period above one year which are not immediately eligible for the PAA, will be subjected to a PAA eligibility by assessing the expected LRC cashflows under both the PAA and General Model approaches. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA.

At initial recognition, the Company measures the carrying amount of the liability for remaining coverage (LRC) as the premiums received on initial recognition minus any insurance acquisition cashflows allocated to the group of contracts at that date, and adjusted for any amount arising from derecognition of any assets or liabilities previously recognized for cash flows related to the group (including assets for insurance acquisition cashflows). The Company has not chosen to expense insurance acquisition cashflows when they are incurred.

Subsequently, the carrying amount of the LRC is increased by any premiums received and the amortization of insurance acquisition cashflows recognized as expenses and decreased by amount recognized as insurance revenue for services provided and any additional insurance acquisition cashflows allocated after initial recognition. Contracts with coverage period above one year which are not immediately eligible for the PAA, will be subjected to a PAA eligibility by assessing the expected LRC cashflows under both the PAA and General Model approaches. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualify for PAA.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

Methodology: Premium Allocation Approach (PAA) -continued

On initial recognition the Company expects that the time between providing each part of the services and the related premium due date is not more than a year. The portion that is above one year is 1,06%, 1,22% and 1,95% for 2021, 2022 and 2023 respectively.

Premium Experience Adjustment: Where premium experience adjustments relate to current/ past service and are treated at the end of the period, this will be immediately recognized in the P or L as insurance revenue.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the company recognizes a loss in profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilment cashflows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. The fulfilment cashflows are discounted (at current rates) if the liability for incurred claims is also discounted. The Company recognizes the liability for incurred claims of a group of insurance contracts at the amount of the fulfilment cashflows relating to incurred claims. The future cashflows are discounted (at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

If a loss -recovery component is created for group of reinsurance contracts measured under the PAA, then the Group adjusts the carrying amount of the assets for remaining coverage instead of adjusting the profit element

If any of the Company's contracts is onerous, the Group recognizes a loss on initial recognition. This results in the carrying amount of the liability for the group being equal to the fulfilment cash flows, and the profit of the Group on that contract being nil. A loss component is recognized for any loss on initial recognition of the group of insurance contracts.

Subsequent Measurement of Insurance contracts under PAA

In estimating the total future fulfilment cash flows, the company distinguishes between those relating to already incurred claims and those relating to future service. At the end of each reporting period, the carrying amount of the group of insurance contracts will reflect a current estimate of the liability for remaining coverage (LRC) as at that date and a current estimate of the liability for incurred claims (LIC).

"The LRC represents the Company's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred, amounts that relate to other insurance contract services not yet provided (i.e., provision of investment-return and investment-related services) and investment components and other amounts not related to insurance contract services that have not yet been transferred to the LIC.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

Subsequent Measurement of Insurance contracts under PAA-continued

The Group measures the liability for remaining coverage at each subsequent reporting date as follows:

- (a) Previous carrying amount,
- (b) Premium received in the period
- (c) Amortization of insurance acquisition cashflows

Less:

- (d) Capitalized insurance acquisition cashflows
- (e) insurance revenue recognized and
- (f) investment paid or transferred to the liability for incurred claims

Insurance acquisition cash flows

IFRS 17 defines insurance acquisition cash flows as cash flows arising from the costs of selling, underwriting and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the group belongs. These include direct and indirect costs incurred in originating insurance contracts, including cashflows related to unsuccessful efforts to obtain new business.

Under the PAA, an entity can choose to immediately expense insurance acquisition cash flows in the P&L when incurred if and only if each insurance contract in a group has a coverage period of one year or less. The company has opted not to expense acquisition cash flows immediately when incurred. Alternatively, an entity can recognize insurance acquisition cash flows in the measurement of liability for remaining coverage (LRC) and amortize insurance acquisition cash flows in the P&L (systematically - in line with earning pattern of premium revenue OR passage of time, with the former being the method adopted by the Company).

Under IFRS 17, if acquisition costs are paid before the related insurance groups are recognized, an entity shall recognize an asset. These assets are derecognized when the group of insurance contracts are recognized. If insurance acquisition cash flows are expected to be paid after the related group is recognized, then they are included as part of the measurement of insurance contracts (LRC).

IFRS 17 allows for the deferral of acquisition costs to smooth out the recognition of profits. Paid acquisition costs are an asset that is amortized (or derecognized) when they are included in the measurement of the related group of insurance contracts. Company has chosen to defer all insurance acquisition cash flows and recognize them over the coverage period of contracts or groups they are attributed to. Therefore, acquisition costs and related revenue are recognized over the same periods and in the same pattern, based on the passage of time.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

It must be noted that IFRS 17 requires allocation to future renewals if the acquisition cashflows are judged to support future renewals. Also, the expensing acquisition costs policy choice only applies for contracts with coverage period one year or less.

As the company measures contracts using PAA, the company's insurance acquisition costs comprise of costs:

- that are directly attributable to individual contracts or groups of contracts in a portfolio
- that are not directly attributable to individual contracts but, directly attributable to the portfolio of insurance contracts to which the group belongs; with the costs being allocated to groups on a systematic and rationale method e.g., Activity- Based Costing method or based on GWP proportions or claims cost etc.

Changes in fulfilment cash flows and roll forward

At the end of each reporting period, the Company updates the fulfilment cash flows for both LIC and LRC to reflect the current estimates of the amounts, timing and uncertainty of future cash flows, as well as discount rates and other financial variable.

The Company has an accounting policy choice which calculates changes in fulfilment cash flows at the end of a reporting period for changes in non-financial assumptions, changes in discount rates and financial assumptions. The Company first calculates the changes in discount rates and financial assumptions on the fulfilment cash flows (as expected at the beginning of the period) and then calculate changes on those cash flows from the change in non-financial assumptions.

Experience adjustments are the difference between:

- The expected cash flow estimates at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows and insurance premium taxes)
- The expected cash flow estimates at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses)

Experience adjustments relating to current or past service are recognized in profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments always relate to current or past service. They are included in profit or loss as part of insurance service expenses.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

Experience adjustments relating to future service are included in the LRC by adjusting the CSM. The release of the CSM depends on whether the contract does not participate, participates indirectly, or directly participates in the performance of the specified underlying items.

At the end of each reporting period, the Group re-estimates the LRC fulfilment cash flows, updating for changes in assumptions relating to financial and non-financial risks.

Onerous contracts

The Company considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract, any previously recognized acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

On initial recognition, the onerous assessment is done on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

On initial recognition, the CSM of the group of onerous contracts is nil and the group's measurement consist entirely of fulfilment cash flows. A net outflow expected from a group of contracts determined to be onerous is considered to be the group's 'loss component'. It is initially calculated when the group is first considered to be onerous and is recognized at that date in profit or loss. The amount of the group's loss component is tracked for the purposes of presentation and subsequent measurement.

After the loss component is recognized, the Company allocates any subsequent changes in fulfilment cash flows of the LRC on a systematic basis between the loss component and the LRC excluding the loss component. For groups of onerous contracts, without direct participating features, the Company uses locked-in discount rates. They are determined at initial recognition to calculate the changes in the estimate of future cash flows relating to future service (both changes in a loss component and reversals of a loss component).

For all issued contracts, other than those accounted for applying the PAA, the subsequent changes in the fulfilment cash flows of the LRC to be allocated are:

- Insurance finance income or expense
- Changes in risk adjustment for non-financial risk recognized in profit or loss representing release from risk in the period.
- Estimates of the present value of future cash flows for claims and expenses released from the LRC because of incurred insurance service expenses in the period.

NOTES TO THE UNAUDITED -continued

2.2 Insurance contracts-continued

The Company determines the systematic allocation of insurance service expenses incurred based on the percentage of loss component to the total fulfilment cash outflows included in the LRC, including the risk adjustment for non- financial risk, excluding any investment component amount.

For contracts that are measured under PAA, the assumption is that there are no onerous contracts at initial recognition, unless facts and circumstances indicate otherwise. If the measurement of the LIC results in a loss-making group, this does not translate to the LRC being onerous. In this case, the group will be assessed as to whether its LRC will be similar to the incurred experience and hence considered to be onerous. For example, actions taken to improve profitability on the fire portfolio which has been historically loss-making may indicate that the LRC will have a different loss experience.

If facts and circumstances indicate that a group of contracts is onerous during the coverage period, the onerous liability is calculated as the difference between:

- the carrying amount of the liability for remaining coverage; and
- the FCF that relates to remaining coverage similar to what is needed under the GMM. This difference

is recognized as a loss and shall increase the liability for remaining coverage.

I. Measurement of Reinsurance contracts issued.

1. Recognition

Proportional reinsurance contracts held will be first recognized on the later of the beginning of the coverage period of the reinsurance contract or the date that the first underlying insurance contract in the treaty is initially recognized.

Non-Proportionate reinsurance coverage is recognized at the beginning of the coverage period of the contract.

2. Reinsurance contracts held measured under the PAA.

All reinsurance contracts with contract boundaries not exceeding one year are automatically considered to meet PAA eligibility. Most of the company's Surplus reinsurance contracts are immediately eligible for PAA as they are written on a clean-cut basis. At the end of the period, the reinsurer withdraws from the contract and the reinsurance held portfolio (including outstanding recoveries and ceded portion of unexpired premiums) is transferred to a new reinsurer.

A smaller number of surplus reinsurance contracts and all Facultative contracts are written on an underwriting year basis. This basis extends the contract boundary beyond one year as coverage of contracts ceded to the treaty may continue even after the underwriting year has ended.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

For example, if an insurance contract inception in May 2022 and cedes to the Marine Hull Surplus reinsurance treaty (which inception 1 January 2022); the contract boundary extends till May 2023 when the insurance contract will expire. So, the contract boundary for the reinsurance contract is beyond one year i.e., 1 Jan 2022 - May 2023.

Where the reinsurance contracts held covers a group of onerous underlying insurance contracts, the Company adjusts the carrying amount of the asset for remaining coverage and recognizes a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The recognition of this gain results in the recognition for the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held.

J. Modification and Derecognition

The Company derecognizes the original contract and recognizes the modified contract as a new contract, if the terms of insurance contracts are modified and the following conditions are met:

- If the modified terms were included at contract inception and the Group would have concluded that the modified contract:
 - Is outside of the scope of IFRS 17
 - Results in a different insurance contract due to separating components from the host contract
 - Results in a substantially different contract
 - Would be included in a different group of contracts.
- The original contract met the definition of an insurance contract with direct participating features, but the modified contract no longer meets the definition.
- The original contract was accounted for applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach.

When the Company derecognizes an insurance contract due to modification, it derecognizes the original insurance contract and recognizes a new one. The Company adjusts the CSM of the Company from which the modified contract has been derecognized for the difference between the change in the carrying amount of the Company as a result of adjustment to fulfilment cash flows due to derecognition and the premium the Company would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium actually charged for the modification.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

K. Presentation

The Company has presented separately in the company's statement of financial position the carrying number of portfolios of insurance contracts that are assets and those that are liabilities, and the portfolios of reinsurance contracts held that are assets and those that are liabilities.

The Company disaggregates the amounts recognized in the consolidated statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the 'net insurance finance income or expenses' sub-total. The company has voluntarily included the net insurance finance income or expenses line in another sub- total: net insurance and investment result, which also includes the income from all the assets backing the Company's insurance liabilities.

The Company includes any assets for insurance acquisition cash flows recognized before the corresponding groups of insurance contracts are recognized in the carrying amount of the related portfolios of insurance contracts issued.

1. Insurance Revenue

As the Company provides insurance services under a group of insurance contracts issued, it reduces its LRC and recognizes insurance revenue, which is measured at the amount of consideration the Company expects to be entitled to in exchange for those services.

For groups of insurance contracts measured under the General Model, insurance revenue consists of the sum of the changes in the LRC due to:

- The insurance service expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
 - o Amounts allocated to the loss component.
 - o Repayments of investment components, if any.
 - o Amounts that relate to transaction-based taxes collected on behalf of third parties.
 - o Insurance acquisition expenses.
 - o Amounts relating to risk adjustment for non-financial risk.
- The change in the risk adjustment for non-financial risk, excluding:
 - o Changes that relate to future service that adjust the CSM.
 - o Amounts allocated to the loss component.
- Other amounts, such as experience adjustments for premium receipts that relate to current or past service, if any Insurance revenue also includes the portion of premiums that relate to recovering those insurance acquisition cash flows included in the insurance service expenses in each period.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

Both amounts are measured in a systematic way on the basis of the passage of time. The company applies PAA in determine its insurance revenue. When applying the PAA, the Company recognizes insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service.

At the end of each reporting period, the Company considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

2. Insurance service expenses

Insurance service expenses arising from a group of insurance contracts issued comprises:

- Incurred claims and related expenses
- Changes related to future service
- Changes related to past service
- Other directly attributable insurance service expenses incurred in the period. The company has adopted a policy of allocating average of 40% of some specific expense items to insurance service expense. The specific expense items include technical staff, business development, customer care staff salaries, marketing & advertising expenses. All other costs are allocated to operational /administrative expenses
- Amortization of insurance acquisition cash flows, which is recognized at the same amount in both insurance service expenses and insurance contract revenue.
- Loss component of onerous groups of contracts initially recognized (reversal)

3. Income or expenses from reinsurance contracts held.

The Company presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurers.
- An allocation of the premiums paid.

The Company presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

The Company establishes a loss recovery component of the asset for the remaining coverage for a group of reinsurance contracts held. This depicts the recovery of losses recognized on the initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to a group. The loss recovery component adjusts the CSM of the group of reinsurance contracts held. The

- Changes in the fulfilment cash flows of the underlying insurance contracts that relate to future service and do not adjust the CSM of the respective groups to which the underlying insurance contracts belong to.

- Reversals of loss recovery component to the extent those reversals are not changes in the fulfilment cash flows of the group of reinsurance contracts held.

- Allocations of the loss recovery component against the amounts recovered from reinsurers reported in line with the associated reinsured incurred claims or expenses.

4. Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held.

The use of OCI presentation for insurance finance income and expenses

The Company has an accounting policy choice to present all the period's insurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI). When considering the choice of presentation of insurance finance income or expenses, the company examines the assets held for that portfolio and how they are accounted for.

Currently the Company present all the period's insurance finance income or expenses in the profit or loss.

The Company does not write participating contracts and does need to reassess its accounting policy choice in respect of such policies. Comparatives are not restated.

As PAA is applied, the Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for its policies with a coverage period of one year or less. For those claims that the Company expects to be paid within one year or less from the date of incurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks. However, claims expected to take more than one year to settle are discounted applying the discount rate at the time the incurred claim is initially recognized.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.2 Insurance contracts-continued

L. Contracts existing at transition date.

On transition date, 1 January 2022, the company:

- Has identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied (unless impracticable).
- Has identified, recognized and measured assets for insurance acquisition cash flows as if IFRS 17 had always applied. However, no recoverability assessment was performed before the transition date. At transition date, a recoverability assessment was performed, and no impairment loss was identified.
- Derecognized any existing balances that would not exist had IFRS 17 always applied.
- Recognized any resulting net difference in equity.
- In determining the appropriate transition approach, the following were considered:
 - the coverage period of the in-force policies
 - the availability of historical data and assumptions driving measurement and the ability to obtain these without undue cost and effort.

1. Full Retrospective approach

On transition to IFRS 17, the Company applied the full retrospective approach unless impracticable to do so.

The Company has applied the full retrospective approach on transition to all short-term contracts in force at the transition date.

To do this, at the transition date, we have identified, recognized and measured each group of insurance contracts as if IFRS 17 had always applied; and derecognized any existing balances that would not exist had IFRS 17 always applied; and finally recognized any resulting net difference in equity.

The Company has aggregated contracts issued more than one year apart in determining groups of insurance contracts under the fair value approach at transition as it did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year.

2.3 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.3 Foreign currencies-continued

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.

2.4 Segment reporting

A segment is a distinguishable component of the group 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 segment.

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 group operates insurance and pension lines of business and entirely within a geographical region.

2.5 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.6 Financial instruments

a. Initial recognition and measurement

Financial instruments are recognized initially when the group 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 group 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.

Regular-way purchases and sales of financial assets are recognised on settlement date which is the date on which the group 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.

b. 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 shall be an estimate of the exposure at a future default 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.

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

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.6 Financial instruments-continued

c. Derecognition of financial instruments

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

Collateral (shares and bonds) furnished by the group under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the group 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.

d. Offsetting financial instruments

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

e. Financial assets

a) Classification and subsequent measurement

For the purpose of measuring a financial asset after initial recognition, IFRS 9 classifies financial assets into the following categories: at fair value through profit or loss; at fair value through other comprehensive income and at amortised cost. The classification is based on the results of the group'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 amortised cost. At initial recognition all assets are measured at Fair Value.

i) financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and those designated by the group 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.6 Financial instruments-continued

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

ii) Amortised Cost

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

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

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

iii) Fair Value through other comprehensive income (FVTOCI)

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

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

b) Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, a group 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.6 Financial instruments-continued

"The group 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 receivables, financial guarantee contracts issued; and Loan commitments issued. The group 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 group recognizes 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 group 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 group's process to assess changes in credit risk is multi-factor and has three main elements;

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

For individually significant exposures such as corporate and commercial risk assets, the assessment is driven by the internal credit rating of the exposure and a combination of forward-looking information that is specific to the individual borrower and forward-looking information on the macro economy, commercial sector (to the extent such information has not been already reflected in the rating process).

For other exposures, significant increases in credit risk are made on a collective basis that incorporates all relevant credit information, including forward-looking macroeconomic information. For this purpose, the group groups its exposures on the basis of shared credit risk characteristics."

Significant increase in credit risk: "The group 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 group 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.6 Financial instruments-continued

The group applies qualitative and quantitative criteria for stage classification and for its forward and backward migration.

i) Assets carried at amortised cost

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

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

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e., on the basis of the group'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 group 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 staff 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'.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.6 Financial instruments-continued

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

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

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

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

- a. the group'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 group; and
- c. the amount of the dividend can be measured reliably.

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

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

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

Reclassification of financial assets occurs when the group 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."

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.6 Financial instruments-continued

Financial liabilities

Classification and subsequent measurement

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

Fees paid on the establishment of the liabilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

The classification of the Company's financial instruments has been summarized in the table below:

Category		Classes as determined by The Group		Subclasses
Financial assets	Financial assets at fair value through profit or loss	Listed Securities		Quoted Equities
	Amortized cost	Cash and bank balances with Central Bank of Nigeria		Cash
				Statutory deposit with CBN
				Current account
				Placements
			Loans and advances	FGN Treasury Bills
			Investment securities	Staff loans
	Fair value through other comprehensive income	Other assets		Corporate bonds
				Fees receivable
				Intercompany
				Other receivables
Listed securities				Quoted Equities
				Unquoted Equities
Financial liabilities	Financial liabilities at amortised cost	Unlisted securities		
		Insurance contract liabilities		Accruals
				Payables
		Trade payables		Other creditors
				Outstanding claims
Other liabilities		Unearned premiums		

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.6 Financial instruments-continued

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.

Amortised cost measurement

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

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

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

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry company, 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.6 Financial instruments-continued

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."

2.7 Trade receivables

Trade receivables are recognized when due. They premium receivables arising from insurance contracts issued and include amounts due from agents, brokers and insurance contract holders. Premium receivables are those for which credit notes issued by brokers are within 30days, in conformity with the "NO PREMIUM NO COVER" NAICOM policy.

2.8 Reinsurance

The Company cedes business to reinsurers in the normal course of business for the purpose of limiting its net loss potential through the transfer of risks on the bases of treaty and facultative agreements. Premium ceded comprise gross written premiums. Reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders. In the course of ceding out business to reinsurers, the Company incurs expenses. This is recognized as reinsurance expense in the statement of profit or loss.

2.8.1 Reinsurance assets

Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

2.8.2 Reinsurance Liabilities

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The company 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.9 Deferred Policy Acquisition Costs (DAC)

Acquisition cost comprise all direct and indirect costs arising from the writing of non-life insurance contracts. Deferred acquisition costs represent a proportion of commission which are incurred during a financial year and are deferred to the extent that they are recoverable out of future revenue margins. It is calculated by applying to the acquisition expenses that ratio of unearned premium to written premium. With IFRS 17 adoption, this is no longer a line item on the face of the SOFP.

2.10 Prepayment

Prepayments include amounts paid in advance by the Company on rent, staff benefits, vehicle repairs etc. Expenses paid in advance are amortized on a straight line basis to the profit and loss account.

2.11 Consolidation

2.11.1 Subsidiaries

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

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

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

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the company. 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.11 Consolidation

Disposal of Subsidiaries

On loss of control, the company derecognizes the assets and liabilities of the subsidiary, any controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the company 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.

2.11.2 Investment in Associates

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

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

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

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.11 Consolidation -continued

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

2.12 Investment Properties

Investment property is property held on earn rentals or for capital appreciation or both. Investment property, including interest in leasehold land, is initially recognised at cost including the transaction costs. Subsequently, investment property is carried 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 company 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 company completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

2.13 Intangible Assets

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.13 Intangible Assets-continued

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 recognised in the income statement when the asset is derecognized.

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

2.14 Goodwill

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each in the unit.

Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated (statement of comprehensive income/income statement). An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.15 Property, Plant and Equipment

a. Recognition and measurement

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

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.15 Property, Plant and Equipment-continued

b. Subsequent cost

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

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

c. Depreciation

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:"

Freehold land	0%
Buildings	2%
Furniture & Fittings	20%
Office Equipment	20%
Computer Equipment	20%
Plant & Equipment	20%
Motor Vehicles	25%

Freehold land is not depreciated. 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.

d. Revaluation of land and building.

land and building initially recorded at cost are subsequently carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.15 Property, Plant and Equipment-continued

When land and building are revalued, any increase in its carrying amount (as a result of revaluation) is transferred to a revaluation reserve, except to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense in the profit or loss. When the value of a land or building is decreased as a result of a revaluation, the decrease is charged against any related credit balance in the revaluation reserve in respect of that land or building. However, to the extent that it exceeds any surplus, it is recognised as an expense in profit or loss.

When revalued land and building are being depreciated, part of the surplus is being realized as the asset is used. The amount of the surplus realized is the difference between the depreciation charged on the revalued amount and the lower depreciation which would be charged to revaluation reserve and accumulated losses but not through profit or loss. The revaluation of land and building is carried out every year.

e. Derecognition

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit."

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

2.16 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.

2.17 Insurance Contract Liabilities

Contract that are classified as insurance contracts are those under which the company 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.17 Insurance contract liabilities -continued

2.17.1 Types of Insurance Contracts

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

Accident and casualty insurance contracts protect the company'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 company'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 company'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.

2.17.2 Recognition and measurement of non-life insurance contracts

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

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the company. The company does not discount its liabilities for unpaid claims.

Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.17 Insurance contract liabilities -continued

2.17.2 Recognition and measurement of non-life insurance contracts-continued

b. Salvages

Some non-life insurance contracts permit the company to sell (usually damaged) property acquired in the process of settling a claim. The company 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 company has the right to receive future cash flow from the third party.

d. Deferred Income

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

e. Reinsurance Contracts held

Contracts entered into by the company with reinsurers under which the company is compensated for losses on one or more contracts issued by the company 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 company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

f. Technical Reserves

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

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

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.17 Insurance contract liabilities -continued

2.17.2 Recognition and measurement of non-life insurance contracts-continued

g. Liability Adequacy Test

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

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

2.18 Trade and other Payables

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

2.19 Retirement Benefit Obligations

Pension Cost

The company operates a defined contributory retirement benefit scheme as stipulated in the Pension Reform Act 2014. Under the defined contribution scheme, the company 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 company 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.

2.20 Provisions

General Provisions are recognised when the company 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 company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is

recognised as a finance cost.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.21 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that this relates to a business combination, or items recognized directly in equity or other comprehensive income.

2.21.1 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.

2.21.2 NITDA Levy

The National Information Technology Development Agency Act (2007) empowers and mandates the Federal Inland Revenue Service (FIRS) to collect and remit 1% of profit before tax of Companies with turnovers of a minimum of ₦100million under the third schedule of the Act.

2.21.3 Deferred Tax

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

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

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

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

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.21.3 Deferred Tax

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

2.22 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.

2.23 Statutory Contingency Reserve

The company 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.

2.24 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.

2.25 Assets Revaluation Reserve

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

2.26 Other Income Items Recognition

2.26.1 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 are recognized over time, covering the policy period over which services are expected to be provided, using the time apportionment basis. With the adoption of IFRS 17 these are treated as part of reinsurance service expenses to arrive at Net expenses from reinsurance contracts held.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.26.2 Investment Income

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

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

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

2.26.3 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 affected 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.

2.26.4 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.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.27 Claims Expenses Recognition

2.27.1 Claims Incurred/Expense

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. All claims paid and incurred are charged against the underwriting income as expense when incurred. With the adoption of IFRS 17 these costs are treated as part of insurance service expenses before determining insurance service result.

2.27.2 Reinsurance Claims

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

2.28 Interest Income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, interest income is recognized by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in profit or loss and is included in the "investment income - interest income" line item.

2.29 Expenses

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

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.29 Expenses-continued

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

2.30.1 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. With the adoption of IFRS 17 these costs are treated as part of insurance service expenses.

2.31 Impairment of non-financial assets

The company 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 company estimates the asset's recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. an asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use.

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

Impairment losses of continuing operations are recognised in the income statement in those 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 recognised in comprehensive income up to the amount of any previous revaluation.

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

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

2.32 Earnings Per Share

The company 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 company 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.

2.33 Dividends

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

2.34 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.

2.35 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 company or the company has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to crystallize.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.36 Contingent assets

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

2.37 Changes in accounting policies 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 2023. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

The new standard had an impact on the company's financial statements.

IFRS 17 replaces IFRS 4 Insurance Contracts for annual periods on or after 1 January 2023.

The Company has restated comparative information for 2022 applying the transitional provisions to IFRS17. The nature of the changes in accounting policies can be summarised, as follows:

Changes to classification and measurement

The adoption of IFRS 17 did not change the classification of the Company's insurance contracts.

The Company was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

Under IFRS 17, the Company's insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the PAA. The PAA simplifies the measurement of insurance contracts in comparison with the general model in IFRS 17.

The measurement principles of the PAA differs from the 'earned premium approach' used by the Company under IFRS 4 in the following key areas:

- The liability for remaining coverage reflects premiums received less deferred insurance acquisition cash flows and less amounts recognised in revenue for insurance services provided.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.37 Changes in accounting policies and disclosures-continued

Changes to classification and measurement-continued

- Measurement of the liability for remaining coverage includes an adjustment for the time value of money and the effect of financial risk where the premium due date and the related period of services are more than 12 months apart
- Measurement of the liability for remaining coverage involves an explicit evaluation of risk adjustment for non- financial risk when a group of contracts is onerous in order to calculate a loss component (previously these may have formed part of the unexpired risk reserve provision)
- Measurement of the liability for incurred claims (previously claims outstanding and incurred-but-not-reported (IBNR claims) is determined on a discounted probability-weighted expected value basis and includes an explicit risk adjustment for non-financial risk. The liability includes the Company's obligation to pay other incurred insurance expenses.
- Measurement of the asset for remaining coverage (reflecting reinsurance premiums paid for reinsurance held) is adjusted to include a loss-recovery component to reflect the expected recovery of onerous contract losses where such contracts reinsure onerous direct contracts

Changes to presentation and disclosure

For presentation in the statement of financial position, the Company aggregates insurance and reinsurance contracts issued, and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance contracts issued that are liabilities.
- Portfolios of reinsurance contracts held that are assets.

The portfolios referred to above are those established at initial recognition in accordance with the IFRS 17 requirements.

Portfolios of insurance contracts issued include any assets for insurance acquisition cash flows.

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared with last year. Previously, the Company reported the following line items:

- Gross written premiums
- Net written premiums
- Changes in premium reserves
- Gross insurance claims
- Net insurance claims
- Instead, IFRS 17 requires separate presentation of:
 - Insurance revenue
 - Insurance service expenses
 - Insurance finance income or expenses
 - Income or expenses from reinsurance contracts held.

The Company provides disaggregated qualitative and quantitative information about:

- Amounts recognised in its financial statements from insurance contracts.
- Significant judgements, and changes in those judgements, when applying the standard

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.37 Changes in accounting policies and disclosures-continued

b) Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Board.

The amendments had no impact on the Company's financial statements.

c) Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's consolidated financial statements.

e) International Tax Reform—Pillar Two Model Rules - Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

In periods in which Pillar Two legislation is (substantively) enacted but not yet effective, the amendment requires disclosure of known or reasonably estimable information that helps users of financial statements understand the entity's exposure arising from Pillar Two income taxes including both qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.37 Changes in accounting policies and disclosures-continued

e) International Tax Reform—Pillar Two Model Rules - Amendments to IAS 12-continued

For example:

a) Qualitative information such as how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist, and

b) Quantitative information such as:

- An indication of the proportion of an entity's profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits; or
- An indication of how the entity's overall effective tax rate would have changed if Pillar Two legislation had been effective.

Once the legislation is effective, additional disclosures are required for the current tax expense related to Pillar Two income taxes. The requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The Group has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in the various jurisdictions in which it operates. The Group has determined that it will not be subject to Pillar Two taxes once the legislation becomes effective since its effective tax rate is above 15% in all the jurisdictions in which it operates. Therefore, as the related Pillar Two disclosures are not required, the amendments will have no impact on the Company's consolidated financial statements at 31 December 2023.

2.38 Standards issued but not yet effective.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below.

a. Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.38 Standards issued but not yet effective-continued

b. Classification of Liabilities as Current or Non-Current- Amendments to IAS 1

In January 2020, the Board 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 classification is unaffected by the likelihood that an entity will exercise its deferral right
- 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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

c. Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

d. Lack of exchangeability - Amendments to IAS 21

In August 2023, the Board issued Lack of Exchangeability-Amendments to IAS 21. The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

2 Summary of material accounting policies-continued

2.38 Standards issued but not yet effective-continued

e. Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. Early application of the amendments is still permitted. 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 recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The amendments must be applied prospectively. Early application is permitted and must be disclosed.

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 are not expected to have a material impact on the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

3 Cash and cash equivalents	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
This comprises of :				
Cash on hand	2,138	857	548	652
Cash at Banks	810,443	661,539	552,089	567,738
Short term deposit (Staff gratuity fund assets)	8,044	8,044	8,044	8,044
Short term deposit (note 3.2)	9,343,143	5,906,531	8,220,028	4,145,426
	10,163,768	6,576,971	8,780,709	4,721,860
Adjustment for ECL on fixed deposit (note 3.1)	(12,304)	(12,304)	(3,115)	(3,115)
Total	10,151,463	6,564,667	8,777,594	4,718,745

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

3.1 Movement in Adjustment ECL	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
As at 1 January	12,304	12,304	3,115	5,458
Charge/(Write back) (See note 34)	0	-	-	(2,343)
As at End of Period	12,304	12,304	3,115	3,115

3.2 Financed by:

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

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
Financed by Insurance fund	8,220,028	4,145,426	8,220,028	4,145,426
Financed by other funds	1,123,115	1,761,105	-	-
	9,343,143	5,906,531	8,220,028	4,145,426

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

3.3 A reconciliation of gross carrying amount and corresponding allowance for ECL

STAGE 1

Group	Gross carrying amount N'000	ECL N'000
As at 1 January 2024	5,914,575	12,304
New assets originated or purchased	9,351,187	12,304
Assets derecognized	(5,914,575)	(12,304)
As at 30 September 2024	9,351,187	12,304

STAGE 1

	Gross carrying amount N'000	ECL N'000
As at 1 January 2023	3,984,471	5,696
New assets originated or purchased	5,914,575	12,304
Assets derecognized	(3,984,471)	(5,696)
As at 31 December 2023	5,914,575	12,304

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

3.3 A reconciliation of gross carrying amount and corresponding allowance for ECL -continued

STAGE 1

Company	Gross carrying amount N'000	ECL N'000
As at 1 January 2024	4,153,470	3,115
New assets originated or purchased	8,228,072	3,115
Assets derecognized	(4,153,470)	(3,115)
As at 30 September 2024	8,228,072	3,115

STAGE 1

	Gross carrying amount N'000	ECL N'000
As at 1 January 2023	2,064,983	5,458
New assets originated or purchased	4,153,470	3,115
Assets derecognized	(2,064,983)	(5,458)
As at 31 December 2023	4,153,470	3,115

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
4 Financial Assets				
This comprises of:				
Equity instruments at fair value through profit or loss (note 4a)	140,230	113,615	140,230	113,615
Debt instruments at amortised cost (Note 4b)	10,390,977	7,472,050	5,193,839	3,161,226
Fair value through OCI (Note 4c)	433,485	433,485	433,485	433,485
	10,964,692	8,019,150	5,767,554	3,708,326
Current	94,609	94,609	-	-
Non-current	10,870,083	7,924,542	5,767,554	3,708,326
	10,964,692	8,019,150	5,767,554	3,708,326

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 period and are derived as follows:

a

Movement in FVTPL during the period	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
Fair value at 1 January	113,615	68,090	113,615	68,090
Fair value gain/(loss)	26,615	45,525	26,615	23,692
Fair value as at 30 September	140,230	113,615	140,230	113,615

a(i)

Historical movement in FVTPL				
Cost at initial recognition	152,278	152,278	152,278	152,278
Accumulated fair value losses to date	(41,669)	(38,663)	(12,048)	(38,663)
Fair value as at 30 September	110,609	113,615	140,230	113,615

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
b Amortised Cost				
FGN treasury bills see note (i) below	94,609	94,609	-	-
State/FGN government bonds see note (ii) below	7,126,605	7,126,605	5,193,839	3,161,226
Corporate bond see note (iii) below	250,837	250,837	-	-
	<u>7,472,050</u>	<u>7,472,050</u>	<u>5,193,839</u>	<u>3,161,226</u>
Balance at 1 January	7,472,050	5,192,134	3,161,226	1,481,074
Additions	1,490,236	1,490,236	1,584,110	1,049,097
Redemption/Repayment during the year	(103,954)	(103,954)	(1,346,296)	-
Accrued interest	945,905	945,905	1,536,198	659,113
Balance at 30 September	9,804,237	7,524,321	4,935,238	3,189,284
Expected credit loss	(52,100)	(52,270)	(27,888)	(28,058)
	<u>10,390,977</u>	<u>7,472,050</u>	<u>4,907,350</u>	<u>3,161,226</u>
i FGN Treasury Bills				
Balance at 1 January	94,609	43,878	-	-
Additions	319,691	46,153	150,000	-
Redemption/Repayment during the year	(4,579)	-	-	-
Accrued interest	5,914	4,578	-	-
Balance at 30 September	<u>420,214</u>	<u>94,609</u>	<u>150,000</u>	<u>-</u>
	<u>94,609</u>	<u>94,609</u>	<u>150,000</u>	<u>-</u>
ii FGN Bonds and State Bonds				
Balance at 1 January	7,126,605	4,844,847	3,161,226	1,481,074
Additions	424,066	1,626,132	1,434,110	1,049,097
Redemption/Repayment during the year	(181,506)	(237,517)	(1,346,296)	-
Accrued interest	158,308	931,151	1,536,198	659,113
Balance at 30 September	7,527,473	7,164,613	4,785,238	3,189,284
ECL	(37,838)	(38,008)	(27,888)	(28,058)
	<u>7,126,605</u>	<u>7,126,605</u>	<u>4,757,350</u>	<u>3,161,226</u>
iii Corporate Bonds				
Balance at 1 January	250,837	303,409	-	-
Additions	28	17,870	-	-
Redemption/Repayment during the year	(14,754)	(70,934)	-	-
Accrued interest	15,272	14,754	-	-
Balance at 30 September	251,383	265,099	-	-
ECL	(14,263)	(14,263)	-	-
	<u>250,837</u>	<u>250,837</u>	<u>-</u>	<u>-</u>
iv Movement in expected credit losses (ECL) during the year				
Balance at 1 January	52,270	34,506	19,491	19,491
Charge/(reversal) during the year	(170)	17,764	8,397	8,567
Balance at 30 September	<u>52,100</u>	<u>52,270</u>	<u>27,888</u>	<u>28,058</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

v A reconciliation of gross carrying amount and corresponding allowance for ECL

Group

STAGE 1

	Gross carrying amount N'000	ECL N'000
As at 1 January 2024	7,524,321	52,270
New assets originated or purchased	2,580,130	21,783
Assets derecognized	(300,213)	(21,953)
As at 30 September 2024	<u>9,804,237</u>	<u>52,100</u>

STAGE 1

	Gross carrying amount N'000	ECL N'000
As at 1 January 2023	5,226,639	34,506
New assets originated or purchased	2,710,086	21,783
Assets derecognized	(412,404)	(4,019)
As at 31 December 2023	<u>7,524,321</u>	<u>52,270</u>

Company

STAGE 1

	Gross carrying amount N'000	ECL N'000
As at 1 January 2024	3,189,284	28,058
New assets originated or purchased	1,745,954	(170)
Assets derecognized		
As at 30 September 2024	<u>4,935,238</u>	<u>27,888</u>

STAGE 1

	Gross carrying amount N'000	ECL N'000
As at 1 January 2023	1,500,566	19,491
New assets originated or purchased	1,688,718	8,567
Assets derecognized		
As at 31 December 2023	<u>3,189,284</u>	<u>28,058</u>

c Fair value through other comprehensive income

	Group 2023 N'000	Group 2023 N'000	Company 2023 N'000	Company 2023 N'000
Fair value at 1 January	433,485	92,575	433,485	92,575
Additions	-	22,091		22,091
Fair value gain		318,819		318,819
Balance at 30 September	<u>433,485</u>	<u>433,485</u>	<u>433,485</u>	<u>433,485</u>

Fair value through other comprehensive income consists of equity investment in Waica RE and Systemspec

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	Group 2024	Group 2023	Company 2024	Company 2023
5				
Premium Receivables				
a	N'000	N'000	N'000	N'000
This comprises of:				
Premium receivable from insurance brokers	4,178,849	1,520,406	4,178,849	1,520,406
Premium receivable from insurance agents	55,270	55,270	55,270	55,270
Premium receivable from policy holders	33,158	33,158	33,158	33,158
Premium Receivable From Insurance Companies	158,931	158,931	158,931	158,931
	4,426,208	1,767,765	4,426,208	1,767,765
Impairment of premium receivables	(737,985)	(737,985)	(737,985)	(737,985)
	3,688,223	1,029,780	3,688,223	1,029,780
b.				
Movement in impairment is as follow:				
Balance, beginning of period	737,985	737,985	737,985	737,985
Balance, at end of the period	737,985	737,985	737,985	737,985
b				
Age analysis of gross premium receivables are as follows				
0-30 days	3,688,223	1,029,780	3,688,223	1,029,780
	3,688,223	1,029,780	3,688,223	1,029,780

c Analysis of movement in impairment
2024

Group	Balance at 1 January N'000	Adjustment N'000	Provision no longer required N'000	Balance at 30 September N'000
Premium receivable from insurance brokers	490,646	-	-	490,646
Premium receivable from insurance agents	55,270	-	-	55,270
Premium receivable from policy holders	33,158	-	-	33,158
Premium receivable from insurance companies	158,911	-	-	158,911
	737,985	-	-	737,985
Company				
Premium receivable from insurance brokers	490,646	-	-	490,646
Premium receivable from insurance agents	55,270	-	-	55,270
Premium receivable from policy holders	33,158	-	-	33,158
Premium receivable from insurance companies	158,911	-	-	158,911
	737,985	-	-	737,985

2023

Group

	Balance at 1 January N'000	Adjustment N'000	Provision no longer required N'000	Balance at 31 December N'000
Premium receivable from insurance brokers	490,646	-	-	490,646
Premium receivable from insurance agents	55,270	-	-	55,270
Premium receivable from policy holders	33,158	-	-	33,158
Premium receivable from insurance companies	158,911	-	-	158,911
	737,985	-	-	737,985

Company

	Balance at 1 January N'000	Adjustment N'000	Provision no longer required N'000	Balance at 31 December N'000
Premium receivable from insurance brokers	490,646	-	-	490,646
Premium receivable from insurance agents	55,270	-	-	55,270
Premium receivable from policy holders	33,158	-	-	33,158
Premium receivable from insurance companies	158,911	-	-	158,911
	737,985	-	-	737,985

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
6 Other receivables and prepayments				
The balance is analysed as follow:				
Receivables from staff (see note (a) below)	68,901	48,047	10,624	30,082
Deposit for investment (See Note (b)below)	28,346	28,346	28,346	28,346
Commercial papers (See Note (c)below)	217,459	217,459	217,459	217,459
Prepayment	268,409	52,057	8,311	8,596
Inventory	1,146	4,113	1,146	2,339
Receivables from Related parties (see note i below)	62,033	62,033	62,033	62,033
Fees receivables and other receivables (See Note (d)below)	723,009	734,973	372,478	324,519
Prepaid recapitalisation expenses (See Note (e)below)	48,050	48,050	48,050	48,050
Withholding tax receivable(See Note (f)below)	4,733	24,856	4,733	24,856
	<u>1,422,086</u>	<u>1,219,935</u>	<u>753,180</u>	<u>746,280</u>
Impairment of other receivables and prepayment(See Note (g)below)	<u>(392,150)</u>	<u>(393,427)</u>	<u>(392,150)</u>	<u>(393,427)</u>
	<u>1,029,936</u>	<u>826,508</u>	<u>361,030</u>	<u>352,853</u>
Current	710,371	710,371	241,312	241,312
Non-current	110,081	110,081	92,116	92,116
	<u>1,029,936</u>	<u>826,508</u>	<u>361,030</u>	<u>352,853</u>

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

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
Balance at 1 January	48,047	48,047	30,082	30,082
Addition	39,284	39,284	32,798	32,798
Utilised during the year	<u>(18,430)</u>	<u>(39,284)</u>	<u>(52,256)</u>	<u>(32,798)</u>
	<u>68,901</u>	<u>48,047</u>	<u>10,624</u>	<u>30,082</u>

b Included in deposit for investment is the amount with Chapel Hill for purchase of quoted equities on the Nigeria Stock Exchange and investment in other financial instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
c	Commercial papers represents receivables from the following entities			
a) TKM Mestro Nigeria Ltd	131,649	131,649	131,649	131,649
b) Off-shore Intergrated Concession Ltd	39,711	39,711	39,711	39,711
c) Kruger Brent Global Services Ltd	46,099	46,099	46,099	46,099
	<u>217,459</u>	<u>217,459</u>	<u>217,459</u>	<u>217,459</u>

ci These commercial papers have been 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

This represents amount paid to consultants with respect to proposed preference shares to be issued by the company. This was classified as prepaid expense pending the conclusion of the process. On completion, this will be applied against the share premium.

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
f	Withholding tax receivables			
	At 1 January	24,856	27,926	24,856
	Additions	5,091	5,091	5,091
	Utilised during the period(see note 17)	(8,161)	(8,161)	(8,161)
	Balance at 30 September	<u>21,786</u>	<u>24,856</u>	<u>21,786</u>

	Group 2024 N'000	Group 2023 N'000	Company 2023 N'000	Company 2023 N'000
g	The movement in impairment charge is as follows:			
	Balance at 1 January	392,150	393,427	392,150
	Balance at 30 September	<u>392,150</u>	<u>393,427</u>	<u>392,150</u>

2024

Group

	Balance at 1 Jan 2024	Addition	Provision no longer required	Adjustment	Balance at 30 September 2024
Commercial papers	217,459	-	-	-	217,459
Receivables from staff	1,369	-	-	-	1,369
Receivables from Related Party (Goldlink)	62,033	-	-	-	62,033
Fees receivable and other receivables	113,104	-	-	(1,815)	111,289
	<u>393,427</u>	<u>-</u>	<u>-</u>	<u>(1,815)</u>	<u>392,150</u>

	Balance at 1 Jan 2024	Addition	Provision no longer required	Adjustment	Balance at 30 September 2024
Company					
Commercial papers	217,459	-	-	-	217,459
Receivables from staff	1,369	-	-	-	1,369
Receivables from Goldlink	62,033	-	-	-	62,033
Fees receivable and other receivables	113,104	-	-	(1,815)	111,289
	<u>393,427</u>	<u>-</u>	<u>-</u>	<u>(1,815)</u>	<u>392,150</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

**2023
Group**

	Balance at 1 Jan 2024	Addition	Provision no longer required	Adjustment	Balance at 31 December 2023
Commercial papers	217,459	-	-	-	217,459
Receivables from staff	1,369	-	-	-	1,369
Receivables from Related Party (Goldlink)	62,033	-	-	-	62,033
Fees receivable and other receivables	113,104	-	-	(538)	112,566
	<u>393,965</u>	<u>-</u>	<u>-</u>	<u>(538)</u>	<u>393,427</u>

Company	Balance at 1 Jan 2023	Addition	Provision no longer required	Adjustment	Balance at 31 December 2023
Commercial papers	217,459	-	-	-	217,459
Receivables from staff	1,369	-	-	-	1,369
Receivables from Goldlink	62,033	-	-	-	62,033
Fees receivable and other receivables	113,104	-	-	(538)	112,566
	<u>393,965</u>	<u>-</u>	<u>-</u>	<u>(538)</u>	<u>393,427</u>

This relates to amount recoverable from :1.Associates- Goldlink Insurance Plc - as at 31 December 2023, the amount relates to various expenses incurred on their behalf amounting to N62.033 million (2022, N62.033 million).

i

7 Investment in Subsidiaries

Veritas Kapital has 2 subsidiaries as at 31 December 2023. The details of the subsidiaries and principal activities are detailed below:

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
Veritas Glanvills Pension Limited at cost(a)	-	-	3,610,000	3,610,000
Veritas Health Care Limited at cost (b)	-	-	416,300	416,300
	<u>-</u>	<u>-</u>	<u>4,026,300</u>	<u>4,026,300</u>

a Veritas Glanvills Pension Limited has issued ordinary share capital of 5 billion units of N1 each.

Veritas Kapital holds 3.5 billion (70%): The company was incorporated on 20 April 2005, and licenced by National Pension Commission to carry on business of a Pension Fund Administrator on 19 September 2007. Its principal place of business is Lagos.

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

7 Investment in Subsidiaries-continued

	Veritas Glanvill Pension		Veritas Healthcare Limited	
	2024	2023	2024	2023
	N'000	N'000	N'000	N'000
Total revenue	-	2,425,910	-	264,809
Profit before tax	-	62,589	-	31,888
Total assets	-	714,146	-	743,648
Total liabilities	-	41,624	-	129,421
Shareholders fund	-	672,522	-	614,227
c	Group	Company	Group	Company
	2024	2023	2024	2023
	N'000	N'000	N'000	N'000
Veritas Glanvills Pensions Ltd	-	-	3,610,000	3,610,000
balance as at January 1	-	-	-	-
Additions during the year	-	-	3,610,000	3,610,000
	N'000	N'000	N'000	N'000
Investment in Veritas Healthcare Ltd	-	-	416,300	416,300
Balance as at January 1	-	-	416,300	416,300
	Group	Group	Company	Company
	2024	2023	2024	2023
	N'000	N'000	N'000	N'000
8	1,010,650	1,010,650	1,010,650	1,010,650
Investment in Associates	(1,010,650)	(1,010,650)	(1,010,650)	(1,010,650)
Share of associate loss (see note(a)below)	-	-	-	-

GOLDLINK Insurance Plc

Veritas Kapital holds 1,268,064,351 (2022:1,268,314,351) ordinary shares representing 51.53% (2022:51.53%) holdings in Goldlink Insurance Plc as at 31/12/2023.

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

Though Veritas Kapital holds majority shares in Goldlink Insurance Plc. (51.53%) the investment has been treated as an associate and accounted for using equity method at both the Company and Group level.

In arriving at the decision to treat the investment as an associate, the Board of Directors considered if Veritas Kapital has control over Goldlink Insurance Plc based on the requirements of IFRS 10. IFRS 10.5 states that an investor regardless of the nature of its involvement with an entity is required to determine whether it is a parent by assessing whether it controls the investee.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**9 Investment properties**

Investment property comprises of landed property and building held for the purpose of capital appreciation and rental income and are carried at fair value.

The movement in the fair value of investment properties as at 31 December 2023 is as follows:

	Group	Group	Company	Company
	2024	2023	2024	2023
	N'000	N'000	N'000	N'000
Balance at 1 January	-	45,000	-	45,000
Addition	-	-	-	-
Disposal	-	(45,000)	-	(45,000)
Balance at 30 September (see note 11c)	-	-	-	-

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

The fair value of the Investment properties for prior year has been determined by external, independent professional valuers, Obiora Okafor & Associates, Real Estate surveyors (FRC/2020/003/00000021867) and signed by Obiora Okafor (FRC/2012/PRO/ICAN/004/00000000139), having appropriate recognised professional qualifications and recent experience in the locations and categories of the Investment properties being valued. The properties have been valued using the depreciated replacement cost and market value approaches. Valuations are performed on an annual basis and the fair value gains and losses are recognised in the profit or loss account. The valuations were based on market data such as discount rates, rental risk and reversionary rates.

There were no investment property for the period 2024 (2023: 0 million)

b Valuation technique and significant unobservable inputs

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

Valuation technique	Significant unobservable inputs	Sensitivity
The fair values are determined by applying the direct market evidence comparative method of valuation to derive the open market value. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent time. References were made to prices of land and comparable properties in the neighbourhood. The data obtained were analysed and adjustments were made to reflect differences in site area and the actual location, quality of construction and off-site facilities.	- 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 (i)

	Group	Group	Company	Company
	2024	2023	2024	2023
	N'000	N'000	N'000	N'000
A unit of 5 bedroom terrace house	-	-	-	-
	-	-	-	-

C (ii) The movement in the fair value of investment properties as at 30 September 2024 is as follows

Status of Title Documents	Balance at 1 Jan 2024	Additions	Disposals	Revaluation gain or loss
A unit of 5 bedroom terrace house	-	-	-	-
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

10 GROUP

Property, plant and equipment

2024

	Leasehold land	Building	Office computer equipment	Motor vehicles	Office furniture and fittings	Work in progress	Total
Cost/Valuation	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January	1,306,849	3,846,717	680,954	847,481	224,574	-	6,906,574
Additions	-	47,227	62,352	109,582	11,232	134,377	364,770
Revaluation adjustments	-	-	-	-	-	-	-
Transfer/ reclassification	-	-	-	-	-	-	-
Disposals	-	(2,660)	(2,823)	-	(1,816)	(72,202)	(79,501)
As at 30 September	1,306,849	3,891,283	740,482	957,063	233,989	62,175	7,191,842

Accumulated depreciation

At 1 January	-	145,882	545,529	608,525	170,249	-	1,470,184
Depreciation	-	42,790	40,227	81,353	12,713	-	177,083
Disposals	-	-	(2,823)	(35,472)	(1,816)	-	(40,112)
As at 30 September	-	188,672	582,933	654,405	181,146	-	1,607,156

Carrying amount as at 30 September 2024

1,306,849	3,702,612	157,550	302,658	52,843	62,175	5,584,686
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2023

	Leasehold land	Building	Office computer equipment	Motor vehicles	Office furniture and fittings	Work in progress	Total
Cost/Valuation	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January	1,265,000	2,964,129	449,889	854,195	171,352	191,383	5,895,947
Additions	-	250	55,298	48,496	53,221	-	157,266
Revaluation adjustments	181,849	1,070,758	-	-	-	-	1,252,607
Transfer/ reclassification	-	5,874	185,509	-	-	(191,383)	-
Disposals	(140,000)	(194,295)	(9,743)	(55,210)	-	-	(399,247)
As at 31 December	1,306,849	3,846,717	680,954	847,481	224,574	-	6,906,574

Accumulated depreciation

At 1 January	-	96,551	(193,263)	585,702	-	-	488,991
Depreciation	-	65,197	191,898	78,032	170,249	-	505,376
Disposals	-	(15,867)	546,893	(55,210)	-	-	475,817
As at 31 December	-	145,882	545,529	608,525	170,249	-	1,470,184

Carrying amount as at 31 December 2023

1,306,849	3,700,835	135,425	238,956	54,324	-	5,436,390
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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

10 b Company

Property, plant and equipment

2024	Leasehold land	Building	Office computer equipment	Motor vehicles	Office furniture and fittings	Work in progress	Total
Cost/Valuation	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January	1,306,849	3,067,587	326,496	251,909	144,247	-	5,097,088
Additions	-	47,227	36,032	109,582	1,938	134,377	329,156
Revaluation adjustments	-	-	-	-	-	-	-
Transfer/ Reclassification	-	-	-	-	-	-	-
Disposals	-	-	(2,823)	-	(1,816)	(72,202)	(76,841)
As at 30 September	<u>1,306,849</u>	<u>3,114,814</u>	<u>359,704</u>	<u>361,491</u>	<u>144,369</u>	<u>62,175</u>	<u>5,349,402</u>
Accumulated depreciation							
At 1 January	-	94,982	260,077	231,812	118,662	-	705,533
Depreciation expenses	-	30,470	19,738	21,442	6,000	-	77,650
Disposals	-	-	(2,664)	(35,472)	(1,816)	-	(39,952)
As at 30 September	<u>-</u>	<u>125,452</u>	<u>276,977</u>	<u>217,782</u>	<u>122,846</u>	<u>-</u>	<u>743,231</u>
Carrying amount as at 30 September, 2024	<u>1,306,849</u>	<u>2,989,362</u>	<u>82,727</u>	<u>143,709</u>	<u>21,523</u>	<u>62,175</u>	<u>4,606,171</u>
2023	Leasehold land	Building	Office computer equipment	Motor vehicles	Office furniture and fittings	Work in progress	Total
Cost/Valuation	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January	1,265,000	2,185,000	283,981	300,320	135,455	5,874	4,175,630
Additions	-	250	45,406	6,799	8,792	-	61,248
Revaluation adjustments	181,849	1,070,758	-	-	-	-	1,252,607
Transfer/ Reclassification	-	5,874	-	-	-	(5,874)	-
Disposals	(140,000)	(194,295)	(2,892)	(55,210)	-	-	(392,397)
As at 31 December	<u>1,306,849</u>	<u>3,067,587</u>	<u>326,496</u>	<u>251,909</u>	<u>144,247</u>	<u>-</u>	<u>5,097,088</u>
Accumulated depreciation							
At 1 January	-	-	-	-	-	-	-
Depreciation expenses	-	43,692	22,794	19,446	6,579	-	92,511
Disposals	-	51,290	237,283	212,366	-	-	500,939
As at 31 December	<u>-</u>	<u>94,982</u>	<u>260,077</u>	<u>231,812</u>	<u>118,662</u>	<u>-</u>	<u>705,533</u>
Carrying amount as at 31 December, 2023	<u>1,306,849</u>	<u>2,972,605</u>	<u>66,419</u>	<u>20,097</u>	<u>25,585</u>	<u>-</u>	<u>4,391,555</u>

a) Land and Building was independently valued by Obiora Okafor & Associates, Real Estate surveyors (FRC/2020/003/00000021867) and signed by Obiora Okafor (FRC/2012/PRO/ICAN/004/00000000139), in 2023 to ascertain the open market value of land and building .The open market value of land and building as at 31 December 2023 was N4,279 million (2022: N3,390 million)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024**b Valuation technique and significant unobservable inputs**

The following table shows the valuation technique used in measuring the value of the land & building, as well as the significant unobservable inputs used.

Valuation technique	Significant Observable Input	Sensitivity
The fair values are determined by applying market value approach. This valuation model reflects the current price on actual transaction for similar properties in the neighbourhood in recent time. References were made to prices of land and comparable properties in the neighbourhood. The data obtained were analysed and adjustments 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. -Location of the building. -Commercial neighbourhood. -Specialised nature of the building -Accessibilty to transport links. - Physical condition	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)

10c. Leasehold land and building Comprises:

Group	Leasehold Land N'000	30-Sep-24 Building N'000	Total N'000	Leasehold Land N'000	31-Dec-23 Building N'000	Total N'000
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	-	727,317	727,317	-	727,317	727,317
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	1,135,551	2,710,009	3,845,560	1,135,551	2,710,009	3,845,560
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	171,298	263,509	434,807	171,298	263,509	434,807
Plot 116 Hadejia Road, Yankaba, Kano.	-	-	-	-	-	-
26, Commercial Avenue, Sabo, Yaba, Lagos	-	-	-	-	-	-
	<u>1,306,849</u>	<u>3,702,612</u>	<u>5,007,684</u>	<u>1,306,849</u>	<u>3,700,835</u>	<u>5,007,684</u>
Company						
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	1,135,551	2,710,009	3,845,560	1,135,551	2,710,009	3,845,560
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	171,298	262,596	433,894	171,298	262,596	433,894
Plot 116 Hadejia Road, Yankaba, Kano.	-	-	-	-	-	-
	<u>1,306,849</u>	<u>2,989,362</u>	<u>4,279,454</u>	<u>1,306,849</u>	<u>2,972,605</u>	<u>4,279,454</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

10d Movement in leasehold land and building is as follows:

Group 2024

Property Location/Description	1-Jan-24 N'000	Addition N'000	Disposals N'000	Transfer N'000	Depreciation N'000	Revaluation adjustment N'000	30-Sep-24 N'000
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	742,949	-	-	-	(15,631)	-	727,318
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	2,800,000	250	-	(48,663)	(39,148)	-	2,712,439
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	325,000	-	-	(5,136)	(4,543)	-	315,321
Plot 116 Hadejia Road, Yankaba, Kano.	264,629	-	(264,629)	-	-	-	-
	<u>4,132,578</u>	<u>250</u>	<u>(264,629)</u>	<u>(53,799)</u>	<u>(59,322)</u>	<u>-</u>	<u>3,755,078</u>

Group 2023

Property Location/Description	1-Jan-23 N'000	Addition N'000	Disposals N'000	Transfer N'000	Depreciation N'000	Revaluation adjustment N'000	31-Dec-23 N'000
Plot 1698 C and D Oyin Jolayemi St. V.I. Lagos	742,949	-	-	-	(15,631)	-	727,318
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	2,800,000	250	-	(48,663)	(39,148)	1,070,758	3,783,197
Plot 173 Oshodi-Gbagada express way, opp. UPS, Gbagada, Lagos.	325,000	-	-	(5,136)	(4,543)	181,849	497,170
Plot 116 Hadejia Road, Yankaba, Kano.	264,629	-	(264,629)	-	-	-	-
26, Commercial Avenue, Sabo, Yaba, Lagos	-	-	-	-	-	-	-
	<u>4,132,578</u>	<u>250</u>	<u>(264,629)</u>	<u>(53,799)</u>	<u>(59,322)</u>	<u>1,252,607</u>	<u>5,007,685</u>

Company 2024

Property Location/Description	Jan 1 2023 N'000	Addition N'000	Disposals N'000	Transfer /Adjustment N'000	Depreciation N'000	Revaluation adjustment N'000	30-Sep-24 N'000
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	2,800,000	250	-	(49,575)	(39,148)	-	2,711,527
Plot 173 Oshodi-Gbagada Express way, opp. UPS, Gbagada, Lagos.	325,000	-	-	(5,136)	(4,544)	-	315,320
Plot 116 Hadejia Road, Yankaba, Kano.	264,629	-	(264,629)	-	-	-	-
	<u>3,389,629</u>	<u>250</u>	<u>(264,629)</u>	<u>(54,711)</u>	<u>(43,692)</u>	<u>-</u>	<u>3,026,847</u>

Company 2023

Property Location/Description	Jan 1 2023 N'000	Addition N'000	Disposals N'000	Transfer /Adjustment N'000	Depreciation N'000	Revaluation adjustment N'000	31-Dec-23 N'000
Plot 497 Abogo Largema Street. Off Const. Ave. CBD	2,800,000	250	-	(49,575)	(39,148)	1,070,758	3,782,285
Plot 173 Oshodi-Gbagada Express way, opp. UPS, Gbagada, Lagos.	325,000	-	-	(5,136)	(4,544)	181,849	497,169
Plot 116 Hadejia Road, Yankaba, Kano.	264,629	-	(264,629)	-	-	-	-
	<u>3,389,629</u>	<u>250</u>	<u>(264,629)</u>	<u>(54,711)</u>	<u>(43,692)</u>	<u>1,252,607</u>	<u>4,279,454</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	Company 2024 N'000	Company 2023 N'000
11 Goodwill		
Balance, beginning of the year	316,884	316,884
Adjustment	-	-
Balance, end of year	<u>316,884</u>	<u>316,884</u>
The goodwill is arising on acquisitions in the following subsidiaries:		
VG Pension	316,884	316,884
Veritas Health Care Limited	-	-
	<u>316,884</u>	<u>316,884</u>
a Analysis of movement		
Balance at 1 January	316,884	316,884
Balance at 30 September	<u>316,884</u>	<u>316,884</u>

The goodwill recognised on acquisition of Veritas Healthcare Limited (N69.56 million) was fully impaired.

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 VHCL and 4.6% for VGPL (2022: averaging 2.8% for VHCL and 4.6% for VGPL) was applied in determining the terminal cash flows

- Discount rates (averaging 21.88% for VHCL 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 VHCL 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 estimated cashflow projections for the five years forecast period is N1.9Billion (2022 :N0.997Billion, this was derived by using a forecasted growth rate of 15.33% (2022 : 23%)

The key assumptions described above May change AS economic and market conditions change. The company 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.

12 Intangible assets - Software

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

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
Computer software				
Cost				
Balance, at 1 January	915,015	490,401	767,996	354,639
Additions	2,659	424,613		413,357
Balance at 30 September	<u>917,674</u>	<u>915,015</u>	<u>767,996</u>	<u>767,996</u>
Accumulated amortisation				
Balance, at 1 January	492,262	422,287	306,478	306,478
Amortisation	79,215	69,975	69,900	59,977
Balance at 30 September	<u>571,477</u>	<u>492,262</u>	<u>436,355</u>	<u>366,455</u>
Carrying amount 30 September	<u>346,197</u>	<u>422,753</u>	<u>331,641</u>	<u>401,541</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
13 Statutory deposit	355,000	355,000	355,000	355,000

This represent amount deposited with the Central Bank of Nigeria (CBN) as at 30 September, 2024 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)

14 Trade payables

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

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
This is analysed as follows:				
Commission payable	331,006	182,465	331,006	182,465
Co-insurance premium payable	3,223,187	1,923,507	3,223,187	1,923,507
	<u>3,554,193</u>	<u>2,105,972</u>	<u>3,554,193</u>	<u>2,105,972</u>

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
15 Retirement benefit obligation				
Gratuity Scheme	23,933	23,933	-	-

a Defined Benefit Scheme

Veritas Healthcare Limited has a non-contributory defined gratuity scheme whereby on separation, staff who have spent a minimum of five (5) years are paid a sum based on their qualifying emoluments and the number of years spent in service of the Company. The actuarial valuation of the scheme for 31 December 2023 was performed by PENMED Actuarial Consultants FRC/2014/NAS/0000000953 and signed by Bode Olajumoke (FRC/2014/NAS/0000000953).

Summary of membership data	2024	2023
Active Members	14	14
Total annual emoluments	N108.8mn	N108.8mn
Average Liability duration over future service	17	17

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

15 Retirement benefit obligation-continued

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. The following are the significant assumptions adopted in the computations

Valuation interest rate 13.50%

Salary increase rate 16.50%

Benefit Liability	2024 N'000	2023 N'000
(Deficit) / Surplus of Funded Plans	(23,933)	(23,933)
Liability Recognized	(23,933)	(23,933)

(i). Reconciliation of Defined Benefit Obligation

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

	Sep-24 # N'000	Dec-23 N'000
At 1 January	23,933	22,187
Current service cost*	-	2,475
Interest Cost	-	2,995
Benefit paid	-	(2,208)
Actuarial (gains) due to change in financial assumptions	-	(1,516)
Actuarial losses due to change in demographic assumptions	-	-
Balance at 30 June	23,933	23,933

*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.

16	Provision and other payables	Group 2024 N'000	Group 2023 N'000	Company 2024 # N'000	Company 2023 N'000
	This is analysed as follows:				
	Life insurance fund (Note 16a)	131,417	131,417	131,417	131,417
	PAYE tax, VAT, NHF and other remitable deductions	235,825	57,021	201,625	28,478
	Staff accounts (see note 16b)	145,025	115,357	11,804	15,388
	Accrued professional fees (see note 16c)	166,541	94,257	166,541	94,257
	Accrued NAICOM levy	193,294	78,258	193,294	78,258
	Supplies & Services Bills Payables (note 16e)	63,879	234,750	116,956	185,580
	Other accruals and payables (see note 16f)	218,453	135,136	15,010	41,402
	Unclaimed dividends	13,606	14,806	13,606	14,806
	Due to employees	4,360	8,001	4,360	8,001
	Pension Protection fund(note 16d)	365,878	278,741	-	-
		<u>1,538,279</u>	<u>1,147,744</u>	<u>854,613</u>	<u>597,587</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

- 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 and then Veritas 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, unremitted amount on behalf of staff to various PFAs for the month of December 2023 and deductions from staff salary to be remitted to their co-operative scheme administrator. As at January 2024, 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 unrepresented cheques.

	Group 2024 N'000	Group 2023 N'000	Company 2024 # N'000	Company 2023 N'000
Current	664,601	664,601	420,588	420,588
Non-Current	873,677	483,142	434,025	176,999
	<u>1,538,279</u>	<u>1,147,744</u>	<u>854,613</u>	<u>597,587</u>
17 Income tax liabilities				
Company income tax	(171,782)	181,877	316,212	38,889
Education tax	101,426	49,987	101,426	48,779
Information technology levy	-	-	-	-
Police Trust Fund	892	121	892	121
Per income statement	108,730	231,985	101,968	87,788
Balance at beginning of the year	187,033	(13,387,799)	80,876	-
Withholding tax utilised(see note 6f)		(8,600)		(8,600)
Payments	(122,787)	13,351,448	(56,757)	1,688
Per statement of financial position	<u>172,976</u>	<u>187,033</u>	<u>126,087</u>	<u>80,876</u>
17.1 Deferred tax asset				
At 1 January	21,745	60,854	21,745	21,745
Write back to income statement		(39,109)	-	-
Balance at 30 September	<u>21,745</u>	<u>21,745</u>	<u>21,745</u>	<u>21,745</u>
	Group 2024 N'000	Group 2023 N'000	Company 2024 # N'000	Company 2023 N'000
17.2 Deferred tax liability				
At 1 January	184,753	27,459	157,143	-
Charges for the year	14,722	-	-	125,261
Other comprehensive income	-	157,294		31,882
Balance at 30 September	<u>199,475</u>	<u>184,753</u>	<u>157,143</u>	<u>157,143</u>
	Group 2024 N'000	Group 2023 N'000	Company 2024 # N'000	Company 2023 N'000
Movements in deferred tax liabilities during the year:				
Recognised in other comprehensive income during the year:				
Net actuarial gains/(loss) on retirement benefit obligation	-	152	-	-
Gain on revaluation of property, plant and equipment		125,261		125,261
Fair value gain on financial asset at FVOCI		31,882		31,882
	<u>-</u>	<u>157,294</u>	<u>-</u>	<u>157,143</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

18 Insurance and reinsurance contracts

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

A Entity level Summary

Insurance Contract Liabilities

	2024	2023
Group	N'000	N'000
Liability for incurred Claims	12,186,716	2,722,628
Liability for remaining coverage	4,665,803	1,816,574
Total insurance contract liabilities	16,852,519	4,539,202

Reinsurance Contract assets held

Assets for incurred claims	4,802,597	773,977
Assets for remaining coverage	4,318,641	873,878
Total reinsurance contract assest held	9,121,238	1,647,856

Company

	2024	2023
	N'000	N'000
Liability for incurred Claims	12,186,716	2,722,628
Liability fir remaining coverage	4,665,803	1,816,574
Total insurance contract liabilities	16,852,519	4,539,202

Reinsurance Contract assets held

Assets for incurred claims	4,802,597	773,977
Assets for remaining coverage	4,318,641	873,878
Total reinsurance contract assest held	9,121,238	1,647,856

B Portfolio-Wise Summary

Group

	2024			2023		
	Asset	Liabilities	Net	Asset	Liabilities	Net
	N'000	N'000	N'000	N'000	N'000	N'000
Insurance contact issued						
Accident	-	406,120	406,120	-	308,390	308,390
Agriculture	-	230,215	230,215	-	531,066	531,066
Aviation	-	1,905,592	1,905,592	-	262,482	262,482
Bond	-	16,304	16,304	-	60,959	60,959
Engineering	-	970,332	970,332	-	607,859	607,859
Fire	-	793,842	793,842	-	792,862	792,862
Marine	-	226,171	226,171	-	329,468	329,468
Motor	-	807,829	807,829	-	861,507	861,507
Oil & Gas	-	11,496,006	11,496,006	-	784,608	784,608
	-	16,852,411	16,852,411	-	4,539,202	4,539,202

VERITAS CAPITAL ASSURANCE PLC
Unaudited Financial Statement
For the period ended 30 September 2024

Reinsurance contracts held

Accident	(146,242)	-	(151,667)	(106,776)	-	(106,776)
Agriculture	(56,653)	-	(34,228)	(299,384)	-	(299,384)
Aviation	146,242	-	(3,035,996)	(140,595)	-	(140,595)
Bond	146,242	-	(3,529)	(44,400)	-	(44,400)
Engineering	146,242	-	(47,860)	(297,161)	-	(297,161)
Fire	146,242	-	(219,273)	(217,806)	-	(217,806)
Marine	146,242	-	(56,849)	(203,516)	-	(203,516)
Motor	146,242	-	(342,137)	(266,341)	-	(266,341)
Oil & Gas	146,242	-	(5,229,698)	(71,879)	-	(71,879)
	(9,121,237)	-	(9,121,237)	(1,647,856)	-	(1,647,856)

The breakdown of groups of insurance and reinsurance contracts issued, and reinsurance contracts held, that are in an asset position and those in a liability position is set out in the table below:

18

Company

	2024			2023		
	Asset	Liabilities	Net	Asset	Liabilities	Net
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Insurance contract issued						
Accident	-	406,120	406,120	-	308,390	308,390
Agriculture	-	230,215	230,215	-	531,066	531,066
Aviation	-	1,905,592	1,905,592	-	262,482	262,482
Bond	-	16,304	16,304	-	60,959	60,959
Engineering	-	970,332	970,332	-	607,859	607,859
Fire	-	793,842	793,842	-	792,862	792,862
Marine	-	226,171	226,171	-	329,468	329,468
Motor	-	807,829	807,829	-	861,507	861,507
Oil & Gas	-	11,496,006	11,496,006	-	784,608	784,608
	-	16,852,411	16,852,411	-	4,539,202	4,539,202

Reinsurance contracts held

Accident	(151,667)	-	(151,667)	(106,776)	-	(106,776)
Agriculture	(34,228)	-	(34,228)	(299,384)	-	(299,384)
Aviation	(3,035,996)	-	(3,035,996)	(140,595)	-	(140,595)
Bond	(3,529)	-	(3,529)	(44,400)	-	(44,400)
Engineering	(47,860)	-	(47,860)	(297,161)	-	(297,161)
Fire	(219,273)	-	(219,273)	(217,806)	-	(217,806)
Marine	(56,849)	-	(56,849)	(203,516)	-	(203,516)
Motor	(342,137)	-	(342,137)	(266,341)	-	(266,341)
Oil & Gas	(5,229,698)	-	(5,229,698)	(71,879)	-	(71,879)
	(9,121,237)	-	(9,121,237)	(1,647,856)	-	(1,647,856)

The subsequent individual portfolio roll forward for insurance contract liabilities and reinsurance contract assets represents both group and company

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
19 Share capital				
Issued and fully paid				
At 30 September	6,933,333	6,933,333	6,933,333	6,933,333

13,866,666 units (2023 - 13,866,666 units) of shares at 50k each were issued and fully paid as at September 30, 2024. All shares rank equally with regard to the Company's residual assets.

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

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
20 Share premium				
Balance at 30 September	663,600	663,600	663,600	663,600

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

21 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 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
Balance at 1 January	1,900,456	1,434,593	1,900,456	1,434,593
Transfer from retained earnings	467,826	465,863	467,826	465,863
Balance at 30 September	2,368,281	1,900,456	2,368,281	1,900,456

22 Retained earnings

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

See statement of changes in equity for movement in retained earnings.

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
Balance at 1 January	1,008,862	(985,525)	39,674	(1,888,408)
Profit for the year	2,721,390	2,575,372	2,339,128	2,329,316
On disposal of property	64,629	64,629	125,261	-
Transfer to Contingency Reserve	(467,826)	(465,863)	(467,826)	(465,863)
Net actuarial gain /(loss) on retirement benefit obligations	-	1,266	-	-
Dividend paid to equity holders	-	(181,017)	-	-
Balance at 30 September	3,262,426	1,008,862	1,910,976	39,674

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

23 Assets revaluation reserve

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

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
Land				
Balance at 1 January	1,291,644	1,109,795	1,291,645	1,109,796
Revaluation surplus	-	181,849	-	181,849
Balance at 30 September	<u>1,291,644</u>	<u>1,291,644</u>	<u>1,291,645</u>	<u>1,291,645</u>
Building				
Balance at 1 January	2,533,216	1,462,458	2,294,430	1,223,672
Revaluation surplus	-	1,070,758	-	1,070,758
Balance at 31 December	<u>2,533,216</u>	<u>2,533,216</u>	<u>2,294,430</u>	<u>2,294,430</u>
Disposal	(64,629)	(64,629)	(64,629)	(64,629)
Deferred Tax Impact	(125,261)	(125,261)	(125,261)	(125,261)
Transfer to NCI				
Carrying amount	<u>3,634,970</u>	<u>3,634,970</u>	<u>3,396,185</u>	<u>3,396,185</u>

24 FVOCI reserve

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
Balance at 1 January	235,984	(53,586)	239,673	(47,264)
Net actuarial gains on retirement benefit obligation instruments	-	-	-	-
	<u>-</u>	<u>286,937</u>	<u>-</u>	<u>286,937</u>
	<u>235,984</u>	<u>235,984</u>	<u>239,673</u>	<u>239,673</u>

25 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

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
Profit after tax attributable to equity holders N'000	<u>2,867,103</u>	<u>2,750,288</u>	<u>2,339,128</u>	<u>2,329,316</u>
Weighted average no. of ordinary shares at end of year N'000	<u>6,933,333</u>	<u>6,933,333</u>	<u>6,933,333</u>	<u>6,933,333</u>
Basic earnings per share (kobo)	<u>0.41</u>	<u>0.40</u>	<u>0.34</u>	<u>0.34</u>

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

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
26 Other contract liabilities				
Provisions for claims	-	7,075	-	-
Unearned/deferred premium	<u>2,892</u>	<u>8,464</u>	<u>-</u>	<u>-</u>
	<u>2,892</u>	<u>15,539</u>	<u>-</u>	<u>-</u>

Other contract liabilities includes the outstanding claims provision and the provision for unearned premium. The outstanding claims provision is based on the estimated ultimate cost of all claims incurred but not settled at the reporting date, whether reported or not, together with related claims handling.

The provision for unearned premiums represents that portion of premiums received or receivable that relates to risks that have not yet expired at the reporting date

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

27 Insurance revenue

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
ACCIDENT	433,461	127,720	433,461	73,480
AGRICULTURE	9,807	49,333	9,807	28,382
AVIATION	10,730,484	1,813,692	10,730,484	1,043,461
BOND	23,065	366,591	23,065	210,909
ENGINEERING	229,243	1,693,304	229,243	974,199
FIRE	948,976	468,458	948,976	269,515
MARINE	261,514	1,227,041	261,514	705,947
MOTOR	1,039,181	1,345,804	1,039,181	774,274
OIL & GAS	2,422,803	11,573	2,422,803	6,658
PHI Premium				
	16,098,534	7,103,516	16,098,534	4,086,826

The revenue was measured and released based on effluxion of time .

28 Insurance Service expense

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
Incurred Claims	12,062,562	1,556,647	12,062,562	1,044,836
Amortization of insurance aquisition cashflows	1,914,149	893,110	1,914,149	599,463
Changes that relates to past service	-	313,593	-	210,487
Changes that relates to future service	-	(7,767)	-	(5,214)
	13,976,711	2,755,582	13,976,711	1,849,572

29 Net expense from reinsurance contract held

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
Allocation Of Reinsurance Premiums	9,959,996	2,348,864	9,959,996	2,348,864
Amounts Recovered For Claims And Other Expenses	(6,494,670)	(515,763)	(6,494,670)	(515,763)
Net Expense from reinsurance contract held	3,465,326	1,122,982	3,465,326	1,122,982

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
30 Finance expenses from insurance contracts issued				
Finance expense	609,656	12,883	609,656	12,883
31 Finance income from reinsurance contracts held				
Finance income	194,128	63,486	194,128	63,486
32 Investment income	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
32a Interest income calculated using effective interest rate				
Interest income on bonds	759,829	704,698	326,224	150,549
	759,829	704,698	326,224	150,549
32b Other investment income				
Interest income-FGN Treasury bills	50,134	-	13,125	-
Interest income -Short term deposits	548,816	452,948	444,928	
Dividends from equity investments	6,868	13,210	6,868	
Loss on disposal of investment property	-	-		
RSA asset based fee	-	1,362,387	-	
Statutory deposit	34,060	48,245	13,237	
	639,878	1,876,790	478,158	-
Total Investment income	1,399,707	2,581,488	804,382	150,549
Further analysed as follows:				
Attributable to policy holders fund	93,560	93,560	93,560	20,980
Attributable to shareholders funds.	1,306,147	2,487,928	710,822	129,569
	1,399,707	2,581,488	804,382	150,549
33 Foreign Exchange gain	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
Exchange gain (See Note 33a)	4,958,034	3,501,928	4,958,034	1,389,238
	4,958,034	3,501,928	4,958,034	1,389,238
33a Exchange gain/ loss relates to translation of transactions in foreign currency for outstanding claims, bank balances and foreign currency investments as at end of the year to naira.				

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

	Group	Group	Company	Company
	2024	2023	2024	2023
	N'000	N'000	N'000	N'000
34 Other operating income				
Rental income	6,153	390	6,153	11,227
Profit on sale of PPE	12,355	99,036	12,355	
Staff Mortgage loan-interest	781	1,907	781	1,907
RSA administrative fee income	1,558,954	411,493	-	-
PHI Premium	234,054	264,809	-	-
Admin charges- Formal sector	-	40,693	-	-
Sundry income (See Note 34a)	30,268	19,754	14,377	-
	1,842,565	838,082	33,666	13,134

Sundry income relates to income received in the current year as a result of transactions which were not earlier

34a accrued for due to insufficient information.

Credit loss expense/(reversal) on financial				
35 asset				
	Group	Group	Company	Company
	2024	2023	2024	2023
	N'000	N'000	N'000	N'000
Impairment (reversal)/charge on other asset (note 6)	-	(538)	-	(538)
Impairment charge/(reversal) on financial asset (note 4(iv))	-	17,764	-	8,567
Impairment charge/ (reversal) on placement (note 3.1)	-	6,608	-	(2,343)
	-	23,834	-	5,686

36 Other operating expenses				
	N'000	N'000	N'000	N'000
Staff costs	1,249,879	1,358,585	379,984	214,805
Directors' allowances and expenses	572,917	493,283	264,769	143,820
Depreciation and amortisation (36.1)	256,299	275,030	147,551	78,825
Professional fees	136,186	158,687	124,241	74,245
Audit fees	39,304	35,635	28,500	10,855
Marketing and advertisement	185,839	224,062	136,505	60,389
Administrative expenses	369,567	381,175	165,833	83,351
Repairs and maintenance	43,924	43,510	12,653	4,766
Travel costs and allowances	39,492	85,020	29,288	15,080
NAICOM Levy	191,056	77,920	191,056	40,279
Donation	7,225	11,467	50	-
Electricity and power	68,217	62,621	55,369	22,311
Penalty charge (see note 42)	-	5,365	-	-
Subscription	13,378	9,173	10,683	4,742
Printing and stationeries	20,060	25,010	2,402	3,868
Information technology expenses	122,457	70,880	73,686	36,640
Pension protection fund levy	45,404	51,284	-	-
Rent and rate	21,276	43,842	-	-
PHI claims paid	109,576	169,525	-	-
loss on disposal of investment property	-	2,250	-	1,163
	3,492,058	3,584,324	1,622,570	795,139

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

36.1 Breakdown of depreciation and amortisation

		Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
Depreciation	10	177,084	205,055	77,650	92,511
Amortisation	12	79,215	69,975	69,900	59,977
		256,299	275,030	147,550	152,488

37 Income tax expense

Education tax		101,426	49,987	101,426	48,779
Company income tax		(171,782)	181,877	316,212	38,889
Police trust fund		892	121	892	121
Information technology levy		178,194	-	178,194	-
Deferred tax (write-back)/expense		-	-	-	-
		108,730	231,985	101,968	87,788

	Group 2024 N'000	Group 2023 N'000	Company 2024 N'000	Company 2023 N'000
37b Reconciliation of effective tax rate				
Profit for the year before income tax	2,975,833	2,982,272	2,441,096	2,417,104
Tax at Nigerian's statutory income tax rate of 30%	892,750	894,682	732,329	725,131
Income tax	(171,782)	181,877	316,212	38,889
Education tax	101,426	49,987	101,426	48,779
Police Trust Fund	892	121	892	121
Information technology levy	178,194	-	178,194	-
Deferred	-	-	-	-
Non-deductible expenses	108,730	231,985	101,968	87,788

Profit for the year before income tax	2,975,833	2,982,272	2,441,096	2,417,104
Effective Tax Rate	4%	8%	4%	4%

38 Non-Controlling interest

The movement in non-controlling interest during the year is shown below:

Balance, beginning of year	1,991,597	1,892,000
Share of profit for the period	145,713	174,916
Share of other comprehensive income(note 2f)	-	-
Dividend Paid	-	(75,418)
Subsidiary recapitalization	-	-
	2,137,309	1,991,597

39 Proposed dividend

There was no proposed dividend during the year (2023: Nil)

40 Contingent liabilities

There were claims and litigations against the company as at 30 September, 2024, amounting to ₦4,633,519,059 (2023: ₦4,633,519,059). No provision is made in respect of this, as our legal team is of the opinion that it is not certain an outflow of economic resources will be required to settle this amount in the future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

41 Contraventions

30-Sep-24	Group	Company
NATURE OF CONTRAVENTIONS	N,000	N,000
	-	-
	-	-
31 December 2023	Group	Company
NATURE OF CONTRAVENTIONS	N,000	N,000
Pencom penalty on KYC and single obligor limit	5,365	-
	5,365	-

42 Related Parties Transactions

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:

a

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	Claims paid
		N,000	N,000
Veritas Glanvills Pensions Limited	Subsidiary	18,182	833
Veritas Health Care Ltd	Subsidiary	685	113
Gold links insurance plc	Associates	-	-

b

Included in note 8 is the sum of ₦62.03Mn recoverable from related entities during the year under review. The breakdown and nature of transactions are included below:

	Relationship	Amount	Nature of transaction
		N,000	
Goldlink Insurance Plc	Associate	62,033	This relates to the amount receivable on various expenses incurred on behalf of the entity in year 2019.

c Compensation of key management personnel

Key management personnel refers to those persons having authority and responsibility for planning, directing and controlling the activities of the company. It comprises executive and non-executive directors and senior management. The summary of compensation of key management personnel for the year is as follows:

	2024	2023
Salaries (senior management and executive directors)	137,510	129,862
Total compensation to key management personnel	137,510	129,862
Directors cost (Non-Executive)	264,769	278,222
Salaries and wages (Executive)	66,133	40,024
Pension cost (Executive)	2,061	3,248
Total Directors cost	332,963	321,494

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

Compensation of key management personnel-continued

	2024	2023
	N,000	N,000
Remuneration of highest paid Director/Chairman		
Remuneration of highest paid Director	21,000,000	35,000

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:

		2024	2023	2024	2023
		Number	Number	Number	Number
Below -	500000	-	-	-	-
500001 -	1500000	55	55	-	-
1500001 -	2500000	75	64	11	8
2500001 -	3500000	72	49	23	23
3500001 -	4500000	38	24	14	17
4500001 -	5500000	22	18	4	-
5500001 -	6500000	32	20	12	16
6500001 -	7500000	15	7	8	5
7500001 -	8500000	-	-	-	-
8500001 -	9500000	27	18	9	12
9500001 -	10500000	13	9	4	4
10500001 -	and above	22	14	8	8
		371	278	93	93

44 Hypothecation

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long term its investment proceeds will not be sufficient to fund the obligations arising from its insurance and investment contracts. In response to the risk, the Company's assets and liabilities at 30 June 2024 were allocated as follows:

	Policy Holders	Shareholders' Funds	Total
	N'000	N'000	N'000
Cash and cash equivalents	4,042,951	4,734,643	8,777,594
Financial assets	-	5,767,554	5,767,554
Trade receivables	3,688,223	-	3,688,223
Reinsurance assets	9,121,237	-	9,121,237
Other receivables and prepayments	-	361,030	361,030
investment in subsidiaries	-	4,026,300	4,026,300
Intangible Asset	-	331,641	331,641
Property, Plant and Equipment	-	4,606,171	4,606,171
Statutory Deposits	-	355,000	355,000
Deferred tax Asset	-	21,745	21,745
Total assets	16,852,411	20,204,084	37,056,495
Insurance contract liabilities	16,852,411	-	16,852,411
Shareholders and other funds	-	20,204,085	20,204,085
Total funds	16,852,411	20,204,085	37,056,496

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

45 Capital Management

Finance Act 2021 – Part IX – Insurance Act

The Federal Government of Nigeria, by Federal Republic of Nigeria Official Gazette, dated 18 January 2022, amended the Finance Act, 2021. The Finance Act 2021 (Part IX – Insurance Act) in Sections 33, 34, and 35 contains provisions which amended Sections 9, 10 and 102 of Insurance Act, 2003, as previously related to paid-up share capital. The Sections of the Act amended the Insurance Act by substituting the words “paid-up share capital”, with the words “Capital requirement” and wherever they appear in Insurance Act 2003. The words “Capital requirement” was introduced and inserted in Section 102 of the Insurance Act. By the provision of section 35, “Capital Requirement” means -

(a) in the case of existing company -

- (i) the excess of admissible assets over liabilities, less the amount of own shares held by the company,
- (ii) subordinated liabilities subject to approval by the Commission, and
- (iii) any other financial instrument as prescribed by the Commission.

For this purpose, Admissible Assets are defined as:

Share Capital, Share Premium, Retained Earnings, Contingency Reserves, and any other admissible assets subject to the approval of the Commission;

(a) in the case of a new company -

- (i) Government Bonds and Treasury Bills,
- (ii) Cash and Bank balances, and
- (iii) Cash and cash equivalents.

As an existing company, our capital requirement is as shown below:

	2024	2023
	N'000	N'000
Share capital	6,933,333	6,933,333
Share premium	663,600	663,600
Retained Earnings	2,368,281	39,674
Contingency reserve	1,910,976	1,900,456
Excess of admissible assets over liabilities	11,876,190	9,537,062
Less amount of own shares held (Treasury shares)	-	-
Subordinated liabilities approved by NAICOM	-	-
Any other financial instrument approved by NAICOM	-	-
Capital Requirement	<u>11,876,190</u>	<u>9,537,062</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

46 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. 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.

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

- Non-life business
- Pension Administration
- Health Care

Non-Life Business

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

Pension Administration

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

Health Care

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

Business Segment Information- Consolidated statement of financial position

	Non-life		Pension administrator		Healthcare		Elimination		Group	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Assets:	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000
Cash and cash equivalents	8,777,594	4,718,745	809,450	1,260,172	573,609	604,129			10,151,463	6,564,667
Financial assets	5,767,554	3,708,326	5,197,138	4,319,784					10,964,692	8,019,150
Trade receivable	3,688,223	1,029,780							3,688,223	1,029,780
Reinsurance assets	9,121,237	1,647,856							9,121,237	1,647,856
Other receivables and prepayment	361,030	352,853	711,806	396,877	99,447	89,538	(142,347)		1,029,936	826,508
Investment in subsidiaries	4,026,300	4,026,300					(4,026,300)	(4,026,300)	-	-
Investment Properties	-	-							-	-
Goodwill	-	-					316,884	316,884	316,884	316,884
Intangible assets	331,641	401,541	14,556	21,212					346,197	422,753
Property, Plant and Equipment	4,606,171	4,391,555	937,425	993,942	41,090	49,981			5,584,686	5,436,390
Statutory deposit	355,000	355,000							355,000	355,000
Deferred tax asset	21,745	21,745							21,745	21,745
Total Assets	37,056,495	20,653,701	7,670,376	6,991,987	714,146	743,648	(3,709,417)	(3,709,417)	41,580,065	24,640,733
Liabilities:										
Insurance contract liabilities	16,852,411	4,539,202					-	-	16,852,411	4,539,202
Other contract liabilities	-	-			2,892	15,539			2,892	15,539
Trade payables	3,554,193	2,105,972							3,554,193	2,105,972
Employees retirement benefit obligations	-	-			23,933	23,933	-	-	23,933	23,933
Provision and other payables	854,613	597,587	689,339	116,836	(7,093)	56,501			1,538,279	1,147,744
Income tax liabilities	126,087	80,876	18,237	16,986	-	2,816	-	-	172,976	187,033
Deferred tax liabilities	157,143	-	64,580	27,803	30,632	30,632			199,475	252,507

Equity	-	-								-	
Issued and paid up share capital	6,933,333	6,933,333	5,000,000	5,000,000	429,075	429,075	(5,429,075)	(5,429,075)	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	2,368,281	1,900,456	352,558	237,352	181,178	181,178	(1,026,791)	(418,530)	2,368,281	1,900,456	
Retained earnings	1,910,976	39,674	977,813	615,130	19,561	(4,973)	997,374	810,619	3,262,426	1,008,862	
Other component of Equity									-	-	
Asset revaluation reserve	3,396,185	3,396,185	326,592	326,592			(326,592)	(87,807)	3,634,971	3,634,971	
Fair value reserve	239,673	239,673					(6,322)	(6,322)	235,984	235,984	
Non controlling interest(NCI)	-	-					2,137,309	2,105,830	2,137,309	1,991,597	
	37,056,496	20,496,558	7,429,119	6,340,699	689,125	743,648	(3,663,043)	(3,034,231)	41,580,064	24,640,732	
Business Segment Information- Consolidated statement of Comprehensive Income											
	Non-life		Pension administrator		Healthcare		Consolidation Adjustments		Group		
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	
	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	=N= '000	
Insurance service result	(1,343,503)	(217,739)					-	-	(1,343,503)	(217,739)	
Profit before tax	2,441,096	2,417,104	-	714,293	-	31,888	77,984	181,015	2,363,112	3,123,448	
Profit after tax	2,339,128	2,329,316	472,148	577,817	55,827	24,168	77,984	181,015	2,789,119	2,891,463	

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

47 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 policy holders.
- (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 maximise 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 optimise the structure and sources of capital to ensure that it consistently maximises returns to 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 quarter from previous quarters.

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

	2024	2023
	N'000	N'000
Total shareholders' funds	15,512,049	13,172,921
Regulatory required capital	3,000,000	3,000,000
Excess capital reserve	<u>12,512,049</u>	<u>10,172,921</u>

(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 (3 billion) whichever is higher.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

48 Solvency Margin

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

			30-Sep-24	31-Dec-23
	Total Assets	Inadmissible Assets	Admissible Assets	Admissible Assets
	N'000	N'000	N'000	N'000
Cash and cash equivalents	8,777,594		8,777,594	4,718,745
Financial assets	-		-	-
Trade receivable	3,688,223		3,688,223	1,029,780
Reinsurance assets*	9,121,237		9,121,237	1,647,856
Other receivables and prepayments	361,030	350,406	10,624	30,082
Investment in subsidiaries	4,026,300		4,026,300	4,026,300
Investment properties	-		-	-
Intangible assets - Software	331,641		331,641	401,541
Property, plant and equipment-(L&B)	4,296,211	2,878,461	1,417,749	1,412,220
Property, plant and equipment (Others)	309,961		309,961	112,101
Statutory deposits	355,000		355,000	355,000
Deferred tax	21,745		21,745	21,745
Total Admissible Assets	31,288,941	3,228,867	28,060,074	13,755,370
Insurance contract liabilities*	16,852,411	-	16,852,411	4,539,202
Trade payables	3,554,193	-	3,554,193	2,105,972
Provision and other payables	854,613	-	854,613	597,587
Income tax liabilities	126,087	-	126,087	80,876
Total Admissible liabilities	21,387,304	-	21,387,304	7,323,637
Solvency Margin			6,672,770	6,431,733
The higher of 15% Of Net premium or Minimum capital base	3,000,000		3,000,000	3,000,000
Excess			3,672,770	3,431,733
Solvency ratio			222%	214%

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

49 Financial instruments - Fair values and risk management

Group

(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.

30 September 2024	Carrying amount					Fairvalue			
	Designated at fair value	Armortised cost	Fair value through OCI	Other Financial liabilities	Total	Level 1	Level 2	Level 3	Total
In thousands of naira	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets measured at fair value									
Fair value through OCI	-	-	433,485	-	433,485	433,485	-	-	433,485
Fair Value through Profit or Loss	140,230	-	-	-	140,230	140,230	-	-	140,230
	140,230	-	433,485	-	573,715	573,715	-	-	573,715
Financial assets not measured at fair value									
Cash and cash equivalents	-	812,581	-	-	812,581	-	812,581	-	812,581
Trade Receivable*	-	3,688,223	-	-	3,688,223	-	3,688,223	-	3,688,223
Placements	-	9,338,882	-	-	9,338,882	-	9,338,882	-	9,338,882
Statutory deposit	-	355,000	-	-	355,000	-	355,000	-	355,000
	-	14,194,686	-	-	14,194,686	-	14,194,686	-	14,194,686
Financial liabilities not measured at fair value									
Other payables*	-	-	-	1,538,279	1,538,279	-	1,538,279	-	1,538,279
Trade payables*	-	-	-	3,554,193	3,554,193	-	3,554,193	-	3,554,193
	-	-	-	5,092,472	5,092,472	-	5,092,472	-	5,092,472

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

Group

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 2023	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
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets measured at fair value									
Fair value through OCI	-	-	433,485	-	433,485	433,485	-	-	433,485
Fair Value through Profit or Loss	113,615	-	-	-	113,615	113,615	-	-	113,615
	113,615	-	433,485	-	547,100	547,100	-	-	547,100
Financial assets not measured at fair value									
Cash and cash equivalents	-	662,396	-	-	662,396	-	662,396	-	662,396
Trade Receivable*	-	1,029,780	-	-	1,029,780	-	1,029,780	-	1,029,780
Placements	-	5,902,271	-	-	5,902,271	-	5,902,271	-	5,902,271
Statutory deposit	-	355,000	-	-	355,000	-	355,000	-	355,000
	-	7,949,447	-	-	7,949,447	-	7,949,447	-	7,949,447
Financial liabilities not measured at fair value									
Other payables*	-	-	-	1,147,744	1,147,744	-	1,147,744	-	1,147,744
Trade payables*	-	-	-	2,105,972	2,105,972	-	2,105,972	-	2,105,972
	-	-	-	3,253,716	3,253,716	-	3,253,716	-	3,253,716

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

* 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

Company

(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.

30 September 2024	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
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets measured at fair value									
Fair value through OCI	-	-	433,485	-	433,485	433,485	-	-	433,485
Fair Value through Profit or Loss	140,230	-	-	-	140,230	140,230	-	-	140,230
	140,230	-	433,485	-	573,715	573,715	-	-	573,715
Financial assets not measured at fair value									
Cash and cash equivalents	-	552,637	-	-	552,637	-	552,637	-	552,637
Trade Receivable*	-	3,688,223	-	-	3,688,223	-	3,688,223	-	3,688,223
Placements	-	8,224,957	-	-	8,224,957	-	8,224,957	-	8,224,957
Statutory deposit	-	355,000	-	-	355,000	-	355,000	-	355,000
	-	12,820,817	-	-	12,820,817	-	12,820,817	-	12,820,817
Financial liabilities not measured at fair value									
Other payables*	-	-	-	854,613	854,613	-	854,613	-	854,613
Trade payables*	-	-	-	3,554,193	3,554,193	-	3,554,193	-	3,554,193
	-	-	-	4,408,806	4,408,806	-	4,408,806	-	4,408,806

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

Company

(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 2023	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
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial assets measured at fair value									
Fair value through OCI	-	-	433,485	-	433,485	433,485	-	-	433,485
Fair Value through Profit or Loss	113,615	-	-	-	113,615	113,615	-	-	113,615
	113,615	-	433,485	-	547,100	547,100	-	-	547,100
Financial assets not measured at fair value									
Cash and cash equivalents	-	568,390	-	-	568,390	-	568,390	-	568,390
Trade Receivable*	-	1,029,780	-	-	1,029,780	-	1,029,780	-	1,029,780
Placements	-	4,150,355	-	-	4,150,355	-	4,150,355	-	4,150,355
Statutory deposit	-	355,000	-	-	355,000	-	355,000	-	355,000
	-	6,103,525	-	-	6,103,525	-	6,103,525	-	6,103,525
Financial liabilities not measured at fair value									
Other payables*	-	-	-	597,587	597,587	-	597,587	-	597,587
Trade payables*	-	-	-	2,105,972	2,105,972	-	2,105,972	-	2,105,972
	-	-	-	2,703,559	2,703,559	-	2,703,559	-	2,703,559

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

* 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

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) Framework 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 on its activities.

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

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

(b)(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment in debt securities. The carrying amount of financial assets represents the maximum credit exposure. In addition to credit risks arising out of investments and transactions with clients, Veritas Kapital Assurance actively assumes Credit Risk through the writing of insurance business. Credit Risk can arise when a client defaults on settlement of premium payments and can also arise when its own repayment capability decreases (as reflected in a rating downgrade).

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

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

The organization is committed to:

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

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(b)(ii) Credit risk - continued

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

	2024	2023
	N'000	N'000
Reinsurance receivables (see note (a) below)	9,121,237	1,647,856
Cash and cash equivalents (see note (b) below)	10,151,463	6,564,667
Debt Instruments (see note (c) below)	7,472,050	7,472,050
Statutory deposit	355,000	355,000
	27,099,751	16,039,573

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 30 September 2024 (2023: Nil).

Cash and cash equivalents

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

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 30 September 2024 (2023: Nil)

The Company did not have any debt securities that were past due but not impaired as at 30 September 2024 (2023: 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 30 September 2024.

Trade receivables

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

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

Sources of credit risk:

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

Management of credit risk due to trade receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(b)(ii) Credit risk - continued

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

Impairment model

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

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

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

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

Staged Approach to the Determination of Expected Credit Losses

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(b)(ii) Credit risk - continued

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 EAD according to the formula set below:

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:

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)

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

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

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

Loss Given Default

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

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

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

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

Treatment of loans and other receivables

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(b)(ii) Credit risk - continued

Significant increase in credit risk, default and cure

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

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

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

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

Expected credit loss

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

Impairment losses on financial investments subject to impairment assessment

Debt instruments measured at amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(b)(ii) Credit risk - continued

Internal rating grade	Moody's rating	2024			2023		
		12mECL	LTECL	Total	12mECL	LTECL	Total
Performing		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and cash equivalents							
High grade	AAA-A+	-	-	-	-	-	-
Standard grade	BBB-B+	10,163,768	-	10,163,768	6,576,971	-	6,576,971
Past due but not impaired	C-CCC	-	-	-	-	-	-
Default	D	-	-	-	-	-	-
Total Gross Amount		10,163,768	-	10,163,768	6,576,971	-	6,576,971
ECL		(12,304)	-	(12,304)	(12,304)	-	(12,304)
Total Net Amount		10,151,463	-	10,151,463	6,564,667	-	6,564,667
Amortised cost							
High grade	AAA-A+	-	-	-	-	-	-
Standard grade	BBB-B+	9,804,237	-	9,804,237	7,524,321	-	7,524,321
Past due but not impaired	C-CCC	-	-	-	-	-	-
Default	D	-	-	-	-	-	-
Total Gross Amount		9,804,237	-	9,804,237	7,524,321	-	7,524,321
ECL		(52,100)	-	(52,100)	(52,270)	-	(52,270)
Total Net Amount		9,752,137	-	9,752,137	7,472,050	-	7,472,050

As at 30 September 2024, the Group had no asset reposed as security against asset. The group policy is to pursue timely realisation of collateral in an orderly manner in the case of default. The company does not generally use the non cash collateral for its own operations.

As at 30 September 2024, the Company has not pledged any of its assets as collateral for any liability or payable balance (2023: 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(b)(ii) Credit risk - continued

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 not 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."

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

(b)(ii) Credit risk - continued

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 of 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 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 3 Summary of material accounting policies. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Moody's, Standards and Poor, Economist associate etc.) and its investment team verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios.

(c) Liquidity risk

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

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

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

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

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

Exposure to liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

Group
30 September 2024

			Contractual cash flows				
	Note	Carrying amount	3 month or less	3 - 12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial assets							
Cash and cash equivalents	3	10,151,463	10,151,463	-	-	-	-
Fair value through profit or loss	4a	140,230	-	-	-	140,230	-
Armortised Cost	4b	10,390,977					-
Fair Value through OCI	4c	433,485	-			433,485	-
Trade receivables	5	3,688,223	3,688,223	-	-	-	-
Other receivables	6	1,029,936	1,029,936	-	-	-	-
		25,834,314	-	14,869,623	-	573,715	-
Non-derivative financial liabilities							
Trade payables	14	3,554,193	3,554,193		-	-	-
Other payables	16	1,538,279	1,538,279		-	-	-
		5,092,472	-	5,092,472	-	-	-
Liquidity gap		20,741,843	-	9,777,151	-	573,715	-

Company
30 September 2024

			Contractual cash flows				
	Note	Carrying amount	3 month or less	3 - 12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial assets							
Cash and cash equivalents	3	8,777,594	8,777,594				
Fair value through profit or loss	4a	140,230				140,230	
Armortised Cost	4b	5,193,839					
Fair Value through OCI	4c	433,485				433,485	
Trade receivables	5	3,688,223	3,688,223				
Other receivables	6	361,030	361,030				
		18,594,401	-	12,826,847	-	573,715	-
Non-derivative financial liabilities							
Trade payables	14	3,554,193	3,554,193		-	-	-
Other payables	16	854,613	854,613		-	-	-
		4,408,806	-	4,408,806	-	-	-
Liquidity gap		14,185,595	-	8,418,041	-	573,715	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

Group
31 December 2023

			Contractual cash flows				
	Note	Carrying amount	3 month or less	3 - 12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial assets							
Cash and cash equivalents	3	6,564,667	6,564,667	-	-	-	-
Fair value through profit or loss	4a	113,615	-	-	-	113,615	-
Amortised Cost	4b	7,472,050					-
Fair Value through OCI	4c	433,485	-			433,485	-
Trade receivables	5	1,029,780	1,029,780	-	-	-	-
Other receivables	6	826,508	826,508	-	-	-	-
		16,440,105	-	8,420,955	-	547,100	-
Non-derivative financial liabilities							
Trade payables	14	2,105,972	2,105,972		-	-	-
Other payables	16	1,147,744	1,147,744		-	-	-
		3,253,716	-	3,253,716	-	-	-
Liquidity gap		13,186,389	-	5,167,239	-	547,100	-

Company
31 December 2023

			Contractual cash flows				
	Note	Carrying amount	3 month or less	3 - 12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial assets							
Cash and cash equivalents	3	4,718,745	4,718,745				
Fair value through profit or loss	4a	113,615				113,615	
Amortised Cost	4b	3,161,226					
Fair Value through OCI	4c	433,485				433,485	
Trade receivables	5	1,029,780	1,029,780				
Other receivables	6	352,853	352,853				
		9,809,704	-	6,101,378	-	547,100	-
Non-derivative financial liabilities							
Trade payables	14	2,105,972	2,105,972		-	-	-
Other payables	16	597,587	597,587		-	-	-
		2,703,559	-	2,703,559	-	-	-
Liquidity gap		7,106,145	-	3,397,819	-	547,100	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

Maturity analysis

The table below summarises the expected utilisation or settlement of assets and liabilities as at 30 September:

Group	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets	-	-	-	-	-	-
Reinsurance assets	9,121,237	-	9,121,237	1,647,856	-	1,647,856
Trade debtors	3,688,223	-	3,688,223	1,029,780	-	1,029,780
Deferred acquisition cost	-	-	-	-	-	-
Other receivables and prepayments	1,029,936	-	1,029,936	826,508	-	826,508
Statutory deposit	-	355,000	355,000	-	355,000	355,000
	13,839,396	355,000	14,194,396	3,504,144	355,000	3,859,144
Insurance contract liabilities	16,852,411	-	16,852,411	4,539,202	-	4,539,202
Trade payables	3,554,193	-	3,554,193	2,105,972	-	2,105,972
Other payables and accruals	1,538,279	-	1,538,279	1,147,744	-	1,147,744
Current tax payable	172,976	-	172,976	187,033	-	187,033
Deferred Tax	-	199,475	199,475	-	252,507	252,507
Retirement benefit obligation	-	23,933	23,933	-	23,933	23,933
Total liabilities	22,117,859	223,408	22,341,268	7,979,951	276,440	8,256,391

Company	2024			2023		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets	-	-	-	-	-	-
Reinsurance assets	9,121,237	-	9,121,237	1,647,856	-	1,647,856
Trade debtors	3,688,223	-	3,688,223	1,029,780	-	1,029,780
Deferred acquisition cost	-	-	-	-	-	-
Other receivables and prepayments	361,030	-	361,030	352,853	-	352,853
Statutory deposit	-	355,000	355,000	-	355,000	355,000
	13,170,490	355,000	13,525,490	3,030,489	355,000	3,385,489
Insurance contract liabilities	16,852,411	-	16,852,411	4,539,202	-	4,539,202
Trade payables	3,554,193	-	3,554,193	2,105,972	-	2,105,972
Other payables and accruals	854,613	-	854,613	597,587	-	597,587
Current tax payable	126,087	-	126,087	80,876	-	80,876
Deferred Tax	-	157,143	157,143	-	157,143	157,143
Retirement benefit obligation	-	-	-	-	-	-
Total liabilities	21,387,304	157,143	21,544,447	7,323,637	157,143	7,480,780

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

Market risk

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

Currency risk

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

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

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

Exposure to currency risk

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

In Thousands of	30 September 2024			31 December 2023		
	Carrying value	USD	NGN	Carrying value	USD	NGN
Cash and cash equivalent	10,151,463		10,151,463	6,564,667		6,564,667
Financial assets	-		-	-		-
Net statements of financial position exposure	10,151,463	-	10,151,463	6,564,667	-	6,564,667

The following significant exchange rates have been applied:

Naira	Period- end spot rate	
	2023	2023
USD 1	907.11	907.11

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 shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effects in thousand of naira	Profit or Loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
30 September 2024				
USD (10% movement)	0	0	0	0
31 December 2023				
USD (10% movement)	0	0	0	0

(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 in the risks and returns on the Company's interest bearing assets and liabilities.

Exposure to interest rate risk

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

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

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

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

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

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

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

Expected Loss Ratio Method

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

Claims development table

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

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

In Thousands of naira	31-Mar-24	31-Dec-23
Fixed-rate instruments		
Cash deposit	812,581	662,396
Money market placement	9,351,187	5,914,575
Armozized	10,390,977	7,472,050
	20,554,745	14,049,022

Cashflow sensitivity analysis for fixed-rate instruments

	Profit or 100bp increase	loss 100bp decrease	Equity, 100bp increase	net of tax 100bp decrease
Effect in thousands of naira				
30 September 2024				
Financial instruments	2,055,474	(2,055,474)		
	2,055,474	(2,055,474)	-	-
31 December 2023				
Financial instruments	1,404,902	(1,404,902)		
	1,404,902	(1,404,902)	-	-

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

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

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

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

50 For the purpose of statement of cashflows

a Proceed from sale of property and equipment

		Group	Group	Company	Company
		2023	2023	2023	2023
		N'000	N'000	N'000	N'000
Cost	10	(79,501)	399,247	(76,841)	392,397
Accumulated depreciation	10	(40,112)	(73,970)	(39,952)	(67,120)
Net book value		(119,613)	325,277	(116,794)	325,277
Profit on sale of PPE	34	12,355	99,036	12,355	85,825
		(107,258)	424,313	(104,439)	411,102

51 Other comprehensive income net of tax

		Group	Group	Company	Company
		2023	2023	2023	2023
		N'000	N'000	N'000	N'000
Net actuarial gains/(loss) on retirement benefit					
a obligation					
	15(i).	-	1,516	-	-
Income tax effect	17.2	-	(152)	-	-
		-	1,364	-	-
Gain on revaluation of property, plant and					
b equipment	10	-	1,252,607	-	1,252,607
Income tax effect	17.2	-	(125,261)	-	(125,261)
		-	1,127,346	-	1,127,346
c Fair value gain on financial asset at FVOCI	4c	-	318,819	-	318,819
Income tax effect	17.2	-	(31,882)	-	(31,882)
		-	286,937	-	286,937

52 Free Float Computation

In compliance with the provisions of Rule 2.2: Self-Assessment and Self-Regulation, Rules Governing Free Float Requirements, Veritas Kapital Assurance Plc's shareholding pattern / structure as at 30 September 2024 listed is presented below together with an indication of whether or not the Company's free float is in compliance with the Exchange's free float requirements for the Board on which the company is listed.

Hypothetical Case on Free Float Computation				
Shareholding Structure/Free Float Status				
Description	30-Sep-24		30-Sep-23	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	13,866,666,666	100%	13,866,666,666	100%
Substantial Shareholdings (5% and above)				
Veritas Capital Limited	7,321,989,662	52.80%	7,321,989,662	52.80%
Dr. Emmanuel I.U Ojei	1,287,628,018	9.29%	1,287,628,018	9.29%
Total Substantial Shareholdings	8,609,617,680	62.09%	8,609,617,680	62.09%
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Mr. Aminu Babangida (Indirect)	-	-	-	-
Dr. Oluwafunsho A. Obasanjo (Indirect)	-	-	-	-
Mrs. Priya Heal (Indirect)	-	-	-	-
Hajia Yabawa Lawan Wabi mni (Indirect)	-	-	-	-
Mr. Nahim Abe Ibraheem (Indirect)	-	-	-	-
Sen. Maj. Gen. M. Magaro OFR(Direct)	105,952,347	0.76%	105,952,347	0.76%
Total Directors' Shareholdings	105,952,347	0.76%	105,952,347	0.76%
Other Influential Shareholdings				
Kano State Inv & Properties Ltd	461,748,764	3.33%	461,748,764	3.33%
First Nominee/Asset Mgt Corp of Nig	387,116,802	2.79%	387,116,802	2.79%
Wushishi Mohammed Inuwa (LT. Gen. Rtd)	139,253,036	1.00%	139,253,036	1.00%
Total Other Influential Shareholdings	988,118,602	7.13%	988,118,602	7.13%
Free Float in Units and Percentage	4,162,978,037	30.02%	4,162,978,037	30.02%

Declaration:

(A) Veritas Kapital Assurance Plc with a free float percentage of 30.02% as at 30 September 2024, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

Value Added Statement

	Group 2024	%	Group 2023	%	Company 2024	%	Company 2023	%
Gross premium income	18,539,697		7,563,210		18,539,697		7,298,401	
Investment Income	639,878		1,876,790		478,158		455,292	
Other income	6,800,599		4,340,010		4,991,700		3,617,710	
Reinsurance claims, commission and operating expenses	(21,267,067)		(8,933,027)		(21,040,924)		(8,386,267)	
Value added	4,713,107	100	4,846,983	100	2,968,630	100	2,985,136	100
Applied to pay								
Staff cost	1,249,879	27%	1,358,585	28%	379,984	13%	415,544	14%
Government as tax	108,730	2%	231,985	5%	101,968	3%	87,788	3%
To provider finance								
Shareholders as dividend								
Retained in the business								
Deferred Tax	231,096	5%	231,096	5%	-	-	-	-
Depreciation and amortisation	256,299	5%	275,030	6%	147,550	5%	152,488	5%
Retained profit for the year	2,867,103	61%	2,750,288	57%	2,339,128	79%	2,329,316	78%
	4,713,107	100%	4,846,983	100%	2,968,630	100%	2,985,136	100%

FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

	Group 2024 N'000	Restated Group 2023 N'000	Group 2022 N'000	Group 2021 N'000	Group 2020 N'000
ASSETS					
Cash and cash equivalents	10,151,463	6,564,667	4,408,793	5,891,133	4,242,485
Financial assets	-	-	-	-	3,620,755
Fair value through profit or loss	140,230	113,615	68,090	69,913	-
Amortised cost	10,390,977	7,472,050	5,192,133	3,004,760	-
Fair value through OCI	433,485	433,485	92,575	83,416	-
Trade receivables	3,688,223	1,029,780	738,347	119,564	83,679
Reinsurance assets	9,121,237	1,647,856	812,063	1,052,005	1,025,756
Deferred acquisition cost	-	-	-	-	119,379
Other receivables and prepayments	1,029,936	826,508	535,433	422,450	320,803
Investment properties	-	-	45,000	45,000	289,439
Goodwill	316,884	316,884	316,884	316,884	316,884
Intangible assets- Software	346,197	422,753	68,114	102,297	49,900
Property, plant and equipment	5,584,686	5,436,390	4,556,848	4,729,375	3,790,533
Statutory deposits	355,000	355,000	355,000	355,000	355,000
Deferred tax asset	21,745	21,745	60,854	22,293	7,316
Total assets	<u>41,580,065</u>	<u>24,640,733</u>	<u>17,250,135</u>	<u>16,214,090</u>	<u>14,221,929</u>
LIABILITIES					
Insurance contract liabilities	16,852,411	4,539,202	3,217,225	4,015,143	2,856,017
Other contract liabilities	2,892	15,539	15,912	6,144	-
Trade payables	3,554,193	2,105,972	548,733	488,190	686,297
Employees retirement benefit obligations	23,933	23,933	22,187	17,024	14,724
Provision and other payables	1,538,279	1,147,744	850,254	996,709	741,696
Income tax liabilities	172,976	187,033	109,064	86,652	94,458
Deferred tax liabilities	199,475	252,507	27,459	20,741	324,764
Total liabilities	<u>22,344,160</u>	<u>8,271,930</u>	<u>4,790,833</u>	<u>5,630,602</u>	<u>4,717,956</u>
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	2,368,281	1,900,456	1,434,593	1,303,505	1,121,845
Retained earnings	3,262,426	1,008,862	(985,525)	(1,455,577)	(1,559,692)
Asset revaluation reserve	3,634,971	3,634,971	2,572,253	2,509,957	1,809,597
Fair value reserve	235,984	235,984	(50,953)	(60,112)	40,924
Non Controlling interest(NCI)	2,137,309	1,991,597	1,892,000	688,780	494,365
Shareholders fund	<u>19,235,905</u>	<u>16,368,802</u>	<u>12,459,302</u>	<u>10,583,487</u>	<u>9,503,972</u>
TOTAL LIABILITIES AND EQUITY	<u>41,580,065</u>	<u>24,640,733</u>	<u>17,250,135</u>	<u>16,214,090</u>	<u>14,221,928</u>
Profit and Loss Statement					
Gross premium written	18,539,697	7,563,210	4,670,162	6,318,949	6,265,636
Insurance service result	(1,343,503)	(217,739)	972,734	-	-
Profit(loss) before taxation	2,975,833	2,982,272	782,672	344,414	844,022
Profit(loss) after taxation	2,867,103	2,750,288	712,432	225,949	96,623

FIVE YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

	Company 2024 N'000	Company 2023 N'000	Company 2022 N'000	Company 2021 N'000	Company 2020 N'000
ASSETS					
Cash and cash equivalents	8,777,594	4,718,745	2,337,933	3,834,178	3,375,996
Financial assets	-	-	-	-	3,003,027
Fair value through profit or loss	140,230	113,615	68,090	69,913	-
Amortised cost	5,193,839	3,161,226	1,481,075	1,326,510	-
Fair value through OCI	433,485	433,485	92,574	83,417	-
Trade receivables	3,688,223	1,029,780	738,347	119,565	83,679
Reinsurance assets	9,121,237	1,647,856	812,061	1,052,005	1,025,756
Deferred acquisition cost	-	-	-	-	119,379
Other receivables and prepayments	361,030	352,853	197,154	220,975	213,113
Investment in subsidiaries	4,026,300	4,026,300	4,026,300	3,624,860	1,576,300
Investment properties	-	-	45,000	45,000	289,439
Intangible asset	331,641	401,541	48,162	69,901	25,299
Property, plant and equipment	4,606,171	4,391,555	3,495,489	3,377,451	2,990,799
Statutory deposits	355,000	355,000	355,000	355,000	355,000
Deferred tax asset	21,745	21,745	21,745	21,745	-
Total assets	37,056,495	20,653,701	13,718,930	14,200,519	13,057,786
LIABILITIES					
Insurance contract liabilities	16,852,411	4,539,202	3,217,225	4,015,143	2,849,493
Trade payables	3,554,193	2,105,972	548,733	488,190	686,295
	-	-	-	-	-
Provision and other payables	854,613	597,587	488,843	572,864	488,717
Income tax liabilities	126,087	80,876	34,807	23,542	30,969
Deferred tax liabilities	157,143	157,143	-	-	310,094
Total liabilities	21,544,447	7,480,780	4,289,608	5,099,738	4,365,569
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	2,368,281	1,900,456	1,434,593	1,303,505	1,121,845
Retained earnings	1,910,976	39,674	(1,888,408)	(1,951,246)	(1,881,304)
Asset revaluation reserve	3,396,185	3,396,185	2,333,468	2,208,012	1,809,597
Fair value reserve	239,673	239,673	(47,264)	(56,423)	45,146
Shareholders fund	15,512,049	13,172,921	9,429,322	9,100,781	8,692,217
TOTAL LIABILITIES AND EQUITY	37,056,496	20,653,701	13,718,930	14,200,519	13,057,786
Gross premium written	18,539,697	7,298,401	4,369,573	6,055,352	6,063,203
Insurance service result	(1,343,503)	(217,739)	972,734	-	-
Profit(loss) before taxation	2,441,096	2,417,104	221,552	36,314	596,429
Profit(loss) after taxation	2,339,128	2,329,316	193,925	294,928	144,501