Sterling Assurance
Nigeria Limited
RC 155682

2022 Annual Report & Accounts

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OUR VISION

TO BE THE PREFERRED INSURER FOR INDIVIDUALS
AND BUSINESSES, PROVIDING
PEACE OF MIND IN AN EVER-CHANGING WORLD.

OUR MISSION

TO BE A WORLD-CLASS PROVIDER OF INSURANCE
AND OTHER FINANCIAL SERVICES
THROUGH INNOVATIVE IDEAS USING HIGHLY MOTIVATED
WORKFORCE AND MODERN TECHNOLOGY
TO DELIVER SUPERIOR RETURNS TO STAKEHOLDERS.

OUR CORE VALUES

- TEAMWORK
- RELIABILITY
- INTEGRITY
- RESPONSIVENESS

OUR PHILOSOPHY

... ENDURING STERLING QUALITIES

CORPORATE INFORMATION

Chairman:	Prof. T.A.J. Ogunbiyi	
Directors:	Dr. F. K. Lawal	- Managing Director/CEO
	Mr. A. A. Akingbade	- Executive Director
	Mr S.A. Adegbesan	- Executive Director
	Mrs. A. Fatade	- Non-executive Director
	Mrs. A. Subair	- Non-executive Director
	Dr. S. A. Alao	- Independent Director

Secretaries: Nigerian Nominees Limited
8/9, Muson Centre, Onikan, Lagos, Nigeria
FRC/2019/00000012948

Registered Office: 284, Ikorodu Road, Anthony Lagos, Nigeria.

Branches:
(a) S/W 1407, (Opp. Honey Petrol Station), Ring Road, Ibadan.
(b) 22, Kofodirua Street, Beside Uba, Zone 2, Abuja.
(c) 2, Ikwere Road, Port Harcourt.
(d) 229, Jakpa Road, Efunrun Warri.
(e) 37, Niger Street, Kano.
(f) 6, Ahmadu Bello Way, Kaduna.
(g) Suite 10, Aniyeloye Shopping Mall, Along Fajuyi Rd., Ado-Ekiti.
(h) 9, Ahamadu Bello Way, Adamu Bola Sahad Building, Ilorin Kwara State.
(I) Investment House 21/25, Broad Street, Lagos.

Principal Bankers: Access Bank Plc
First City Monument Bank Plc

Auditors: T. A. Balogun & Co.
Chartered Accountants
221, Ikorodu Road, Lagos, Nigeria.
FRC/2014/ICAN/00000008630

Actuaries: O & A Hedge Actuarial Consulting
(FRC/2019/00000012909)
Suite 28, Motorways Centre, Alausa Ikeja, Lagos.
FRC/2016/NAS/00000015764

Estate Valuer: Ndubuisi Mordi & Associates (FRC/2019/00000013011)
94a, Cemetery Street, Ebutte-metta, Lagos.
FRC/2013/NIESV/00000004196 CDS

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2022

	2022	2021	Change	%
ASSETS	**₦'000**	**₦'000**	**₦'000**	
Cash and Cash Equivalents	1,109,907	737,626	372,281	50.5
Financial Assets	1,843,660	1,661,626	182,034	11.0
Trade Receivables	223,559	275,537	(51,978)	(18.9)
Reinsurance Assets	1,173,088	1,368,146	(195,058)	(14.3)
Deferred Acquisition Cost	200,540	443,369	(242,829)	(54.8)
Other Receivables and Prepayments	271,590	235,553	36,037	15.3
Investment Properties	1,430,000	1,430,000	-	-
Property, Plant and Equipment	880,529	724,595	155,934	21.5
Statutory Deposit	300,150	300,150	-	-
Total Assets	**7,433,024**	**7,176,602**	**256,422**	
LIABILITIES				
Insurance Contract Liabilities	989,529	1,135,636	(146,107)	(12.9)
Trade Payables	98,622	31,163	67,459	216.5
Provisions and Other Payables	102,777	210,732	(107,955)	(51.2)
Retirement Benefit Obligations	226,790	227,048	(258)	(0.1)
Current Income Tax Liabilities	89,660	79,414	10,246	12.9
Deferred Tax Liabilities	89,784	86,738	3,046	3.5
Total Liabilities	**1,597,162**	**1,770,731**	**(173,569)**	
EQUITY				
Paid - up Share Capital	4,064,789	4,064,351	438	0.0
Share Premium	70,393	70,393	0	0.0
Statutory Contigency Reserve	1,598,581	1,450,684	147,897	10.2
Retained Earnings/(Accumulated Losses)	(121,487)	(416,068)	294,581	(70.8)
Other Reserves	(59,623)	(47,093)	(12,530)	26.6
Fair-value Reserves	25,267	25,663	(396)	(1.5)
Revaluation Reserves	257,941	257,941	-	-
Total Equity	**5,835,862**	**5,405,871**	**429,991**	
Total Liabilities and Equity	**7,433,024**	**7,176,602**	**256,422**	

Profit or Loss and Other Comprehensive Income For the year ended 31 December,2022

	2022 ₦'000	2021 ₦'000	Change ₦'000	%
Gross Premium Written	4,929,908	4,677,009	252,899	5.4
Net Premium Income	3,434,946	3,373,639	61,306	1.8
Underwriting Results	2,050,518	2,045,963	4,555	0.2
Investment Income	567,130	161,312	405,818	251.6
Profit before Taxation	535,165	447,542	87,622	19.6
Income Tax Expense	(92,686)	(70,172)	(22,514)	32.1
Profit for the year	442,479	377,370	65,108	17.3

Per share data (kobo)

	2022	2021
Earnings	5.44	4.64
Net Assets	71.79	66.50

STERLING ASSURANCE NIGERIA LIMITED
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of **Sterling Assurance Nigeria Limited** will be held at **The Function Room, Muson Centre, 8/9 Marina, Onikan, Lagos on Wednesday, 20th September, 2023 at 3pm** to transact the following business:-

ORDINARY BUSINESS

1. Lay before the meeting the Audited Financial Statements of the Company for the year ended 31st December, 2022 with the Reports of the Directors and Auditors thereon.

2. Authorise the Directors to fix the remuneration of the auditors

3. To disclose the remuneration of managers of the Company.

SPECIAL BUSINESS

4. Approve the Directors' Emoluments

BY ORDER OF THE BOARD

NIGERIAN NOMINEES LIMITED
SECRETARIES.

Dated: 30th August, 2023
Lagos, Nigeria.

NOTES

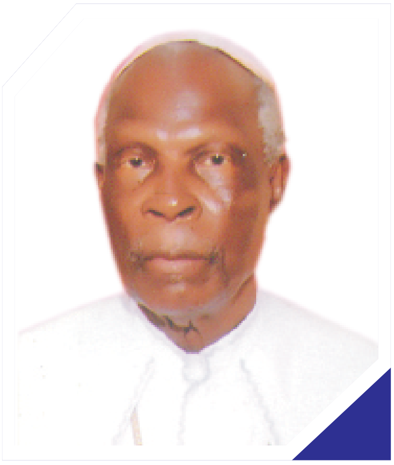
A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company.

To be valid for the purpose of the meeting, the enclosed Proxy Form must be completed, duly executed and deposited at the office of the Company Secretaries, Nigerian Nominees Limited, New Africa House (12th Floor), 31 Marina, P.O. Box 1443, Lagos not less than 48hours prior to the time of the meeting.

THE BOARD OF DIRECTORS

Prof. Theo A.J. Ogunbiyi
Chairman

Mrs. A. Fatade
Director



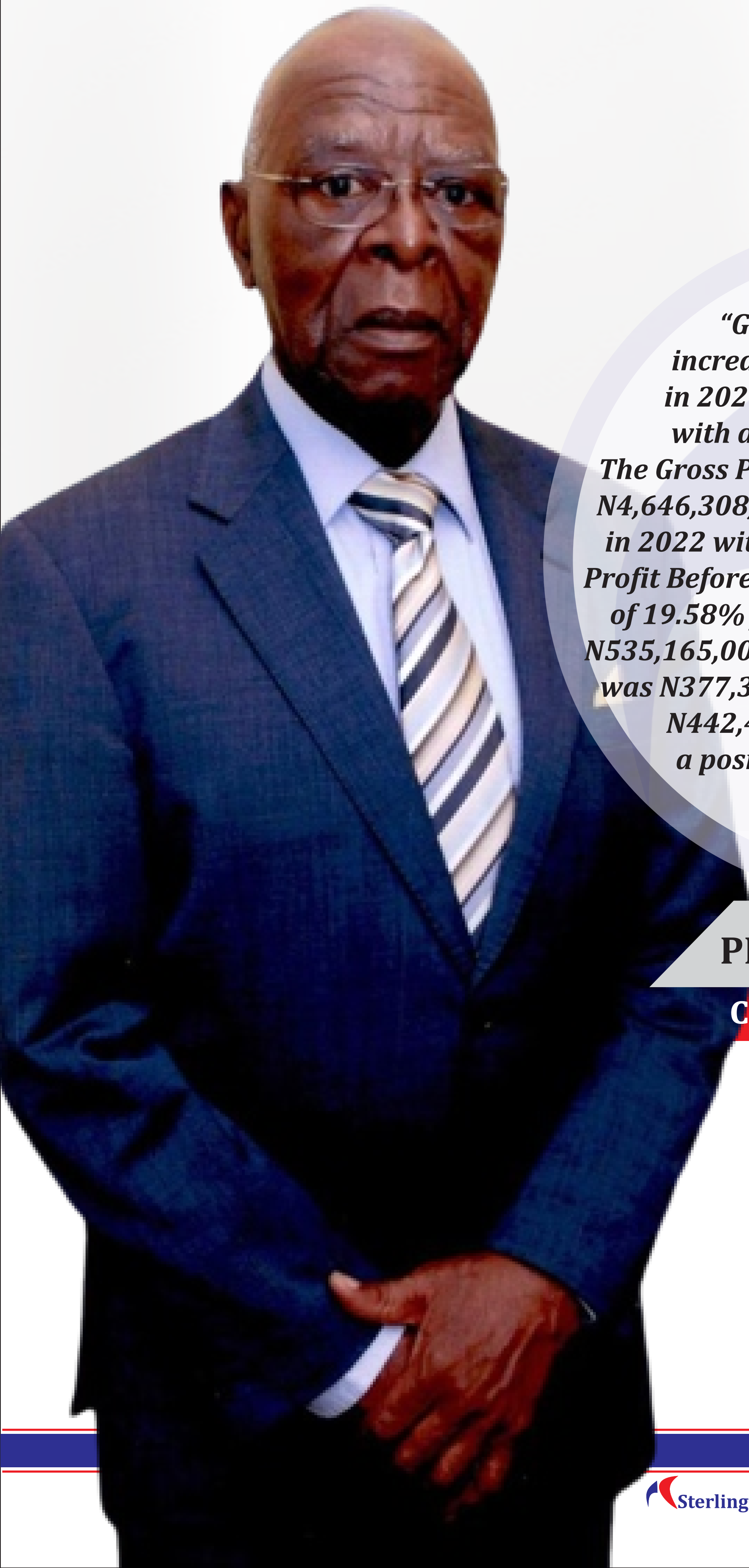
Dr. S. A. Alao
Independent Director

Mrs. A. Subair
Director

S.A. Adegbesan
Executive Director

Dr. F.K. Lawal
Managing Director

A.A. Akingbade
Executive Director



"Gross Premium written increased from N4,677,009,000 in 2021 to 4,929,908,000 in 2022 with an improvement of 5.41%. The Gross Premium Earned increased from N4,646,308,000 in 2021 to N4,966,565,000 in 2022 with a positive variance of 6.89%. Profit Before Tax (PBT) was an improvement of 19.58% from N447,542,000 in 2021 to N535,165,000 in 2022. After Tax Profit (ATP) was N377,370,000 in 2021 compared with N442,479.000 achieved in 2022 - a positive variance of 17.25%".

PROF. THEO A.J. Ogunbiyi

Chairman, Board of Directors

Distinguished Shareholders, members of the Board of Directors, Ladies and Gentlemen, it is my pleasure to welcome you all to the 24th Annual General Meeting of our company - Sterling Assurance Nigeria Limited.

I hereby present to you the Annual Report and Financial Statements for the year ended 31st December 2022.

OPERATING ENVIRONMENT

We all remember that 2022 was a pre-election year in our country and it came with its challenges.

There were diverse uncertainties ranging from insecurity to political instability. Political activities pervaded the national space. There were many events like party primaries and campaigns for Presidential and Gubernatorial elections among others.

The Nigerian currency re-design embarked upon by the Federal Government, its attendant cash scarcity, internet banking difficulties coupled with occasional fuel scarcity and price increase as well as high inflation rate with its effect on the purchasing power of the populace were some of the challenges in the year under review.

The impact of the volatility of the Foreign Exchange Market and the attendant rise in the cost of inputs for the manufacturing sector and the service industry contributed to operating results in our industry.

GLOBAL ECONOMIC OUTLOOK

From a modest Gross Domestic Product growth of 5.9% attained by the world economy in 2021, the International Monetary Fund (IMF) in their World Economic Outlook projected 2022's growth to slow to 3.2%, the weakest growth profile since 2001, apart from the era of the global financial crisis and the COVID-19 disruption. Many factors were responsible for this, including the contraction in global output, with downturns in China and Russia, a spike in global inflation which was higher than expected, and the negative spillovers from the war in Ukraine. The war resulted to increase in food and fuel prices, with low-income countries being the hardest hit. The Global growth however slowed down to 3.2% as projected.

Some developments at the international front that impacted on national economies and business operations globally include foreign trade practices between major economic powers including the United States of America and China. The activities of non-state actors on the international scene like the Organisation of Petroleum Exporting Countries (OPEC) affected the price of crude oil, the main sustenance of Nigeria Economy.

At the beginning of 2022, the price of crude oil was about $78 per barrel for the global benchmark, Brent crude, which rose to about $85 per barrel at the end of 2022 according to statistics from the Energy Information Administration (EIA). 2022 was a year of relative stability and modest improvement in the price of the commodity at an average price of $100 per barrel when compared with the 2021 average of $70 and $42 of the year 2020 due to the impact of COVID- 19.

Although Nigeria's economy experienced a gradual recovery in 2022, driven by factors such as improved oil prices and output which grew oil reserves from N10.39 trillion in Quarter 4 2021 to N10.96 trillion in Quarter 4 2022, the Gross Domestic Product (GDP) recorded a marginal decrease from 3.40% in 2021 to 3.10% at the end of 2022 as reported by Nigerian Bureau of Statistics (NBS). Government spending on infrastructure increased by approximately 15% (year on year) in 2022 to N15.2 trillion from N13.2 trillion in 2021 in a bid to stimulate growth and provide much-needed infrastructures.

THE FOREIGN EXCHANGE MARKET

The Nigerian Economy being largely dependent on foreign inputs continued to be impacted by the volatile exchange rates of the Nigerian Naira (NGN) to other major currencies. The official exchange rate of the Dollar to Naira stood at N448.55/$ as against N416.50/$ in the corresponding year.

However, there was a wide disparity with that of the unofficial or parallel market where huge funds sourced by millions of small-scale operators resulted in an all-time high rate above N700/$.

The Monetary Policy Rate was 16.5% in 2022 against 12% in 2021, while the inflation rate was 21.34% in 2022 against 17% in 2021.

THE NIGERIA INSURANCE INDUSTRY

The Industry remains resilient with various initiatives by the Industry's regulators and operators to improve product penetration, service delivery and ultimately boost Gross Premium Income using technology, Bank assurance and promotion.

At the tail end of the year 2022, the regulator released two guidelines; one on minimum premium rates for motor insurance to curb underpricing and enhance third party liability coverage. The second was on tenure for executives of insurance and reinsurance companies.

There is continuing engagement between the leadership of the industry and the regulator with the overall interest of the industry and consumers in mind.

RESULT FOR THE YEAR

I am happy to report that we were able to record some improvements in all the key performance indicators in spite of the unfavourable economic realities in the year under review.

Gross Premium written increased from N4,677,009,000 in 2021 to N4,929,908,000 in 2022 with an improvement of 5.41%. The Gross Premium Earned increased from N4,646,308,000 in 2021 to N4,966,565,000 in 2022 with a positive variance of 6.89%.

Profit Before Tax (PBT) was an improvement of 19.58% from N447,542,000 in 2021 to N535,165,000 in 2022. After Tax Profit (ATP) was N377,370,000 in 2021 compared with N442,479.000 achieved in 2022 - a positive variance of 17.25%.

Nevertheless, the Investment Income rose significantly from N161,312,000 in 2021 to N567,130,000 in 2022 with a positive variance of 251.6%. Total Assets increased by 3.57% from N7,176,602,000 in 2021 to N7,433,024,000 in 2022. Similarly, Shareholders' Fund increased from N5,405,871,000 in 2021 to N5,835,862,000 in 2022 with a positive variance of 7.95%.

FUTURE OUTLOOK

Technology keeps advancing both in the corporate world and personal life. The use of technology across all sectors significantly increased during the lock-down as a result of the COVID-19 pandemic and the re-tooling by organisations will improve processes and ultimately impact on results in the long run. Our company is making some progress in this direction and the impact will be reflected in our future performance.

ACKNOWLEDGEMENTS

Without doubt, I have enjoyed your support to date although returns to shareholders are still below expectations, but, there is a renewed hope with the present result and hopefully, we are at the end of the tunnel to see the beaming light soon.

I want to use this opportunity to thank my colleagues on the Board, the entire Management and Staff of our Company, our intermediaries - Insurance Brokers and Agents, Actuaries, Loss Adjusters, Auditors and other service providers, as well as our numerous clients for all their support during the year.

Our gratitude and thanks also goes to our esteemed regulators, The National Insurance Commission (NAICOM) for their co-operation over the years.

I want to assure the shareholders that things will surely get better soon.

Thank you all!

Prof. T. A. O. Ogunbiyi
Chairman

Dr. F.K. Lawal
Managing Director/CEO

A. A. Akingbade
Executive Director

S.A. Adegbesan
Executive Director

S.A. Adedigba
GM (Special Risk)

I. Yiaadey
Head of Finance & Admin.

S.O. Agboola
DGM (Finance & Admin.)

T.A. Olorunmakomi
AGM (Claims)

I.O. Adeyemi
AGM (Internal Audit)

S.A. Olabanji
AGM (Marketing)

1. REPORT

The Directors forward to the members herewith the audited accounts for the year ended 31 December, 2022.

2. RESULT

	2022	2021
	₦'000	₦'000
Underwriting Result	2,050,518	2,045,963
Investment & Other Income	567,130	161,312
Profit Before Tax	535,165	447,542
Profit After Tax	442,479	377,370

3. PRINCIPAL ACTIVITY

The Company's principal activity is the provision of General Insurance Underwriting Services.

4. DIRECTORS

The Directors during the year and their respective shareholdings are:

	2022	2021
	Units (000)	Units (000)
Prof. T.A.J. Ogunbiyi - Chairman	76,525	76,525
Dr. F. K. Lawal -Managing Director/CEO	54,191	54,191
Mr. A. A. Akingbade - Executive Director	-	-
Mr. S. A. Adegbesan - Executive Director	-	-
Mrs. A. Fatade - Non-Executive Director	20,000	20,000
Mrs. A. Subair - Non-Executive Director	-	-
Dr. S. A. Alao - Independent Director	-	-

	2022		2021	
Major Shareholding (5% and above) in the Company's Shares	No of shares Units (000)	% holding	No of shares Units (000)	% holding
Beman Investments	1,685,899	20.74	1,685,899	20.74
Thorburn Investments Limited	1,440,173	17.72	1,440,173	17.72
Hogg Robinson Nigeria Limited	700,000	8.61	700,000	8.61
Royal Exchange Assurance (Nig) - Life Fund	645,833	7.94	645,833	7.94
Core Trust Investment Ltd	487,250	5.99	487,250	5.99
NLPC/NPMC	450,000	5.54	450,000	5.54

5. STAFF

The number of staff presently in employment is:	2022	2021
Executive Directors	3	3
Management Staff	8	6
Non-management Staff	83	85

6. DONATIONS
No donation was made to any political party during the year.

7. EMPLOYMENT AND EMPLOYEES
The Company's employment policy gives equal opportunities to everyone, regardless of gender and any form of disability.

8. HEALTH, SAFETY AND WELFARE OF EMPLOYEES AT WORK
Health and safety regulations are in force within the premises of the Company. The Company provides or subsidies transportation, lunch and medical facilities to all levels of employees.

Employees also benefit from the Company through its gratuity scheme.

9. RELATIONSHIP WITH SHAREHOLDERS
The Annual General Meeting is the highest decision making of the Company and it is conducted in a transparent and fair manner.

The Board places a high premium on effective communication with the Shareholders.

This is achieved through the medium of annual report and meetings. The Board also welcomes participation of all Shareholders at the Annual General Meeting during which Shareholders are able to ask questions that need clarifications from the Directors.

10. AUDITORS
In accordance with Section 401(2) of the Companies and Allied Matters Act 2020, Messrs T. A. Balogun & Co. Chartered Accountants, having indicated their willingness, will continue in office as Auditors. A resolution will be proposed at the next Annual General Meeting authorising the Board to fix their remuneration.

11. COMPLIANCE WITH THE NIGERIAN CODE OF CORPORATE GOVERNANCE
The Directors confirm that they have reviewed the structure and activities of the Company in view of the Nigerian Code of Corporate Government for the Insurance Industry in Nigeria published in March 17, 2021. The Directors confirm that the Company has substantially complied with the provisions of the Nigerian Code of Corporate Governance with regards to matters stated therein concerning the Board of Directors, the Shareholders and the Audit Committee.

LAGOS, NIGERIA

BY ORDER OF THE BOARD

NIGERIAN NOMINEES LIMITED
SECRETARIES.

29TH MARCH, 2023
LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2020, requires the Directors to prepare financial statements for each financial year that present fairly, in all material respects, the state of financial affairs of the Company at the end of the year and of its profit or loss and other comprehensive income. The responsibilities include ensuring that the Company:

i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act. CAP C20 Laws of the Federation of Nigeria 2020:

ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates, and are consistently applied.

The Directors accept responsibility for the preparation and fair presentation of the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Report Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2020, Insurance Act 2003 and Financial Reporting Council of Nigeria Act No. 6, 2011.

The Directors are of the opinion that the financial statements present fairly, in all material respects, the state of the financial affairs of the Company and of its profit. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Dr.Fatai.K. Lawal
FRC/2013/CIIN/00000003330
FRC/2014/IODN/00000006925
29th March, 2023

Prof. T.A.J. Ogunbiyi
29th March, 2023

Sterling Assurance Nigeria Limited ensures that it carries out its business and operations strictly under the Prudential Guidelines of the Code of Corporate Governance of the Insurance industry in Nigeria as stipulated by the National Insurance Commission, NAICOM. It emphasizes excellent, prompt, and efficient underwriting and claims services delivery and has gained the confidence of major intermediaries and corporate insurance buyers because of these virtues. Below is a summary of our Code of Corporate Governance as operated for the year ending 31st December 2022:

- The Board of Sterling Assurance Nigeria Limited has formulated policies and procedural guidelines that guide the Company's discharge of its responsibilities and also set in place monitoring measures that ensure that these policies and procedural guidelines are followed and adhered to. The Board also constantly reviews the control put in place for effective delivery and also ensures that an account of how the Company's resources are put to use is rendered to the shareholders. - The Board of the company comprises seven members three of which are Executive Directors and Chairman, 2 Non–Executive Directors, and an Independent Non-Executive Directors.

- The Chairman is not the Managing Director of the Company and the roles are clearly separated. The Chairman ensures that the Board's activities are well-managed to bring meaningful contributions and development to the Company.

- The Managing Director monitors the day-to-day activities of the Company by providing strategic directions to the Company's operation with the support and approval of the Board. He ensures that all operations of the Company are carried out within the Legal framework while deploying the Company's resources toward ensuring profitability. He also ensures that all material matters affecting the Company are brought to the Board's attention.

- The Board appointed an Independent Non–Executive Director who has remained independent since his appointment. - According to the NAICOM Approved Guidelines on Corporate Governance, "There shall be annual Board performance evaluation to be carried out by an Independent Consultant to be appointed at the AGM". Sterling Assurance Nigeria Limited engaged the services of Samuelson B.V. Professional Services for the Board performance evaluation for the year ending 31st December 2022.

- The Board, as required under the NAICOM guidelines convenes to critically look into issues brought to its notice by the Managing Director and in addition carry out other responsibilities that are required and provided in the Company's Article of Association. Adequate notices are given and meetings are well attended by members of the Board. The Board had 5 meetings in 2022 and all Board members were in attendance at all the meetings and also participated and contributed actively on the following date: 16th February, April 11, September 14, November 16, and December 16.

- Board Committee membership is structured as required by the guidelines for the Corporate Code of Governance as a gazette and is constituted below with its meeting attendance and dates.

- The basic functions and responsibilities of these Committees as stipulated in S.404 (7) of the Companies and Allied Matters Act, 2020 was used in the year 2022.

Board Composition:

S/N	NAME	POSITION	DATE OF APPOINTMENT
1	Prof TAJ Ogunbiyi	Chairman	7th November 2014
2	Mrs. A.O Fatade	Non -Executive Director	7th November 2014
3	Mrs A Subair	Non -Executive Director	7th November 2014
4	Mr F.K Lawal	Managing Director	1st February 2007
5	Mr A.A Akingbade	Executive Director	1st April 2008
6	Mr S.A Adegbesan	Executive Director	1st January 2018
7	Dr. S.A Alao	Non -Executive (Independent)	10th March 2016

DATE	FINANCE, INVESTMENT & GENERAL PURPOSE	AUDIT	ENTERPRISE RISK MANAGEMENT & GOVERNANCE
15 February	Mrs A.O Fatade - ChairF.K Lawal A.A kingbade S.A degbesan	Dr.. SA Alao - Chairman Mrs A Subair	Mrs A.O Fatade - ChairF.K Lawal - MD A.A Akingbade – ED Dr. S.A Alao – NED(Independent)
7 April	Mrs A.O Fatade - Chair F.K. Lawal A.A kingbade S.A.Adegbesa n	Dr SA Alao - Chairman Mrs A Subair	Mrs. AO Fatade - Chair F. K. Lawal - MD A.A Akingbade – ED Dr. S.A Alao – NED (Independent)
12 September	Mrs A.O.Fatade-Chair F.K Lawal A.A.Akingbade S.A.Adegbesan	Dr SA Alao - Chairman Mrs A Subair	Mrs AO Fatade - Chair F.K Lawal - MD A.A Akingbade – ED Dr S.A Alao – NED (Independent)
14 November	Mrs A.O.Fatade-Chair F.K Lawal A.A.Akingbade S.A.Adegbesan	Dr S.A Alao - Chairman Mrs A Subair	Mrs A.O.Fatade-Chair F.K Lawal – MD A.A.Akingbade – ED Dr SA Alao – NED (Independent)

To the members of Sterling Assurance Nigeria Limited:

In accordance with the provision of Section 404 (7) of the Companies and Allied Matters. Act CAP C20, Laws of the Federation of Nigeria 2020, the members of the Audit Committee of Sterling Assurance Nigeria Limited hereby report as follows:

i. We have exercised our statutory functions under Section 404 (7) of the Companies and Allied Matters, Act CAP C20, Laws of the Federation of Nigeria 2020 and acknowledge the co-operation of management and staff in conduct of these responsibilities.

ii. We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2022 were satisfactory and reinforce the Company's internal control systems.

iii. We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received from management in the course of their statutory audit and we are satisfied with the management's response to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Company's system of accounting and internal control.

Dr. S. A. Alao
Chairman, Audit Committee
FRC/2019/CIIN/OOOOOO19421
Lagos, Nigeria.
29th March, 2023

T.A. BALOGUN & CO
CHARTERED ACCOUNTANTS

14, Ashimohu Street,
Ifako-Gbagada, New Garage, Lagos.
E-mail: balogun@tabc.com. ng
info@tabc.com.ng
Tel: 0703 900 0690, 0805 999 5568
+234-805 551 2555, +234-813-743-4244

INDEPENDENT AUDITOR'S REPORT

To the Members of Sterling Assurance Nigeria Limited.

Report on the Audit of the Financial Statements for the year ended 31 December, 2022.

Our Opinion

We have audited the financial statements of Sterling Assurance Nigeria Limited which comprise the statement of financial position as at 31 December, 2022, statement of profit or loss and other comprehensive income for the year then ended; statement of changes in equity for the year then ended; statement of cash flows for the year then ended; and notes to the financial statements, which include a summary of significant accounting policies

In our opinion, Sterling Assurance Nigeria Limited financial statements give a true and fair view of the financial position of the Company as at 31st December 2022, and of its financial performance and its cash flows for the year ended in accordance with the International Financial Reporting Standards (IFRS), the Company and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria 2020, Insurance Act 2003 & the relevant policy guidelines & circulars issued by the National Insurance Commission of Nigeria (NAICOM) and Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Boards for Accountants' Code of Ethics for Professional Accountants (IESBA Code), We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

Key Audit Matters

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

Valuation of Insurance Contract Liabilities (Note 15)

The valuation of insurance contract liabilities involves high estimation uncertainties and significant judgement over uncertain future outcomes. Provisions for reported claims are based on historical experience. Based on the liability adequacy test carried out by an external firm of actuaries, the Management

has estimated value of insurance contract liabilities in the financial statements to be N0.989 billion as at the year ended 31 December, 2022 and represents 62% of total liabilities.
The actuarial assumption applied in estimating amounts for IBNR include the expected average ultimate annual loss ratio. This estimate relies on the quality of the underlying data and involves complex and subjective judgements about future events.

This matter is considered a key audit matter in the financial statements.

How our audit addressed the key audit matter?

We evaluated the design effectiveness and implementation of key controls over claims and provision for outstanding claims balance.

We reviewed the valuation methodology for compliance with IFRS. We evaluated whether the actuarial methodologies were consistent with those used in prior years. We assessed the competence, independence and objectivity of the Company's Actuaries.

We tested the accuracy and completeness of the underlying data used in the actuarial valuations by checking to claims, underwriting and other data.

We considered recent experiences and the appropriateness of the judgment applied by Management on how future experiences will evolve and verified that the valuation considered the current estimate of all contractual cash flows

Valuation of Investment Properties (Note 12)
We focused on this area due to the size of the investment property balance and because the assessment of the value of the property involves judgment about the future cash flows from the property, the growth rate and the discount rate applicable to future cash flows

This matter is considered a key audit matter in the financial statements.

How our audit addressed the key audit matter?

We reviewed the valuation methodology to confirm consistency with previous years.

The discount and growth rates applied within the model were assessed for reasonableness by comparing to available market and economic information.

We assessed the competence, independence and objectivity of management's External Valuation Experts.

Other Information

The Directors and CEO are responsible for the other information. The other information comprises all the information in the Sterling Assurance Nigeria Ltd 2022 annual report other than the financial statements and our auditors' report thereon ("the Other Information").
Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

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

Based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, if we conclude that there is a materia! misstatement of this other information, we arc required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors and those Charged with governance for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Companies and Allied Matters Act, CAP C20, LFN 2020, Financial Reporting Council of Nigeria Act 2011, the Insurance Act 2003 of Nigeria and National Insurance Commission (NAICOM) circulars and for such Internal control as the Directors may determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statement as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 404 (1) of the Companies and Allied Matters Act, Cap C20, LFN 2020 and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainly exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosure in the financial statements or, if such disclosures arc inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, further events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Company to express an opinion on the financial statements. We are responsible for the directions, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance and the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including and significant deficiencies in internal control that we identified during our audit.

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

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

Penalties

The company has no contravention and penalties as at 31st December, 2022.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act CAP C20 (LFN 2020) and Section 28(2) of the Insurance Act, 2003

In accordance with the Fifth Schedule of the Companies and Allied Matters Act CAP C20 (LFN 2020) and Section 28(2) of the Insurance Act, 2003 require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) The Company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us; and

iii) The Company's statements of financial position and statement of Comprehensive Income are in agreement with the books of account.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0557435

TAJUDEEN BALOGUN, FCA, FRC/2014/ICAN/00000008630
FOR: T. A. BALOGUN & CO.
CHARTERED ACCOUNTANTS
LAGOS, NIGERIA.

29TH MARCH, 2023.

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2022

ASSETS	NOTES	2022 ₦'000	2021 ₦'000
Cash and Cash Equivalents	6	1,109,907	737.626
Financial Assets	7	1,843,660	1,661,626
Trade Receivables	8	223,559	275,537
Reinsurance Assets	9	1,173,088	1,368,146
Deferred Acquisition Cost	10	200,540	443,369
Other Receivables and Prepayments	11	271,590	235,553
Investment Properties	12	1,430,000	1,430,000
Property, Plant and Equipment	13	880,529	724,595
Statutory Deposit	14	300,150	300,150
Total Assets		**7,433,024**	**7,176,602**
LIABILITIES			
Insurance Contract Liabilities	15	989,529	1,135,636
Trade Payables	16	98,622	31,163
Provisions and Other Payables	17	102,777	210,732
Retirement Benefit Obligations	18.2	226,790	227,048
Current Income Tax Liabilities	19.2	89,660	79,414
Deferred Tax Liabilities	19.3	89,784	86,738
Total Liabilities		**1,597,162**	**1,770,731**
Net Assets		**5,835,862**	**5,405,871**
EQUITY			
Paid- up Share Capital	**20**	4,064,789	4,064,351
Share Premium	**20**	70,393	70,393
Statutory Contigcncy Reserve	21	1,598,581	1,450,684
Retained Earnings	**22**	(121,487)	(416,068)
Other Reserves	23.1	(59,623)	(47,093)
Fair- value Reserves	23.2	25,267	25,663
Revaluation Reserve	23.3	257,941	257,941
Total Equity		**5,835,862**	**5,405,871**
Total Liabilities and Equity		**7,433,024**	**7,176,602**

The financial statements were approved by the Board of Directors on 29th March, 2023 and signed on its behalf by:

Prof. T.A.J. Ogunbiyi — **Chairman**
FRC/2014/IODN/00000006925

Dr. Fatai K. Lawal — **Managing Dirctor/CEO**
FRC/2013/CI1N/00000003330

Ms Yiaadey Iyaji — **Head of Finance and Admin**
FRC/2022/PRO/ICAN/001/436048

The accompanying notes form an integral part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2022

	NOTES	2022 ₦'000	2021 ₦'000
Gross Premium Written	25	4,929,908	4,677,009
Gross Premium Earned	25	4,966,565	4,646,308
Reinsurance Premium Expenses	25	(1,531,620)	(1,272,668)
Net Premium Income		3,434,946	3,373,639
Fee income-Insurance	26	165,354	153,109
Netunderwriting Income		3,600,299	3,526,748
Claims Expense (Net)	27	(500,966)	(924,636)
Underwriting Expenses	28	(1,048,816)	(556,149)
Total Underwriting Expenses		(1,549,781)	(1,480,785)
Underwriting Results		2,050,518	2,045,963
Investment Income	29	90,519	89,802
Net realised gain	30	476,611	71,510
Other Operating Income	31	116,363	17,981
Revaluation gain on investment properties		-	160,000
Employee Benefit Expense	32	(802,918)	(781,691)
Management Expenses	33a	(973,967)	(966,590)
Impairment loss on - non financial assets	33b	(398,489)	(122,952)
(Loss)/Gain on Investment Securities	33c	-	(45,615)
Results of Operating Activities		(1,491,882)	(1,577,555)
Finance Costs	34	(23,472)	(20,866)
Profit/(Loss) before Taxation		535,165	447,542
Income Tax Expense	19.1	(92,686)	(70,172)
Profit/(Loss) for the year		442,479	377,370
Other Comprehensive Income:			
Items that will not be subsequently reclassified to the profit or loss account:			
Changes in available -for-sale financial assets	23.2	(396)	(19,828)
Actuarialgains (losses) on defined benefit pension plans	23.1	(12,530)	10,938
Gains on Property revaluation	23.3	-	53,522
Other comprehensive income for the year, net of tax		**(12,926)**	**44,632**
Total comprehensive income for the year		**429,553**	**422,002**
Basic and adjusted earnings per Share		**5.44**	**4.64**

The accompanying notes form an integral part of these financial statements

	Share Capital	Share Revaluation Premium	Contingency Retained Reserves	Fair-value Total Reserves	Other Reserves	Reserves	Earnings	
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balance at 1 January, 2022	4,064,351	70,393	1,450,684	25,663	(47,093)	257,941	(416,068)	5,405,871
Previous issues	438	-	-	-	-	-	-	438
Profit for the year	-	-	-	-	-	-	442,479	442,479
Changes in the valuation of gratuity	-	-	-	-	(12,530)	-	-	(12,530)
Changes in fair value of available-for-sale	-	-	-	(396)	-	-	-	(396)
Changes in the valuation of land & building	-	-	-	-	-	-	-	-
Transfer to the contingency reserves	-	-	147,897	-	-	-	(147,897)	-
Balance at 31 December, 2022	**4,064,789**	**70,393**	**1,598,581**	**25,267**	**(59,623)**	**257,941**	**(121,487)**	**5,835,862**
Balance at 1 January, 2021	4,064,351	70,393	1,310,375	45,491	(58,031)	204,419	(653,128)	4,983,870
Profit for the year	-	-	-	-	-	-	377,370	377,370
Changes in the valuation of gratuity	-	-	-	-	10,938	-	-	10,938
Changes in fair value of available-for-sale	-	-	-	(19,828)	-	-	-	(19,828)
Changes in the valuation of land & building	-	-	-	-	-	53,522	-	53,522
Transfer to the contingency reserves	-	-	140,310	-	-	-	(140,310)	-
Balance at 31 December, 2021	**4,064,351**	**70,393**	**1,450,685**	**25,663**	**(47,093)**	**257,941**	**(416,068)**	**5,405,871**

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOW AS AT 31ST DECEMBER, 2022

	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		**₦'000**	**₦'000**
Advance Payment Received (Mobil etc)	16	(24,812)	-
Premium Received	47(a)	4,981,886	4,697,306
Reinsurance Premium Paid	47(b)	(1,436,967)	(1,428,011)
Fees and Commission Received	47(c)	165,354	153,109
Claims Paid during the year	47(d)	(1,025,865)	(1,313,202)
Claims Paid Recovered from Reinsurers	47(d)	435,550	568,307
Commission Paid	28	(981,924)	(692,534)
Maintenance Cost Paid	28	(309,721)	(166,845)
Cash Paid to and on behalf of Employees	47(e)	(818,546)	(750,747)
Exchange gains on cash and cash equivalents placements	30	476,611	71,510
Other Management Expenses		(722,900)	(944,403)
Tax paid during the year	19.2	(79,394)	(22,331)
Net Cash Flow from Operating Activities (A)		**659,272**	**172,159**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	47(f)	103,105	121,904
Purchase of property, plant and equipment	13	(184,980)	(11,327)
Purchase of AFS measured at AFS	7(ii)2	(243,417)	(80,164)
Purchase of Securities measured at HTM	7(iii)	-	-
Disposal of Securities measured at HTM	7(iii)	-	55,836
Addition of Loans and Receivables Financial Assets	7(iv)1	-	(44,461)
Repayment of Loans and Receivables Financial Assets	7(iv)1	15,000	15,000
Financial Assets carried at fair value disposed-AFS	7(i)2&3	45,987	140,253
Proceeds from disposal of property, plant and equipment	47(g)	-	-
Other Operating Income	47(g)	347	10,353
Net Cash Flow from Investing Activities (B)		**(263,957)**	**207,394**
CASH FLOWS FROM FINANCING ACTIVITIES			
Issued Shares		438	-
Finance Cost	34	(23,472)	(20,866)
Net Cash Flow from FinancingActivities (C)		**(23,034)**	**(20,866)**
Net Increase /(Decrease) in cash and cash equivalents (A+B+C)		372,281	358,687
Cash and cash equivalent at the beginning of the year		737,626	378,939
Cash and cash equivalent at the end of the year		**1,109,907**	**737,626**

The accompanying notes form an integral part of these financial statements

1.1 Reporting entity

The Company, Sterling Assurance Nigeria Limited formerly, known as Whispering Hope Insurance Limited was incorporated as a Limited Liability Company on 11 October 1990 under the law of Nigeria and is subject to the Nigerian Insurance Act CAP I17 LFN 2004. The Company is licensed mainly to carry out underwriting, claims payment and investment. Its head office and registered office is at 284, Ikorodu Road, Lagos, Nigeria.

These Financial Statements were authorised for issue by the Board of directors on 29th March, 2023.

1.2 Regulation

Sterling Assurance Nigeria Limited is regulated by the National Insurance Commission, NAICOM and all regulatory requirements and guidelines of the Commission are operative. This regulatory requirement, is a rigid observance of the 'no premium, no cover' provision of the Insurance Act, 2003.

1.3. Going concern

The Company is a going concern entity with very profitable operations and ready access to financial resources. The management believes that the going concern assumption is appropriate for the company and there is no going concern threats to the operations of the company. These financial statements were prepared on a going concern basis.

2. Basis of preparation and compliance with IFRS

2.1. Statement of compliance

These financial statements for the year 2022 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. ("IASB"), and interpretation issued by IFRS's interpretation committee (IFRIC), the Insurance Act of Nigeria and the relevant National Insurance Commission (NAICOM) guidelines and circulars, Company and Allied Matters Act, CAP C20, LFN 2020, the Financial Reporting Council of Nigeria Act, 2011 and other relevant statutes to the extent that they do not conflict with the provisions of IFRSs.

The financial statements present fairly the statement of financial position, statement of comprehensive income and the statement of cash flows of Sterling Assurance Nigeria Limited for the year ended 31 December, 2022.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for the available-for-sale financial assets and investment properties, which are measured at fair value.

3. Changes in accounting policies and adoption of new standards

3.1 Effective standards not yet adopted by the Company

IFRS 9 Financial Instruments
IFRS 9 became effective for financial year commencing on or after 1 January 2018 but the standard has not been adopted in preparing these financial statements as the company elected to adopt the deferral approach available to insurance companies.

IFRS 9 is part of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39.

IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only three classification categories: amortised cost, fair value through OCI and fair value through profit or loss.

Furthermore, for non-derivative financial liabilities designated at fair value through profit or loss, it requires that the credit risk component of fair value gains and losses be separated and included in OCI rather than in the income statement.
The Company will adopt IFRS 9 - Financial Instruments from 1 January 2023.

Classification and Measurement
The standard uses one primary approach to determine whether to measure a financial asset at amortised cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (FVTPL) as against the IAS 39 classifications of FVTPL, Available-for-Sale (AFS) financial assets, Loans and Receivables and Held-to-Maturity (HTM) investments. The Company's business model is the determining factor for classifying its financial assets. Financial assets are measured at amortised cost if the business objective is to hold the asset in order to collect contractual cash flows that are solely payments of principal and interest (SPPI). Financial assets are measured at fair value through OCI if the business's objective is to collect contractual cash flows as well as cash flows from selling the asset.
The final category of financial assets are those assets where the business model is neither to hold for solely to collect the contractual cashflows nor selling to collect the cashflows and therefore classified as at fair value through profit or loss. These are financial assets that are held with the objective of trade and to realize fair value changes. The Company can also designate some of its financial assets at fair value through profit or loss if this helps to eliminate an accounting mismatch.

The table below provides the expected changes in classification on adoption of IFRS 9:

FINANCIAL ASSETS As at 31 December	**IAS 39 classification**	**IFRS 9 classification**	**Carrying Amount 2022 ₦'000**	**Carrying Amount 2021 ₦'000**
Cash and Cash Equivalents	Loan & receivables	Amortised cost	1,109,907	737,626
Financial assets at Available-for-sale(AFS)				
Federal government bonds	AFS	FVTOCI	287,365	332,338
Quoted investments	AFS	FVTPL	312,265	313,674
Unquoted investments	AFS	FVTPL		
Loans and Receivables	Loan & receivables	Amortised cost	578,082	593,082
Trade Receivables	Loan & receivables	Amortised cost	223,559	275,537
Other receivables (less prepayments and other assets)	Loan & receivables	Amortised cost	1,627	17,174
Reinsurance assets IBNR)	Loan & receivables	Amortised cost	701,317	819,984

Impairment:

The Company believes that impairment losses are likely to increase for assets in the scope of IFRS 9 impairment model. The approach to impairment assessment under IFRS 9 will be determined by the final classification adopted in 2022.

Expected Credit Loss Impairment Model for Financial Assets

The Company's allowance for credit losses calculations are outputs of model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit to impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deteriorating from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considered multiple scenarios based on reasonable and supportable forecasts.

The Company adopts a three-stage approach for impairment assessment based on changes in credit quality sin initial recognition.

- **Stage 1** - Where there has not been significant increase in credit risk (SICR) since initial recognition of financial instrument, an amount equal to 12 months. For those instruments with a remained maturity of less than 12 months a probability of default corresponding to remaining term to maturity is used.

- **Stage 2.** When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

- **Stage 3.** Financial instruments that are considered to be in default are included in this stage. Similar to stage 2 the allowance for credit losses captures he lifetime expected credit losses.

  The guiding principle for ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instrumentssince initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase to credit risk since origination. Examples of financial assets with low credit risk (no significant increase in credit risk include Risk free and gilt edged debt investment securities that are determined to have low risk at the reporting date; and other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Measurement of Expected Credit Losses

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macro-economic variables that are most closely related with credit losses in the relevant portfolio.

The company employs the usage of international rating agencies PD factors which was modified by factors specific to the Nigerian Economy such as inflation rate, unemployment rate, GDP and so on.

Details of these statistical parameters/inputs are as follows:-

- PD - The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.

- 12-months PDs - This is the estimated probability of default occurring with the next 12 months (or over) the remaining life of the financial instruments if that is less than 12 months) This is used to calculate 12 months ECLs
- Lifetime PDs - This is the estimated probability of default occurring over the remaining life of the financial instruments. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3 exposures/PDs are limited to the maximum period of exposure required by IFRS 9.

- **EAD** -The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payment.
- **LGD** - The loss given default is an estimate of the loss arising in the case where a default occurs at a given time, basically, it is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD. However, the group make use of the combination of the following in establishing its LGD.

1) Fixed LGD ratios prescribed by the Bank for international Settlements (BIS) under the foundation approach
2) Recovery rates on insolvencies in Nigeria as published by the World Bank

Definition of Default and Credit Impaired Financial Assets At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data.

(i) Significant financial difficulty of the borrower or issuer;
(ii) A breach of contract such as a default or past due event
(iii) It is becoming probable that the issuer will enter bankrupts or other financial reorganization; or
(iv) The disappearance of an active market for a security because of financial difficulties.
(v) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Presentation of Allowance for ECL in the Statement of Financial Position

The Company assess the possible default events within 12 months for the calculation of the 12month ECL and lifetime for the calculation of life Time ECL. Given the investment policy, the probability of default for new instrument acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- Financial assets measured at FVOCI: loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value.

However, the loss allowance shall be disclosed and recognized in the fair value reserve.

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

Given the importance of asset and liability management within the insurance industry, the insurance operators and users of financial statements were concerned about the differing effective dates of the two standards - IFRS 9 Financial instruments in 2018 and 2022 for the forthcoming insurance contracts standard- IFRS 17.

The concerns raised include:

i. having to apply the IFRS 9 classification and measurement requirements before the adoption of the forthcoming insurance contracts standard;

ii. potential temporary increases in accounting mismatches and volatility in profit or loss and other comprehensive income (OCI) created by the change in classification of financial assets; and

iii. having two consecutive major accounting changes in a short period of time.

Consequently, the IASB issued its amendments to IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts, which provide two optional solutions. The first solution is a temporary exemption from IFRS 9, effectively deferring its application for some insurers.

The other solution is an overlay approach to presentation to alleviate the volatility that may arise when applying IFRS 9 before the forthcoming insurance contracts standard.

Applying Exemption from IFRS 9

Predominance Assessment

The company conducted predominance test as required in paragraphs 20B and 20D of Amendments to

IFRS 4:

	2017		2015	
	Total	**Total**	**Total**	**Total**
	Liabilities	**Qualifying**	**Liabilities**	**Qualifying**
	₦'000	**₦'000**	**₦'000**	**₦'000**
LIABILITIES	(A)	TEST(B)	**(A)**	TEST(B)
Insurance Contract Liabilities	1,531,862	1,531,862	1,513,769	1,513,769
Trade Payables	44,027	44,027	15,852	15,852
Provision and other Payables	64,893	-	36,012	-
Retirement Benefit Obligation	83,749	83,749	68,280	68,280
Current T ax Liabilit ies	45,137	45,137	10,046	10,046
Deferred Tax (connected to insurance contract)	-	-	-	-
Deferred Tax (connected to insurance contract)	74,238	-	49,692	-
	1,843,906	**1,704,775**	**1,693,651**	**1,607,947**
Predominant Assessment (B/A)%		**92.45%**		**94.94%**

The company passed predominance assessment in 2015 as its total eligible liabilities of N1,607,947,000 was 94.94% of the total liabilities of N1,693,651,000 considered for predominance assessment.

The company carried out predominance re-assessment as permitted by paragraph 20G of Amendments to IFRS 4 at the end reporting period for 2017, at which date the company' liabilities connected to insurance was higher than 80%.

Paragraph 20J of Amendments to IFRS 4 states that “If an entity no longer qualifies for the temporary exemption from IFRS 9 as a result of a reassessment (see paragraph 20G(a)), then the entity is permitted to continue to apply the temporary exemption from IFRS 9 only until the end of the annual period that began immediately after that reassessment”.

The company has elected to apply the temporary exemption from IFRS 9 (deferral approach) and qualifies for the temporary exemption based on the following:

i. the company has not previously applied any version of IFRS 9

ii. its activities are predominantly connected with insurance contracts (see predominance assessment above and operating segments from which the company earn income and incur expenses);

iii. the eligible liability amount of the total liabilities arising from insurance contracts and insurance connected liabilities for the company sum up to N1.608 billion as at 31 Dec 2015 (31 Dec 2017: N1.705 billion), which is greater than the 80 per cent minimum of the total carrying amount of all its liabilities as at 31 Dec 2015 and 31 Dec 2017 respectively.

iv. as at 31 December 2015, which is the reporting date that immediately precedes 1 April 2016, the carrying amount of the company liabilities arising from insurance contracts was N1.608billion which was greater than 90 per cent of the total carrying amount of all its liabilities as at that date.

v. the company's activities have remained the same and are predominantly connected with insurance contracts as stated above.

vi. the nature and carrying amounts of the liabilities connected with insurance contracts are disclosed in note 15.

Based on the above, the Company will apply IFRS 9 together with IFRS 17 in 2023.

Fair value disclosures

The Company's financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on principal amount outstanding. The financial assets listed below are short-term in nature and are receivable within 12 months from the end of the reporting period and as such the carrying amount of these financial assets are deemed to be a reasonable approximation of its fair value.

Financial Assets that meet the SPPI Test Categories	IAS 39 Carrying Amount as at December 31,2022	IFRS 9 Fair Value as at December 31,2022	Fair Value Changes (Impact on 2022 Accounts)
Available for Sale (Note 7 (i)(2))	**₦'000**	**₦'000**	**₦'000**
Federal Government Bond	287,365	287,365	-
Treasury Bills	-	-	-
Total	**287,365**	**287,365**	-
Loans and receivables (Note 7(iii) 1)			
Loan to policyholders	578,082	578,082	-
Total	**578,082**	**578,082**	-
Cash and Cash Equivalents (Note 6)			-
Short term Bank Deposit	818,319	818,319	
Trade Receivables (Note 8 (i))			-
Premium Due from Insurance brokers	223,559	223,559	
Grand Total	**1,907,325**	**1,907,325**	-

Financial Assets that meet the SPPI Test Categories	IAS 39 Carrying Amount as at December 31,2021	IFRS 9 Fair Value as at December 31,2021	Fair Value Changes (Impact on 2021 Accounts)
Available for Sale (Note 7 (i)(2))	**₦'000**	**₦'000**	**₦'000**
Federal Government Bond	332,338	332,338	-
Treasury Bills	-	-	-
Total	**332,338**	**332,338**	-
Loans and receivables (Note 7(iv 1)			
Loan to policyholders	593,082	593,082	-
Total	**593,082**	**593,082**	-
Cash and Cash Equivalents (Note 6)			
Short term Bank Deposit	401,194	401,194	-
Trade Receivables (Note 8 (i))			
Premium Due from Insurance brokers	275,537	275,537	-
Grand Total	**1,602,151**	**1,602,151**	-

Financial assets with contractual terms that do not give rise to cash flows that are solely payments of principal and interest. They are listed as follows:

All financial assets other than those that meet SPPI Test Categories	IAS 39 Carrying Amount as at December 31, 2022 ₦'000	IFRS 9 Fair Value as at December 31, 2022 ₦'000	Changes in Fair Value ₦'000
Statutory Deposit	300,150	300,150	
Available -for- Sale (Note 7(i) (3)) & 7((ii) 1)			
Quoted investments at fair value (Note 7 (i) 3)	312,265	312,265	-
Unlisted Equities Shares at cost (Note 7 (ii) 1)	665,948	665,948	-
Total	**1,278,363**	**1,278,363**	-

All financial assets other than those that meet SPPI Test Categories	**IAS 39 Carrying Amount as at December 31, 2021 ₦'000**	**IFRS 9 Fair Value as at December 31, 2021 ₦'000**	**Changes in Fair Value ₦'000**
Statutory Deposit	300,150	300,150	
Available-for-Sale (Note 7(i) (3)) & 7((ii) 1)			
Quoted investments at fair value (Note 7 (i) 3)	313,674	313,674	-
Unlisted Equities Shares at cost (Note 7 (ii) 1)	422,531	422,531	-
Total	**1,036,355**	**1,036,355**	-

The measurement basis of all financial assets are expected to remain unchanged even after IFRS 9 adoption except for mainly those that meet the SPPI Test. Hence, there will be some changes in the gross carrying amounts of the financial assets upon the adoption of IFRS 9.

3.2. List of Standards, Amendments to Standards and Interpretations effective for 31 December 2022 year-end

Effective for the financial year commencing 1 January 2023

IFRS 17 Insurance Contracts, including amendments initial application of IFRS 17 and IFRS 9 - Comparative Information

Classification of liabilities as current or non- current (Amendments to IAS 1)

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction Amendments to IAS 12 Income taxes.

Effective at the option of the entity (effective date has been deferred indefinitely)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

3.3. New and amended standards and interpretations not yet adopted by the Company

The following new or revised standards or amendments which have a potential impact on the Company are not yet effective for the year ended 31 December 2022 and have not been applied in preparing these financial statements. The Company is currently assessing the impact of the new or revised standards or amendments.

IFRS 17 including amendments Initial application of IFRS 17 and IFRS 9 - Comparative Information Insurance Contracts

IFRS 17 supersedes IFRS 4 Insurance Contracts and aims to increase comparability and transparency about profitability. The new standard introduces a new comprehensive model ("general model") for the recognition and measurement of liabilities arising from insurance contracts. In addition, it includes a simplified approach and modifications to the general measurement model that can be applied in certain circumstances and to specific contracts, such as:

- Reinsurance contracts held;
- Direct participating contracts; and
- Investment contracts with discretionary participation features.

Under the new standard, investment components are excluded from insurance revenue and service expenses. Entities can also choose to present the effect of changes in discount rates and other financial risks in profit or loss or OCI.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Company started a project to implement IFRS 17 and has been performing a high-level impact assessment of IFRS 17. The Company expects that the new standard will result in an important change to the accounting policies for insurance contract liabilities of the Company and is likely to have a significant impact on profit and total equity together with presentation and disclosure. The Company choses to apply IFRS 17 in January 2023 with IFRS 9, as it purely does insurance business.

IAS 8- Amendments to Definition of Accounting Estimates

This amendment provides clarifications to companies on how to distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

The amendment introduces a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarifies the following:

- an entity develops an accounting estimate to achieve the objective set out by an accounting policy.
- developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) and choosing the inputs to be used when applying the chosen measurement technique.
- a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- a change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The definition of accounting policies remains unchanged. The amendments are effective for periods beginning on or after 1 January 2023.

IAS 1 — Amendments to Classification of liabilities as current or non-current

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged.

The amendments also clarify how a company classifies a liability that includes a counter party conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation.

The standard is effective for annual periods beginning on or after 1 January 2023. Early adoption is permitted.

IAS 12- Amendment to Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The amendment clarifies that the initial recognition exemption does not apply to transactions that give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition arising from these transactions.

The standard is effective for annual periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If an entity previously accounted for deferred tax on these transactions using the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability

4.0 Foreign currency

Foreign currency translation

Transactions in foreign currencies are translated into Nigerian Naira at exchange rates at the dates of the transaction. At the year-end date, unsettled monetary assets and liabilities are related transaction differences are recognised in income statement. Foreign currency differences arising on translation are recognized in income, except for differences arising on the translation of available-for-sale equity instruments, financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions.

Foreign exchange gains and losses are presented in the income statement under other operating income.

5.0 Summary of significant accounting policies

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

5.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank, unrestricted balances held with a Central Bank, call deposits and short term highly liquid financial assets (bank deposits) with original maturities of about three months, which are subject to insignificant risk of changes in their value and used by the Company in the management of its short-term commitments.

For the purpose of the statement of cash flow, cash and cash equivalents consist of include cash on hand; bank balances, fixed deposits and treasury bill within 90 days.

5.2 Financial assets

The Company classifies its financial assets into the following categories; at fair value through profit or loss, available-for-sale, held-to-maturity and loans and receivables. The classification is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

5.2.1 Classification

(a). Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss. Such investments include but not limited to fixed interest investments (bank deposits) which form part of cash and cash equivalents.

(b). Available-for-sale-financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within twelve months of the end of the financial reporting period.

(c). Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables arise when the Company sells goods and/or provides services directly to a debtor with no intention of trading the receivable. Loans and receivables after initial recognition at fair value are measured at amortised cost, using the effective interest rate method less impairments. Amortised costs is calculated by taking into consideration any discount or premium on fee or costs that are integral part of effective interest rate. The effective interest rate is included in finance income in the income statement.

(d) Held-to-maturity financial assets.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity, other than:

- those that the Company upon initial recognition designates as fair value through profit or loss;
- those that the Company designates as available-for-sale; and
- those that meet the definition of loans and receivables.

Interest on held-to-maturity investments are included in the statements of comprehensive income and are reported as investment income. In the case of an impairment, it is reported as a deduction from the carrying value of the investment and recognised in the statements of comprehensive income as 'Net gains/(losses) on financial assets'.

5.2.2 Recognition and measurements of financial assets

Financial assets are initially recognised at fair value. Financial assets carried at fair value through profit or loss is initially recognised at fair value and all the transaction costs are recognised in the statement of comprehensive income. However, all the transaction costs associated with financial assets not carried at fair value through profit or loss and are directly attributable to their acquisition are added to the cost of acquisition.

Upon initial recognition, a financial asset classified into the financial assets at fair value through profit or loss category are designated as such if acquired principally for the purpose of selling in the short-term, if it forms part of a portfolio of financial assets in which there is an evidence of short-term profit taking or if so designated by management.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in income statement. Net gains or losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income.

Financial assets are derecognised when the right to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair-value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of available-for-sale (AFS) measured at fair value are recognised in the equity statement.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Company has also transferred substantially all risks and rewards of ownership.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are included in the income statement in the period in which they arise. Dividend and interest income from available-for-sale (AFS) financial assets are recognised in the statement of comprehensive income when the Company's right to receive payments are established.

5.2.3 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial asset is based on quoted market prices or dealer price quotations. This includes listed equity securities. The fair values of quoted investments and federal government bonds are based on current bid price. If the market for a financial asset is not active (and for unlisted securities), the Company establishes carrying value by using valuation techniques. These include the use of recent arms' length transactions, reference to other instruments that are substantially the same and discounted cash flows analysis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or Regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the aforementioned criteria are not met, the market is regarded as being inactive. Investments in equity instrument that do not have a quoted market price in active market are stated at cost using valuation technique. The valuation technique used is the cost of the instruments which is the price at which the transaction is exchanged between knowledgeable parties at arm's length.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in equity.

5.2.4 Reclassification of financial assets

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to- maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

5.2.5 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset and can be estimated reliably.

Available-for-sale-financial assets

The Company assesses at end of financial reporting period whether there is objective evidence that a financial assets or a group of financial assets is impaired.

A significant or prolonged decline in the fair value of the security below its costs is considered in determining whether the security is impaired. If any such evidence exists for available-for- sale financial assets, the cumulative loss, measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement for a financial asset classified as availablefor-sale are not reversed through the income.

Impairment losses on available-for-sale investment securities are recognized when, and only when both quantitative and qualitative evidences have been taken to consideration. The cumulative loss that has been recognized in other comprehensive income, and presented in the cumulative loss measured as: the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the in income statement.

If, in a subsequent period, the fair value of an impaired available-for-sale equity security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

5.3 Trade receivables.

Trade receivables are recognized when due and in consonance with NAICOM guideline on 'no premium no cover'. These include amounts due from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the income statement.

Trade receivables are reviewed at every reporting period for impairment.

5.3.1 Impairment on trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors or indications that a debtor will become bankrupt) that the Company will not be able to collect all the amount due under the original terms of the invoice.

Allowances are made based on an impairment model which considers the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt.

Impaired debts are derecognised when they are assessed as uncollectible. 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, the previous recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its any subsequent reversal of an impairment loss is recognised in the income statement.

The Company considers evidence of impairment for receivables at both a specific asset and collective level all individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for anyimpairment that has been incurred but not yet identified.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

5.3.2 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair valueless costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the" cash-generating unit, or CGU").

Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

5.3.3 Offsetting financial instruments

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

5.4 Reinsurance assets

Reinsurance assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contract.

The Company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated using the incurred loss model for these financial assets.

5.5 Deferred acquisition cost

Deferred acquisition costs represent the proportion of acquisition costs which corresponds to the unearned premium and are deferred as an asset and recognized in the subsequent period. Acquisition costs comprise all direct and indirect costs arising from the writing of non-life unearned premium to written premium.

5.6 Other receivables and prepayments

Other receivables and prepayments are carried at amortised cost less accumulated impairment losses. Prepayments are amortised on straight line basis to the profit or loss.

5.7 Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes or occupied substantially for use in the operations of the enterprise and/or members of the Company. An occupation of more than 15% of the property is considered substantial.

The Company recognises investment property as an asset when, and only when it is probable that the future economic benefits that are associated with the investment property will flow to the Company; and the cost of the investment property can be measured reliably.

Investment property is initially recognised at costs and subsequently measured at fair value. A gain or loss arising from a change in the fair value of investment property shall be recognised in the income statement in the year in which it arises.

When there is a decline in value of an investment property, the carrying amount of the property is written down to recognise the loss. Such a reduction is charged to the statement of comprehensive income. Reductions in carrying amount are reversed when there is an increase, following a revaluation in accordance with the company's policy, on investment property, or if the reasons for the reduction no longer exist.

An increase in carrying amount arising from the revaluation of investment property is credited to Revaluation Reserve Account. To the extent that a decrease in carrying amount offsets a previous increase, for the same property that has been credited to revaluation surplus and not Subsequently reversed or utilised, it is charged against that revaluation surplus rather than the profit and loss account (Income Statement).

An increase in revaluation which is directly related to a previous decrease in carrying amount for the same property that was charged to the profit and loss account is credited to profit and loss account to the extent that it offsets the previously recorded decrease.

Investment properties are classified separately from other properties used for the purposes of the business.

When the use of a property changes such that it is reclassified as property, plant and equipment, its cost less impairment (if any) at the date of reclassification becomes its cost for Subsequent accounting.

The investment property in these financial statements is stated at fair value which is the revalued amount as being reported by Ndubuisi Mordi and Associate a registered professional estate surveyor and valuer with registration number (FRC/2013/NIESV/00000004196) on their revaluation exercise carried out on these investment properties on December 2022. Valuation of investment property is reviewed annually.

5.8 Property, Plant and Equipment

Land and buildings comprise mainly outlets and offices occupied by the Company.

All categories of property, plant and equipment (except freehold property) are initially recorded at cost. Subsequently, land and buildings are measured using revaluation model at the end of the financial period. Any increase in the value of the assets is recognized in other comprehensive income and accumulated surplus ,unless the increase is to reverse a decrease in value previously recognized in profit or loss where by the increase will be recognized in profit or loss .A decrease in value of land and building as a result of revaluation will be recognized in profit or loss unless the decrease is to reverse an increase in value previously recognized in other comprehensive income whereby the decrease will be recognized in other comprehensive income.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The estimated useful lives for the current and comparative period are as follows:

Land	Nil
Building	50 years
Office furniture and fittings	5 years
Motor vehicles	4 years
Office equipment	5 years

The assets residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Property and equipment are derecognized at the disposal date or at the date when it is permanently withdrawn from use without the ability to be disposed of. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included within other income in the Statement of Comprehensive Income.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference arising between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon the disposal of such investment property any surplus previously recorded in equity is transferred to retained earnings net of associated tax; the transfer is not made through profit or loss.

5.9 Statutory deposit

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

5.10 Insurance contracts

5.10.1 Classification

Insurance contracts are those contracts that transfer significant insurance risks. Such contracts may also transfer financial risks. In the case of Sterling Assurance Nigeria Limited, these insurance contracts are: fire insurance business; general accident insurance business; motor vehicle insurance business, marine and aviation insurance business; oil and gas insurance business; engineering insurance business, bonds credit guarantee and surety ship insurance business; and miscellaneous insurance business. These can be broadly classified as General Accident and Property Insurance.

General Accident Insurance contracts protect the Company's customers against the risk of causing harm to third parties as a 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).

Others include but not limited to oil & gas, engineering, special risk, workmen compensation motor and marine.

Receivables and payables related to insurance contracts

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

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognizes that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same process adopted for receivables. The impairment loss is calculated under the same method (incurred loss method) used for these financial assets.

5.10.2 Premiums and claims

For all the insurance contracts, premiums are recognized as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet date is reported as the unearned premium liability or unexpired risks.

Premiums are shown before deduction of commission and are gross of any taxes or duties levied on premiums.

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct insurance.

Refund of premium

Under certain circumstances, the Company may declare a refund to its policy holders based on the premiums paid in the year, when, and only when, the risks associated with the policy are no longer under the Company's cover . This refund is recognised as a reduction of revenue in the year for which it is declared.

5.10.3 Reinsurance

- The Company holds the under-noted reinsurance contracts:
- Treaty Reinsurance Outward is usually between the Company and Reinsurers.
- Facultative Reinsurance Outward is usually between the Company and other insurance companies or between the Company and Reinsurers.
- Facultative Reinsurance Inwards is usually between the Company and other insurance Companies or between the Company and Reinsurers.

All business written under these reinsurance contracts are on cash and carry basis except where brokers give credit note to the fact that they have collected money from the insured. Premiums due to the reinsurers are paid and all claims and recoverable due from reinsurers are received.

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.

The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as longer term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amount associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expenses when due.

In certain cases, a reinsurance contract is entered into retrospectively to reinsure a notified claim under the Company's property or casualty insurance contracts. Where the premium due to their insurer differs from the liability established by the Company for the related claim, the difference is amortised over the estimated remaining settlement period.

The Company assesses its reinsurance assets for impairment on a quarterly basis. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the income statement. The Company gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for receivables.

The impairment loss is calculated following the same method (incurred loss method) used for these financial assets.

Reinsurers' share of unearned premium

The reinsurers' share of unearned premium is recognised as an asset using principles consistent with the Company's method for determining unearned premium liability.

Reinsurers share of provisions for unpaid claims and adjustment expenses

The Company enters into reinsurance contracts in the normal course of business in order to limit same period as the related premiums for the direct insurance business being reinsured.

Reinsurance liabilities comprise premiums payable for the purchase of reinsurance contracts and are included in accounts payable and are recognised as an expense in the income statement when due. Expected reinsurance recoveries on unpaid claims and adjustment expenses are recognised as assets at the same time and using principles consistent with the Company's method for establishing the related liability.

5.10.4 Claims

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 other than for disability claims. Liabilities for unpaid claims are estimated using the imput of assessments for individual cases reported to the Company and analysis 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).

Balances arising from insurance contracts primarily include premiums and unearned premiums, provisions for unpaid claims and adjustment expenses, the reinsurers' share of provisions for unearned premiums and unpaid claims and adjustment expenses, deferred policy acquisition expenses and salvage and subrogation receivables.

Claims and loss adjustment expenses are charged to income statement 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.

5.10.5 Underwriting expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. Acquisition costs comprise all direct and indirect costs arising from the writing of insurance contracts. Examples of these costs include, but are not limited to, commission expense, supervisory levy, superintending fees and other technical expenses. Other underwriting expenses are those incurred in servicing existing policies/contract.

Underwriting expenses are measured at amortised costs and are recognised in the financial statements as expense using the effective interest rate method.

5.10.6 Salvages

Some 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 (for example, subrogation). Salvage recoveries are used to reduce the claim expense when the claim is settled.

5.10.7 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.

5.10.8 Reserves for unearned premium

In compliance with Section 20(1)(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.

5.10.9 Reserves for outstanding claim

The reserve for outstanding claims is maintained at 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 carried out by independent actuary.

5.10.10 Reserves for unexpired risk

A provision for Additional Unexpired Risk Reserve (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the Unearned Premium Reserve (UPR)"

At each date, liability adequacy tests are performed by an actuary to ensure the adequacy of the contract liabilities net of related DAC. 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 income statement by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

5.10.11 Deferred policy acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the writing of non-life insurance contracts. Deferred Acquisition Costs (DAC) represents 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 the ratio of unearned premium to written premium.

5.10.12 Valuation of insurance contract liability

For non-life insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for expected ultimate cost of claims incurred but not yet reported at the reporting date (IBNR). It can take a period of time before the ultimate claims cost can be established with certainty.

The ultimate cost of outstanding claims is estimated by using one of the range of standard actuarial claims projection techniques - Chain Ladder method.

Unearned Premium Reserve (UPR) was based on each policies unexpired insurance period (UP) as the exact number of days of insurance cover available after the review date and calculate the UPR as the annualised premium.

Unexpired Risk Reserve (URR) was calculated by multiplying the loss ratio by unexpired premium

(UP).This is the indication of the cost of the future claims and all expenses expected to be incurred in the future by the unexpired portion of existing policies.

Assumptions

Chain Ladder method is calculated on the assumption that the future claims will follow a regression pattern from the historical data.

Hence payment patterns will be broadly similar in each accident year. Thus the proportionate increases in the known cumulative payments from one development year to the next, is used to calculate the expected cumulative payments for the future development periods.

An implicit assumption of the chain ladder is that weighted past average inflation will remain unchanged over the claim projected period.

Gross claim amounts include all related claim expenses. If this is not the case, we will hold separate reserve to cover claim expenses.

The UPR is calculated on the assumption that risk will occur evenly during the duration of the policy.

The Liability Adequacy Test (LAT)

At the end of each reporting period, Liability Adequacy Tests are performed by an Actuary to ensure that material and reasonably foreseeable losses arising from existing contractual obligations are recognised. In performing these tests, current best estimates of future contractual cash flows, claims handling and administration expenses, investment income backing such liabilities are considered. Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. Any deficiency is charged to profit or loss by increasing the carrying amount of the related insurance liabilities.

The Liability Adequacy Test (LAT) was carried out by O & A Hedge Actuarial Consulting (Consultant Actuaries and Chartered Insurers) with FRC number FRC/2016/NAS/00000015764.

5.11 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised 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.

Trade payables are derecognised when the obligation under the liability is settled, cancelled or expired.

5.12 Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. Provision will be measured at the Company's best of estimate of the expenditure required to settle the obligation at the end of the reporting period. Provisions will be reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

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 obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities normally comprise legal claims under arbitration or court process in respect of which a liability is not likely to materialize

A contingent asset is a possible asset 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.

Contingent liabilities and contingent assets are never recognised rather they are disclosed in the financial statements when they are due.

5.13 Employee benefits

5.13.1 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

5.13.2 Defined contribution plans

The Company operates a defined contributory pension scheme as stipulated in the Pension Reform Act 2014. Under the defined contributory scheme, the Company pays 10% of total emolument as defined by the Act to Pension Fund Administrator while employees pay 8% to the same entity. Total emolument comprises basic salary, housing and transport allowances. Once the contributions have been paid, the Company retains no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to finance benefits accruing under the retirement benefit plan. The Company's obligations are recognized in the profit and loss account as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or reduction in the future payments is available.

5.13.3 Defined benefit plan

The company operates a non-contributory defined benefits service gratuity scheme for its employees. The employees' entitlement to retirement benefits under the service gratuity scheme depends on the individual years of service, terminal salary and condition of service. The liability recognised in the statement of financial position in respect of defined benefit plan is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets, together with adjustment for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit method.

Gratuity basis:
Any employee leaving either voluntarily or otherwise is entitled to:

- Less than 5 years = NIL

- Above 5years = 4weeks basic salary for every completed year.

The company funds the gratuity benefit by setting aside certain amount.

Valuation of post- employment benefit obligation
The cost of defined gratuity plan and the present value of the gratuity obligation are determined periodically.

The valuation involves making assumptions about discount rates, future salary increases, and expected years in employment. The valuation of the defined benefit obligation is highly sensitive to changes in these underlying assumptions. All assumptions are reviewed at each reporting date.

The valuation of the staff gratuity plan was professionally carried out by O & A Hedge Actuarial Consulting at Suite 28, Motorways Centre, Alausa Ikeja, Lagos with FRC number FRC/2016/NAS/00000015764.

Actuarial gains and losses are recognised in full in other comprehensive income when they occur. Past-service costs are recognised immediately in the Income Statement.

5.13.4 Termination Benefits
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whatever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed either to terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal, or to provide termination benefits as a result of an offer made to encourage voluntarily redundancy if it is probable that the offer will be accepted and the number of acceptances can be estimated. Benefits falling due more than 12 months after the statement of financial position date are discounted to present value.

5.14 Income tax
Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

5.14.1 Current income tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years. It further excludes items that are never taxable or deductible. The company's liabilities for current tax is calculated using tax rates that have been enacted or substantively enacted by the

5.14.2 Deferred Tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

5.15 Share capital and premium

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

5.16 Contingency reserves

In compliance with Section 21 (2) of Insurance Act, 2003, the contingency reserve is credited with the greater of 3% of total premiums, or 20% of the net profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50 percent of net premium.

5.17 Retained earnings

The retained earnings comprise undistributed profit/(loss) from previous years and current year. Retained earnings are classified as part of equity in the statement of financial position.

5.18 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for- sale financial assets until the investments are derecognized.

Revaluation reserve is one of the reserves under equity. A revaluation reserve is an increase in the value of property, plant and equipment. The Company credits it when non-current assets like building or land is revalued.

This line item is used when the revaluation finds the current and probable future value of the asset is higher than the recorded historic cost of the same asset.

5.19 Other reserve-actuarial surplus
Actuarial surplus/deficit on employee benefits represents changes in benefit obligation due to changes in actuarial valuation assumptions or actuarial experience. The gains/losses for the year, net of applicable deferred tax assets/liability on employee benefit obligation, are recognised in other comprehensive income.

5.20 Earnings per share
The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

5.21 Dividends
Dividends on the Company's ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the year in which the dividend is approved by the Company's shareholders.

5.22 Revenue recognition
Revenue comprises the fair value of services rendered, net of value-added tax.

Revenue is recognised as follows:

(a). Premium is recognised in the financial statement when the revenue can be reliably measured and that it is probable that the economic benefits associated with the transaction will flow to the entity.

(b). Interest income from financial assets is recognised monthly on an accrual basis when it is probable that the economic benefits will flow to the entity and the amount of income benefits can be measured reliably.

Interest income is accrued on a time basis with reference to the principal outstanding (face value) and the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is recognised in these financial statements using the effective interest method.

(c) . Dividend income: Dividend income from available-for-sale equities is recognised when the right to receive payment is established; this is the ex-dividend date for equity securities.

5.23 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided.

A commission is payable according to a pre-determined formula as an incentive and reward for profitable underwriting. The following are examples of profit commission:

(a) the commission paid to a cover holder by a managing agent for underwriting a profitable account;

(b) the commission paid by a member to a managing agent in respect of the profitability of its syndicate in a given year of account; and

(c) the commission paid by a reinsurer to an insurer in respect of a profitable reinsurance treaty. Fee and commission income is reported on the statement of comprehensive income.

5.24 Interest income and expenses

Interest income and expenses for all interest-bearing financial instruments including financial instruments measured at fair value through profit or loss, are recognised within investment income and finance cost in the income statement using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

5.25 Reinsurance expenses

Reinsurance cost represents outward premium paid to reinsurance companies less the unexpired portion as at the end of the accounting year.

5.26 Underwriting expenses

Underwriting expenses comprise acquisition costs and other underwriting expenses. These costs incurred by an insurer when deciding whether to accept or decline a risk may include meetings with the insured or brokers, actuarial review of loss history, or physical inspections of exposures. All expenses deducted from the Company revenues, inclusive of net commissions, salaries, and advertising costs are aggregated to determine underwriting profit.

Underwriting expenses are measured at amortised costs and are recognised in the financial statements as expense using the effective interest rate method.

5.27 Management expenses

Management expenses are charged to profit or loss when the goods are received or services rendered. They are expenses other than claims, investments and underwriting expenses and include employee benefits, depreciation charges and other operating expenses.

5.28 Finance cost

Comprises interest on borrowing and other finance costs such as bank charges, COT, etc. Finance cost is measured at fair value and it is recognised as expense in the period in which they are incurred using the effective rate method.

5.29 Critical accounting estimates and judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Company's accounting policies: The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in financial statements.

5.29.1 Going Concern

The financial statements have been prepared on the going concern basis and there is no intention to curtail business operations. Capital adequacy, profitability and liquidity ratios are continuously reviewed and appropriate action taken to ensure that there are no going concern threats to the operation of the Company. The Directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the years ahead.

5.29.2 Product classification and contract liabilities

Insurance contracts are those contracts when the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

i. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

ii. Valuation of liabilities of non-life insurance contracts

Estimates are made for both the expected ultimate cost of claims reported and claims incurred but not reported (IBNR) at the statement of financial position date. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder, Stochastic reserving (Bootstrap) and Bornheutter-Ferguson methods. The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved. Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

The carrying amount for non-life insurance contract liabilities at the reporting date is N0.989 billion (2021: N1.136billion).

5.29.3 Impairment on receivables

In accordance with the accounting policy, the Company tests annually whether premium receivables have suffered any impairment. The recoverable amounts of the premium receivables have been determined based on the incurred loss model. These calculations required the use of estimates based on passage of time and probability of recovery.

5.29.4 Valuation of property, plant and equipment and investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Company engaged an independent valuation specialist to assess fair value as at 31 December 2022 for Investment properties and revalued land and buildings. For investment properties, a valuation methodology based on discounted cash flow model was used as there is a lack of comparable market data because of the nature of the properties. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognized in OCI. Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

5.29.5 Deferred tax assets

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors such as experience of previous tax audits and differing interpretations by the taxable entity.

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 the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

5.29.6 Income Tax

The Company is subject to the Companies Income Tax Act (CITA). The total amount of tax payable under CITA is determined based on the higher of two (2) components, namely Company income tax (based on taxable income (or loss) for the year; and Minimum tax, based on the provision of the same Act.

i. The current income tax

The current income tax charge is calculated on taxable income on the basis of the tax laws enacted or substantively enacted at the reporting date. Taxes based on taxable profit for the year are treated as current income tax in line with IAS 12. The Company applies Section 16 of the Company Income Tax Act. It states that an insurance business shall be taxed as:

- an insurance company, whether proprietary or mutual, other than a life insurance company;

- or a Nigerian company whose profit accrued outside Nigeria, the profit on which tax may be imposed, shall be ascertained by taking the gross premium interest and other income receivable in Nigeria less reinsurance and deducting from the balance so arrived at, a reserve fund for unexpired risks at the percentage consistently adopted by the company in relation to its operation as a whole for such risks at the end of the period for which the profits are being ascertained, subject to the limitation below:

An insurance company, other than a life insurance company, shall be allowed as deductions from its premium the following reserves for tax purposes. (a) for unexpired risks, 45 percent of the total premium in case of general insurance business other than marine insurance business and 25 percent of the total premium in the case of marine cargo insurance; (b) for other reserves, claims and outgoings of the company an amount equal to 25 percent of the total premium.

ii. Minimum tax

Minimum tax for companies in respect of returns for years of assessment is 0.5% of gross turnover less franked investment income. As amended in Finance Act 2022.

5.29.7 Provision for unpaid claims

The estimation of the provision for unpaid claims and the related reinsurers' share are the Company's most critical accounting estimates. There are several sources of uncertainty that need to be considered by the Company in estimating the amount that will ultimately be paid on these claims. The uncertainty arises because all events affecting the ultimate settlement of claims have not taken place and may not take place for some time. Changes in the estimate of the provision can be caused by receipt of additional claim information, changes in judicial interpretation of contracts, or significant changes in severity or frequency of claims from historical trends. The estimates are based on the Company's historical experience and industry experience.

5.29.8 Impairment of available- for-sale investments

The Company determines that available-for-sale investments are impaired when there has been a significant or prolonged decline in fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Company considers among other factors, the normal volatility in market price, the financial health of the investee and industry and sector performance.

	2022 ₦'000	2021 ₦'000
6. Cash and Cash Equivalents		
Cash	824	3,446
Bank balances	290,764	332,986
Short-term Bank deposits	818,320	401,194
Total	**1,109,907**	**737,626**

Cash and cash equivalents comprise of short term deposits and placements with maturity period of less than 90 days from the value date of the placements.

7. Financial Assets	**₦'000**	**₦'000**
Available-for-sale (See Note 7(I))	1,265,577	1,068,543
Held-to-Maturity (See Note 7(iii))	-	-
Loans and receivables (See Note 7(iv))	578,083	593,083
Total	**1,843,660**	**1,661,626**

7 (i) Total Available-for–sale (AFS)	**₦'000**	**₦'000**
Available-for-sale measured at fair value (See Note 7(i)1)	599,629	646,012
Available-for-sale measured at cost (See Note 7(ii))	665,948	422,531
	1,265,577	**1,068,543**

7 (i) 1. Available - for sale at fair value	**₦'000**	**₦'000**
Federal government bonds (See Note 7(i)2 below)	287,365	332,338
Quoted investments (See Note 7(i)3 below)	312,264	313,674
	599,629	**646,012**

7 (i) 2. Movement in Available-for sale at fair value (Federal Government & Corporate bonds)	**₦'000**	**₦'000**
Balance atthe beginning	332,338	379,809
Acquired during the year	-	80,164
Accrued Interest	-	12,618
Disposed during the year	(44,973)	(140,253)
Balance at the end	**287,365**	**332,338**

7 (i) 3. Movements in Available - for sale at fair value (quoted investments)	**₦'000**	**₦'000**
Balance at the beginning	313,674	333,502
Acquired during the year	-	-
Disposed during the year	(1,014)	-
Fair value changes	(396)	(19,828)
Balance at the end	**312,264**	**313,674**

Quoted Investments and Government bonds are stated at market value which is the value at which they can be exchanged between knowlegeable parties at arms length.

The Company recognises dividend income in the financial statements whenever it has right to do so.

7 (ii) Available -for-sale at cost	2022 ₦'000	2021 ₦'000
Investment in unlisted Shares (See Notes 7(ii)1 & 7 (ii)2 be	**665,948**	**422,531**

The unquoted shares of N665.948million reported under Available-for-sale investment were carried at cost and were assessed for impairment during the year and found to have passed impairment test in accordance with the requirement of IAS 39. We deferred the adoption of IFRS 9 till January 1, 2023 when it will be jointly adopted with IFRS 17.

7(ii)1

Investee Companies	₦'000	₦'000
Golden Capital Plc.	-	4,422
WAICA Re	78,087	78,087
NLPC Pension Fund Admnistrators Limited	344,366	96,526
Medexia Limited	117,437	117,437
Grand Cereals Limited	95,000	95,000
Energy and Allied Insurance Pool of Nig. Ltd	31,059	31,059
Balance at the end	**665,948**	**422,531**

7(ii)2 Analysis of unlisted available for sale instruments is	₦'000	₦'000	Changes ₦'000
Golden Capital Plc.	-	4,422	(4,422)
WAICA Re	78,087	78,087	0
NLPC Pension Fund Admnistrators Limited	344,366	96,526	247,840
Medexia Limited	117,437	117,437	(0)
Grand Cereals Limited	95,000	95,000	-
Energy and Allied Insurance Pool of Nig. Ltd	31,059	31,059	(0)
	665,948	**422,531**	**243,417**

7 (iii) 1. Movements in Held-to-Maturity Investment (Securities Investment-Fixed Deposit)	₦'000	₦'000
Balance at the beginning	-	55,836
Acquired during the year	-	-
Disposed during the year	-	(55,836)
Fair value changes	-	-
Balance at the end	-	-

7 (iv) Loans and Receivables

	₦'000	₦'000
Policyholders' Loans (See Note 7 (iv)1 below)	578,083	593,083

7 (iv)1 Movement in Loans and Receivables		
Balance at the beginning	593,083	555,097
Addition during the year	-	44,462
Repayment during the year	(15,000)	(15,000)
Accrued interest (See Note 29)	-	8,524
Balance at the end	**578,083**	**593,083**

Schedule of Investments and the funds they represent	Policyholders'	Shareholders' & other funds	Total
Asset Type	**2022**	**2022**	**2022**
	₦'000	**₦'000**	**₦'000**
Cash and Cash Equivalents			
Cash	824	-	824
Local bank balances	290,764	-	290,764
Short-term Bank deposits	818,320	-	818,320
Sub-Total	**1,109,907**	**-**	**1,109,907**
Financial asets at Available-for-sale(AFS)			
Federal government bonds	287,365	-	287,365
Quoted investments	-	312,264	312,264
Unquoted investments	-	665,948	665,948
Sub-Total	**287,365**	**978,212**	**1,265,577**
Loans and Receivables			
Policyholders' Loans	-	-	-
Shareholders and Other Funds Loans	-	578,083	578,083
Sub-Total	**-**	**578,083**	**578,083**
Grand Total	**1,397,272**	**1,556,295**	**2,953,568**

8. Trade Receivables		2022 **₦'000**	2021 **₦'000**
Premium Receivable (Note 8 (i) & Note 8 (ii)		**223,559**	**275,537**
8 (i) Breakdown of Insurance Receivables			
Due from Insurance brokers		362,706	108,640
Due from Insurance agents		-	17,852
Due from Insurance companies		136,390	149,045
Impairment		(275,537)	-
		223,559	275,537
8 (ii) Age of Debt	**No. of Policies**	**₦'000**	**₦'000**
Within 14 Days	88	96,900	110,215
Within 15-30 Days	170	126,659	165,322
Within 31-90 Days	-	-	-
Within 91-180 Days	-	-	-
Above 180 Days	-	-	-
Total	**258**	**223,559**	**275,537**

9. Reinsurance Assets	**₦'000**	
Prepaid reinsurance(See Note 9.1)	283,106	335,120
Reinsurance share of Incurred But Not Reported (IBNR) (See Note 9.2)	98,725	86,960
Reinsurance share of outstanding claims (See Note 9.3)	89,932	126,082
Reinsurance share of AURR(See Note 9.4)	8	-
Balance as per Actuarial Estimates	**471,771**	548,162
Reinsurances share of paid claims (See Note 9.5)	701,317	819,984
Total Reinsurance Assets	**1,173,088**	1,368,146
Current	1,173,088	1,368,146
Non -current	-	-

	2022 ₦'000	2021 ₦'000
9.1 Movement in prepaid reinsurance		
Balance at the beginning of the year	335,120	202,400
Additions during the year (Reinsurance Cost)	(52,014)	132,720
Amortised during the year (Reinsurance Expenses)	-	-
Balance at the end of the year	**283,106**	**335,120**
9.2 Movement in IBNR		
Balance at the beginning of the year	86,960	113,510
	11,765	(26,550)
Balance at the end of the year	**98,725**	86,960
9.3 Movement in Outstanding Claims		
Balance at the beginning of the year	126,082	156,332
Increase/(Decrease) during the year	(36,150)	(30,250)
Balance at the end of the year	**89,932**	**126,082**
9.4 Movement in Reinsurance Share of AURR		
Balance at the beginning of the year	-	2,830
Increase/(Decrease) during the year	8	(2,830)
Balance at the end of the year	**8**	**-**
9.5 Movement in Claims paid		
Balance at the beginning of the year	819,984	992,935
Addition to reinsurance assets during the year	439,835	518,308
Reinsurance claims recovered during the year	(435,550)	(568,307)
	824,269	942,936
Increase/(decrease) in impairment during the year (See Note 33(b))	(122,952)	(122,952)
Balance at the end of the year	**701,317**	**819,984**

9.5(a) Changes in reinsurance share of claims paidnot yet received	(118,667)	(172,951)
9.5(b) Breakdown of changes in reinsurance share of claims paid not yet received		
Increase/(decrease) in reinsurance share of claims paid not yet received	(4,285)	49,999
Increase/(decrease) in impairment during the year	122,952	122,952
	118,667	172,951
9.5(c') Reconciliation of movement in impairment of claims paid recoverable		
Balance as at January 1	245,904	122,952
Increase/(decrease) in impairment during the year	122,952	122,952
Write-back/reversal of impairment during the year	-	-
Previous impairment recovered during the year	-	-
Balance as at December 31	**368,856**	**245,904**

9.5(d) The age analysis of claims paid is as follows:	**₦'000**	**₦'000**
0-90 days	154,856	203,355
91-180 days	117,983	105,420
181-360 days	224,614	115,315
Above 365 days	203,864	395,894
	701,317	**819,984**

10. Deferred Acquisition Cost	**₦'000**	**₦'000**
Motor	12,995	7,182
General accident	9,636	8,877
Fire	19,053	9,704
Engineering	4,195	9,527
Marine	1,835	3,343
Oil and energy	136,610	398,628
Bond	16,118	6,039
Aviation	69	-
Agric	29	69
Balance at the end of the year	**200,540**	**443,369**
Current	200,540	443,369
Non-current	-	-

	2022 ₦'000	2021 ₦'000
10(i) Movement in deferred acquisition costs		
Acquisition costs brought forward	443,369	140,139
Addition during the year	496,266	692,535
Amortisation during the year (See Note 28.1(i))	(739,095)	(389,305)
Balance at the end of the year	**200,540**	**443,369**

The deferred acquisition cost above represesnts commission on unearned premium relating to unexpired period of risks.

11. Other Receivables and Prepayments	₦'000	₦'000
Prepayments (See Note 11(i))	221,370	172,614
Withholding Tax Receivables	48,593	45,765
Sundry Debtors -Staff Loans and advances	1,627	17,174
	271,590	**235,553**
Current	271,590	235,553
Non -current	-	-

(11 (i)) Prepayments breakdown	**₦'000**	**₦'000**
Rent and Service charge	3,743	5,840
Assets Insurance	8,375	5,934
Housing and other allowance	151,223	155,424
Medical Expenses	50,000	613
Security Expenses	-	1,988
Electricity Bill	-	1,153
Others	8,029	-
Internet Connectivity	-	1,662
	221,370	**172,614**

12. Investment Properties

Location/Address	Status of title Document	2022 ₦'000	2021 ₦'000
1. Plot 318, Ikorodu Road, Maryland, Lagos	Perfected	450,000	450,000
2. 6A & 6B Onipinla Street, Off James Oluyele Street, Adeniyi Jones, Ikeja, Lagos	Perfected	300,000	300,000
3. Plot 72 (8B) Herbert Macauley Street, Amadi Layout, Old GRA, Port Harcourt.	Perfected	500,000	500,000
4. Plot 1, Cadastral Zone E13, Guide District, Abuja, FCT.	Perfected	180,000	180,000
Balance at the end of the year		**1,430,000**	**1,430,000**

12(i) Movement in Investment Properties

	Balance as at 01/01/2022 ₦'000	Addition ₦'000	Disposal ₦'000	Fair value gain/(loss) ₦'000	Balance as at 31/12/2022 ₦'000
1. Plot 318, Ikorodu Road, Maryland, Lagos	450,000	-	-	-	450,000
2. 6A & 6B Onipinla Street, Off James Oluyele Str., Adeniyi Jones, Ikeja, Lagos	300,000	-	-	-	300,000
3. Plot 72 (8B) Herbert Macauley Street, Amadi Layout, Old GRA, Port Harcourt.	500,000	-	-	-	500,000
4. Plot 1, Cadastral Zone E13, Guide District, Abuja, FCT.	180,000	-	-	-	180,000
	1,430,000	**-**	**-**	**-**	**1,430,000**

Investment properties are held for Capital appreciation purposes only and not for rental income.

Details of the Valuer

The investment properties were independently valued as at 31 December 2022 by Ndubuisi Mordi and Associate (an estate surveyors & valuer) duly registered with the Financial Reporting Council of Nigeria. The valuer, which is located at 94A, Cemetery Street, Ebutte-Metta, Lagos, is a qualified member of the Nigerian Institution of Estate Surveyors and Valuers with FRC No.FRC/2013/NIESV/00000004196.

13. Property, Plant and Equip as at 31 December, 2022	Land ₦'000	Building ₦'000	Motor Vehicles ₦'000	Office Equipment ₦'000	Furniture & Fittings ₦'000	Total ₦'000
(i). Cost						
Balance at January, 2022	369,022	227,500	372,852	149,271	35,894	1,154,539
Additions	-	-	156,001	26,436	2,543	184,980
Disposals	-	-	-	-	-	-
Balance at December, 2022	**369,022**	**227,500**	**528,853**	**175,707**	**38,437**	**1,339,519**
Balance at January, 2021	315,500	225,000	372,482	142,444	34,264	1,089,690
Additions	-	2,500	370	6,827	1,630	11,327
Disposals	-	-	-	-	-	-
Revaluation surplus/(Deficit)	53,522	-	-	-	-	53,522
Balance at December, 2022	**369,022**	**227,500**	**372,852**	**149,271**	**35,894**	**1,154,539**
(ii). Accumulated Depreciation						
Rates		**2%**	**25%**	**20%**	**20%**	
Balance at January, 2022	-	16,522	253,876	125,600	33,945	429,943
Charge for the year	-	4,929	11,139	11,919	1,060	29,047
Disposals		-	-	-	-	-
Balance at December, 2022	**-**	**21,451**	**265,015**	**137,519**	**35,005**	**458,990**
Balance at January, 2021	-	12,022	215,077	111,355	33,886	372,340
Charge for the year	-	4,500	38,800	14,245	59	57,604
Disposals		-	-	-	-	-
Balance at December, 2021	**-**	**16,522**	**253,877**	**125,600**	**33,945**	**429,944**
(iii). Carrying Amount						
At 31 December, 2022	369,022	206,049	263,838	38,188	3,432	880,529
At 31 December, 2021	**369,022**	**210,978**	**118,975**	**23,671**	**1,949**	**724,595**

(iv). Land & Building Schedule of movement during the year

284, Ikorodu Road, Anthony, Lagos.

Status of Title to Land & Building	Bal as at Jan. 1,2022 ₦'000	Additions ₦'000	Disposal ₦'000	Depreciation ₦'000	Fair Value gain/(loss) ₦'000	Bal as at Dec. 31, 2022 ₦'000	Bal as at Dec. 31, 2021 ₦'000
Perfected	580,000	-	-	(4,929)	-	575,071	580,000

Land and building were professionally revalued by Messrs Ndubuisi Mordi and Associate with FRC No.FRC/2013/NIESV/00000004196(Estate Surveyors and Valuers) as at 31 December, 2022 in which valuations performed by the valuer are based on active open market values.

14. Statutory Deposit	2022 ₦'000	2021 ₦'000
Statutory deposit	300,150	300,150
	300,150	300,150

This represents the amount deposited with the Central Bank of Nigeria (CBN) as at 31 December, 2022 in accordance with sections 9(1) and 10(3) of Insurance Act, 2003. The amount is not available for the day to-day use in the working capital of the Company. Therefore, it is excluded from cash and cash equivalents.

15. Insurance Contract Liabilities	2022 ₦'000	2021 ₦'000
Provision for outstanding claims (See Notes 15(a) & 15(a)4)	255,084	296,679
Provision for claims IBNR (See Notes 15(a)1 & 15(a)2)	105,356	173,211
Total Outstanding Claims (Including IBNR)	360,440	469,890
Provision for unearned premium (See Notes 15(b) & 15(b)1)	629,047	665,746
Provision for AURR	41	-
	989,529	**1,135,636**
Current	989,529	1,135,636
Non-current	-	-

The net liability for insurance contracts is tested for adequacy by discounting current estimates of all future contractual cash flows and comparing this amount to the carrying value of the liability net of deferred acquisition costs. The Company's net liability for insurance contracts was tested for adequacy as at 31 December, 2022 by O & A Hedge Actuarial Consulting at Suite 28, Motorways Centre, Alausa Ikeja, Lagos with FRC number FRC/2016/NAS/00000015764.

15a.Outstanding Claims-General Business	₦'000	₦'000
Motor	22,796	52,962
General accident	77,645	80,208
Fire	38,542	106,311
Engineering	10,444	16,129
Marine	69,887	16,946
Oil & energy	12,770	14,123
Bond	4,000	10,000
Agriculture	19,000	-
Outstanding claims	255,084	296,679
Plus IBNR (See Notes 15(a)1& 15(a)2)	105,356	173,211
Total claims liabilities	360,440	469,890

15(a)1 Provision for claims incured but not reported (IBNR)	₦'000	₦'000
Motor	15,015	34,885
General accident	36,895	38,497
Fire	19,678	79,368
Engineering	1,575	2,363
Marine	26,343	7,103
Oil & energy	2,838	3,447
Bond	423	1,058
Aviation	59	-
Agric	2,529	6,490
	105,356	173,211

15(a)2 The movement in outstanding claims reserve during the year is as follows:	₦'000	₦'000
Provision for outstanding claims-opening	296,679	337,872
Increase/(Decrease) in the provision for outstanding claims and IBNR	(41,595)	(41,193)
Provision for outstanding claims-closing	255,084	296,679

15(a)3 The movement in the IBNR during the year		
Provision for IBNR-opening	173,211	182,028
Increase/(Decrease) in the provision for IBNR	(67,855)	(8,817)
Provision for IBNR-closing	105,356	173,211

15(a)4. Age Analysis of Outstanding Claims by Reasons of being outstanding as at December 31, 2022

	0-90 Days	91-180 Days	181-270 Days	271-365 Days	Above 365 Days	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Discharged vouchers signed and returned by policyholders	-	-	-	-	-	-
Discharged vouchers not yet signed and returned by policyholders	1,858	2,875	17,718	4,430	4,875	31,756
Awaiting loss adjusters reports	5,017	2,715	4,922	1,230	4,875	18,759
Incomplete documentation	11,706	10,380	75,794	18,948	83,741	200,569
Pending litigations	-	-	-	-	-	-
Others	-	-	-	-	4,000	4,000
TOTAL	**18,581**	**15,970**	**98,434**	**24,608**	**97,491**	**255,084**

	₦'000	₦'000
15b.Provision for unearned premium reserve		
Motor	96,363	64,865
General Accident	46,195	53,315
Fire	51,731	47,183
Engineering	15,028	48,061
Marine	8,436	16,853
Oil & Gas	337,978	403,232
Bond	72,917	30,281
Aviation	207	-
Agric	191	1,956
Gross provision for unearned premium	629,047	665,746

15(b)1 The movement in unearned premium account

during the year was as follows:	₦'000	₦'000
Balance at the beginning of the year	665,746	630,691
Movement during the year	(36,699)	35,055
Balance at the end of the year	**629,047**	**665,746**

No additional provision is required for unexpired risk.

15(b)2 The movement in the AURR during the year	₦'000	₦'000
Balance at the beginning of the year	-	4,354
Movement during the year	**41**	(4,354)
Balance at the end of the year	**41**	**-**

16. Trade Payables	**₦'000**	**₦'000**
Reinsurance Premium Payables	73,810	31,163
Advance payment	24,812	**-**
Reinsurance Premium Payables	**98,622**	**31,163**
Current	98,622	31,163
Non-current	-	-

**Reinsurance premium payables are amounts due but yet to be paid to reinsurance companies. This was as a result of arrangements made with reinsurance companies on certain insurance contracts so as to reduce the eventual liability in case of occurrence.

**Advance payment represents premium deposit by EEPNOEL and Mobil Producing in respect of 2023 Insurance policy

17. Provision and Other Payables	2022 ₦'000	2021 ₦'000
Industrial Tranning Fund	-	7,987
National Insurance Commission Levy	51,516	49,810
National Pension Scheme - NPS-NLPC	12,387	120,972
Staff Salaries Payable	98	2,938
PPP	-	230
National Housing Fund	268	1,320
Provision for actuary fee	6,350	8,737
Tax Consultant - Retainership	10,606	2,678
T.A. Balogun & Co.	4,613	5,000
Other payables	-	1,326
Property valuation fee	250	500
Provision for legal fee	1,000	1,000
Unclaimed dividend payable	1,500	1,500
Staff group life provision	5,355	-
PAYE	6,525	6,685
WHT Federal/States	2,309	49
	102,777	**210,732**
Current	102,777	210,732
Non-current	-	-

18. Retirement Benefit Obligations

This represents the company's liabilities from its defined benefit contribution pension plan which is in compliance with the Pension Reform Act 2014. (As amended) All pension controbutions are remitted to the relevant registered Pension Fund Administrators (PFAs). The amounts recognised in the statements of financial position at the reporting date are as follows:
Present value of the defined benefit obligation

The movement in the defined benefit obligation is as follows:	**₦'000**	**₦'000**
Balance at the beginning of the year	227,048	206,270
Pension expense for the year	63,094	83,438
Actuarial (Gain)/ Loss	12,530	(10,938)
Benefit paid during the year	(75,882)	(51,722)
Balance at the end of the year	**226,790**	**227,048**

19. Taxation	2022 ₦'000	2021 ₦'000
19.1 Current Tax Expense		
Company income tax	80,275	53,711
Education Tax	6,690	13,563
Info. Tech. Dev. Levy	2,676	4,469
	89,640	71,743
Deferred taxation	3,046	(1,571)
Income tax expense recognised in the current year	**92,686**	**70,172**

19.2 Taxation Payable Account

The movement in taxation payable account during the year is as follows:	₦'000	₦'000
Balance brought forward	79,414	30,003
Charged for the year	89,640	71,743
Tax paid during the year	(79,394)	(22,332)
Balance at the end of the year	**89,660**	**79,414**

19.3 Deferred Taxation

The movement in deferred taxation account during the year was as follows:	₦'000	₦'000
Balance at the beginning of the year	86,738	88,309
Charge / (credit) to profit and loss account for the year	3,046	(1,571)
Balance at the end of the year	**89,784**	**86,738**

The Company's Deferred taxation is computed using the liability method.

	₦'000	₦'000
20 Issued and Fully Paid		
8,129,578,755 units ordinary shares of 50kobo each	4,064,351	4,064,351
Previous share issued	438	-
Balance at the end of the year	**4,064,789**	**4,064,351**

N438,000 represents Sterling Trust share that were previously issued and fully paid.

	₦'000	₦'000
20b. Share Premium	**70,393**	**70,393**

Share premium comprises additional paid - in capital in excess of the par value. However, this reserve is not available for distribution.

21. Contigency Reserve

This is maintained in compliance with section 21(1) and (2) and it is credited with the greater of 3% of total premiums, or 20% of profits. This shall accumulate until it reaches the amount of greater of minimum paid-up capital or 50% of net premium.

	₦'000	₦'000
Balance at the beginning of the year	1,450,684	1,310,374
Transfer from retained earnings	147,897	140,310
	1,598,581	**1,450,684**

	2022 ₦'000	2021 ₦'000
22. Retained Earnings/(Accumulated Losses)		
Balance at the beginning of the year	(416,068)	(653,128)
Transfer from profit & loss account	442,479	377,370
Transfer to contingency reserves	(147,897)	(140,310)
Balance at the end of the year	**(121,487)**	**(416,068)**

Retained earnings represents the total amount of money available for dividend distributions to the equity shareholders of the Company.

23.Reserves

23.1. Other Reserves

This represents gain or loss on actuarial valuation relating to retirement benefit obligations.

Movement in other reserves	**₦'000**	**₦'000**
Opening balance	(47,093)	(58,031)
(Decrease)/ Increase during the year	(12,530)	10,938
Closing balance	**(59,623)**	**(47,093)**

23.2. Fair-value Reserve

Fair-value reserve is the net accumulated changes in the fair value of quoted and unquoted investments.

Movement in fair-value reserve	**₦'000**	**₦'000**
Opening balance	25,663	45,491
Appreciation/(Depreciation) during the year	(396)	(19,828)
Closing balance	**25,267**	**25,663**

23.3. Revaluation reserve

This is an increase in the value of property, plant and equipment.	**₦'000**	**₦'000**
Opening balance	257,941	204,419
Appreciation/(Depreciation) during the year	-	53,522
Closing balance	**257,941**	**257,941**

24. Revenue Account

	Marine ₦'000	Motor ₦'000	Fire ₦'000	Bond ₦'000	Oil & gas ₦'000	Gen. acc. ₦'000	Engnr ₦'000	Agric ₦'000	2022 TOTAL ₦'000	2021 TOTAL ₦'000
INCOME:										
Prem. Inc. Direct	254,266	662,438	667,580	350,819	2,043,609	384,575	339,198	54,774	4,757,259	4,481,610
Prem. Inc. Fac.	9,820	24,811	100,074	1,580	5,503	10,002	15,816	5,043	172,648	195,398
Gross Premium Written	**264,085**	**687,248**	**767,655**	**352,399**	**2,049,113**	**394,577**	**355,014**	**59,817**	**4,929,908**	**4,677,008**
Decrease/(Increase) in Unexpired Risk	1,964	5,110	5,708	2,620	15,237	2,934	2,640	445	36,657	(30,701)
Gross Premium Earned	266,049	692,359	773,363	355,019	2,064,349	397,511	357,654	60,262	4,966,565	4,646,307
Less:Reinsurance Premium Expenses	(84,900)	(109,167)	(196,580)	(85,696)	(893,734)	(18,214)	(143,336)	8	(1,531,620)	(1,272,668)
Net Premium Income	**181,149**	**583,191**	**576,782**	**269,322**	**1,170,615**	**379,297**	**214,318**	**60,270**	**3,434,946**	**3,373,639**
Fee Income-Insurance	17,936	13,388	59,561	35,981		4,131	34,357	-	165,354	153,109
Net Underwriting Income	**199,084**	**596,579**	**636,344**	**305,303**	**1,170,615**	**383,428**	**248,675**	**60,270**	**3,600,299**	**3,526,748**
EXPENSES:										
Claims Expenses (Gross)	130,627	245,524	340,051	24,950	45,500	120,342	23,985	94,888	1,025,865	1,313,202
Decrease/(Increase) in Out/s Claims	47,295	(11,798)	(80,571)	(19,334)	(13,940)	(8,139)	(44,492)	21,529	(109,450)	(50,010)
Gross Claims Incurred	177,922	233,726	259,480	5,615	31,559	112,203	(20,506)	116,417	916,415	1,263,192
Claims Expenses Recovered	(134,381)	(1,752)	(172,217)	(17,376)		(66,362)	(11,661)	(11,700)	(415,449)	(338,556)
Claims Expenses (Net)	43,541	231,973	87,263	(11,760)	1,559	45,840	(32,168)	104,717	500,966	924,636
Acquisition Costs	41,754	61,071	128,014	55,617	326,737	59,193	59,564	7,145	739,095	389,304
Maintenance Costs	17,827	26,286	51,123	22,384	140,066	25,349	23,652	3,034	309,721	166,845
Total Underwriting Expenses	**85,295**	**293,044**	**215,277**	**43,857**	**358,297**	**105,033**	**27,396**	**111,862**	**1,549,782**	**1,480,785**
UNDERWRITING RESULTS	**113,790**	**303,535**	**421,066**	**261,447**	**812,318**	**278,395**	**221,279**	**(51,592)**	**2,050,518**	**2,045,963**

25. Net Premium Income	2022 ₦'000	2021 ₦'000
Gross premium written	4,929,908	4,677,009
Decrease/(Increase) in provision for unearned premium	36,699	(35,055)
(Increase)/Decrease in AURR	(41)	4,354
Gross premium earned	**4,966,565**	**4,646,308**
Reinsurance costs	1,479,614	1,402,558
(Increase)/Decrease in prepaid reinsurance	52,014	(132,720)
(Increase)/Decrease in AURR	(8)	2,830
Reinsurance premium expenses	**1,531,620**	**1,272,668**
Net premium income	**3,434,946**	**3,373,639**

26. Fee Income-Insurance

Fee income is the total commission recieved on direct business and transactions ceded to reinsurance in the year under review.	₦'000	₦'000
Motor	13,388	3,004
General accident	4,131	17,036
Fire	59,561	44,322
Engineering	34,357	24,551
Marine	17,936	10,252
Bond	35,981	14,866
Agric	-	39,078
	165,354	**153,109**

Movement in fees and commission income is as follows:	₦'000	₦'000
Balance as at January 1	-	-
Fees and commission received during the year	165,354	153,109
Deferred fees and commission at year end	-	-
Fees and commission earned during the year	**165,354**	**153,109**

27. Claims Expenses	₦'000	₦'000
Claims paid during the year (See Note 27.1)	1,025,865	1,313,202
Movement in Outstanding claims (See Note 27.2)	(109,450)	(50,010)
	916,415	1,263,192
Reinsurance Recoveries (See Note 27.3)	(415,450)	(338,556)
Net Claims expense for the year	**500,966**	**924,636**

27.1 Gross Claims Paid	₦'000	₦'000
Motor	245,524	246,817
General Accident	120,342	446,475
Fire	340,051	254,864
Bond	24,950	-
Engineering	23,985	54,716
Marine	130,627	23,512
Oil & Gas	45,500	273,400
Agric	94,888	13,417
	1,025,865	1,313,201

27.2 Breakdown of movement in outstanding claims	₦'000	₦'000
Motor	(11,798)	2,477
General Accident	(8,139)	(7,622)
Fire	(80,571)	(22,370)
Engineering	(44,492)	(9,149)
Marine	47,295	(7,129)
Oil & Gas	(13,940)	(3,243)
Bond	(19,334)	(2,974)
Agric	21,529	-
	(109,450)	(50,010)

27.3 Breakdown of movement in Reinsurance Recoveries	**2022** **₦'000**	**2021** **₦'000**
Recoveries and recoverable on paid claims	435,550	568,307
Changes in reinsurance share of Outstanding Claims	(36,150)	(30,250)
Changes in Reinsurance share of IBNR	11,765	(26,550)
Changes in reinsurance share of claims paid not yet received	4,285	(172,951)
Reinsurance Recoveries	**415,450**	**338,556**

28. Underwriting Expenses

Underwriting expenses is sub-divided into acquisition and maintenance expenses. Acquisition expenses are those incurred in obtaining and renewing insurance contracts. Examples of these costs include, but are not limited to, commission expense, superintending fees and other technical expenses.

Maintenance expenses are those incurred in servicing existing policies/contracts.These include processing costs and other incidental costs attributable to maintenance.

	2022 **₦'000**	2021 **₦'000**
Acquisition expenses (See Notes 28.1 (i) & Note 28.1(ii)	739,095	389,304
Maintenance expenses (See Note 28.2)	309,721	166,845
Total underwriting expenses	**1,048,816**	556,149

28.1(i)Acquisition expenses	**₦'000**	**₦'000**
Commission (Acquisition) cost paid during the year	981,924	692,534
Changes in Deferred Acquisition Cost during the year	(242,829)	(303,230)
Acquisition Expenses	**739,095**	**389,304**

28.1 (ii) Breakdown of acquisition expenses	**₦'000**	**₦'000**
Marine	41,754	29,046
Motor	61,071	25,754
Fire	128,014	77,095
Bond	55,617	20,949
Oil & Gas	326,737	164,078
General Accident	59,193	37,285
Engineering	59,564	30,172
Agric.	7,145	4,926
	739,095	**389,304**

28.2 Breakdown of maintenance expenses	**₦'000**	**₦'000**
Marine	17,827	12,448
Motor	26,286	11,037
Fire	51,123	33,041
Bond	22,384	8,978
Oil & Gas	140,066	70,319
General Accident	25,349	15,979
Engineering	23,652	12,932
Agric	3,034	2,111
	309,721	**166,845**

29. Investment Income	2022 ₦'000	2021 ₦'000
Dividend Income	23,456	54,197
Interest income on investment securities-Bonds	34,643	-
Interest on cash and cash equivalents	32,420	14,463
Accrued Interest (See Note 7(iv)1	-	21,142
	90,519	**89,802**

30. Net realised gains/(loss)	₦'000	₦'000
Profit on disposal of PPE	-	-
Exchange gain	476,611	71,510
	476,611	**71,510**

Exchange gain/(loss)

The exchange rates used for the conversion of domicilliary accounts part of cash and cash equivalent placement with original maturities of about three months vary and the conversion rate for the year end placement is N448.55/$, N540.09/£ and N478.91/€ as at 31 December 2022 base on CBN publication exchange rate

31. Other operating income	₦'000	₦'000
Sundry income	347	10,353
Provisions no longer required	103,428	-
Interest on statutory deposits	12,587	7,628
	116,363	**17,981**

Sundry income represents income from office sub-let.

32. Employee Benefit Expense	2022 ₦'000	2021 ₦'000
Salaries	694,795	655,808
Staff training and development	30,769	6,910
Staff medical expenses	13,314	12,504
Pension Contribution	63,094	83,438
Other employee benefits	946	23,031
	802,918	**781,691**

Key Management Personnel Compensation

Key management personnel are those persons having authority and resposibility for planning, directing and controlling the activities of the Company, including the Directors and the Financial Controller of the Company.

	₦'000	₦'000
Short term employee benefits	46,233	46,233
Post employment benefits (Pension Contributions)	8,322	8,322

33a.Management Expenses	₦'000	₦'000
Repairs & Maintenance expenses (See 33.1)	179,644	211,448
Operating expenses (33.2)	294,101	298,420
Other costs (See 33.3)	141,062	118,010
General expenses (See 33.4)	330,114	281,108
Depreciation	29,046	57,604
	973,967	**966,590**

33.1 Analysis of Repairs & Maintenance expenses are shown:	₦'000	₦'000
Fuel	23,372	43,197
Repairs & Maintenance -Machine	36,047	39,279
Repairs & Maintenance- Building	2,323	12,422
Repairs & Maintenance-Vehicle	34,670	40,179
Rent, Rate & Service Charge	69,405	53,962
Electricity	13,827	22,409
	179,644	**211,448**

33.2 Analysis of Operating Expenses	₦'000	₦'000
Travelling Expenses	115,721	97,957
Gift and Donations	75,220	72,145
Entertainment	17,521	36,685
Public Relations	85,638	91,633
	294,101	**298,420**

33.3 Analysis of Other Costs	₦'000	₦'000
Directors' fees	43,868	39,880
Directors' expenses	92,693	73,630
Audit fee	4,500	4,500
	141,062	**118,010**

	2022 ₦'000	2021 ₦'000
33.4 General expenses		
Subscriptions-Professional Bodies	14,825	8,969
Other Professional Fees	75,706	95,895
Subscriptions-Clubs & Association	678	467
Advertisement	1,250	928
Newspapers & Periodicals	6,622	7,438
Communication Expenses	35,017	36,382
Printing & Stationeries	42,392	43,767
Filing Fee	500	1,000
NAICOM Levies	52,719	47,000
Stamp Duties	54,131	1,000
ITF Levy	5,054	4,684
Govt. Levies	540	2,768
Office Expenses	40,679	30,810
	330,114	**281,108**

33b. Impairment loss on non-financial assets	**₦'000**	**₦'000**
Impairment on premium debtors	(275,537)	-
Impairment on reinsurance assets	(122,952)	(122,952)
	(398,489)	**(122,952)**

33c. Net fair value gain/(Loss) on investment securities	**-**	**(45,615)**

34. Finance Costs.

Finance costs are interests charged on various transactions with our bankers such as COT and interest cost on benefit obligation

	₦'000	**₦'000**
Finance Costs	**23,472**	**20,866**

35. Directors' Emoluments

(a) The aggregate emoluments of Directors' were:		
Fees	43,868	39,880
Expenses	92,693	73,630
	136,562	**113,510**
(b) The emoluments of the Chairman	**21,934**	**19,940**
	=====	=====
(c) The emoluments of the highest paid Director	**21,934**	**19,940**

The table below shows the number of Directors of the Company (excluding the Chairman) whose remuneration in respect of services to the Company fell within the range shown below:

	2022 Number	**2021** Number
Above ₦5,000,000	3	3

36. Employees

(a). i. Employees, other than the executve directors, received emoluments (excluding pension contributionand other allowances) in the following ranges:

	2022 Number	2021 Number
400,001 - 800,000	2	2
800,001 - 1,200,000	19	24
1,200,001 - 1,600,000	18	16
1,600,001 - 2,000,000	13	15
2,000,001 - 2,400,000	14	15
2,400,001 - 2,800,000	12	12
2,800,001 - 3,200,000	9	10
3,200,001 - 4,000,000	4	4
Above N4,000,000	3	3
	94	101

36a. Staff

ii. The average number of full time person employed by the company during the year was as follows:

	2022 Number	2021 Number
Executive directors	3	3
Management staff	8	8
Non- management staff	83	94
	94	105

(b). Directors' remuneration	₦'000	₦'000
Executive-compensation	46,233	46,233
Directors' fees	43,868	39,880
Other directors' expenses	92,693	73,630
Defined contribution	8,322	8,322

Related parties

Transactions with key management personnel

The Company's key management personnel, and persons connected with them are considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the

37. Events after the reporting period

There are no events after the statement of financial position date that require adjustments in the financial statement. Management has assessed the impact of the COVID 19 on the going concern of the company especially with respect to the aviation insurance products and has concluded that the use of the going concern is appropriate and that the company will be able to recover its assets and discharge its liabilities in the foreseeable future.

38. Comparative Figures

Comparative figures have been adjusted to conform with changes in presentation of the current year in accordance with the International Accounting Standards (IAS1) where necessary.

39. Contravention and Penalty

The Company has no contraventions and penalties as at 31 December, 2022

40. Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board 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 risks 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 the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The primary objective of the Company's risk and financial management framework is to protect the Company's stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failure to exploit opportunities. Management recognizes the importance of having an effective and efficient risk management system in place.

The Company strategy for managing risk exposures is to establish and maintain a robust Enterprise Risk Management (ERM) programme that is embedded in all processes and driven by technology with emphasis on protection from unwanted risk while maintain stakeholders' value.

The ERM programme will assist to structure and coordinate all direct and indirect risk management activities within the company, while eliminating redundancies and ensuring consistency in the risk management process. The risk management strategy also entails constantly monitoring daily risk positions, attracting and retaining qualified personnel, reducing or eliminating employee turnover, reducing volatility in supplies, and managing political risk both internal and external. This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the Board of Directors to Executive Management Committee and Senior Management.

The Company has a policy framework which sets out the risk profiles; a risk management, control and business conduct standard for the Company's operations has been put in place.

41. Insurance Risk

These are fortuitous events that can lead to losses or damage to insured properties. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principle risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities.
This could occur because the frequency or severity of claims and benefits is greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level

established using statistical techniques. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) Premium and Reinsurance Receivables

Reinsurance is used to manage insurance risk. This does not, however, discharge the Company's liabilities as primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the primary insurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder. The credit worthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalization of any contract.

The Credit Control Committee works closely with the Underwriting and Reinsurance Committee to assess the credit worthiness of all reinsurer and intermediaries by setting and reviewing regularly the credit rating of each reinsurer using internal records and other publicly available financial information. Individual operating units maintain records of the payment history for significant contract holders with whom they conduct regular business. The exposure to individual counterparties is also managed by other mechanism, such as the right of offset where counterparties are both debtors and creditors of the Company.

Management information reported to the Company includes details of provisions for impairment on loans and receivables and subsequent write-off.
Internal audit makes regular reviews to assess the degree of compliance with the Company procedures on credit. Exposures to individual policyholders and groups of policyholders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis equivalent to that conducted for reinsurers is carried out by the Company risk department.

42. Property Insurance Contracts

Frequency and Severity of Claims
For property insurance contract, climatic changes give rise to more frequent and severe extreme weather events (for example, flooding) and their consequences (for example, flood claims). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

The Company has the right and duty to impose deductibles and reject fraudulent claims. These contracts are underwritten by reference to the commercial replacement value of the properties and contents insured, and claim payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for contents and time taken to restart operations for business interruption are the key factors that

influence the level of claims under these policies. The greatest likelihood of significant losses on these contracts arises from storm or flood damage.
The Company has reinsurance contracts are subdivided into the following risk groups: fire, business interruption, and theft. The insurance risk arising from these contracts is not concentrated in any of the territories in which the Company operates, and there is a balance between commercial and personal properties in the overall portfolio of insured building. The Company does not underwrite property insurance contracts outside Nigeria.

(a) Sources of Uncertainty in the Estimation of Future Claim Payments

The shorter settlement period for these claims allow the Company to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of a flood claim make the estimation process more uncertain for these claims.

The Company has been monitoring numbers of reported claims on a weekly basis and reflected such information in its assessment of the adequacy of the unearned premium provision held at year end.

The effect of this unexpected weather may affect prior year claims, due to the re-opening of old claims and higher settlement costs for flood claims in the current market. However, more permanent changes in the climate may produce a higher frequency and severity of claims than currently expected.

(b) Process used to decide on Assumption

For non-subsidence-related property risks, the Company uses similar statistical methods used for general accident insurance risks that incorporate the various assumptions made in order to estimate the ultimate cost of claims. Similar to the approach for the assumptions underlying the casualty insurance liabilities, the choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observe historical developments. In certain instance, this has meant that different techniques or combination of techniques has been selected for individual accident years or groups of accident years within the same class of business. The Company has selected an average cost per claim method using actuarial extrapolation techniques applied to the experience observed for such years. The Company has calculated estimates assuming that the settlement period has remained unchanged. Through this analysis, the Company determines the need for an IBNR or an expired risk liability to be held at each reporting date.

(c) Changes in Assumption

The Company did not change its assumptions for the insurance contracts disclosed in this note other than updating the costs of rebuilding properties, replacement or indemnity for contents for time value of money.

43. Non-life Insurance Contracts (which comprise general insurance)

The Company principally issues the following types of general insurance contracts: motor, fire, marine general accident, bonds, engineering 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. For healthcare contracts the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvements. Strict claim review policies to assess all new and ongoing claims, regular detailed review of claim handing procedures 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 pursing 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.

44. Finance risk management

Credit risk

Liquidity risk Market risk

This note presents information about the Company's exposure to each of the above risks from the use of its financial instruments, the Company's objectives, policies and process for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

44.1 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. Key areas where the Company is exposed to credit risk are :

i. Reinsurers' share of insurance liabilities;
ii. Amounts due from reinsurers in respect of claims already paid;
iii. Amounts due from insurance contract holders;
iv. Amounts due from insurance intermediaries;
v. Amounts due from loans and receivables;
vi. Amount due from debts securities; and
vii. Amounts due from money market and cash positions.

The Company is exposed to the following categories of credit risk:

Direct default risk- the risk of non-receipt of the cash flow or assets to which it is entitled because brokers, clients and other debtors' default on their obligations.

Concentration risk- this is the exposure to losses due to excessive concentration of business activities to individual counterparties, groups of individual counterparties or related entities, counterparties in specific geographical locations, industry sectors, specific products,etc.

Counterparty risk-this is the risk that the counterparty is not able or willing to meet its financial obligations as they fall due.
The Company's credit tolerance limit to all categories of brokers is as set by NAICOM in its circular on 'No Premium No Cover'.

44.1.2 Credit risk management

The credit risk management process involves the identification, measurement, mitigation, control, monitoring and reporting credit risk. Risk Management Committee has the primary responsibility of ensuring that an appropriate, adequate and effective system of risk management and internal control which address credit control is established and maintained.

Impairment model

Premium debtors, which technically falls under receivables is recognized at fair value and subsequently 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 favors the use of the incurred loss model in estimating the impairment of its receivable. Following the provisions of IAS 39, the impairment of the premium debtors will be assessed at two different levels, individually or collectively. 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.

Below is the analysis of the Company's maximum exposure to credit risk at the year end.

Maximum Exposure to credit risk	Notes	Carrying Amount 2022	Carrying Amount 2021
Cash and Cash Equivalents		1,109,907	737,626
Available-for-sale (Less Equity security)	7i & 7ii	287,365	332,338
Loans and Receivables	7 iv	578,083	593,082
Trade Receivables	8	223,559	275,537
Reinsurance Assets (Less prepaid reinsurance & IBNR	9	791,249	946,066
Other Receivables and Prepayments	11	50,220	62,939
Statutory Deposit	15	300,150	300,150
		3,340,534	**3,247,738**

The Company's investment portfolio is exposed to credit risk through its fixed income and money market instruments.

Exposure to credit risks is managed through counterparty risks using instituted limits as approved the MUIC. These limits are based on counter party credit ratings amongst other factors.

44.1.3 Credit Quality

Except for staff loans included in loans and receivables, other receivables and trade receivables, all financial assets are neither past due nor impaired. The credit qualities of the assets are as analysed below:

31 Dec 22	Unrated ₦'000	AAA ₦'000	AA ₦'000	B ₦'000	BB ₦'000	BBB ₦'000	TOTAL ₦'000
Cash and Cash Equivalents	-	1,109,907	-	-	-	-	1,109,907
Available-for-sale (Less Equity security)	-	287,365	-	-	-	-	287,365
Loans and Receivables	578,083	-	-	-	-	-	578,083
Trade Receivables	223,559	-	-	-	-	-	223,559
Reinsurance Assets (Less prepaid reinsurance & IBNR	791,249	-	-	-	-	-	791,249
Other Receivables(Less Prepayments)	50,220	-	-	-	-	-	50,220
Statutory Deposit	-	-	-	-	-	300,150	300,150
	1,643,111	1,397,272	-	-	-	300,150	3,340,533

31 Dec 21	Unrated ₦'000	AAA ₦'000	AA ₦'000	B ₦'000	BB ₦'000	BBB ₦'000	TOTAL ₦'000
Cash and Cash Equivalents	-	737,626	-	-	-	-	737,626
Available-for-sale (Less Equity security)	-	332,338	-	-	-	-	332,338
Loans and Receivables	593,082	-	-	-	-	-	593,082
Trade Receivables	275,537	-	-	-	-	-	275,537
Reinsurance Assets (Less prepaid reinsurance & IBNR	946,066	-	-	-	-	-	946,066
Other Receivables(Less Prepayments)	62,939	-	-	-	-	-	62,939
Statutory Deposit	-	-	-	-	-	300,150	300,150
	1,877,624	**1,069,964**	**-**	**-**	**-**	**300,150**	**3,247,738**

AAA	Extremely strong financial security characteristics and is the highest FSR assigned by GCR.
AA	Has very strong financial security characteristics, differing only slightly from those rated higher.
A	Has strong financial security characteristics, but is so mewhat more likely to be affected by adverse business conditions than assurers with higher ratings.
BBB	Has good financial security characteristics, but is much more likely to be affected by adverse business conditions than assurers with higher ratings.
BB	Has vulnerable financial security characteristics, which might outweigh its strengths. The ability of these companies to discharge obligations is not well safeguarded in the future.
B	Possessing substantial risk that obligations will not be paid when due. Judged to be speculative to a high degree.

Trade receivable and reinsurance assets (claims receivable) subject to credit risk are further assessed below:

	2022 ₦'000	2021 ₦'000
Gross premium receivables	223,559	275,537
Co-insurance receivable	-	-
Reinsurers' share of outstanding claims	89,932	126,082
Recoverables from reinsurers on claim paid	701,317	819,984
Total	**1,014,808**	**1,221,603**
Neither due nor impaired	1,014,808	1,221,603
Impaired	-	-
Carrying amount	**1,014,808**	**1,221,603**

Loans & receivables and other receivables subject to credit risk are further assessed below:

Neither due nor impaired	2022 ₦'000	2021 ₦'000
Other Receivables(Less Prepayments)	50,220	62,939
Loans and Receivables	578,083	593,082
Total receivables neither due nor impaired	**628,303**	**656,021**
Impaired	-	-
Carrying amount	**628,303**	**656,021**

Credit quality

Credit Rating

Internally, the Company categorizes brokers and reinsurers into grade A, B, C, D and E on the basis of previous premium contribution, future prospect and recommendation. The rating determines the outstanding credit limit of the broker. The credit limit of brokers is as follows:

Grade A	No credit limit
Grade B	Outstanding credit limit not exceeding N50 million
Grade C	Outstanding credit limit not exceeding N25 million
Grade D	Outstanding credit limit not exceeding N0.5 million
Grade E	Zero Credit

The Company’s categorization of Trade and Reinsurance receivable (less prepaid reinsurance and IBNR) as at 31 December 2022 is as follows:

		2022		2021
		₦’000		₦’000
Trade receivable		223,559		275,537
Reinsurance receivable		791,249		946,066
Total		1,014,808		1,221,603
		2022		2021
Category		**D**		**D**
Insurance brokers		223,559		108,640
Insurance companies		-		149,085
Insurance Agents		-		17,852
Policy holders		-		
		223,559		275,577
Impairment		-		
Net carrying amount		**223,559**		**275,577**

44.1.4 Concentration of credit risk

The Company monitors concentration of credit risk by sector.

31st December 2022 Concentration of credit risk	Financial Services	Government	Public Sector	Other	Total
	₦’000	₦’000	₦’000	₦’000	₦’000
Cash and Cash Equivalents	1,109,907	-	-	-	1,109,907
Available -for-sale	-	287,365		-	287,365
Held -to Maturity	-	-	-	-	-
Loans and Receivables	-	-	578,082	-	578,082
Trade Receivables	-	-	-	223,559	223,559
Reinsurance Assets	791,249	-	-	-	791,249
Other Receivables	-	-	-	50,220	50,220
Statutory Deposit	-	-	300,150	-	300,150
	1,901,156	**287,365**	**878,232**	**273,779**	**3,340,532**

31st December 2021 Concentration of credit risk	Financial Services	Government	Public Sector	Other	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and Cash Equivalents	737,626	-	-	-	737,626
Available-for-sale	-	332,338		-	332,338
Held to Maturity	-	-	-	-	-
Loans and Receivables	-	-	593,082	-	593,082
Trade Receivables	-	-	-	275,537	275,537
Reinsurance Assets	946,066	-	-	-	946,066
Other Receivables	-	-	-	62,939	62,939
Statutory Deposit	-	-	300,150	-	300,150
	1,683,692	**332,338**	**893,232**	**338,476**	**3,247,738**

44.1.5 Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

Similar financial assets and liabilities include trade receivables and payables.

None of these agreements met the criteria for offsetting in the statement of financial position. Reinsurance payable and receivables create for the parties to the agreement a right of set-off of recognised amounts that is enforceable only following predetermined events as stipulated within the treaty agreements. Also, under the 'IFRS 4 - Insurance contract' requirements, reinsurance assets and liabilities are disclosed gross. Receivables and payables from insurance companies and insurance brokers or agents allow for a net settlement by the counterparties when both elect to settle on a net basis. Each party to the agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. An event of default includes a failure by a party to make payment when due. At the point of payment, the offsetting agreement is used to settle on a net basis with the Counterparty.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (not offset in the financial statements)

31 December, 2022	Gross amount of recognised financial assets	Gross amount of financial liab offset in the statement of financial position	Net amount of financial assets presented in the statement of financial position	Related amounts not offset in the statement of financial position		
				Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Trade receivables	223,559	-	223,559	-	-	223,559
Reinsurance assets	791,249	-	791,249	-	-	791,249
Total	**1,014,808**	**-**	**1,014,808**	**-**	**-**	**1,014,808**

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

31 December, 2022	Gross amount of recognised financial liability	Gross amount of financial assets offset in the statement of financial position	Net amount of financial liability presented in the statement of financial position	*Related amounts not offset in the statement of financial position*		
				Financial instruments not offset in the statement of financial position	Cash collateral received	Net amount
Trade payables	98,622	-	98,622	-	-	98,622
Reinsurance and co-insurance	-	-	-	-	-	-
Total	**98,622**	-	**98,622**	**-**	**-**	**98,622**

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (not offset in the financial statements)

31 December, 2021.	**Gross amount of recognised financial assets**	**Gross amount of financial liab. amount offset in the statement of financial position**	**Net amount of financial assets presented in the statement of financial position**	***Related amounts not offset in the statement of financial position*** **Financial instruments not offset in the statement of financial position**	**Cash collateral received**	**Net**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Trade receivables	275,537	-	275,537	-	-	275,537
Reinsurance assets	946,066		946,066	-	-	946,066
Total	**1,221,603**	**-**	**1,221,603**	**-**	**-**	**1,221,603**

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

31 December, 2021	**Gross amount of recognised financial liability**	**Gross amount of financial assets amount offset in the statement of financial position**	**Net amount of financial liab presented in the statement of financial position**	***Related amounts not offset in the statement of financial position*** **Financial instruments not offset in the statement of financial position**	**Cash collateral received**	**Net**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Trade payables	31,163	-	31,163	-	-	31,163
Reinsurance and coinsurance payable	-	-	-	-	-	-
Total	**31,163**	**-**	**31,163**	**-**	**-**	**31,163**

The gross amount of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured in the statement of financial position on the following basis:

Trade receivables and payables	Amortised cost
Reinsurance receivables and payables	Amortised cost

44.2.1 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 always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company does not maintain any lines of credit as it does not envisage any liquidity stress that would stretch its liquidity position.

Liquidity Risk Management

Liquidity risk exposure is strongly related to the credit and investment risk profile. For instance, an increase in our credit risk exposure may increase our liquidity risk profile; poor performance of the investment portfolio may have severe liquidity risk implications for the Company.

Failure of insurance brokers and clients to meet their premium payment obligation as and when due is the primary cause of liquidity to the Company since premium accounts for the largest portion of income. However, the Company's strategy for managing liquidity risks are as follows:

* Maintain a sound and optimum balance between having sufficient stock of liquid assets, profitability and investment needs.
* Ensure unrestricted access to financial markets to raise funds and also put in place measures to check excesses.
* Develop liquidity risk control limits and strictly adhere to it.
* Communicate to all relevant staff the liquidity risk management objectives and control limits, receive and review feedback.

In managing liquidity risk mitigation and control, one way is having access to financial markets. This is by ensuring that the company has sufficient and unhindered access to funding from a range of sources in the financial markets, also assessing periodically the ability to obtain funds in both local and foreign currencies.

The Company's investment policy requires that a minimum of 35% of the Company's life and non-life portfolio be held in liquid money market instruments and highlighting the availability of liquid marketable securities sufficient to meet its liabilities as at when due. The money market instruments include cash, treasury bills and term deposits with an original maturity of less than 90 days.

The limits are monitored and reported on a weekly and monthly basis to ensure that exposure of the Company's investment portfolio to this risk is properly managed.

Below is a summary of undiscounted contractual cashflows of financial assets matched with financial liabilities.

December 31, 2022		Gross total	1-3 months	3-6 months	6-12 months	1-5 years	> 5years
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and Cash Equivalents	1,109,907	1,109,907	1,109,907	-	-	-	-
Available -for- sale (Less Equity security)	287,365	287,365	-	-	-	287,365	-
Loans and Receivables		-	-	-	-	-	-
Trade Receivables	223,559	223,559	223,559	-	-	-	-
Reinsurance Assets							
(Less prepaid reinsurance & IBNR)	791,249	791,249	791,249	-	-	-	-
Other Receivables(Less Prepayments)		50,220	50,220	-	-	-	-
Total Financial Assets	2,462,300	2,462,300	2,174,935	-	-	287,365	-
Trade Payables	98,662	98,662	98,662	-	-	-	-
Provisions and Other Payables	102,737	102,737	102,737	-	-	-	-
Retirement Benefit Obligations	226,790	226,790	226,790	-	-	-	-
Total financial liabilities	428,189	428,189	428,189	-	-	-	-
Net financial assets/ (liabilities)	**2,034,113**	**2,034,113**	**1,746,748**	**-**	**-**	**287,365**	**-**
Insurance contract liabilities	**989,529**	**989,529**	**-**	**-**	**-**	**-**	
Net policyholders' assets/(liabilities)	**1,044,582**	**1,044,582**	**1,746,748**	**-**	**-**	**287,365**	**-**

December 31, 2021	Carrying Amount	Gross total	1-3 months	3-6 months	6-12 months	1-5 years	>5years
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and Cash Equivalents	737,626	737,626	737,626	-	-	-	-
Available -for-sale (Less Equity security)	332,338	332,338	-	-	-	332,338	-
Loans and Receivables	593,082	593,082	-	-	593,082	-	-
Trade Receivables	275,537	275,537	275,537	-	-	-	-
Reinsurance Assets (Less prepaid reinsurance & IBNR)	946,066	946,066	946,066	-	-	-	-
Other Receivables(Less Prepayments)	62,939	62,939	62,939	-	-	-	-
Total Financial Assets	**2,947,588**	**2,947,588**	**2,022,168**	**-**	**593,082**	**332,338**	**-**
Trade Payables	31,163	31,163	31,163				
Provisions and Other Payables	210,732	210,732	210,732	-	-	-	-
Retirement Benefit Obligations	227,048	227,048	227,048	-	-	-	-
Total financial liabilities	**468,943**	**468,943**	**468,943**	**-**	**-**	**-**	**-**
Net financial assets/ (liabilities)	**2,478,645**	**2,478,645**	**1,553,225**	-	**593,082**	**332,338**	-
Insurance contract liabilities	**1,137,994**	**1,137,994**	**1,058,601**	-	**187,772**	**490,984**	-
Net policyholders' assets /(liabilities)	**1,340,651**	**1,340,651**	**494,624**	-	**405,310**	**- 158,646**	-

Expected Credit Loss Impairment Model for Financial Assets

The Company's allowance for credit losses calculations are output of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all shortfalls related to default event either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Company adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.

**Stage 1 - Where there has not been a Significant Increase in Credit Risk (SICR) since initial recognition of financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss computed using a probability of default occurring over the next 12 months. For t hose instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

**Stage 2. When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

**Stage 3. Financial instruments that are considered to be in default are included in this stage. Similar to stage 2, the allowance for credit losses captures the lifetime expected credit losses .

The guiding principle for ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset, unless there has been no significant increase to credit risk since origination. Examples of financial assets with low credit risk (no significant increase in credit risk include Risk-free and gilt edged debt investment securities that are determined to have low risk at the reporting date; and other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

Measurement of Expected Credit Losses

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modeled based on macro-economic variables that are most closely related with credit losses in the relevant portfolio.

The Company employs the usage of international rating agencies PD factors which was modified by factors specific to the Nigerian Economy such as inflation rate, unemployment rate, GDP and so on.

Using the probabilities of default (PD) as provided by Standard & Poor, our model employs Nigeria-centric forward looking macro-economic factors which have been determined to be statistically significant, to adjust the PD Country-specific factors are also applied to the LGD factors which originate from Basel recommendations and at thereby adjusted to our specific circumstances. Base, optimistic and pessimistic scenarios are employed at projected cash flows are discounted to present value at using the effective rates of interest. The resulting EAD computations are therefore appropriately probability -weighted and consider relevant forward -looking information as well as the time value of money.

Details of these statistical parameters/inputs are as follows:

- PD - The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been precious derecognized and is still in the portfolio.
    - 12-months PDs - This is the estimated probability of default occurring with the next 12 months (or over) the remaining life of the financial instruments if that is less than 12 months) This is used to calculate 12 months ECLs
    - Lifetime PDs - This is the estimated probability of default occurring over the remaining life of the financial instruments. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3 exposures/PDs are limited to the maximum period of exposure required by IFRS 9.
- **EAD**- The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued interest from missed payments.
    - **LGD -** The loss given default is an estimate of the loss arising in the case where a default occurs at a given time, basically, it is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD. However, the Company makes use of the combination of the following in establishing its LGD.
- Fixed LGD ratios prescribed by the Bank for international Settlements (BIS) under the foundation approach
- Recovery rates on insolvencies in Nigeria as published by the World Bank

Forward- looking Information

The measurement of expected credit losses for each stage and the assessment of significant increase in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

Macroeconomic factors

The Company relies on a broad range of forward-looking information as economic inputs, such as: GDP growth employment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expect credit judgement.

Multiple forward-looking Scenarios

The Company determines allowance for credit losses using probability-weighted forward-looking scenarios.

The Company considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Company prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI) International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Financial Markets Dealers Quotation (FMDQ) and Trading Economics.

The Company estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD). Normal, Upturn and Downturn, which in turn are used in the estimation of the multiple scenarios ECLs. The normal case represents the most likely outcome and is aligned with information used by the Company for other purposes such as strategy planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcome. The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

Assessment of Significant Increase in Credit Risk (SICR)

At each reporting date, the Company assesses whether there has been a significant increase in credit risk to exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower - specific quantitative and qualitative information about the issuers without consideration of collateral, and the impact of forward -looking macroeconomic factors. The common assessments for SICR on retail and non - retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring forward looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance each specific macroeconomic factor depend on the type of product, characteristics of the financial instrument and the issuer and the geographical region.

The Company adopts a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary and Back stop indicators which are critical in allocating financial assets into stages.

Quantitative Elements

The quantitative element is the primary indicator of significant increases in credit risk, with the qualitative element playing a secondary role. The quantitative element is calculated based on the change in lifetime PDs by comparing:

- The remaining lifetime PD as at the reporting date; with
- The remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

Qualitative Elements

In general, qualitative factors that are indicative of an increase in credit risk are reflected in PD models on timely basis and thus are included in the quantitative assessment and not in a separate qualitative assessment. However, if it is not possible to include all current information about such qualitative factors in the quantitative assessment, they are considered separately in a qualitative assessment as to whether there has been a significant increase in credit risk. If there are qualitative factors that indicate an increase in credit risk that have not been included in the calculation of PDs used in the quantitative assessment, the Company recalibrate the PD or otherwise adjusts its estimate when calculating ECLs.

Backstop Indicators

Instruments which are more than 30 days past due or have been granted forbearance are generally regarded and having significantly increase in credit risk and may be credit -impaired. There is a rebuttable presumption that the credit risk has increased significantly if contractual payments are more than 30 days past due; the presumption is applied uncles the Company has reasonable and supportable information demonstrating that the credit risk has not increased significantly since initial recognition.

Definition of Default and Credit-Impaired Financial Assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cashflows of the financial assets have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data.

(i) Significant financial difficulty of the borrower or issuer;

(ii) A breach of contract such as a default or past due event

(iii) It is becoming probable that the issuer will enter bankrupts or other financial reorganization; or

(iv) The disappearance of an active market for a security because of financial difficulties.

(v) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

An asset that has been renegotiated due to a deterioration in the issuer's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Company considers the following factors:-

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies assessments of creditworthiness.
- The country's ability to access the capital markets for new debts issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as ‘lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent whether there is the capacity to fulfil the required criteria.

Presentation of Allowance for ECL in the Statement of Financial Position

The Company assess the possible default events within 12 months for the calculation of the 12month ECL and lifetime for the calculation of life Time ECL. Given the investment policy, the probability of default for new instrument acquired is generally determined to be minimal and the expected loss given default ratio varies for different instruments. In cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;

- Financial assets measured at FVOCI: loss allowance shall be recognized in the statement of financial position because the carrying amount of these assets shall be their fair value. However, the loss allowance shall be disclosed and recognized in the fair value reserve.

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 using days past due and assessing other information obtained externally. Whether available, the Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up 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 company also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on data that is determined to predictive of the risk of default (including but not limited to the audited financial) statements, management accounts and cash flows projections, available regulatory and press information about the borrowers and apply experienced credit judgments. Credit risk grades are defined by using quantitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's Standard 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 Group 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 Bass 3 or higher based on the Moody rating.

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 borrowers.

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 in credit risk before an exposure is in default;

- The criteria do no align with the point in time when the asset becomes 30days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable
- Exposure are not generally transferred from 12month ECL measurement to credit impaired and

There is no unwarranted volatility in loss allowance from transfers between 12 month ECL and Lifetime ECL measurements.

Modified Financial assets

The contractual terms of a financial asset may be modified for a number of reasons, including changing market conditions and other factors not related to a current or potential credit deterioration of the borrower. An existing financial asset whose terms have been modified may be derecognized and the renegotiated asset recognized as a new financial asset at fair value in accordance with the accounting policies. When the terms of a financial asset are modified and the modification does not result in recognition, the determination of whether the asset's credit risk has increase significantly reflects a comparison of:

- Its risk of default occurring at the reporting date based on the modified term; with
- The risk of default occurring estimated based on Data on initial recognition and the original contractual terms.

Investment portfolio

The Company's investment portfolio comprises of fixed income and money market instruments, Federal Government bonds and quoted and unquoted securities.
The table below shows the investment portfolio structure of the Company.

Investment	Class	2022 ₦'000	% ₦'000
Money market instruments	Cash & cash equivalent	1,109,907	46.72
Federal Government Bond	Available- for- sale	287,365	12.10
Quoted Securities	Available- for- sale	312,265	13.15
Un-quoted Securities	Available- for- sale	665,948	28.03
		2,375,485	**100**

Investment	Class	2021 ₦'000	%
Money market instruments	Cash & cash equivalent	737,626	40.84
Federal Government Bond	Available- for- sale	332,338	18.40
Quoted Securities	Available- for- sale	313,674	17.37
Un-quoted Securities	Available- for- sale	422,531	23.39
		1,806,169	**100**

The Company's exposure to credit risk is cash & cash equivalent accounted for the largest part, 46.72% of the total investments as at December, 2022; 40.84% as at December, 2021.

Fair Value Hierarchy

Level 1: Fair value measurements classified as level 1 include exchange-trade prices of fixed maturities and equity securities unadjusted in active market for identical assets.

Level 2: Input other than quoted prices included within Level 1 that are observable for the asset either directly or indirectly. This category of instruments are valued using quoted market prices in active markets for similar instruments; quoted prices for similar instruments in market that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: This includes financial instruments, the valuation in which incorporate significant inputs in the assets that is not based on observable market date (unobservable input). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the products.

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized.

December 31, 2022

Asset Type	Level 1	Level 2	**Level 3**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Equity securities: Available for sale				
*Federal Government bonds	287,365	-	-	287,365
*Quoted Investments	312,264	-	-	312,264
*Unlisted Investments	-	-	665,948	665,948
Total	**599,629**	**-**	**665,948**	**1,265,577**

December 31, 2021

Asset Type	**Level 1**	**Level 2**	**Level 3**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**
Equity securities: Available for sale				
*Federal Government bonds	332,338	-	-	332,338
*Quoted Investments	313,674	-	-	313,674
*Unlisted Investments	-	-	422,531	422,531
Total	**646,012**	**-**	**422,531**	**1,068,543**

Outstanding premium

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

The collective loss allowance is determined based on historical data of payment statistics for similar on historical data of payment statistics for similar financial assets.

The Company established the following credit risk management strategies as measures to reduce its exposure to credit risks:

* 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 in the Company in order to coordinate and monitor the probability of default that could have an unfortunate impact.

* Continuous reviewing of compliance and processes in order to maintain credit risk exposure within acceptable parameters.

44.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates (currency risks), market interest rates (interest rate risks) and market or equity prices (price risks) 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 optimizing the return.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and those assets are held to deliver income and gains for policyholders which are in accordance with expectations of the policyholders.

The Company invested in money and capital market instruments, and investments in these instruments are basically for liquidity purposes. Therefore, the values of assets in the investment portfolio are at risk due to volatility in security prices, interest rates, and other market and economic variables.

Interest rate risk:

This is the risk of exposures to the volatility of interest rates. It is the risk of the value or future cash flows of financial instruments being affected by changes in interest rates.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The Company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments.

The policy also requires it to manage the maturities of interest bearing financial assets in such a way that interest rate risk is minimal.

The Company has no significant concentration of interest rate risk.

Currency risk

The Company's principal transactions are carried out in Naira and its exposure to foreign exchange risk is minimal. The Company's financial assets are primarily denominated in the same currency as its insurance contract liabilities. This mitigates the foreign currency exchange rate risk.

Thus, the main foreign exchange risk arises from recognized assets (bank placement) denominated in currencies other than those in which insurance contract liabilities are expected to be settled.

The Company has no significant concentration of currency risk.

Price risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's equity price risk exposure relates to financial assets whose values will fluctuate as a result of changes in market prices. The Company has no significant concentration of price risk.

45. Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's process, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards or corporate behavior. Operational risks arise from all the Company's operations. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

i. requirements for appropriate segregation of duties, including the independent authorization of transactions.
ii. requirements for the reconciliation and monitoring of transactions.
iii. compliance with regulatory and other legal requirements.
iv. documentation of controls and procedures.
v. requirements for the periodic assessment of operational risk faced, and the adequacy of controls and procedures to address the risks identified.
vi. requirements for the reporting of operational losses and proposed remedial actions.
vii. development of contingency plans.
viii. training and professional development.
ix. ethical and business standards.
x. risk mitigation, including insurance when this is effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the executive management of the Company.

46. Capital Management

The National Insurance Commission (NAICOM), sets and monitors capital requirements for Insurance Companies. The Company's policy is to maintain a strong capital base to foster investor, creditor and market confidence and to sustain the future development of the business. The impact of the level of capital on shareholders' return is also recognised and afforded by a sound capital position.

46.1 Capital Management Objectives

The Company has established the following capital management objectives that affect its capital structure to ensure that the Minimum Capital Requirement ratio as required by the Insurance Act 2003 be maintained at all times. This is a risk -based capital method of measuring the minimum amount appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile.

- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders.
- To provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.
- To maintain, at all times, the required level of stability of the Company thereby providing a degree of confidence to policy holders.
- To maintain financial strength to support new business growth and satisfy the requirements of the policy holders, regulators and other stakeholders.
- To ensure that capital is efficiently allocated and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To maintain adequate financial asset portfolio in order to maximize the use of fund and high solvency margin. The insurance Act, 2003 specifies the amount of capital that must be held in proportion to the Company's liabilities, i.e. in respect of outstanding claim liability risk, unearned premium liability risk, investment risk, catastrophe risk and reinsurance ceded.

The Company is also subject to a solvency requirement under the Insurance Act 2003 and is required to maintain its solvency at the minimum capital required at all times.

The Company's operations are also subject to regulatory requirements of the National Insurance Commission (NAICOM). Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimize the risk of default and insolvency on the part of the insurance company and enhance its ability to meet unforeseen liabilities as they arise.

46.2 Capital Management Approach

The primary source of capital used by the Company is equity shareholders' funds. The Company's capital management strategy focuses on the creation of shareholders' value while meeting the crucial and equally important objective of providing an appropriate level of capital to protect stakeholders' interests and satisfy regulators.

The adequacy level of capital determines the degree of confidence that stakeholders (suppliers, clients, investors, depositors and counter parties) would have in a business. Hence, the company ensures that adequate capital exists to buffer the following:

* Absorb large unexpected losses.
* Provide confidence to external investors and rating agencies.
* Run operations of the Company efficient and generate commensurate returns.
* Protect clients and other creditors.
* Support a good credit rating.
* Maintain adequate solvency margin.

46.3 Capital Management Process

The capital management process is governed by the Board of Directors who has the ultimate responsibility for it.

The Board of Directors is supported by the ERM committee drawn from various departments and Financial Control Department who all have various inputs into the capital management process.

The capital management process involved establishing the methodology for determining and maintaining an appropriate quantity of capital and solvency. The capital adequacy and solvency margin comprises the:

* Valuation of liabilities (including liability adequacy test);
* Requirements on assets, including requirements for valuation of assets;
* Definition of appropriate forms of capital; and
* Required solvency margin

The Company maintains economic capital levels sufficient to meet internal capital needs. The capital plan reflects the Company's current capital needs, planned capital consumption, targeted future capital level given the risk appetite/tolerance, and the plans for external and internal sources of capital. To withstand adverse economic conditions, the capital plan incorporates various potential scenarios and is responsive to changes in the economy, market, competitive/political and other external factors. The Company plans its capital needs throughout the product and business life cycle, and also ensures that capital management is integrated with the business plan and risk management systems.

Capital is carefully allocated to activities that provide considerable returns. The process clearly specifies the basis for the calculation of capital to be allocated to risk types (known as the 'risk capital”) and the limits on capital to be allocated to each of the risk categories, business activities and units. The allocation of capital is based on the risk profiles of the business activities and business units (i.e. based on the “contribution” of each business unit to the overall volatility of cash flows).

46.4 Regulatory Capital

Management uses regulatory capital to monitor its capital base. The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The amount of capital allocated to each operation or activity is based primarily on the regulatory capital, but in some cases the regulatory requirements do not fully reflect the varying degree of risk associated with different activities. In such cases, the capital requirements may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independently of those responsible for the operation by Management, and is subject to review by the Board of Directors as appropriate. The Company ensures it maintains the minimum required capital at all times throughout the year.

	2022	2021
	₦'000	₦'000
Paid-up Share Capital	4,064,789	4,064,351
Share Premium	70,393	70,393
Retained Earnings	(121,487)	(416,068)
Statutory Contigency Reserve	1,598,581	1,450,684
Excess of admissible assets over liabilities	5,612,276	5,169,360
Less treasury shares	-	-
	5,612,276	5,169,360
Subordinated liabilities approved by NAICOM	-	-
Other instruments approved by NAICOM	-	-
Capital requirements	**5,612,276**	**5,169,360**

During the year under review, the Company complied with externally imposed capital requirements to which they are subject by NAICOM.

46.5 Solvency Margin

During the year under review the Company attains the minimum solvency margin requirement of N3b stipulated by NAICOM. The solvency margin achieved by the company was N4.651b compared to the minimum requirement of N3b giving a surplus of 1.651b.

Consequences of non - compliance

The consequences of non -compliance with the minimum regulatory capital as stated in Section 24 (5)-(8) of the Insurance Act, 2003 are:

(i) The Company to make good the deficiency by way of cash payment into its account and satisfactory evidence of such payment shall be produced to the Commission within 60 days of the receipt of the directive;

(ii) If satisfactory evidence of payment is not produced within the time stipulated, the Company shall not undertake a new insurance business until it produces satisfactory evidence of payment to the Commission;

Failure to comply with (i & ii) above, shall constitute a ground for the cancellation of the registration of the Company under section 8 of the Insurance Act, 2003.

SOLVENCY MARGIN COMPUTATION FOR THE COMPANY AS AT 31 DECEMBER, 2022

	TOTAL 2022	INADMISSIBLE	ADMISSIBLE 2022	TOTAL 2021
ASSETS	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash and Cash Equivalents	1,109,907	-	1,109,907	737,626
Financial Assets	1,843,660	-	1,843,660	1,661,626
Trade Receivables	223,559	-	223,559	275,537
Reinsurance Assets	1,173,088	-	1,173,088	1,368,146
Deferred Acquisition Cost	200,540	-	200,540	443,369
Other Receivables and Prepayments	271,590	269,963	1,627	62,939
Investment Properties	1,430,000	430,000	1,000,000	1,000,000
Property, Plant and Equipment	880,529	575,071	300,529	144,595
Statutory Deposits	300,150	-	300,150	300,150
TOTAL ASSETS (A)	**7,433,024**	**1,275,034**	**6,157,990**	**5,993,988**
LIABILITIES				
Insurance Contract Liabilities	989,529		989,529	1,135,636
Trade Payables	98,622		98,622	31,163
Provision and Other Payables	102,777		102,777	210,732
Retirement Benefit Obligation	226,790		226,790	227,048
Current Income Tax Liabilities	89,660		89,660	79,414
Deferred Tax Liabilities	89,784	89,784	-	
TOTAL LIABILITIES (B)	**1,597,162**	**89,784**	**1,507,378**	**1,683,993**
SOLVENCY MARGIN (A-B)			**4,650,611**	**4,309,995**
(Admissible Assets Minus Admissible Liabilities)				
Subject to higher of:			**₦'000**	
Gross premium written			4,966,565	
Less: Reinsurance expense			(1,531,620)	
Net premium			**3,434,946**	
15% of Net Premium Premium			515,242	
OR				
Minimum capital base: Non-life business			3,000,000	
The higher thereof:			3,000,000	3,000,000
Solvency margin surplus			1,650,611	1,309,995
Solvency Ratio			55.02%	43.67%

The Company's capital requirement ratio and solvency margin above is the requirements of the Insurance Act Cap 117, LFN 2003.

Assets and Liabilities Management (ALM)

The Company is exposed to a range of financial risks through its financial assets, reinsurance assets and insurance liabilities. In particular, the key financial risk is that in the long-term its investment proceeds are not sufficient to fund the obligations arising from its insurance. The most important components of this financial risk are interest rate risk, equity price risk, foreign currency risk and credit risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Company primarily faces due to the nature of its investments and liabilities are interest rate risk and equity price risk.

The Company manages these positions within an ALM framework that has been developed to achieve long-term investment returns in excess of its obligations under insurance contracts. Within the ALM framework, the Company periodically produces reports at portfolio, legal entity and asset and liability class level that are circulated to the Company's key management personnel. The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. For each distinct class of liabilities, a separate portfolio of assets is maintained. The Company has not changed the processes used to manage its risks from previous periods.

The Company's ALM is integrated with the management of the financial risks associated with the Company's other classes of financial assets and liabilities not directly associated with insurance and investment liabilities (in particular, borrowings and investments in foreign operations). The notes below explain how financial risks are managed using the categories utilized in the Company's ALM framework. In particular, the ALM Framework requires the management of interest rate risk, equity price risk and liquidity risk at the portfolio level. The notes below show how the Company has managed its financial risks.

	Policyholders' Fund 2022 ₦'000	Shareholders' & Other Fund 2022 ₦'000	Total 2022 ₦'000
ASSETS			
Cash and Cash Equivalents	818,320	291,587	1,109,907
Financial Assets:			-
**Available for Sale (Fed. Govt. Bond)	287,365	-	287,365
**Available for Sale (Quoted Equities)	-	312,264	312,264
**Available for Sale (Unquoted Equities)	-	665,948	665,948
**Loans and Receivables	-	578,083	578,083
Trade Receivables	-	223,559	223,559
Reinsurance Assets	-	1,173,088	1,173,088
Deferred Acquisition Cost	-	200,540	200,540
Other Receivables and Prepayments	-	271,590	271,590
Investment Properties	-	1,430,000	1,430,000
Property, Plant and Equipment	-	880,529	880,529
Statutory Deposits	-	300,150	300,150
Total Assets	**1,105,685**	**6,327,339**	**7,433,024**
Insurance Contract Liabilities	989,529	-	989,529
Trade payables	-	98,622	98,622
Accruals and other payables	-	102,777	102,777
Retirement Benefit Obligations		226,790	226,790
Current income tax liabilities		89,660	89,660
Deferred Tax Liabilities	-	89,784	89,784
Shareholders fund	-	5,835,862	5,835,862
Total Liabilities	**989,529**	**6,443,495**	**7,433,024**
Surplus Asset Cover	**116,156**	**(116,156)**	**0**

	Policyholders' Fund 2021	Shareholders' & Other Fund 2021	Total 2021
ASSETS	**₦'000**	**₦'000**	**₦'000**
Cash and Cash Equivalents		737,626	737,626
Financial Assets:			
Available for Sale (Fed. Govt. Bond)	332,338		332,338
Available for Sale (Quoted Equities)	-	313,674	313,674
Available for Sale (Unquoted Equities)	-	422,531	422,531
Held -to-Maturity	-	-	-
Loans and Receivables	-	593,083	593,083
Trade Receivables	-	275,537	275,537
Reinsurance Assets	1,368,146	-	1,368,146
Deferred Acquisition Cost	-	443,369	443,369
Other Receivables and Prepayments	-	235,553	235,553
Investment Properties	-	1,430,000	1,430,000
Property, Plant and Equipment		724,595	724,595
Statutory Deposits	-	300,150	300,150
Total Assets	**1,700,484**	**5,476,118**	**7,176,602**
Insurance Contract Liabilities	1,135,636		1,135,636
Trade payables	-	31,163	31,163
Provisions and other payables	-	210,732	210,732
Retirement benefit obligations	-	227,048	227,048
Current income tax liabilities		79,414	79,414
Deferred tax liabilities	-	86,738	86,738
Shareholders' Funds		5,405,871	5,405,871
Total Funds	**1,135,636**	**6,040,966**	**7,176,602**
Surplus/(Shorfall) Asset Cover	564,848	(564,848)	-

47. Reconciliation of Statement of Cash flow	Notes	2022	2021
(a) Premium received		**₦'000**	**₦'000**
Gross written premium per income statement	25	4,929,908	4,677,009
Add: Opening receivables	8	275,537	295,834
Less: Closing receivables	8	(223,559)	(275,537
		4,981,886	**4,697,30**
(b) Reinsurance premium paid			
Reinsurance premium per income instatement	25	(1,479,614)	(1,402,558)
Add: Closing reinsurance payable	16	98,622	31,163
Less: Opening reinsurance payable	16	(31,163)	(56,615)
		(1,436,967)	**(1,428,010)**
c) Commission received			
Change in deferred commission income	10		
Fees and commission income per income statement	26	165,354	153,109
		165,354	**153,109**
(d) Gross claims paid net of recoveries			
Claims recovered	27.3	435,550	568,307
Gross claims paid per income statement	27	(1,025,865)	(1,313,202)
		(590,315)	**(744,895)**
(e) Payments to employees			
Employee benefits expenses		802,918	781,691
Pension Contribution		(63,094)	(83,438)
Benefit paid during the year		75,882	51,722
Decrease/ (Increase) in salaries payable		2,840	772
Decrease/ (Increase) in employee benefit obligations		-	-
		818,546	**750,747**
(f) Investment income received			
Dividend income on AFS equity		23,456	54,197
Interest income on statutory deposit with CBN		12,587	7,628
Interest income on fixed placement		32,420	14,463
Interest income on treasury bills		34,643	45,615
		103,105	**121,903**
(g) Other income received			
Recoveries from other receivables		-	-
Sundry Income		347	10,353
		347	**10,353**
Proceeds from sale of property and equipment			
Cost of property and equipment disposed		-	158
Accumulated depreciation of property and equipment disposed		-	-
Gain on disposal of property and equipment		347	(158)
Proceeds on disposal		**347**	-

STATEMENT OF VALUE ADDED

	2022 ₦'000		2021 ₦'000	%
Gross premium earned	4,966,565		4,646,308	
Reinsurance, claims and commission and others	(3,805,970)		(3,467,253)	
Investment and other income	206,881		107,783	
VALUE ADDED	**1,367,129**		**1,286,837**	
Applied as follows:				
1 Staff costs	802,918	58.73	781,691	60.75
2 Government tax	92,686	6.78	70,172	5.45
3 Depreciation	29,046	2.12	57,604	4.48
4 Retained for Company's growth	442,479	32.37	377,370	29.33
VALUE ADDED	**1,367,129**	**100.00**	**1,286,837**	**100.00**

Value- Added represents the additional wealth the Company has been able to create on its own and its employees' efforts. The statement shows the allocation of the wealth among employees, shareholders, government and that retained for future creation of more wealth.

	2022	2021	2020	2019	2018
	₦'000	₦'000	₦'000	₦'000	₦'000
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Cash and Cash Equivalent	1,109,907	737,626	378,939	655,816	811,154
Trade and Other Receivables	495,149	511,090	632,529	412,284	235,023
Deferred Acquisition Cost	200,540	443,369	140,139	134,890	161,416
Reinsurance Assets	1,173,088	1,368,146	1,468,007	1,500,954	1,852,071
Financial Assets	1,843,660	1,661,626	1,746,776	1,697,829	1,589,321
Investment Properties	1,430,000	1,430,000	1,270,000	1,270,000	1,060,000
Statutory Deposits	300,150	300,150	300,150	300,150	300,150
Property , Plant and Equipment	880,529	724,595	717,350	719,981	439,987
TOTAL ASSETS	**7,433,024**	**7,176,602**	**6,653,890**	**6,691,904**	**6,449,122**
LIABILITIES					
Trade and Other Payables	(291,060)	(321,309)	(220,497)	(242,584)	(130,291)
Deferred Taxation	(89,784)	(86,738)	(88,309	(92,031)	(86,305)
Retirement Benefit Obligation	(226,790)	(227,048)	(206,270)	(141,800)	(94,565)
Insurance Contract Liabilities	(989,529)	(1,135,636)	(1,154,945)	(1,365,598)	(1,907,786)
TOTAL LIABILITIES	**(1,597,163)**	**(1,770,731)**	**(1,670,021)**	**(1,842,013)**	**(2,218,947)**
NET ASSETS	**5,835,862**	**5,405,871**	**4,983,869**	**4,849,891**	**4,230,175**
EQUITY					
Share Capital	4,064,789	4,064,351	4,064,351	4,064,351	4,064,351
Share Premium	70,393	70,393	70,393	70,393	70,393
Contigency Reserves	1,598,581	1,450,684	1,310,374	1,191,902	1,075,338
Other Reserves	223,585	236,511	191,879	255,391	140,856
Retained Earnings	(121,487)	(416,068)	(653,128)	(732,145)	(1,120,763)
SHAREHOLDERS FUND	**5,835,862**	**5,405,871**	**4,983,869**	**4,849,892**	**4,230,175**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Gross Premium Written	4,929,908	4,677,009	3,949,079	3,885,447	3,768,341
Net Premium Earned	3,434,946	3,373,639	3,228,230	3,213,718	2,757,156
Profit Before Tax	535,165	447,542	214,476	550,230	349,808
Profit for the year	442,479	377,370	197,489	505,181	301,534
Other comprehensive income for the year net of tax	429,553	422,002	133,977	619,716	225,687
Basic Earnings Per Share (k)	5.44	4.64	2.43	6.21	3.71

I/We..
(In Block)....................................
....
....

FOR OFFICE USE
HOLDING

A member/members of the above named Company, appoint.. failing him, the duly appointed Chairman of the meeting to be my/our proxy to vote on my/our behalf at the **Annual General Meeting** of the company to be held on **Wednesday, 20th September, 2023 at 3:00pm** and any adjournment thereof.

Date:.............................. Signature(s)................................
....

Please indicate below with a cross how you wish your votes to be cast.

ORDINARY BUSINESS

	FOR	AGAINST
1. Lay before the meeting the audited Financial Statements for the Year ended 31st December 2022.		
2. Authorise the Directors to fix the remuneration of the Auditors.		
AGAINST		
3. Disclose the remuneration of managers of the Company		

SPECIAL BUSINESS

4. Approve the Directors' Emoluments

NOTES:

If this **Proxy Form** is to be valid, it must be **duly stamped** by the member concerned, and be lodged with the Secretaries, Nigerian Nominees Limited, New Africa House (12th Floor), 31 Marina, Lagos not less than forty-eight (48) hours before the time fixed for holding the meeting or any adjournment thereof.

The signature of any one of joint holders will be accepted but the names of all joint holders must be stated.

In the event of this form not indicating as to how the proxy shall vote on any resolution, the proxy may exercise his discretion as to how he votes or he may abstain from voting.

If the appointor is a corporation this form must be under the Common Seal or signed by an officer or attorney duly authorised to do so.

Sterling Assurance
Nigeria Limited
RC 155682