Old Mutual Nigeria Life Assurance Company Limited

Annual Report and Financial Statements

31 December 2020

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Corporate information

Registered Office	21, Ahmadu Bello Way, Victoria Island Lagos
Directors	
Folashade Laoye	Chairperson
Pieter Strydom	Independent Non Executive Director
Kenneth Igbokwe	Independent Non Executive Director
Luke Ngwerume	Independent Non Executive Director
Johannes !Gawaxab*	Non Executive Director
Offong Ambah	Non Executive Director
Gary Voss	Non Executive Director
Clarence Nethengwe**	Non Executive Director
Olusegun Omosehin	Managing Director/CEO
Wasiu Amao***	Executive Director (Technical)
**resigned on 18 May 2020* ***appointed on 3 November 2020* ****resigned on 23 July 2020*	
Company Secretary	Aderinola Adefulu FRC/2018/NBA/00000017907
Company registration number	RC507968
Re-insurers	African Reinsurance Corporation Continental Reinsurance
Bankers	Ecobank Nigeria Limited Access Bank Plc Guaranty Trust Bank Plc Fidelity Bank Plc First City Monument Bank Plc Providus Bank Rand Merchant Bank Limited Sterling Bank Plc Stanbic IBTC Bank Plc Standard Chartered Bank Limited Union Bank Plc United Bank for Africa Plc Zenith Bank Plc
Actuary	Ernst & Young FRC/NAS/00000000738
Auditor	Deloitte & Touche Civic Towers Plot GA 1, Ozumba Mbadiwe Avenue Victoria Island Lagos

Directors' Report
The Directors present their report on the affairs of Old Mutual Nigeria Life Assurance Company Limited, together with the financial statements and independent auditor's report for the year ended 31 December 2020.

Legal form and principal activity
Old Mutual Nigeria Life Assurance Company Limited is a private limited liability Company incorporated in Nigeria under the Companies and Allied Matters Act. The Company was formerly trading as Oceanic Life Assurance Limited, a Company incorporated in Nigeria on 30 March 2004 under the Companies and Allied Matters Act as a private limited liability Company domiciled in Nigeria. Old Mutual Nigeria Services Company Limited (now Old Mutual West Africa Company Limited) acquired 70% holding in Oceanic Life Assurance Limited from Cressida Nigeria Limited. After obtaining necessary Board and regulatory approvals, the Company changed its name to Old Mutual Nigeria Life Assurance Company Limited on 05 March 2013.

The Company's principal activities are the provision of risk underwriting, claims settlement and related life assurance services to its corporate and individual clients.

Operating results
The following is a summary of the Company's operating results:

	2020	2019
	₦'000	
Loss before tax	(731,868)	(1,385,867)
Taxation charge	(1,583)	(18,894)
Loss for the year	(733,451)	(1,404,761)
Transfer to contingency reserve	(43,754)	(28,829)
Transfer to retained loss for the year	(777,205)	(1,433,590)
Loss per share - Basic (Kobo)	(10)	(42)

Directors and their interests
The Directors of the Company who held office during the year were as follows:

Name	Status	Nationality
Folashade Laoye	Chairperson	Nigerian
Pieter Strydom	Independent Non Executive Director	South African
Kenneth Igbokwe	Independent Non Executive Director	Nigerian
Luke Ngwerume	Independent Non Executive Director	Zimbabwean
Johannes !Gawaxab*	Non Executive Director	Namibian
Offong Ambah	Non Executive Director	Nigerian
Ayodele Adepoju	Non Executive Director	Nigerian
Gary Voss	Non Executive Director	South African
Clarence Nethengwe**	Non Executive Director	South African
Olusegun Omosehin	Managing Director/CEO	Nigerian
Wasiu Amao***	Executive Director (Technical)	Nigerian

**resigned on 18 May 2020*
***appointed on 3 November 2020*
****resigned on 23 July 2020*

Directors' interest in contracts
For the purpose of section 277 of the Companies and Allied Matters Act, none of the Directors have notified the Company of any declarable interests in contracts or proposed contracts with the Company.

Shareholding analysis
According to the register of members as at 31 December 2020, the spread of shareholding of the Company was as follows:

(a) Ordinary share capital

	31 December 2020		31 December 2019	
	No. of shares	% Holding	No. of shares	% Holding
Old Mutual West Africa Company Limited	6,397,458,000	91.4255%	5,186,490,000	85.32%
Cressida Nigeria Limited	579,999,998	8.2887%	579,999,998	14.19%
Olorogun Michael Ibru	20,000,000	0.2858%	20,000,000	0.49%
Ecobank Development Corporation	1	0.0000%	1	0%
Cecilia Ibru	1	0.0000%	1	0%
	6,997,458,000	100%	5,786,490,000	100%

(b) Convertible preference share

	31 December 2020		31 December 2019	
	No. of shares	% Holding	No. of shares	% Holding
Old Mutual West Africa Company Limited	14,032,366	100%	6,834,126	100%

Directors' shareholding
The directors do not have any interest required to be disclosed under Section 301 of the Companies and Allied Matters Act, (2019: Nil). In accordance with Section 303 of the Companies and Allied Matters Act, none of the directors have notified the Company of any declarable interests in contracts with the Company. Information relating to share based transactions are contained in Note 19 (c) (i) to the financial statements.

Property and equipment
Information relating to changes in property and equipment is given in Note 13 to the financial statements.

Donations and charitable gifts
The Company donated a total of N15.9 million (2019: N24.4 million) to various organizations during the period.

Employment of physically challenged persons
The Company operates a non-discriminatory policy on recruitment. Applications by physically challenged persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of physically challenged persons should, as far as possible, be identical with those of other employees. During the year under review, there was no physically challenged person in the employment of the Company.

Health, safety and welfare of employees
The Company's employees are adequately insured against occupational hazards. In addition, members of staff and their immediate families are provided with free comprehensive medical services in line with the Company's medical aid scheme.

Employee involvement and training
The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and the various factors affecting the performance of the Company. This is achieved through regular meetings between management and staff of the Company.

Acquisition of own shares
The Company did not purchase any of its own shares during the year (2019:Nil).

COVID-19 impact assessment
As explained in note 1: Going concern in the financial statements, the COVID-19 outbreak and resulting measures taken by government to contain the virus have already negatively affected economic activities. In addition to the already known effects, the macroeconomic uncertainty causes disruption to economic activity and it is unknown what the longer term impact on our business may be. The scale and duration of this pandemic remain uncertain but are expected to further impact our business. The main risks that result from the current uncertain situation regarding COVID-19 are:

Revenues and profitability : the lockdown imposed by the government negatively impacted economic activities and the company's ability to effectively generate revenue to meet both its fixed and variable costs in order to remain viable.
Government assistance : The government through its emergency stimulus bill proposed a tax rebate of 50% for actual amount due or paid as PAYE taxes to companies that do not lay off employees till December 31, 2020. The ability of the company to continue to benefit from such arrangement is dependent on its ability to generate adequate revenue to settle obligations to its employees.
Internal control : Working from home puts into question the effectiveness of traditional organizational control mechanisms based on direct supervision. It constitutes a disruptive event that triggers a dynamics of change in existing control structures. Additional measures have been put in place to mitigate the new risks (especially security and infrastructure risk) and the possibility of higher incidents of errors in output.
Going concern : As explained in note 1: Going Concern, whilst uncertain, management does not believe, however, that the impact of the COVID-19 virus would have a material adverse effect on our financial condition or liquidity.

We have put the following measures in place to ensure that our business is not severely impacted:
Sales : Bancassurance Advisors will exit the Ecobank branches and work from home. All sales advisors have access to digital forms to aid new sales. Proposal forms and other client documentation are sent as a scanned copy via email. We have also focused our sales activities on aspects that do not require physical contacts like activating policies in Not-Taken-Up (NTU) statuses, etc.
Sales support/customer service: To ensure we maintain excellent customer experience we have initiated several customer contact and engagement platforms. These include email, WhatsApp, Calls, Social Media chat function. We have also instituted consistent communication to our customers on 'ways to reach us'. Further enhancements have been made to our online sales process through digital forms and placement of products on our website. An online claims initiation process has also been introduced through the website.
Meetings : We have implemented measures to maintain strict social distancing and avoid gatherings in large numbers, duly guided by the directives of the State and Federal Government. We have deployed the use of Microsoft Teams to coordinate all required meetings.

Auditors
The firm of Messrs. Deloitte & Touche, having satisfied the relevant governance requirements, was appointed and this appointment was duly ratified by the shareholders at the Annual General Meeting held on 13 August, 2020. In accordance with Section 401 (2) of the Companies and Allied Matters Act of Nigeria therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

Compliance with the code of best practices on corporate governance
The Directors confirm that they have reviewed the structure and activities of the Company in view of the Code of Best Practices on Corporate Governance for the Insurance Industry in Nigeria published in February 2009. The Directors confirm that the Company has substantially complied with the provisions of the Code of Best Practices on Corporate Governance with regards to matters stated therein concerning the Board of Directors, the Shareholders and the Audit Committee.

BY ORDER OF THE BOARD

D. Adefulu

Aderinola Adefulu
Company Secretary
FRC/2018/NBA/00000017907
28 April 2021

Statement of Directors' responsibilities in relation to the financial statements for the year ended 31 December 2020

The Directors of Old Mutual Nigeria Life Assurance Company Limited accept responsibility for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2020, and the results of its operations, cash flows and changes in equity for the year then ended in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Insurance Act 2003 and relevant National Insurance Commission of Nigeria ("NAICOM") circulars.

In preparing the financial statements, the Directors are responsible for:
• properly selecting and applying accounting policies;
• presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
• providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

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

Certification of financial statements

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

(i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
(ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;

We state that management and directors:
(i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the company , particularly during the period in which the audited financial statement report is being prepared,
(ii) has evaluated the effectiveness of the company's internal controls within 90 days prior to the date of its audited financial statements, and
(iii) certifies that company's internal controls are effective as of that date;

We have disclosed:
(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the company's auditors any material weaknesses in internal controls, and
(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the company's internal control; and

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS:

Olusegun Omosehin	Folashade Laoye
Chief Executive Officer	Independent Non Executive Director
FRC/2013/CIIN/00000003103	FRC/2014/ICAN/00000006163
28 April 2021	28 April 2021

Corporate Governance Report

a. Introduction

Old Mutual Nigeria Life Assurance Company Limited (OMNILAC) is a Life Assurance Company in the Nigerian Insurance industry and is committed to upholding high standards of good corporate governance within the industry. The Company has in place an effective corporate governance mechanism that ensures proper over-sight of its business by the Directors and other principal organs of the Company, and carries on its business in a manner that meets the expectations of all stakeholders.

b. Shareholding

A breakdown of the Company's shareholding is as follows:

Shareholder	2020 % Preference Shareholding	2019 % Preference Shareholding	2020 % Ordinary Shareholding	2019 % Ordinary Shareholding
Old Mutual West Africa Company Limited	100	100	91.40	89.63
Cressida Nigeria Limited	-	-	8.30	10.02
Olorogun Michael Ibru	-	-	0.35	0.35
Ecobank Development Corporation	-		0.00	0.00
Cecilia Ibru	-	-	0.00	0.00
Total	**100**	**100**	**100**	**100**

c. Board of Directors

The tone for proper corporate governance by the Company is set by the Board. As at 31 December 2020, there were 9 Directors which include the Chairperson (Independent Non-Executive Director), 4 Non-Executive Directors and 3 Independent Non-Executive Directors. The Directors are knowledgeable, skilled, experienced, competent and experts in their various fields including actuarial, insurance, accounting, marketing/sales and finance.

The Board is primarily responsible for the overall success of OMNILAC and its role is to provide entrepreneurial leadership and direction to the Company within a framework of prudent and effective controls which enables risk to be properly assessed and managed. The Directors also ensure the strategic guidance and effective management of the Company as well as safeguarding the shareholders’ interests. There are at least 4 meetings held in a year. The Chairperson (Independent Non-Executive Director) and the Managing Director of the Company are separate individuals with different and distinct responsibilities. The Chairperson is responsible for ensuring that the Board directs the Company effectively and retains the confidence of the shareholders and management whilst the Managing Director maintains oversight of the Business Units and is responsible for the day to day running of the business.

d. Responsibilities of the Board

The Board is responsible for:

- Ensuring that the necessary financial and capital resources are in place for the Company in Nigeria so that it is able to meet its strategic objectives
- Reviewing the performance of Senior Management and ensuring that the necessary human resources are in place;
- Providing input into the appointment, succession planning and, where necessary, the removal of Directors.
- Approving Schemes of Delegated Authority for the company's operations in Nigeria; and
- Ensuring accountability to its shareholders, in practice this means Old Mutual West Africa Company Limited and Cressida Nigeria Limited.

The Board members who served on the Board during the financial year are as follows:

Board of Directors

NAME	**POSITION**
Folashade Laoye	Chairperson
Pieter Strydom	Independent Non Executive Director
Kenneth Igbokwe	Independent Non Executive Director
Luke Ngwerume	Independent Non Executive Director
Johannes !Gawaxab*	Non Executive Director
Offong Ambah	Non Executive Director
Ayodele Adepoju	Non Executive Director
Gary Voss	Non Executive Director
Clarence Nethengwe**	Non Executive Director
Olusegun Omosehin	Managing Director/CEO
Wasiu Amao***	Executive Director (Technical)

**Resigned on 18 May 2020*
***Appointed on 3 November 2020*
****Resigned on 23 July 2020*

The Board meets at least every quarter but may hold extra-ordinary sessions to address urgent matters requiring the attention of the Board.

e. Board Committees

The Board carries out its oversight functions through its various Board Committees. This ensures efficiency and allows for deeper attention to specific matters for the Board. The Committees are set up in line with statutory and regulatory requirements and are consistent with best practice.

Membership of the Committees of the Board is intended to make the best use of the skills, experience and expertise of non-executive Directors in particular.

The Committees have well defined terms of reference defining their scope of responsibilities in such a way as to avoid overlap of functions.

The Enterprise Risk Management and Governance Committee and Audit & Compliance Committee meet quarterly while the Finance, Investments and General Purpose Committee meets half-yearly but may hold extraordinary sessions as the business of the Company demands.

The following are the current standing Committees of the Board:

i. Finance, Investment and General Purpose Committee

The Finance and General Purpose Committee assists the Board in reviewing financial and operational matters and evaluating the impact of budgetary control, as well as oversight on information and communication technology of the business.
The Committee’s membership comprises the following:

Johannes !Gawaxab (Chairman)*
Luke Ngwerume
Olusegun Omosehin
**Resigned 18 May 2020*

Corporate Governance Report (cont'd)

Committee's Terms of Reference

- Reviews, on behalf of the Board, financial matters arising from the business strategic planning;
- Considers the proposed annual budget/resource allocation and make recommendations to the Board;
- Considers on an ongoing basis the financial viability of the Company in the short and long terms; and
- Any other matter that may be referred to it by the Board.

ii. Enterprise Risk Management and Governance Committee

The Enterprise Risk Management and Governance Committee reviews, on behalf of the Board, management's recommendations on risk, in particular in relation to the structure and implementation of business risk framework, including the quality and effectiveness of the internal controls, risk appetite, risk profile and capital management process.

The Committee's membership comprises the following:

Luke Ngwerume (Chairman)
Ayodele Adepoju
Offong Ambah
Gary Voss

Committee's Terms of Reference

- Advises and makes recommendations to the Chief Risk Officer and the Company Secretary and onwards to the Board regarding the exposure, approach and management in place for all risks impacting the Company having regard to the agreed risk appetite;
- To set the risk appetite limit for the business, at least annually, review and make appropriate changes to the risk appetite with regard to the returns achieved by each operation and the overall risk appetite of the business;
- To review and discuss the risk management and compliance initiatives planned for the year;
- Reviews, monitors and challenges the business risk profile, in terms of significant exposures, risk trends, losses, management actions and performance versus risk appetite, make recommendations to the Board where required;
- Oversees the application of regulatory risk standards and other regulatory changes as required; and
- Agrees and reviews annually the risk strategy for the business (i.e Management of risk and the risk profile) in line with the overall risk appetite and make recommendations to the Board.

iii. Audit and Compliance Committee

The Committee assists the Board in discharging its corporate governance responsibilities for the integrity of the Company's financial statements and monitoring the effectiveness and objectivity of the internal and external auditors, as well as ensuring compliance with Laws & Regulations.

The Committees membership includes:

Pieter Strydom (Chairman)
Ayodele Adepoju
Luke Ngwerume
Gary Voss

Committee's Terms of Reference

- Reviews the principles, policies and practices adopted in the preparation of the accounts of the Company and ensures that the financial statements of Company comply with all statutory and Old Mutual Limited's requirements;
- Reviews the activities of the company's external and internal auditors in order to ensure the adequacy and effectiveness of OMNILAC's financial, operating, compliance and risk management controls;
- Reviews and monitors the integrity of Company's annual financial statements and any other formal announcements relating to the Company's financial performance (and, if requested by the Board, any other price-sensitive public reports by the Company or reports by the Company to regulators) before submission to the Board, focusing particularly on:
  - significant financial reporting judgments and practices
  - quality and acceptability of, and any changes in accounting policies and practices; and
  - significant adjustments and/or unadjusted differences resulting from the external audit;
- Appointment and determination of fees of the external auditors.

f. Management Committee

The Company also has two (2) Management Committees being the general Management Committee (the "MANCO") and the Management Investment Committee. The Management Committee comprises the senior management of the Company and has been established to discuss and recommend strategic, operational, and related initiatives, to the Managing Director and/or CFO (as appropriate). The Committee also assists the Managing Director to monitor the businesses' progress in achieving its strategic and operational objectives. Members of the management committees make contributions to the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet monthly and frequently as the need arises.

g. Board and Board Committee Meetings

The table below shows the frequency of meetings of the Board of Directors, Board Committees and members' attendance at these meetings during the year under review.

	Board of Directors	Finance, Investments & General Purpose Committee	Enterprise & Risk Management and Governance Committee	Audit and Compliance Committee
Members				
Number of Meetings	4	2	4	4
Attendance				
Mrs. Folashade Laoye	4	N/A	N/A	N/A
Kenneth Igbokwe	4	N/A	N/A	N/A
Pieter Strydom	4	N/A	N/A	4
Luke Ngwerume	4	2	4	3
Johannes Gawaxab*	2	1	N/A	N/A
Offong Ambah	4	N/A	4	N/A
Ayodele Adepoju	4	N/A	4	4
Gary Voss	4	N/A	4	4
Clarence Nethengwe**	1	N/A	N/A	N/A
Wasiu Amao***	3	N/A	N/A	N/A
Olusegun Omosehin	4	2	N/A	N/A

**Resigned on 18 May 2020*
***Appointed on 3 November 2020*
****Resigned on 23 July 2020*

Certification Pursuant To Section 405 Of Companies and Allied Matters Act 2020

We the undersigned hereby certify the following with regards to our audited financial statements for the year ended 31 December 2020 that:

(a) We have reviewed the financial statement;

(b) To the best of our knowledge, the financial statement does not contain:
(i) Any untrue statement of a material fact, or
(ii) Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;

(c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the period presented in the report.

(d) We:
(i) Are responsible for establishing and maintaining internal controls.
(ii) Have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within the entity particularly during the year in which the periodic reports are being prepared;
(iii) Have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
(iv) Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;

(e) We have disclosed to the auditors of the Company and Audit Committee:
(i) All significant deficiencies in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weakness in internal controls, and
(ii) Any fraud, whether or not material, that involves management or other employees who have significant roles in the Company's internal controls;

(f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Olusegun Omosehin	**Afolabi Lawal**
FRC/2013/CIIN/00000003103	FRC/2014/ICAN/00000010165
Chief Executive Officer	Chief Financial Officer

Management Commentary and Analysis

Introduction
In compliance with regulatory requirements, to provide an insight into Old Mutual Nigeria Life Assurance Company's activities and to provide a full understanding of the Company's position, we have outlined a Management Commentary and Analysis (MC&A) report which is contained herein.

To facilitate wholesome understanding of the Company's position, it is advised that the contents of this MC&A be read in conjunction with the full audited annual financial statements as well as the accompanying notes.

Nature of business
Old Mutual Nigeria Life Assurance Company Limited (formerly Oceanic Life Assurance Limited) is a private limited liability Company registered in Nigeria and licensed by the National Insurance Commission to carry on life assurance business in the Nigerian market. Old Mutual being a global brand which has been in existence for over 170 years and has a reputation for being a formidable financial services Company is expected to improve the visibility and earnings of the Company.
Business objective, strategy and overall performance
The Company's corporate objective is to build an entity that will operate at the high end of the industry, becoming one of the top three insurance companies in the country. To achieve this, the Company ensures that there is strong organic growth through provision of excellent customer service, employment of qualified professionals and entrenching good corporate governance. Management intends to strengthen the Company's existing operations leveraging on the capabilities of Old Mutual Africa Holding (OMAH) as well as expanding its retail distribution channels via banc assurance platform with its current core partner (Ecobank Nigeria Limited).

Performance indicators

Operating results and financial position

	31-Dec-20 ₦'000	31-Dec-19 ₦'000	Variance %
Gross written premium	4,375,353	2,882,942	52
Net premium income	2,666,661	954,780	179
Claims expense	(1,408,741)	(896,409)	57
Underwriting (loss)	819,806	(203,016)	(504)
Investment and other income	256,180	718,842	(64)
Management expenses	(1,807,854)	(1,901,693)	(5)
Loss before tax	(731,868)	(1,385,867)	(47)
Loss after tax	(733,451)	(1,404,761)	(48)
Basic loss per share (kobo)	(10)	(42)	(76)
Diluted loss per share (kobo)	(6)	(16)	(64)

The Company recorded a 52% growth in gross premium written from N2.88 billion in 2019 financial year to N4.38 billion in 2020.

The claims expense incurred by the Company in 2020 was N1.66 billion as compared to N1.2 billion incurred in the previous financial year. This year-on-year increase in claims expense is due to the adverse claims experience on some coporate business schemes as well as higher actuarial reserves as a result of higher premiums booked in the current year.

The company recorded an underwriting profit of N819 million which is a significant improvement over the underwriting loss of N203 million recorded in the previous financial year. This is largely attributable to the increase in gross written premiums and more diligent underwriting in the current year.

Investment and other income for the year was worse than the previous year's performance despite higher investible funds driven by higher inflows and additional capital injection. The effect of reduced investment returns for the better part of 2020 neutralized the additional returns from higher Funds under management. The locked-in higher yield on assets purchased before 2020 have also contributed to a relatively decent annualized portfolio return rate.

Management expenses (operating expenses) for the year totalled N1.8 billion, a reduction of 5% compared to prior year of N1.9 billion despite the tough economic environment rattled by high inflation rates. This was largely due to management's deliberate effort to reduce expenses for the current year.

Liquidity, capital resources and risk factors
The Company is majorly financed by Old Mutual Africa Holdings (OMAH), the parent of its 91.42% shareholder, Old Mutual West Africa Company Limited. The Company is highly liquid as cash, cash equivalents and FGN treasury bills and bonds with maturity dates of less than a year form a major part of its total assets. The Company's cash investment is in accordance with its investment policy which is compliant with the regulatory requirements. At the end of December 2020, the Company had N4.96 billion invested in various placements with financial institutions, N299 million in treasury bills and N6.93 billion in FGN Bonds.

Deloitte.

P.O. Box 965
Marina
Lagos
Nigeria

Deloitte & Touche
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island
Lagos
Nigeria

Tel: +234 (1) 904 1700
www.deloitte.com.ng

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Old Mutual Nigeria Life Assurance Company Limited
Report on the Audit of the financial statements

Opinion

We have audited the financial statements of **Old Mutual Nigeria Life Assurance Company Limited** set out on pages 33 to 36, which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Old Mutual Nigeria Life Assurance Company Nigeria Limited as at 31 December, 2020 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act, Insurance Act CAP I17 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

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

Key Audit Matter

Key audit matter was the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current year. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key Audit Matter	How the matter was addressed in the audit
Valuation of Insurance Contracts Loss Reserve	
Under IFRS 4, the Company is required to perform liability adequacy test on its insurance and investment contract liabilities to ensure the carrying value of the liabilities are adequate. As disclosed in note 16 to the financial statements, the insurance and investment contract liabilities for the Company amounted to N7.67 billion [2019: N5.75 billion]. This represents about 90% of Company's total liabilities as at 31 December 2020. Determination of the fair value of the contracts is an area that involves exercise of significant judgement and use of key inputs and assumptions. Some of these	Our procedures included the following among others: We assessed and tested the design and operating effectiveness of selected key controls over actuarial methodology, integrity of data used in the actuarial valuation, and the assumptions setting and governance processes used by management related to the valuation of insurance and investment contract liabilities. In relation to the matters set out above, our substantive testing procedures included the following: -We considered the validity of management's liability adequacy testing which is a key test performed to check that the liabilities are adequate in the context

include operating assumptions in relation to uncertain future outcomes like mortality, morbidity, lapse and surrender, etc., and also economic assumptions relating to interest rates, inflation rates, expenses, return on investments, discount rates, future growth rates etc., which are the key inputs used to estimate these long-term liabilities.

At the end of each financial year, management employs the services of an external actuary in the determination of its insurance liability after considering the accuracy and integrity of data used in the valuation. Necessary adjustments are made in the financial statements to reflect the liabilities determined by the actuary.

of expected experience. Our work on the liability adequacy test includes assessing the reasonableness of the projected cash flows and challenging the assumptions adopted in the context of the company and industry experience data and specific product features.

-We validated the data used in the valuation of the insurance contract liabilities.

-We involved Deloitte Actuary in the review of the assumptions and estimates used by management and assessment of the adequacy of the insurance liabilities in line with Liability Adequacy Test ("LAT") based on requirements of IFRS 4.

-We ensured the appropriateness of the journals posted and agreed the figures disclosed in the financial statements to the figures stated in the actuarial valuation after thorough review of the basis and assumptions.

-We found that the assumptions used by management were comparable with the market, accord with best practices, the key input data used in estimating the fair value of the insurance and investment contracts liabilities were appropriate in the circumstances. We consider the disclosure of the liabilities to be adequate, relevant and useful.

Other Information

The directors are responsible for the other information. The other information comprises the Corporate Governance Report, Management Commentary and Directors' Report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act 2020, Insurance Act CAP I17 2004 and Financial Reporting Council Act, 2011 and for such internal control as the directors determine is 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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an 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 uncertainty exists relating 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to continue as a going concern.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the financial statements of the current year and is therefore the key audit matter. We describe this matter in our auditor's 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 benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the fifth Schedule of Companies and Allied Matters Act and Insurance Act CAP I17 LFN 2004 section 28 subsection 2, we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company has kept proper books of account, so far as appears from our examination of those books.

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

No evidence of non-compliance with laws and regulations (NOCLAR) came to our attention during the audit of the financial statement.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
7 July 2021

Engagement Partner: Joshua Ojo
FRC/2013/ICAN/00000000849

Notes to the financial statements

Statement of significant accounting policies

1. Reporting entity

Old Mutual Nigeria Life Assurance Company Limited ("the Company") is one of the players in the Nigerian Insurance industry and is committed to upholding high standards of good corporate governance within the industry. The Company has in place an effective corporate governance mechanism that ensures proper over-sight of its business by the Directors and other principal organs of the Company, and carries on its business in a manner that meets the expectations of all stakeholders. On 1st February 2013, seventy per cent (70%) of the ordinary share capital of the Company was acquired by the then Old Mutual Nigeria Services Company Limited (now Old Mutual West Africa Company Limited (OMWA)) from Cressida. Following OMWA's acquisition of 70% holding in Oceanic Life Assurance Company Limited, the Company changed its name to Old Mutual Nigeria Life Assurance Company Limited after obtaining board and regulatory approvals on the 5th of March 2013.

The registered office address of the Company is 21, Ahmadu Bello Way, Victoria Island, Lagos. The Company is principally engaged in the provision of risk underwriting, claims settlement and related life assurance services to its corporate and individual clients.

These financial statements were approved by the Board of Directors and authorised for issue on 28 April 2021.

Going concern

The COVID-19 outbreak has developed rapidly in 2020.The measures taken by the governments to contain the virus have negatively affected economic activities. However, current impact on the business operations and result remain limited. The macroeconomic uncertainty due to the virus outbreak and the resulting government measures has caused disruption to economic activity, and it is unknown what the longer term impact on company operation may be. If society, and as a consequence business, is exposed to COVID-19 for a longer period of time, this may result in prolonged negative results and pressure on our liquidity.

Management seeks to obtain the best possible information to enable it to assess these risks and implement appropriate measures to respond. Management have taken and will take a number of measures to monitor and mitigate the effects of the COVID-19 virus. These includes safety and health measures for employees (like social distancing and working from home), use of support made available by the government and other crisis management and business continuity measures for short, mid and long-term scenarios and regular communication to our key stakeholders.

Based on the facts and circumstances known at this moment and the possible scenarios about how the COVID-19 virus and resulting government measures could evolve, management has determined that the use of the going concern assumption is warranted. Whilst uncertain, management does not believe, however, that the impact of the COVID-19 virus would have a material adverse effect on our financial condition or liquidity.

Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

2. Basis of accounting

(a) Statement of compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and in the manner required by the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, 2011 the Insurance Act CAP I17 LFN 2004 and relevant National Insurance Commission of Nigeria (“NAICOM”) Circulars.

(b) Functional and presentation currency

The financial statements are presented in Nigerian currency (Naira) which is the Company’s functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand.

(c) Basis of measurement

The financial statements have been prepared under the historical cost basis except for the following:

• financial instruments are measured at fair value through profit or loss
• share based payment transactions are measured at fair value.

(d) Use of estimates and judgments

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in note 4 of the financial statements.

(e) Reporting period

The financial statements have been prepared for a 12 month period.

(f) Going concern

The financial statements have been prepared using appropriate accounting policies, supported by reasonable judgments and estimates. The Directors have a reasonable expectation, based on an appropriate assessment of a comprehensive range of factors, that the Company has adequate resources to continue as a going concern for the foreseeable future.

(g) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial period. Adoption of the standard did not result in changes in the amounts previously recognised in the financial statements. However the standard affected disclosures.

(h) New and amended standards and interpretations adopted by the Company
A number of new standards, interpretations and amendments are effective for annual period beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early adopted the following new or amended standards in preparing these financial statements

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2020, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16
In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met.

The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

i Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

ii There is no substantive change to other terms and conditions of the lease.

iii The amendment is not applicable to FBN General Insurance Limited as the company does not have operating leases qualified for the application of IFRS 16, hence it was not applied.

Impact of the initial application of new and amended IFRS Standards that are effective for the current year

Amendments to IAS 1 and IAS 8 Definition of material -

The Company has adopted the amendments to IAS 1 and IAS 8 in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1.

New and revised IFRS Standards in issue but not yet effective

IFRS 17 - Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use
The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract
The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Annual Improvements to IFRS Standards 2018 - 2020

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards.

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent. in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The standard is not applicable to the company.

3 Significant accounting policies

Significant accounting policies are defined as those that are reflective of significant judgments and uncertainties, and potentially give rise to different results under different assumptions and conditions.
Except for the changes explained in note 2 above, the accounting policies set out below have been consistently applied to all periods presented in these financial statements.

3.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank, cash in transit, call deposits, treasury bills and short term highly liquid financial assets with original maturities of three months or less from the acquisition date, which are subject to insignificant risk of changes in their fair value and are used by the Company in the management of its short-term commitments.
Cash and cash equivalents are carried at amortised cost (cost plus accrued interest) in the statement of financial position.

3.2 Financial assets

Financial assets are classified into the following categories: fair value through profit or loss, fair value through comprehensive income and amortised cost. The classification by the Company is determined by management at initial recognition and depends on the purpose for which the investments were acquired.

Classification of financial assets

(i) Financial assets at fair value through profit or loss

Financial assets designated at fair value through profit or loss upon initial recognition

Other financial assets designated as at fair value through profit or loss at initial recognition are those that are:

● Separate assets held to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and

● Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. The Company's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

Financial assets at FVTPL

Financial assets at FVTPL are:
● assets with contractual cash flows that are not SPPI; or/and
● assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or

● assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

(ii) Debt instruments at amortised cost or at Fair Value Through Other Comprehensive Income (FVTOCI)

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.
For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how group of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company has more than one business model for managing its financial instruments which reflect how the Company manages its financial assets in order to generate cash flows. The Company's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Company considers all relevant information available when making the business model assessment. However this assessment is not performed on the basis of scenarios that the Company does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios. The Company takes into account all relevant evidence available such as:

● how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

● the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way in which those risks are managed; and

● how managers of the business are compensated (e.g. whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).

At initial recognition of a financial asset, the Company determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Company reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Company has not identified a change in its business models.

When a debt instrument measured at (FVTOCI) is derecognised, the cumulative gain/loss previously recognised in (OCI) is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

In the current and prior reporting period the Company has applied the fair value option and so has designated debt instruments that meet the amortised cost or FVTOCI criteria as measured at (FVTPL).

(iii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

● for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other income' line item;

● for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other income' line item. Other exchange differences are recognised in OCI in the investments revaluation reserve;

● for financial assets measured at FVTPL that are not part of a designated hedge accounting relationship, exchange differences are recognised in profit or loss either in 'net trading income', if the asset is held for trading, or in 'net income from other financial instruments at FVTPL' if otherwise held at FVTPL; and

● for equity instruments measured at FVTOCI, exchange differences are recognised in OCI in the investments revaluation reserve.

(iv) Determination of fair value of financial assets

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the market approach (transaction price paid for an identical or a similar instrument). This includes listed equity securities and quoted debt instruments on major exchanges.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR yield curve, foreign exchange rates, volatilities and counterparty spreads) existing at the reporting date.

For more complex instruments the company uses internally developed models which are usually based on valuation models and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted debt securities for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and therefore estimated based on assumptions. The impact of financial instruments valuation reflecting non-market observable inputs (Level 3 valuations) is disclosed in the note to the financial statements.

(v) 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.

(vi) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on the following financial instruments that are not measured at FVTPL:
● debt investment securities;
● lease receivables;
● deposit with other financial institutions

No impairment loss is recognised on equity investments.

ECLs are required to be measured through a loss allowance at an amount equal to:

● 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
'● full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.
ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's effective interest rate.

The Company measures ECL on an individual basis, or on a collective basis for debt instruments that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

(vii) Credit-impaired financial assets

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 asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:
● significant financial difficulty of the borrower or issuer;
● a breach of contract such as a default or past due event;
● the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
● the disappearance of an active market for a security because of financial difficulties; or
● the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funding.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

(viii) Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:
● the borrower is past due more than 90 days on any material credit obligation to the Company; or
● the borrower is unlikely to pay its credit obligations to the Company in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset. The Company uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

(ix) Significant increase in credit risk

The Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL. The Company's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Company monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking.

Multiple economic scenarios form the basis of determining the probability of default at initial recognition and at subsequent reporting dates. Different economic scenarios will lead to a different probability of default. It is the weighting of these different scenarios that forms the basis of a weighted average probability of default that is used to determine whether credit risk has significantly increased.

As a back-stop when an asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

(x) Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

● Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then:
● A quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

● the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
● the remaining lifetime PD at the reporting date based on the modified terms.

The Company derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

(xi) Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

(xii) Presentation of allowance for ECL in the statement of financial position

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

● for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

● for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;

● for loan commitments and financial guarantee contracts: as a provision.

(xiii) Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

(xiv) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.3 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

(i) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at

A financial liability is classified as held for trading if:

● it has been incurred principally for the purpose of repurchasing it in the near term; or

● on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

● it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

● such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

● the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the Companying is provided internally on that basis; or

● it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at FVTPL' line item in the profit or loss account.

The company does not have any financial liabilities at fair value through profit or loss at the reporting date.

(ii) Other financial liabilities

Other financial liabilities, including borrowings, is initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(iii) Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

3.4. Reinsurance assets

Reinsurance assets represent balances due from reinsurance contracts. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The details of recognition and measurement of reinsurance contracts have been set out under note 3.15 (f).

3.5 Trade receivables

Trade receivables comprise premium receivables. Premium receivables are those for which credit notes issued by brokers are within 30 days, in conformity with the "NO PREMIUM NO COVER" policy.

3.6 Other receivables and prepayments

Other receivables are carried at amortised cost using the effective interest rate less accumulated impairment losses. Prepayments are carried at cost less accumulated amortization and impairment losses.

3.7 Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of the asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax is realizable or the deferred income tax liability is payable.

Deferred income tax assets are recognised to the extent that it is probable that taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising from unused tax losses, unutilised capital allowances, except where the Company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different entities where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

3.8 Intangible assets

Software

Recognition and measurement

Recognition of software acquired is only allowed if it is probable that future economic benefits attributable to the asset will flow to the Company.

Software acquired is initially measured at cost. The cost of acquired software comprises its purchase price, including any import duties and non-refundable purchase taxes, and any directly attributable expenditure on preparing the asset for its intended use. After initial recognition, software acquired is carried at its cost less any accumulated amortization and any accumulated impairment losses. Maintenance costs are not included but are expensed as incurred.

Internally developed software is capitalized when the Company has the intention and demonstrates the ability to complete the development and use of the software in a manner that will generate future economic benefits, adequate technical, financial and other resources to complete the development and to use or sell the software product are available and can reliably measure the costs to complete the development. The capitalized costs include all costs directly attributable to the development of the software. Internally developed software is stated at capitalized cost less accumulated amortization and impairment. Amortization charge is recognised in profit or loss.

Subsequent measurement
Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred. Amortization is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is three years subject to annual reassessment. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

De-recognition
An intangible asset is derecognised when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the retirement of the intangible asset is recognised in profit or loss of the year that the asset is derecognised.

3.9 Property and equipment
Recognition and measurement
All items of property and equipment are initially recognised once they are available for use, at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent costs
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit and loss account during the financial period in which they are incurred.
Subsequent costs on replacement parts on an item of property are recognised in the carrying amount of the asset and the carrying amount of the replaced or renewed component is derecognised.

Depreciation
Depreciation is calculated on property and equipment on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life. Depreciation methods, useful lives and residual values are reassessed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. No depreciation is charged on property and equipment until they are brought into use. Depreciation is recognised in profit or loss.

Depreciation reduces an asset's carrying value to its residual value at the end of its useful life, and is allocated on a straight line basis over the estimated useful lives of the assets, as follows:

Motor vehicles - 4 years
Furniture and Equipment - 5 years
Computer Equipment - 3 years

De-recognition
An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss of the year that the asset is de-recognised.

Impairment of non-financial assets
The carrying amounts of the Company's non-financial assets are considered to be impaired when there exists any indication that the asset's recoverable amount is less than the carrying amount or at a minimum assessed for impairment annually. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are carried at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

3.10 Statutory deposit
Statutory deposits are cash balances held with the Central Bank of Nigeria (CBN) in compliance with the Insurance Act of Nigeria. These deposits are not available for day to day use and are measured at amortised cost and are classified as loans and receivables.

3.11 Life insurance contract liabilities
The life insurance contract liabilities represents the liability due to policy holders at the end of every reporting period. The liability in the life fund account is determined by an actuarial valuation using a liability adequacy test model as set out in note 3.15(g). The principal actuarial assumptions underlying the measurement of life insurance contract liabilities are disclosed in note 16.

3.12 Investment contract liabilities
The recognition of investment contracts have been set out under note 3.16. Reserve for investment contract liabilities has been taken as the amount standing to the credit of the policy holders at the valuation date.

Actuarial valuation

An actuarial valuation of the life fund is conducted annually to determine the liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All surpluses and deficits arising therefrom are charged to profit or loss. Actuarial valuations are done quarterly by the Company's actuary and annually by an external actuary. See note 16 for details of further details on actuarial valuation techniques, methodologies, assumptions etc.

3.13 Trade and other payables

Trade 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 effect of discounting is immaterial, the balance is stated at nominal amount.

Other payables

Other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

3.14 Provisions

A provision is recognised 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliablv.

3.15 Income tax

Income tax expenses comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.
Interest and penalties related to income taxes, including uncertain tax treatments, are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.15.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

3.15.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised or all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill (arising in a business combination) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The current taxes include: Company Income Tax at 30% of taxable profit; Education Tax at 2% of assessable profit; Capital Gain Tax at 10% of chargeable gains; and Information Technology Development levy at 1% of accounting profit. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

3.16 Insurance contracts

IFRS 4 requires contracts written by insurers to be classified as either 'insurance contracts' or 'investment contracts' depending on the level of insurance risk transferred. The Company enters into insurance contracts as its primary business activity. Insurance contracts are those contracts that the Company (the insurer) accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policy holder or other beneficiary, if a specified uncertain future event (the insured event) adversely affects the policy holder or the other beneficiary.

These contracts insure events associated with human life (for example, death or survival) over a long duration.

In addition, the Company has short term life insurance contracts which protect the Company's policyholders from the consequences of events (such as death or disability) that would affect the ability of the insured or his/her dependents to maintain their current level of income. Guaranteed benefits paid on occurrence of the specified insurance event are either fixed or linked to the extent of the economic loss suffered by the insured or the beneficiary.

Recognition and measurement

(a) Gross premium written

Gross premium written comprises the premiums on insurance contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. It is recognised at the point of attachment of risk to a policy, gross of commission expense, and before deducting cost of reinsurance cover and unearned portion of the premium.

Gross premium on life contract are recognised in the life fund account when payable by the policy holder. Gross premium written premium comprise the total premium receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date of inception of the policy.

Premiums on reinsurance inward are included in gross written premiums and accounted for as if the reinsurance was considered direct business, taking into account the product classification of the reinsured business.

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

(b) Gross premium income

This represents the earned portion of premium received and is recognised as revenue including changes in unearned premium. Premiums are earned from the date of attachment of risk, over the insurance period, based on the pattern of risk underwritten. Outward reinsurance premiums are recognised as an expense in accordance with the pattern of risk reinsured.

(c) Unearned premiums

Unearned premiums are those proportions of premiums written in the year that relate to periods of risks after the reporting date. It is computed separately for each insurance contract using a time proportionate basis, or another suitable basis for uneven risk contracts.

(d) Claims expenses

Claims and benefits relating to life insurance contracts are recognised as expense on notification. Maturities and annuities are recognised when due.

(e) Deferred income

Deferred income represents a portion of commission received on reinsurance contracts during the financial year but are deferred based on the tenor of the underlying contracts. It is calculated by applying the reinsurance commission income ratio of prepaid reinsurance to reinsurance cost.

(f) Reinsurance contracts held

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the definition requirements for insurance contracts are reclassified as reinsurance contracts. Insurance contracts entered into by the Company under which the contract holder is another insurer are covered as insurance contracts.

(i) 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 contracts. Reinsurance liabilities are primarily premiums payable for the reinsurance contracts and are recognised as an expense when due.

(ii) Reinsurance expense

Reinsurance expense represents outward reinsurance premiums and are accounted for in the same accounting period as the premiums for the related direct insurance or reinsurance business assumed.

(iii) Prepaid reinsurance

Prepaid reinsurance cost is determined on a time apportionment basis and is reported under reinsurance assets in the statement of financial position. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

(iv) Unearned reinsurance premiums

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the statement of financial position date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

(v) Reinsurance claims recoveries

Reinsurance recoverable are estimated in manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's polices and are in accordance with the related insurance contract. They are measured at their carrying amount less impairment charges. Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. If there is objective evidence of impairment, the Company reduces the carrying amount of its insurance assets to its recoverable amount and recognises the impairment loss in profit or loss as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

(g) Liability adequacy test

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. Where a shortfall is identified, an additional provision is made and the Company recognises the deficiency in profit or loss. Insurance contract liabilities are subject to liability adequacy testing on an annual basis. The method of valuation and assumptions used, the cash flows considered and the discounting and aggregation practices adopted have been set out as part of note 16.

3.17 Investment contracts

Investment contracts are those contracts that transfer financial risks with no significant insurance risk.
Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The Company enters into investment contracts with guarantee returns and other businesses of savings nature. Those contracts are recognised as liabilities and are measured at amount payable at each reporting date.
The Company does not have contracts with discretionary participating features.

Finance cost on investment contract liabilities is recognised as an expense in the profit or loss using the effective interest rate.

3.18 Share capital, retained earnings & other reserves

Ordinary share capital and share premium

The Company classifies ordinary shares and share premium as equity when there is no obligation to transfer cash or other financial assets. Incremental costs directly attributable to issue of shares are recognised as deductions from equity net of any tax effects.

Dividends on the Company's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

Preference share capital

The Company's non-redeemable preference shares are classified as equity. They bear zero coupon (no discretionary dividends), but require conversion at a future determinable date.

Retained earnings

This account accumulates profits or losses from operations.

Contingency reserve

The Company maintains contingency reserves in accordance with the provisions of the Insurance Act of Nigeria to cover fluctuations in securities and variations in statistical estimates. For life business, the reserve is calculated at the rate equal to the higher of 1% of gross premiums and 10% of net profit.

3.19 Earnings/loss per share

The Company presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit attributable to ordinary shareholders of the Company by the number of shares outstanding during the year.
Adjusted earnings per share is determined by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares adjusted for the bonus shares issued. Diluted earnings per share is calculated by adjusting the net profit attributable to ordinary shareholders and the weighted average number of shares outstanding for the affects of all dilutive potential ordinary shares.

3.20 Commission earned

Commissions are recognised on ceding business to the re-insurer, and are credited to the profit or loss over the period the service is provided.

3.21 Underwriting expenses

Underwriting expenses are made up of acquisition and maintenance expenses comprising commission and policy expenses and insurance supervision levy.

Underwriting expenses for insurance contracts are recognised as expense when incurred, with the exception of acquisition costs which are recognised on a time apportionment basis in respect of risk.

3.22 Investment and other operating income

Investment and other operating income comprise interest income earned on short-term deposits, treasury bills, bonds, income earned on trading of securities including all realised and unrealised fair value changes, dividends and foreign exchange differences. Investment income, other than interest income, is recognised at fair value and on an accrual basis.

Interest income is recognised in profit or loss as it accrues and is calculated using the effective interest rate method. Fees and commissions that form part of an integral part of the effective yield of a financial instrument are recognised as an adjustment to the effective interest rate of the instrument.

3.23 Dividend income

Dividend is recognised when the Company's right to receive the dividend has been established. The right to receive dividend is established when the dividend has been duly declared including approval by the appropriate authority.

3.24 Employee benefits

Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Company has a present obligation to pay, as a result of employees’ services provided up to the reporting date. The accrual is calculated on an undiscounted basis, using current salary rates.

A provision is recognised 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.

Post employment benefits

The Company operates a defined contributory retirement scheme as stipulated in the Pension Reform Act 2014. The Company and employees contribute 10% and 8% respectively (2018: 10% and 8%) each of the qualifying monthly emoluments in line with the Pension Reform Act. Once the contributions have been paid, the Company retains no legal or constructive obligation to pay further contributions if the Fund does not hold enough assets to finance benefits accruing under the retirement benefit plan. The Company’s obligations are recognised in profit or loss.

Cash settled share based payments

The Company has implemented a deferred cash allocation scheme (cash settled share based payment) to defer a portion of incentive bonuses for Nigerian key management staff above a certain level and it is subject to mandatory deferral of a percentage of their cash. The value of the deferred bonus is indexed to Old Mutual Limited's share price and accrues dividends (determined based on the number of hypothetical shares) during the vesting period which are payable bi annually. Vesting of the deferred bonus occurs in three years, conditional on continued employment at that time.

The services received in cash-settled share based payment transactions with employees and the liability to pay for those services, are recognised at fair value as the employee renders services. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

The fair value of the liability is measured at the fair value of the awards, by applying the Old Mutual Limited's share price as listed on the Johannesburg Stock Exchange to the number of shares as at year end, taking into account terms and conditions on which the share awards were granted, and the extent to which the employees have rendered services to date.

3.25 Foreign currency translations

The Nigerian Naira is the Company’s functional and reporting currency. Foreign currency transactions are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate ruling at the reporting date; the resulting foreign exchange gain or loss is recognised in the profit or loss. These exchange rates are NIFEX rate, NAFEX rate or the CBN rate, depending on the rate at which future cash flows from the transactions/balances would be settled if the cash flows occurred at the measurement date.

Unrealized exchange differences on non-monetary financial assets (investments in equity instruments) are a component of the change in their entire fair value. For non-monetary financial instruments available-for-sale, unrealized exchange differences are recorded directly in other comprehensive income and transferred to equity when the asset is sold or becomes impaired.

3.26 Management and other operating expenses
Management and other operating expenses are expenses other than claims and underwriting expenses. They include depreciation expenses and other operating expenses. They are accounted for on an accrual basis.

3.27 Dividends
Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders. Dividends that are proposed but not yet declared are disclosed in the notes to the financial statements.

3.28 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or the Company has a present obligation as a result of past events which is not recognised because it is not probable that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated. Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is likely to crystallize.

3.29 Leases

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of the accounting policy under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of the changes is disclosed in SOCE as adjustment to opening retained earnings on 1 January 2019.

Leases (right-of-use asset) are accounted for in accordance with IFRS 16 and are accounted for in line with the following based on whether the Company is the Lessor or the Lessee:

(a) The Company is the lessee
At the commencement date, the Company recognises a right-of-use asset at cost and a lease liability, where applicable, at the present value of the lease payments that are not paid at that date.
The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

After the commencement date, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. The Company subsequently measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The corresponding lease liabilities, where applicable, are included in other liabilities. The interest element of the lease liabilities is charged to the Income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(b) The Company is the lessor

When assets are leased to a third party under finance lease terms, the present value of the lease income is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is
recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

Statement of Financial Position
As at 31 December 2020

	Note	2020 ₦'000	2019 ₦'000
ASSETS			
Cash and cash equivalents	7	5,582,388	1,967,167
Financial assets	8	6,931,047	5,640,709
Trade receivables	9	-	-
Reinsurance assets	10	801,775	636,781
Other receivables and prepayments	11	310,502	159,464
Intangible assets	12	-	-
Property and equipment	13	24,038	22,757
Statutory deposits	15	400,000	200,000
TOTAL ASSETS		**14,049,750**	**8,626,878**
LIABILITIES			
Insurance contract liabilities	16	3,870,289	2,656,182
Investment contract liabilities	17	3,804,440	3,094,246
Trade payables	18	288,568	305,656
Accruals and other payables	19	558,951	388,711
Income tax payable	20	1,838	13,232
TOTAL LIABILITIES		**8,524,086**	**6,458,027**
EQUITY			
Share capital & reserves:			
Ordinary share capital	21	6,997,458	5,786,490
Preference share capital	21	14,032	6,834
Share premium	21	5,598,914	2,726,816
Contingency reserve	22	267,399	223,645
Retained earnings	23	(7,352,138)	(6,574,934)
TOTAL EQUITY		**5,525,664**	**2,168,851**
TOTAL EQUITY AND LIABILITIES		**14,049,750**	**8,626,878**

The financial statements were authorised for issue by the board of Directors on 28 April 2021 and were signed on its behalf by:

Folashade Laoye (Independent Non-executive Director)
FRC/2014/ICAN/00000006163

Olusegun Omosehin (Chief Executive Officer)
FRC/2013/CIIN/00000003103

Additionally certified by:

Afolabi Lawal (Chief Financial Officer)
FRC/2014/ICAN/00000010165

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

Statement of profit or loss and other comprehensive income
For the year ended

	Note	2020 ₦'000	2019 ₦'000
Gross premium written	24	4,375,353	2,882,942
Gross premium income	24	3,370,306	1,494,570
Reinsurance expenses	24	(703,645)	(539,790)
Net premium income		2,666,661	954,780
Fee and commision income	25	118,150	120,455
Net underwriting income		**2,784,811**	**1,075,235**
Claims and benefits expense	26	(1,663,362)	(1,193,058)
Claim expense recovered from reinsurers	26	254,621	296,649
Underwriting expenses	27	(556,264)	(381,842)
		(1,965,005)	(1,278,251)
Total underwriting prrofit/(loss)		**819,806**	**(203,016)**
Investment income	28	493,436	745,477
Net fair value gain/(loss) on financial assets at fair value through profit or loss	29	2,151	(2,201)
Loss on investment contracts	30	(292,293)	(63,287)
Other operating income	31	52,886	38,853
Total investment and other income		**256,180**	**718,842**
Net income		**1,075,986**	**515,826**
Management expenses	32	(1,807,854)	(1,901,693)
Loss before taxation		**(731,868)**	**(1,385,867)**
Minimum tax expense	20(b)	(1,583)	(18,894)
Loss for the year		**(733,451)**	**(1,404,761)**
Other Comprehensive income:			
Items that will not be reclassified subsequetly to profit or loss		-	-
Items that may not be reclassified subsequetly to profit or loss		-	-
Total comprehensive loss for the year		**(733,451)**	**(1,404,761)**
Loss per share - basic (kobo)	33(a)	(10)	(42)
Loss per share - diluted (kobo)	33(b)	(6)	(16)

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

Statement of Changes in Equity
For the year ended 31 December 2020

31 December 2020	**Share Capital N'000**	**Preference Share Capital N'000**	**Share Premium N'000**	**Contingency Reserve N'000**	**Retained Earnings N'000**	**Total Equity N'000**
Balance at 1 January 2020	5,786,490	6,834	2,726,816	223,645	(6,574,934)	**2,168,851**
Total comprehensive loss						
Loss for the year	-	-	-	-	(733,451)	**(733,451)**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(733,451)**	**(733,451)**
Transfer to contingency reserve (see note 22 & 23)	-	-	-	43,754	(43,754)	**-**
Transactions with owners						
Conversion of preference shares (see note 21)	1,210,968	(3,027)	(1,207,941)	-	-	**-**
Issue of preference shares	-	10,225	4,080,039	-	-	**4,090,264**
Total transactions with owners	1,210,968	7,198	2,872,098	-	-	**4,090,264**
Balance at 31 December 2020	**6,997,458**	**14,032**	**5,598,914**	**267,399**	**(7,352,138)**	**5,525,664**

31 December 2019	**Share Capital N'000**	**Preference Share Capital N'000**	**Share Premium N'000**	**Contingency Reserve N'000**	**Retained Earnings N'000**	**Total Equity N'000**
Balance at 1 January 2019	4,086,490	8,027	3,202,941	194,816	(5,141,344)	**2,350,930**
Total comprehensive loss						
Loss for the year	-	-	-	-	(1,404,761)	**(1,404,761)**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(1,404,761)**	**(1,404,761)**
Transfer to contingency reserve (see note 22 & 23)	-	-	-	28,829	(28,829)	**-**
Transactions with owners:						
Conversion of preference shares (see note 21)	1,700,000	(4,250)	(1,695,750)	-	-	**-**
Issue of preference shares		3,057	1,219,625	-	-	**1,222,682**
Total transactions with owners	1,700,000	**(1,193)**	**(476,125)**	**-**	**-**	**1,222,682**
Restated balance at 31 December 2019	**5,786,490**	**6,834**	**2,726,816**	**223,645**	**(6,574,934)**	**2,168,851**

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

Statement of Cash Flows
For the year ended

	Note	2020	2019
		₦'000	₦'000
Cash flows from operating activities:			
Insurance premium received from policy holders	9	4,375,353	2,883,711
Reinsurance receipts in respect of claims	10(d)	192,544	393,369
Reinsurance commission received	25	118,150	120,455
Reinsurance premium paid	18(a)	(526,714)	(533,224)
Premium received (now identified)/yet to be matched	18(b)	(198,416)	(32,509)
Commission paid	18(c)	(204,456)	(172,212)
Cash received on investment contract liabilities	17	590,217	306,035
Cash paid on investment contract liabilities	17	(625,774)	(310,721)
Cash paid to employees	32(a)	(892,397)	(1,038,384)
Insurance claims paid	26	(847,025)	(754,488)
Other income received	31	41,362	34,652
Cash paid to vendors and other suppliers		(2,099,330)	(1,185,792)
Deposit for shares	19	(16,056)	
Cash received/(paid to) from related parties	11(a)	194,237	45,259
Income tax paid	20(a)	(12,977)	(14,126)
VAT paid	19(d)	(3,257)	(3,539)
Net cash from operating activities		**85,461**	**(261,514)**
Cash flows from investing activities:			
Purchase of property and equipment	13(a)	(17,771)	(4,146)
Proceeds from disposal of property and equipment	13(b)	1,391	2,108
Proceeds from maturity of investments	8(b)	1,591,197	1,651,797
Acquisition of other investments	8(b)	(2,848,390)	(2,138,063)
Statutory deposit with CBN	15	(200,000)	-
Investment income received	28(a)	913,070	757,365
Net cash from investing activities		**(560,503)**	**269,062**
Cash flows from financing activities:			
Proceeds from issue of preference shares	21b	10,225	3,057
Issue of shares (share premium)	21c	4,080,039	1,219,625
Net cash generated in financing activities		**4,090,264**	**1,222,682**
Net increase in cash and cash equivalents		3,615,221	1,230,230
Cash and cash equivalents at the beginning of the year		1,967,167	736,937
Cash and cash equivalents at the end of the year	7	**5,582,388**	**1,967,167**

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

Notes to the financial statements
For the year ended 31 December, 2020

4 Critical accounting estimates and judgments

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Expected Credit loss on financial assets

(i) Probability of default:

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

(ii) Loss Given Default:

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. See note 3 for more details, including analysis of the sensitivity of the reported ECL to changes in LGD resulting from changes in economic drivers.

(iii) Fair value of unquoted equity financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using the income approach. In these cases the fair values are estimated from observable data using valuation models. The models used to determine fair values are validated and periodically reviewed by qualified personnel independent of those that sourced them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(b) Liabilities arising from insurance contracts

The liabilities for life insurance contracts are estimated using appropriate and acceptable base tables of standard mortality according to the type of contract being written. Management make various assumptions such as expense inflation, valuation interest rate, mortality and lapses in estimating the required reserves for life contracts. (See note 16). The sensitivity analysis if any of these parameters changes is included in Note 5.

(c) Impairment for receivables and other financial assets

In accordance with accounting policy on financial assets, the company tests annually whether trade and other receivables have suffered any impairment. The recoverable amounts of trade and other receivables have been determined based on the incurred loss model. These calculations require the use of estimates of future collections.

(c.i) Fair Value of Financial assets at fair value through profit or loss (FVTPL) Impairment for reinsurers/Co-assurer's share of claims

The directors are required to make judgement in selecting an appropriate valuation technique for some financial assets. The significant estimates and judgements applied in determination of fair value of financial assets are shown in the statement of accounting polices note 3.2(i). These assets have been designated at fair value on initial recognition. The Company tests periodically whether share of claims receivables have suffered any impairment. With this policy, all share of claims transactions are paid for immediately but if this is not paid within the period of the policy, the said amount were deemed as impaired.

5 Financial Risk Management

(a) Introduction and Overview

Old Mutual Nigeria Life Assurance Company Limited ("the Company") recognizes the role of effective and responsible risk management practices in achieving her vision of being one of the leading life assurance companies in Nigeria. This necessitates the need for proper identification, measurement, aggregation and effective management of risks and efficient utilisation of capital to derive an optimal risk and return ratio. The Company has a well-established risk governance structure and an experienced risk team. The Company's risk management framework provides essential tools enabling it to take timely and informed decisions to maximize opportunities and mitigate potential threats.

Company's risk oversight approach

The Company's oversight starts with the strategy setting and business planning process. These plans help the Company articulate its appetite for risk in order to set risk appetite limits for business units to work within.

The Company’s risk management division provides a central oversight of risk management across the Company to ensure that the full spectrum of risks facing the Company are properly identified, measured, monitored and controlled in order to minimize adverse outcomes.

The Chief Risk Officer coordinates the process of monitoring and reporting risks across the Company. Internal Audit has the responsibility of auditing the risk management and control function to ensure that all units charged with risk management perform their roles effectively on a continuous basis. Internal Audit also tests the adequacy of internal control and makes appropriate recommendations where there are weaknesses.

Strategy and Business Planning

Risk management is embedded in our business strategy and planning cycle. The inclusion of risk management as one of our strategic priorities serves as evidence to this. By setting the business and risk strategy, we are able to determine appropriate capital allocation and target setting for the Company and each of the its businesses.

Risk Appetite

Risk appetite is an articulation and allocation of the risk capacity or quantum of risk the Company is willing to accept in pursuit of its strategy, duly set and monitored by the Management Committee and the Board, and integrated into the Company's strategy, business, risk and capital plans. The Company's risk appetite is reviewed by the Board of Directors annually, at a level that minimises erosion of earnings or capital due to avoidable losses or from frauds and operational inefficiencies.

The Company defines its risk appetite in terms of both volatility of earnings and the maintenance of minimum regulatory capital requirements under stress scenarios. The Company's risk appetite can be expressed in terms of how much variability of return the Company is prepared to accept in order to achieve a desired level of result. It is determined by considering the relationship between risk and return.

(b) Risk Objectives

The broad risk management objectives of the Company are:

- To identify and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost;
- To protect against unforeseen losses and ensure stability of earnings;
- To maximize earnings potential and opportunities;
- To maximize stakeholder protection;
- To enhance credit ratings and depositor, analyst, investor and regulator perception; and
- To develop a risk culture that encourages all staff to identify risks and associated opportunities and to respond to them with cost effective actions

Risk Categorization

The Company is exposed to an array of risks through its operations. The Company has identified and categorized its exposure to these broad risks as listed below:

- Credit risk
- Market risk
- Liquidity risk
- Insurance risk

(i) ***Credit risk*** : Credit risk is the risk arising from the uncertainty of an obligor's ability to perform its contractual obligations. Considerable credit risks exist in terms of investments in counterparties, brokers and large corporates who are allowed extended payment periods that may default arising from cash flow risks. The credit risk inherent in premium payment are reduced substantially by the "no premium, no cover' regulation. The three sources of credit risk identified are:

- *Direct Default Risk* : The risk that the Company will not receive the cash flows or assets to which it is entitled because a party with which the Company has a bilateral contract defaults on one or more obligations.

- *Downgrade Risk:* The risk that changes in the possibility of a future default by an obligor will adversely affect the present value of the contract with the obligor today.

- *Settlement Risk* **:** The risk arising from the lag between the value and settlement dates of securities transactions.

(ii) ***Market risk*** *:* This reflects the possibility that the value of the Company's investments will fall as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all investments traded in the market. The Company is exposed to this risk through its financial assets and comprises:

- *Interest rate risk* : The risk that the value of a fixed income security will fall as a result of movement in market interest rates.
- *Equity price risk* : The risk associated with volatility in the stocks in our investment portfolio

(iii) ***Liquidity risk*** : The Company's principal objective in managing our liquidity and our capital resources is to maximize the returns on capital to shareholders, while enabling us to pay claims, pay dividends, pay staff and fulfill our statutory obligations to our regulators and the different tiers of government in the environment in which we operate. Effective and prudent liquidity is a priority across the Company.

Management monitors the liquidity of the Company on a daily basis and projects the financial needs over a multi-year time horizon through quarterly budget and review process. We believe that the cash flows from the sources of fund available to the Company are sufficient to satisfy the current liquidity requirements of the Company, including under reasonably foreseeable stress scenarios.

In managing our liquidity (and of course our capital), we seek to:

- Match the profile of our assets and liabilities, taking into account the risks inherent in each line of product;
- Maintain financial strength to support new business growth whilst still satisfying the requirements of policyholders and regulators;
- Retain financial flexibility by maintaining strong liquidity; and
- Allocate liquid resources efficiently to support growth while we pay claims and other commitments promptly.

(iv) ***Insurance risk:*** The Company accepts insurance risk through its insurance contracts where it assumes the risk of loss from persons or organisations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Pricing is based on assumptions which have regard to trends and past experience. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

C. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The key areas of exposure to credit risk for the Company are in relation to its investment portfolio, reinsurance programme and to a lesser extent amount due from policyholders and intermediaries.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company predominantly transacts with entities that are rated the equivalent to investment grade and above.

This information is supplied by independent rating agencies where available and if not available the Company uses other publicly available financial information and its own trading records to rate counterparties.
The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Credit Risk Exposure

The Total Exposures of the company financial assets to credit risks are as follows:

	2020		2019	
	N'000	**%**	**N'000**	**%**
Trade Receivables	-	0%	-	0%
Reinsurance assets	801,775	6%	636,781	7%
Receivables	249,261	2%	119,371	1%
Cash and cash equivalents (less Cash-in-hand)	5,582,244	40%	1,967,167	23%
Financial assets (amortised cost)	6,920,824	50%	5,632,637	66%
Statutory deposits	400,000	3%	200,000	2%
	13,954,104	**100%**	**8,555,956**	**100%**

Impairment model

Premium debtors are measured at amortized cost, less provision for impaired receivables. Under IFRS, an asset is impaired if the carrying amount is greater than the recoverable amount. With the inception of IFRS 9 which becomes effective for annual periods beginning on/after 1 January 2018, the Expected Credit Losses (ECL) method of impairment calculation was in force.

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

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost or FVOCI, and to off-balance sheet lending commitments such as loan commitments and financial guarantees (hereafter collectively referred to as Financial assets).

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

Staged Approach to the Determination of Expected Credit Losses

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

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

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

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

The Company does not originate or purchase credit impaired loans or receivables

Impairment Methodology
Calculation of Expected Credit Losses
Calculation of the expected credit loss is based on the key risk parameters of PD, LGD and EAD according to the formular set below:

The calculation of ECL incorporates forward-looking information in all the ECL components. This forward-looking information will impact the various ECL components as follows:

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

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

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

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

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

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

Treatment of loans and other receivables
All loans issued fall within the scope of debt instruments as financial assets. This covers e.g. Inter-company loans, staff loans and mortgages etc.
Estimation of impairment on the loans based on expected loss is done in the three-stage approach with specific consideration for change in credit risk and forward-looking assumptions.

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

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

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

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

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

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

Impairment losses on financial investments subject to impairment assessment

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment
When determining whether the credit risk (i.e. Risk of default) on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost of effort. This includes both qualitative and quantitative information analysis based on the Company's experience, expert credit assessment and forward looking information. The Company primarily identifies whether a significant increase in credit risk has occurred for an exposure by comparing the remaining life time probability of default (PD) as at reporting date with the remaining Life time PD for this point in time that was estimated on initial recognition of the exposure.

Whenever available, the Company monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain 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 group also reviews changes in Bond yields together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of default (including but not limited to the audited financial statement, management accounts and cashflow projections, available regulatory and press information about the borrowers and apply experienced credit judgement. Credit risk grades are defined by using qualitative and quantitative factors that are indicative of the risk of default and are aligned with the external credit rating definition from Moody's and Standards and Poor's.

The Company has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company considers this to be B- or higher based on the Moody rating which is equivalent to an internal risk grade of standard grade or higher.

As a back stop, the Company considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower. The Company monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:
- The criteria are capable of identifying significant increase in credit risk before an exposure is in default;
- The criteria do no align with the point in time when the asset becomes 30 days past due;
-The average time between the identification of a significant increase in credit risk and default appears reasonable
-Exposures are not generally transferred from 12- month ECL measurement to credit impaired and
-There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECLmeasurement.

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 derecognition, the determination of whether the asset's credit risk has increased significantly reflects a comparison of:

- Its remaining lifetime PD as at the reporting date based on the modified term; with
- The remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

Definition of default

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or the financial asset Is more than 90 days past due.

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative: e.g. breaches of covenant and the other indicators of financial distress;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward looking information

The Company incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since initial recognition and its measurement of ECL. It formulates a 'base case' view of the future direction of relevant economic variables and a representative range of other possible forecast scenarios based on advice from the Company's Investment and risk committee, economic experts and consideration of a variety of external actual and forecast information. This process involves developing three additional economic scenarios and considering the relative probabilities of each outcome. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the Nigeria, supranational organizations such as the Organisation for Economic Cooperation and Development and the International Monetary Fund, and selected private-sector and academic forecasters.

The base case represents a best estimate and is aligned with information used by the Company for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and pessimistic outcomes.

Measurement of ECL

The calculation of the expected credit loss is based on the key risk parameters of Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD)

To determine the Lifetime and 12-month PDs, the Company uses the PD tables supplied by Moodys based on the default history of sovereign and corporate obligors with the same credit rating. The Company adopts the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. The PDs are recalibrated and adjusted to reflect forward looking information as described below. changes in the rating for counterparties and exposure lead to a change in estimate of the associated PD.

Loss Given Default is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against the defaulted counterparties. The LGD for sovereign fixed income exposures are based on publications by Moody's and the models consider the structure, collateral, seniority of claims and recovery cot of any collateral that is integral to the financial asset. For loans secured with properties or asset, loan to value ratios are key parameter in determining LGD. LGDs are calculated one discounted cash flow basis using effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Company deprives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount. As described in the accounting policy, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower’s extension options over which it is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The modelling of parameter is carried out on an individual basis or collective basis where the assets share same risk characteristics like instrument type, credit risk rating and gradings, collateral type, date of initial recognition or remaining term to maturity or industry. The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

When ECL are measured using parameters based on collective modelling, a significant input into the measurement of ECL is the external benchmark information that the Company uses to derive the default rates of its portfolios. This includes the PDs provided in the Moody's or Standard and Poor's default study and the LGDs provided in the recovery studies reports provised by the same rating agencies.

An overview of the approach to estimating ECLs is set out in the Summary of significant accounting policies and in the Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Moodys, Standard and Poor's, Economist associate etc.) and its investment team verifies the accuracy of inputs to the Company’s ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company’s base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios for Nigeria, as at 31 December 2020 and 2019.

The Company has identified and documented key divers of credit risk and ECL for each portfolio of financial instruments and using an anlysis of historical data, has estimated relationships between macro economic variables and credit risk and credit losses. The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for “subsequent years” represent a long-term average and so are the same for each scenario.

Financial Risk Management cont.d

(d) Credit quality

The following table shows aggregated credit risk exposure (after ECL) for financial assets neither past due nor impaired with external credit ratings (Fitch Rating Inc and Global Credit rating - GCR):

31 December 2020

	Note	AAA	A+	B+	B	B-	Not rated	Carrying amount
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Loans and receivables								
Trade receivables	9	-	-	-	-	-	-	-
Reinsurance assets	10	-	-	-	-	-	801,775	801,775
Receivables	11	-	-	-	-	-	249,261	249,261
Cash and cash equivalents (less cash-in-hand)	7	300,532	-	-	1,561,333	3,720,379	-	
Financial assets (at amortized cost)	8	-	-	-	6,920,824	-	-	6,920,824
Statutory deposits	15	-	-	-	-	400,000	-	400,000
		300,532	**-**	**-**	**8,482,157**	**4,120,379**	**1,051,036**	**8,371,860**

31 December 2019

	Note	AAA	A	A+	BBB	B+	Not rated	Carrying amount
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Loans and receivables								
Trade receivables	9	-	-	-	-	-	-	-
Reinsurance assets	10	-	-	-	-	-	636,781	636,781
Receivables	11	-	-	-	-	-	119,371	119,371
Cash and cash equivalents (less cash-in-hand)	7	-	-	-	539,976	1,427,191	-	1,967,167
Financial assets (at amortized cost)	8	-	-	-	-	5,630,843	1,794	5,632,637
Statutory deposits	15	-	-	-	-	200,000	-	200,000
		-	**-**	**-**	**539,976**	**7,258,034**	**757,946**	**8,555,956**

The Company's exposure to credit risk is concentrated in financial instruments (placements, treasury bills, bonds, statutory deposits etc.) which account for 92% (2019: 89%) of total assets.

Financial Risk Management (cont'd)

(e) **Market risk management**

Market risk is the risk of adverse changes in the balance sheet or on future earnings whether directly or indirectly, due to fluctuations in the market prices of financial instruments The Company's risk objectives, policies and processes are aimed at instituting a model that objectively identifies, measures and manages market risks in the Company. The Company's identification, management, control and measurement of market risk is aligned towards the sub-risk categories which include;
1. Interest rate risk
2. Equity price risk
3. Foreign exchange risk

(i) ***Interest rate risk***
Interest rate risk is the exposure of the Company’s financial condition to unfavourable movements in interest rates, yield curves and credit spreads. The Company is exposed to interest rate risk through interest bearing assets and liabilities.
The Company's objective for management of interest rate risk on its portfolio is to ensure a higher degree of interest rate mismatch margin stability and lower interest rate risk over an interest rate cycle.

The Company is moderately exposed to interest-rate risk through its conservative investment approach with positions in fixed income and money market instruments. Interest rate risk also exists in policies that carry investment guarantees on early surrender or at maturity, where claim values can become higher than the value of backing assets as a result of rises or falls in interest rates.

A significant portion of the Company’s assets relate to its capital rather than liabilities, the value of its interest rate based assets exceeds its interest rate based liabilities.
Interest rate risk is managed principally through monitoring interest rate gaps and sensitivity analysis across all investment portfolios.

(ii) ***Equity price risk***
The Company is exposed to equity price risk by holding investments quoted on the Nigerian Stock Exchange (NSE). The risk that movements in individual equity prices or equity implied volatilities will adversely affect earnings/capital. Equity securities quoted on the NSE are exposed to movement based on the general movement of the all share index and movement in prices of specific securities held by the Company. The Company's equity securities as at year end amounted to N10 million (2019: N8 million).
A sensitivity analysis of the Company's exposure to equity securities has not been included as the exposure is not material.

(iii) ***Foreign exchange risk***
Foreign exchange risk is the exposure of the Company’s financial condition to adverse movements in exchange rates. The Company is exposed to foreign exchange currency risk primarily through undertaking certain transactions denominated in foreign currency. The Company maintains a bank balance in foreign currency and is thus susceptible to foreign exchange currency risk.
The Board of Directors defines its risk tolerance levels and expectations for foreign exchange risk management and ensures that the risk is maintained at prudent levels.
Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum.
The Company's exposure to foreign exchange risk as at year end amounted to N16 million (2019: N15.2 million) arising from USD denominated cash and bank balances.
A sensitivity analysis of the Company's exposure to foreign exchange risk has not been included as the Company's exposure is not considered material.

(f) **Fair value hierarchy**
The Company's accounting policy on fair value measurements is discussed under note 3.2.
The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of certain valuation techniques.
For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.
The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement.
Level 1: Quoted market price in an active market for an identical instrument.
Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets 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 of which incorporates significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

The table below analyses financial instruments measured at fair value at the end of the year, by the level in the fair value hierarchy into which the fair value measurement is categorised:

Financial Risk Management (cont'd)

	Note	31 December 2020 Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total ₦'000
Assets					
Equity securities - at fair valur throu P/L	8	10,223	-	-	10,223
Total financial assets measured at fair value		**10,223**	**-**	**-**	**10,223**

	Note	31 December 2019 Level 1 ₦'000	Level 2 ₦'000	Level 3 ₦'000	Total balance ₦'000
Assets					
Equity securities - at fair valur throu P/L	8	8,072	-	-	8,072
Total financial assets measured at fair value		**8,072**	**-**	**-**	**8,072**

The table below analyses financial instruments not measured at fair value at the end of the year.

As at 31 December 2020

	Note	Carrying amount ₦'000	Fair value ₦'000
Assets			
Cash and cash equivalents	7	5,582,388	5,582,388
Financial assets	8(b)	6,920,824	7,443,314
Reinsurance assets	10	801,775	801,775
Receivables	11	249,261	249,261
Statutory deposit	15	400,000	400,000
Total value of financial assets not measured at fair value		**13,954,248**	**14,476,738**
Liabilities			
Other payables - financial	19	39,145	39,145
Trade payables	18	288,568	288,568
Investment contract liabilities	17	3,804,440	3,804,440
Total value of financial liabilities not measured at fair value		**4,132,153**	**4,132,153**

As at 31 December 2019

	Note	Carrying amount ₦'000	Fair value ₦'000
Assets			
Cash and cash equivalents	7	1,967,167	1,967,167
Financial assets	8(b)	5,632,637	5,895,269
Reinsurance assets	10	636,781	636,781
Receivables	11	119,371	119,371
Statutory deposit	15	200,000	200,000
Total value of financial assets not measured at fair value		**8,555,956**	**8,818,588**
Liabilities			
Other payables - financial	19	40,806	40,806
Trade payables	18	305,656	305,656
Investment contract liabilities	17	3,094,246	3,094,246
Total value of financial liabilities not measured at fair value		**3,440,708**	**3,440,708**

(g) **Underwriting risk**

Underwriting is the process in which an insurer appraises an insurance risk being presented by the proposer and deciding whether or not to accept the risk and the consideration (premium) to receive. Weaknesses in the systems and controls surrounding the underwriting process can expose an insurer to the risk of unexpected losses which may threaten the capital adequacy of the insurer. The Company's underwriting process is subject to internal audit.

The Company also has a process for assessing brokers' procedures and systems to ensure that the quality of information provided to the Company is of a suitable standard; and in the case of reinsurers, audits of ceding companies to ensure that reinsurance assumed is in accordance with treaties.

The government through the Nigeria Content Bill has empowered insurers to underwrite 70 per cent risks in the country, which has also paved the way for insurers to improve their operations. The factors that the Company uses to classify risks is highly objective, clearly related to the likely cost of providing coverage, practical to administer, consistent with applicable laws, and designed to protect the long-term viability of the insurance program.

Underwriting process risk – This is risk from exposure to financial losses related to the selection and acceptance of risks to be insured.

Mispricing risk – Risk that insurance premiums will be too low to cover the Company's expenses related to underwriting, claim handling and administration.

Brokers' underwriting risk – This is the risk that brokers may:

(I) Be inadequately trained to assess the risk and offer professional advise to the client.

(II) Fail to remit premium collected to the Insurer.

Financial Risk Management (cont'd)

The following factors constitute the basis for the Company's underwriting risk appetite:
• Risks not understood are not underwritten;
• The Company does not underwrite unquantifiable risks;
• Extreme caution is taken when underwriting risks with low safety standards or businesses with excessively high risk profile;
• Businesses and opportunities that can create systemic risk exposure are adequately evaluated;
• The Company exercises caution when underwriting discrete (one-off) risks, particularly where there is no requisite experience or know-how;
• The Company ensures compliance with NAICOM’s guideline on KYC.

The Company develops own products through research, products and the guidance of an actuarial team. The Company ensures that its marketing team interacts with its customers in order to get constructive feedback. These feedbacks guide us in developing products that meet their individual / corporate needs. The limits, standard and exposure are guided by prudent underwriting procedure and reinsurance treaties.

Underwriting responsibilities:
The underwriting unit has the following responsibilities:
• Ensure adherence to reinsurance strategy and delegated limits;
• Manage risk appetite by adhering to delegated authority standards;
• Ensure compliance with the underwriting plan, policies and manuals and implement correct sign-off process for variations;
• Manage underwriting risk exposure and ensure high quality policy standards;
• To put in place, records of all exposures in the different lines of insurance business;
• Demonstrate skills and capability in executing underwriting activities;
• Review the suitability of cover and contract terms, and ensure that all words used are correct, appropriate and authorized.
The overall strategy motive that form the basis for the Company's underwriting policies is to achieve growth in gross written premium/market share and also to price (underwrite) risks to ensure that the Company makes a targeted return on equity.

Risk pricing processes

Good and prudent pricing is a key element of an insurance underwriting process. Stakeholders and decision takers in underwriting are sensitised about the profit implications of underwriting pricing decisions. It is important to know that appropriate pricing is necessary to maintain the quality of insurance portfolio in terms of risk underwritten. Although all risks can be priced, but not all risks should be underwritten.

Risk reporting and monitoring

There is regular reporting and monitoring for each class of insurance business. This is to evaluate the level of performance of each insurance portfolio. The level of information reported ranges from a profit or loss account to reporting on risk segments. Some of the elements reported are listed below:
• Gross premium written;
• Types of risks written;
• Lines of business written
• Policy volume
Risk monitoring activities include:
• Peer review processes established within the underwriting department;
• Risk management and control review

(h) ***Insurance risk***

The risk of loss or adverse changes in the value of insurance liability due to inadequate pricing and/or reserving assumptions. It occurs due to the uncertainty of the timing and amount of future cash flows arising under insurance contracts. The timing is specifically influenced by future mortality, longevity, morbidity, persistency and expenses about which assumptions are made in order to place a value on the liabilities. Deviations from assumptions will result in actual cash flows differing from those projected in the policyholder liability calculations. As such, each assumption represents a source of uncertainty.

Insurance premium rating

(a) Group life products

Underwriting on Corporate business is much less stringent than for individual business, as there is typically less scope for anti-selection. The main reason for this is that participation in the corporate schemes is normally compulsory and members have limited choice in the level of the benefits.

Company's policies are priced using standard mortality tables. The price for an individual scheme is adjusted for the following risk factors:
• Gender structure; and
• Industry.
For large schemes, a scheme’s past experience is a crucial input in setting rates for the scheme. The larger the scheme the more weight is given to the scheme’s past experience. Rates are guaranteed for one year and reviewable at the renewal of the policy.

Financial Risk Management (cont'd)
Mortality and morbidity risks
The risk that actual experience in respect of the rates of mortality and morbidity may vary from what is assumed in pricing and valuation, depending on the terms of different products. The material classes of business most affected by these risks are discussed below:

(a) Group life products
Employee benefit products provide life cover to members of a Company, such as employees of companies or members of trade unions.

An aggregate stop-loss reinsurance agreement is in place to ensure that the Company's exposure to the aggregate mortality risk is managed and limited to a specified limit.

In addition, there is a catastrophe reinsurance treaty in place for both Corporate business and individual business. Such a treaty is particularly important for the Corporate life business as there are considerably more concentrations of risks compared to individual business.

Claims management risk
This is the risk that the insurer may be unable to manage the settlement process by which insurers fulfil their contractual obligation to policyholders. All insurers should have in place a claims management policy and procedure for ensuring that claims are handled fairly and promptly. In establishing and maintaining effective claims handling systems and procedures, the Company considers the following factors:

• Appropriate systems and controls are maintained to ensure that all liabilities or potential liabilities notified to the insurer are recorded promptly and accurately. Accordingly, the systems and controls in place ensure that a proper record is established for each notified claim;
• Suitable controls are maintained to ensure that estimates for reported claims and additional estimates are appropriately made on consistent basis and are properly categorized;
• Regular reviews of the actual outcome of the estimates made is carried out to check for inconsistencies and to ensure that procedures remain appropriate. The reviews include the use of statistical techniques to compare the estimates with the eventual cost of settling the claims, after deducting the amounts already paid at the time the estimates were made;

• A functional system is in place to ensure that claim files without activity are reviewed on a regular basis;
• Appropriate systems and procedures are in place to assess the validity of notified claims by reference to the underlying contracts of insurance and reinsurance treaties;
• Suitable systems are adopted to accommodate the use of suitable experts such as loss adjusters, lawyers, actuaries, accountants etc. as and when appropriate, and to monitor their use; and
• Appropriate procedures are in place to identify and handle large or unusual claims, including system to ensure that senior management are involved from the outset in the processing of claims that are significant because of their size or nature.

(i) **Claims experience risk**
In terms of the short-term insurance contracts held by the Company, the claims experience risk for these policies is that the number of claims and/or the monetary claim amounts are worse than that assumed in the pricing basis.

The Company manages this risk by charging premiums which are appropriate to the risks under the insurance contracts.

Under the short-term insurance products, the Company also holds a concentration risk, which is the risk of a large number of claims from a single event or in a particular geographical area. This risk is reduced by diversification over a large number of uncorrelated risks, as well as taking out catastrophe reinsurance.

(j) **Reinsurance risk**
This is the risk of inadequate reinsurance cover which may be triggered by a situation such as the insolvency of a reinsurer, omission to cede risk to the treaty, wrong cession to the treaty, assumption of risks without reinsurance cover and acceptance of risks above automatic capacity and non-payment of reinsurance premium as and when due. The Company ensures that it maintains adequate reinsurance arrangements and treaties in respect of the classes or category of insurance business. The Company has in place a documented policy stating:
• Systems for the selection of reinsurance brokers and other reinsurance advisers;
• Systems for selecting and monitoring reinsurance programmes;
• Clearly defined managerial responsibilities and controls.

Financial Risk Management (cont'd)

(k) A summary of the Company's interest rate gap position on non-trading portfolios is as follows:

Interest rate gap analysis

31 December 2020	**Note**	**Carrying amount**	**Gross Nominal**	**Re-pricing period** 1 -3 months	3-12 months	Above 12 months
Assets		**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Placements with financial institutions	7	4,955,938	4,973,128	4,514,122	459,006	-
Treasury bills with maturity of less than 90 days	7(b)	299,898	299,986	299,986	-	-
Financial assets	8(b)	6,920,824	6,930,851	-	1,387,765	5,543,086
Statutory deposits	15	400,000	-	-	-	
		12,576,660	**12,203,965**	**4,814,108**	**1,846,770**	**5,543,086**
Liabilities						
Investment contract liabilities	17	853,264	3,804,440	116,213	459,420	3,228,807
Total interest re-pricing gap		**11,723,396**	**8,399,525**	**4,697,895**	**1,387,351**	**2,314,279**

31 December 2019		**Carrying amount**	**Gross Nominal**	**Re-pricing period** 1 -3 months	3-12 months	Above 12 months
Assets		**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Placements with financial institutions	7	411,183	411,549	411,549	-	-
Treasury bills with maturity of less than 90 days	7(b)	1,439,387	1,439,389	1,439,389	-	-
Financial assets	8(b)	5,632,637	5,640,553	-	1,340,717	4,299,836
Statutory deposits	15	200,000	200,000	-	-	200,000
		7,683,207	**7,691,491**	**1,850,938**	**1,340,717**	**4,499,836**
Liabilities						
Investment contract liabilities	17	3,094,246	3,094,246	99,729	301,104	2,693,413
Total interest re-pricing gap		**4,588,961**	**4,597,245**	**1,751,209**	**1,039,613**	**1,806,423**

(l) Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates on non-trading portfolios at the balance sheet date. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

		2020	**2019**
Rate sensitive assets:		**₦'000**	**₦'000**
Placements with financial institutions	7	4,955,938	411,183
Treasury bills with maturity of less than 90 days	7(b)	299,898	1,439,387
Financial assets (Treasury bills)	8(b)	6,920,824	5,632,637
Statutory deposits	15	400,000	200,000
		12,576,660	**7,683,207**
Rate sensitive liabilities:			
Investment contract liabilities	17	853,264	3,094,246
		853,264	**3,094,246**

31 December 2020		**Base ₦'000**	**Average rate**	**Interest rate** +1%	**-1%**	**100 bp Increase ₦'000**	**100 bp Decrease ₦'000**
Interest income - placements	28	13,708	11%	12%	10%	15,079	12,338
Interest income - treasury bills and bonds	28	453,633	10%	11%	9%	498,997	408,270
Interest income - statutory deposits	28	26,094	13%	14%	12%	28,703	23,485
Interest expense	17(a)	(48,949)	5%	6%	4%	(53,843)	(44,054)
Net interest income		444,487				488,936	400,039
Impact on interest income						44,449	(44,448)

31 December 2019		**Base ₦'000**	**Average rate**	**Interest rate** +1%	**-1%**	**100 bp Increase ₦'000**	**100 bp Decrease ₦'000**
Interest income - placements	28	13,708	11%	9%	7%	15,079	12,338
Interest income - treasury bills and bonds	28	705,841	12%	4%	2%	776,425	635,257
Interest income - statutory deposits	28	25,928	13%	14%	12%	28,521	23,335
Interest expense	17(a)	(15,709)	5%	6%	4%	(17,280)	(14,138)
Net interest income		729,768				802,745	656,792
Impact on interest income						72,977	(72,976)

(m) Sensitivity analysis of insurance contract liabilities

The risks associated with life insurance contract liabilities and investment contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The key assumptions in quantifying these liabilities include mortality, persistency, longevity, morbidity, expense variations, investment returns and discount rates.

The results of sensitivity testing are set out below showing the impact on loss or profit before tax and shareholder's equity before and after reinsurance. For each sensitivity, the impact of a change in a single factor is shown, with other assumptions unchanged.

Sensitivity of liabilities to changes in valuation assumptions

31 December 2020 actuarial valuation

N'000	Base	Interest rate +1%	Interest rate -1%	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Lapse +5%	Lapse -5%	Mortality +5%	Mortality -5%
Individual Traditional	174,400	164,151	186,422	192,290	157,632	192,536	161,132	173,481	175,390	176,802	171,980
Individual Investment Linked	3,804,440	3,804,440	3,804,440	3,804,440	3,804,440	3,804,440	3,804,440		3,804,440	3,804,440	3,804,440
Credit Life	360,682	360,682	360,682	360,682	360,682	360,682	360,682	360,682	360,682	360,682	360,682
Group Life – UPR	539,826	539,826	539,826	539,826	539,826	539,826	539,826	539,826	539,826	539,826	539,826
Group Life – AURR	156,157	156,157	156,157	156,157	156,157	156,157	156,157	156,157	156,157	156,157	156,157
Group Life – IBNR	1,337,808	1,337,808	1,337,808	1,337,808	1,337,808	1,337,808	1,337,808	1,337,808	1,337,808	1,337,808	1,337,808
Additional reserves	750,985	750,985	750,985	750,985	750,985	750,985	750,985	750,985	750,985	750,985	750,985
Reinsurance	(592,317)	(592,317)	(592,317)	(592,317)	(592,317)	(592,317)	(592,317)	(592,317)	(592,317)	(592,317)	(592,317)
Net liability	**6,531,981**	**6,521,732**	**6,544,003**	**6,549,871**	**6,515,213**	**6,550,117**	**6,518,713**	**2,726,622**	**6,532,971**	**6,534,383**	**6,529,561**
% change in liability	**-**	**-0.16%**	**0.18%**	**0.27%**	**-0.26%**	**0.28%**	**-0.20%**	**-58.26%**	**0.02%**	**0.04%**	**-0.04%**

Summary	**Base**	**Interest rate +1%**	**Interest rate -1%**	**Expenses +10%**	**Expenses -10%**	**Expense Inflation +2%**	**Expense Inflation -2%**	**Lapse +5%**	**Lapse -5%**	**Mortality +5%**	**Mortality -5%**
Individual	4,729,825	4,719,576	4,741,846	4,747,714	4,713,056	4,747,961	4,716,557	924,466	4,730,814	4,732,227	4,727,404
Group	1,802,157	1,802,157	1,802,157	1,802,157	1,802,157	1,802,157	1,802,157	1,802,157	1,802,157	1,802,157	1,802,157
Net liability	6,531,981	6,521,732	6,544,003	6,549,871	6,515,213	6,550,117	6,518,713	2,726,622	6,532,971	6,534,383	6,529,561
% change in liability	**-**	**-0.16%**	**0.18%**	**0.27%**	**-0.26%**	**0.28%**	**-0.20%**	**-58.26%**	**0.02%**	**0.04%**	**-0.04%**

The liability in this analysis excludes the outstanding claim provisions

The Company's method for sensitivity testing has not changed significantly from the prior year

31 December 2019 actuarial valuation

N'000m	Base	Interest rate +1%	Interest rate -1%	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Lapse +5%	Lapse -5%	Mortality +5%	Mortality -5%
Individual Traditional	151,213	148,188	154,707	163,439	140,163	159,456	145,020	150,135	152,367	152,896	149,558
Individual Investment Linked	3,094,246	3,094,246	3,094,246	3,094,246	3,094,246	3,094,246	3,094,246	3,094,246	3,094,246	3,094,246	3,094,246
Credit Life	192,667	192,667	192,667	192,667	192,667	192,667	192,667	192,667	192,667	192,667	192,667
Group Life – UPR	248,035	248,035	248,035	248,035	248,035	248,035	248,035	248,035	248,035	248,035	248,035
Group Life – AURR	9,226	9,226	9,226	9,226	9,226	9,226	9,226	9,226	9,226	9,226	9,226
Group Life – IBNR	920,334	920,334	920,334	920,334	920,334	920,334	920,334	920,334	920,334	920,334	920,334
Additional reserves	630,635	630,635	630,635	630,635	630,635	630,635	630,635	630,635	630,635	630,635	630,635
Reinsurance	(427,322)	(427,322)	(427,322)	(427,322)	(427,322)	(427,322)	(427,322)	(427,322)	(427,322)	(427,322)	(427,322)
Net liability	**4,819,034**	**4,816,009**	**4,822,528**	**4,831,260**	**4,807,984**	**4,827,277**	**4,812,841**	**4,817,956**	**4,820,188**	**4,820,717**	**4,817,379**
% change in liability	**-**	**-0.06%**	**0.07%**	**0.25%**	**-0.23%**	**0.17%**	**-0.13%**	**-0.02%**	**0.02%**	**0.03%**	**-0.03%**

Summary	Base	Interest rate +1%	Interest rate -1%	Expenses +10%	Expenses -10%	Expense Inflation +2%	Expense Inflation -2%	Lapse +5%	Lapse -5%	Mortality +5%	Mortality -5%
Individual	3,876,094	3,873,069	3,879,588	3,888,320	3,865,044	3,884,337	3,869,901	3,875,016	3,877,248	3,877,777	3,874,439
Group	942,940	942,940	942,940	942,940	942,940	942,940	942,940	942,940	942,940	942,940	942,940
Net liability	4,819,034	4,816,009	4,822,528	4,831,260	4,807,984	4,827,277	4,812,841	4,817,956	4,820,188	4,820,717	4,817,379
% change in liability	**-**	**-0.06%**	**0.07%**	**0.25%**	**-0.23%**	**0.17%**	**-0.13%**	**-0.02%**	**0.02%**	**0.03%**	**-0.03%**

The liability in this analysis excludes the outstanding claim provisions

Financial Risk Management (cont'd)

Maturity analysis of financial assets and liabilities
The following table shows the undiscounted maturity analysis of the Company's financial assets and liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow/(outflow) disclosed in the table is the contractual, undiscounted cash flow on the financial liability or commitment.

Residual contractual maturities of financial assets and liabilities

31 December 2020	Note	Carrying amount ₦'000	Gross Nominal ₦'000	1 - 3 months ₦'000	3-12 months ₦'000	Above 12 months
Assets						
Cash and cash equivalents	7	5,582,388	5,599,522	5,599,522	-	-
Financial assets	8	6,920,824	6,930,851	-	1,387,765	5,543,086
Reinsurance assets	10	801,775	801,775	51,246	97,834	652,695
Receivables	11	249,261	249,261	249,261	-	-
		13,554,248	**13,581,409**	**5,900,029**	**1,485,598**	**6,195,782**
Liabilities						
Investment contract liabilities	17	3,804,440	3,804,440	215,536	464,223	3,124,681
Trade payables	18	288,568	288,568	288,568	-	-
Other payables (financial)	19	39,145	39,145	39,145	-	-
		4,132,153	**4,132,153**	**543,249**	**464,223**	**3,124,681**
Gap (asset - liabilities)		**9,422,095**	**9,449,256**	**5,356,780**	**1,021,376**	**3,071,100**
Cumulative liquidity gap		**9,422,095**	**9,449,256**	**5,356,780**	**6,378,156**	**9,449,256**

31 December 2019		Carrying amount ₦'000	Gross nominal ₦'000	1 - 3 months ₦'000	3-12 months ₦'000	Above 12 months
Assets						
Cash and cash equivalents	7	1,967,167	1,967,535	1,967,535	-	-
Financial assets	8	5,630,843	5,640,553	-	1,340,717	4,299,836
Trade receivables	9	-	-	-	-	-
Reinsurance assets	10	636,781	636,781	45,494	163,965	427,322
Receivables	11	119,371	119,371	119,371	-	-
		8,354,162	**8,364,240**	**2,132,400**	**1,504,682**	**4,727,158**
Liabilities						
Investment contract liabilities	17	3,094,246	3,094,246	99,729	301,104	2,693,413
Trade payables	18	305,656	305,656	305,656	-	-
Other payables (financial)	19	40,806	40,806	40,806	-	-
		3,440,708	**3,440,708**	**446,191**	**301,104**	**2,693,413**
Gap (asset - liabilities)		**4,913,454**	**4,923,532**	**1,686,209**	**1,203,578**	**2,033,745**
Cumulative liquidity gap		**4,913,454**	**4,923,532**	**1,686,209**	**2,889,787**	**4,923,532**

Financial Risk Management (cont'd)

(6) Capital management

Capital is actively managed with a focus on capital efficiency and effective risk management. The Company's objective with respect to capital management is to ensure that the Company is properly capitalised and funded at all times, having regard to its regulatory needs, prudent management and the needs of all stakeholders.

The Capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings. Reinsurance is also used as part of capital management. The Company also has 0% coupon preference shares which are mandatorily convertible to ordinary shares on a set date (see Note 21).

The capital adequacy of the Company is reviewed regularly to meet regulatory requirements and standard of international best practices in order to adopt and implement decisions necessary to maintain the capital at a level that ensures the realization of the business plan with a certain safety margin.

The Company undertakes regular monitoring of capital adequacy and the application of regulatory capital by deploying internal systems based on the guidelines provided by the National Insurance Commission (NAICOM).

Regulatory capital requirements

NAICOM requires that the Company maintains a minimum capital base of N4 billion. The Company's adjusted capital was N5.2 billion as at 31 December 2020 (2019: N2.01 billion) as shown below. Based on this, the Company has met the minimum capital adequacy requirement applicable to a Life Insurance business.

The table below sets out the capital that is managed by the Company on a regulatory basis:

	2020	2019
	₦'000	**₦'000**
Shareholders fund as per statement of financial position	5,525,664	2,168,851
Less adjustments for intangible assets, deferred tax assets and other receivables and prepayments (inadmissible assets)	(310,502)	(159,464)
Capital resources on a regulatory basis	**5,215,162**	**2,009,387**

The details of the Company's capital structure are shown in the statement of financial position on page 27 of the financial statements.

The Company also employed an actuary in determining the valuation of life insurance contract liabilities. The results of the valuation done as at year end are presented below:

	Notes	2020	2019
		₦'000	**₦'000**
Net life insurance contract liabilities:			
Unearned premium reserve	16(d)	826,818	429,048
Claims reserve	16(d)	930,184	782,804
Incurred but not reported	16(d)	1,562,856	941,214
		3,319,858	**2,153,066**
Gross Liability		3,319,858	2,153,066
Reinsurance recoverable	16(d)	(592,316)	(427,322)
Net liability (see note 16(d))		**2,727,542**	**1,725,744**

The Company's solvency position is as follows:

Solvency margin computation

	31-Dec-20			31-Dec-19
Admissible Assets	**Total**	**Inadmissible**	**Admissible**	**Admissible**
	N'000	**N'000**	**N'000**	**N'000**
Cash and cash equivalents	5,582,388	-	5,582,388	1,967,167
Financial assets	6,931,047	-	6,931,047	5,640,709
Trade receivables	-	-	-	-
Reinsurance assets	801,775	-	801,775	636,781
Other receivables and prepayments	310,502	310,502	-	-
Intangible assets	-	-	-	-
Property and equipment	24,038	-	24,038	22,757
Statutory deposit	400,000	-	400,000	200,000
	14,049,750	**310,502**	**13,739,248**	**8,467,414**

Financial Risk Management (cont'd)

Less: Admissible liabilities				
Insurance liabilities	3,870,289	-	3,870,289	2,656,182
Investment contract liabilities	3,804,440	-	3,804,440	3,094,246
Trade payables	288,568	-	288,568	305,656
Accruals and other payables	558,951	-	558,951	388,711
Income tax payable	1,838	-	1,838	13,232
	8,524,086	-	**8,524,086**	**6,458,027**
Solvency margin (A-B)	**5,525,664**	**310,502**	**5,215,162**	**2,009,387**
Minimum paid up capital			**4,000,000**	**2,000,000**

The Company's solvency margin of N5.2 billion (2019: N2.01 billion) is above the minimum capital of N4,000,000,000 (2019: N2,000,000,000) prescribed by the Insurance Act of Nigeria.

The actuary reported that the liabilities under the Company's life policies, in respect of business carried on in Nigeria did not exceed the amount of the Life insurance and Deposit administration funds as at 31 December 2020.

Notes to the financial statements (cont'd)

7 Cash and cash equivalents

Cash and cash equivalents comprise:

	2020	2019
	₦'000	₦'000
Cash in hand	144	-
Balances held with banks in Nigeria	326,408	116,597
Placements with financial institutions (see (a) below)	4,955,938	411,183
Treasury bills with maturity of less than 90 days (see (b) below)	299,898	1,439,387
	5,582,388	**1,967,167**

(a) Bank placements	4,973,128	411,549
ECL adjustment	(17,190)	(366)
	4,955,938	**411,183**

Placements with financial institutions comprises term deposits with maturity of less than 90 days from the value date of the instruments.

	2020	2019
	₦'000	₦'000
(b) Treasury bills with maturity of less than 90 days	299,986	1,439,389
ECL adjustment	(88)	(2)
	299,898	**1,439,387**

(c) Movement in ECL adjustments on cash and cash equivalents is detailed below		
At 1 January	**368**	-
Opening transition adjustment	-	1,164
Movement for the year (see 32(b))	16,910	(796)
At 31 December	**17,278**	**368**

Maturity profile of cash and cash equivalents	2020	2019
	₦'000	₦'000
Less than 3 months	5,582,388	1,967,167
Non-current	-	-
	5,582,388	**1,967,167**

8 Financial assets

The Company's financial assets are summarised below by measurement category in the table below.

	2020	2019
	₦'000	₦'000
Investment securities - Fair value through profit or loss (FVTPL) (see (a) below)	10,223	8,072
Investment securities - Amortised cost (see (b) below)	6,920,824	5,630,843
Other assets at amortised cost (see (bi) below)	-	1,794
	6,931,047	**5,640,709**

Maturity profile of other financial assets

Greater than 3 months less than 12 months	5,544,876	1,335,911
Non-current	1,386,170	4,304,798
	6,931,047	**5,640,709**

(a) **Investment securities - FVTPL**

Quoted equity securities	9,039	6,888
Unquoted equity securities	1,184	1,184
	10,223	**8,072**

Movement in quoted equity securities at fair value through profit or loss (FVTPL)

Balance, at 1 January	6,888	9,089
Fair value gain/(loss) on equity securities (see note 29)	2,151	(2,201)
Balance, 31 December	**9,039**	**6,888**

Equity securities classified as FVTPL are designated upon initial recognition. There were no financial assets measured at FVTPL that are either past due or impaired.

(b) **Investment securities - Amortised Cost**

Debt securities - Fixed interest: Federal Government of Nigeria Treasury Bills	-	1,338,767
Debt securities - Fixed interest: Federal Government of Nigeria Bonds	6,930,851	4,299,992
	6,930,851	5,638,759
Expected Credit Losses (IFRS 9)	(10,027)	(7,916)
	6,920,824	**5,630,843**

Notes to the financial statements (cont'd)

		2020	2019
(b)(i)	**Other assets at amortised cost**	**₦'000**	**₦'000**
	Staff loans and advances	-	1,794
		-	**1,794**
	Reconciliation of ECL adjustment		
	Balance, at 1 January	7,916	3,382
	Charged during the year	2,111	4,534
	Balance at 31 December	**10,027**	**7,916**
	Movement in investment securities at amortised cost:		
	Balance, at 1 January	5,630,843	5,058,761
	Proceeds from maturity of investments	(1,591,197)	(1,651,797)
	Additions during the year	2,848,390	2,138,063
	Interest receivable	30,676	81,282
	ECL adjustment for the year	2,111	4,534
	Balance, 31 December	**6,920,824**	**5,630,843**

9 Trade receivables

Balance, at 1 January	-	769
Gross premium written during the year (see Note 24)	4,375,353	2,882,942
Premium received during the year	(4,375,353)	(2,883,711)
Balance at 31 December	**-**	**-**

10 Reinsurance assets

Reinsurance assets comprise the amount due from the reinsurer in respect of claims paid and the reassurer's share of the insurance contract liabilities on the business ceded as at year end. The account is made up of the following:

	2020	2019
	₦'000	**₦'000**
Reinsurer's share of unearned premium reserve (UPR) (see note (b) below)	207,179	104,262
Reinsurance recoverable on claims - incurred but not reported (IBNR) (see note (c) below)	385,137	323,060
	592,316	**427,322**
Reinsurance recoverable on processed and paid claims (see note (d) below)	51,246	45,494
Reinsurance recoverable on outstanding claims (see note (e) below)	158,213	163,965
	801,775	**636,781**

(a) Maturity profile of reinsurance assets

	2020	2019
	₦'000	**₦'000**
Within 12 months	416,638	313,721
After 12 months	385,137	323,060
	801,775	**636,781**

(b) Movement in reinsurer's share of unearned premium reserve (UPR)
The movement in reinsurer's share of UPR during the year was as follows:

	2020	2019
	₦'000	**₦'000**
Balance at 1 January	104,262	115,953
Movement during the year (see note 24(a))	102,917	(11,691)
Balance at 31 December	**207,179**	**104,262**

(c) Movement in reinsurance recoverable on claims - incurred but not reported (IBNR)
The movement in reinsurance recoverable on claims IBNR during the year was as follows:

	2020	2019
	₦'000	**₦'000**
Balance at 1 January	323,060	266,974
Movement during the year (see note 26(c))	62,077	56,086
Balance at 31 December	**385,137**	**323,060**

Notes to the financial statements (cont'd)

(d) Movement in processed and paid claims recoverable

	2020	2019
	₦'000	₦'000
Balance at 1 January	45,494	45,494
Additions during the year: recoverable on Claims paid (see note 26(c))	198,296	234,493
Reinsurance recoveries during the year	(192,544)	(234,493)
Balance at 31 December	**51,246**	**45,494**

(e) Movement in reinsurers' recoverable on outstanding claims

	2020	2019
	₦'000	₦'000
Balance at 1 January	163,965	157,895
Movement during the year(see note 26(c))	(5,752)	6,070
Balance at 31 December	**158,213**	**163,965**

11 Other receivables and prepayments

	2020	2019
	₦'000	₦'000
Receivables from related parties (see (a) below)	246,566	52,329
Other receivables (see (b) below)	134,356	146,585
	380,922	198,914
Impairment (see (c) below)	(64,183)	(79,183)
ECL impairment	(67,478)	(360)
	249,261	119,371
Prepayments (see (d) below)	61,241	40,093
	310,502	**159,464**

(a) Receivable comprises expenses incurred on behalf of and recoverable from Old Mutual West Africa Company Limited (OMWA), the OMNILAC's holding Company - N215 million (2019: N37 Million) and Old Mutual General Insurance Company Limited - N31 million (2019: N15 million).

Movement in receivables from related parties.

	2020	2019
	₦'000	₦'000
Balance at 1 January	52,329	7,070
Additions during the year	194,237	45,259
Balance at 31 December	**246,566**	**52,329**

(b) **Other receivables**

	2020	2019
Staff advance	-	182
Sundry debtors	2,710	3,053
Receivable from financial institutions (see (i) below)	131,646	143,350
	134,356	**146,585**
Impairment on receivable from financial institution	(64,183)	(79,183)
ECL impairment	(67,478)	(360)
	2,695	**67,042**

(i) Receivable from financial institutions comprises of:
- N67 million (2019: N67 million) Resort Savings and Loans Limited.
- N64 million (2019: N64 million) fixed deposits with Aquila leasing.

(c) **Reconciliation of impairment**

	2020	2019
	₦'000	₦'000
Balance at 1 January	79,183	100,183
(Writeback)/charge during the year (see note 32b)	(15,000)	(21,000)
Balance at 31 December	**64,183**	**79,183**

(d) Prepayments comprise prepaid rent charges, vehicle insurance, employee group life insurance, subscriptions, internet bandwidth charges as well as employee benefits (club/professional subscriptions, accommodation, etc.).

Prepayment	2020	2019
	₦'000	₦'000
Prepaid rent	34,198	26,422
Group life insurance premium	27,042	13,671
Vehicle Insurance	-	-
	61,240	**40,093**

(e) Maturity profile of other receivables and prepayments

	2020	2019
	₦'000	₦'000
Within 12 months	310,502	159,464
After 12 months	-	-
	310,502	**159,464**

Notes to the financial statements (cont'd)

12 Intangible assets

	2020	2019
Computer software:	**₦'000**	**₦'000**
Cost		
Balance at 1 January	2,511	2,511
Additions during the year	-	-
Balance 31 December	**2,511**	**2,511**
Accumulated amortisation:		
Balance at 1 January	(2,511)	(2,511)
Charge for the year (see note 32)	-	-
Balance 31 December	**(2,511)**	**(2,511)**
Net book value:		
Balance at 1 January	-	-
Balance 31 December	-	-

The intangible assets held by the Company are computer software. The computer software is accounted for using the cost model (i.e. cost less accumulated amortization and accumulated impairment). The amortisation is charged to the income statement in accordance with the Company's policy. As at 31 December 2020, these assets were assessed for impairment and Management has determined that no impairment is required of these intangible assets.

i. No leased assets are included in the above intangible assets (2019: Nil)
ii. The Company had no capital commitments contracted or authorized as at 31 December 2020 (2019: nil)
iii. In the opinion of the Directors, the market value of the Company's intangible asset is not less than the value shown in the financial statements.

iv. There was no item of intangible asset that has been pledged as security for borrowings as at year end (2019: nil)

Notes to the financial statements (cont'd)

13 Property and equipment

(a) ***As at 31 December 2020***

	Motor Vehicles	Furniture and Equipment	Computer Equipment	Total
Cost:	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Balance at 1 January	104,490	95,468	68,956	268,913
Additions	-	894	16,877	17,771
Transfers (see note (vii) below)	-	13,058	(13,058)	-
Disposals	-	(7,213)	-	(7,213)
Balance at 31 December	**104,490**	**102,207**	**72,775**	**279,471**
Accumulated Depreciation				
Balance at 1 January	103,587	93,047	49,522	246,156
Charge for the year	903	9,638	5,950	16,491
Disposals	-	(7,213)	-	(7,213)
Balance at 31 December	**104,490**	**95,472**	**55,472**	**255,434**
Net book value				
Balance at 1 January	**903**	**2,421**	**19,434**	**22,757**
Balance at 31 December	**-**	**6,735**	**17,303**	**24,038**

(b) ***As at 31 December 2019***

	Motor Vehicles	Furniture and Equipment	Computer Equipment	Total
Cost:	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Balance at 1 January	142,585	100,245	66,028	308,858
Additions	-	721	3,426	4,146
Disposals	(38,095)	(5,498)	(498)	(44,091)
Balance at 31 December	**104,490**	**95,468**	**68,956**	**268,913**
Accumulated Depreciation:				
Balance at 1 January	133,590	81,286	45,436	260,312
Charge for the year	7,480	16,800	4,582	28,862
Disposals	(37,483)	(5,039)	(496)	(43,018)
Balance at 31 December	**103,587**	**93,047**	**49,522**	**246,156**
Carrying Amount:				
Balance at 1 January	**8,995**	**18,959**	**20,592**	**48,546**
Balance at year end	**903**	**2,421**	**19,434**	**22,757**

i. No leased assets are included in the above property and equipment account (2019: Nil)
ii. The Company had no capital commitments contracted or authorized as at 31 December 2020 (2019: nil)
iii. There were no capitalized borrowing costs related to the acquisition of property and equipment during the year ended 31 December 2020 (2019: nil).
iv. In the opinion of the Directors, the market value of the Company's property and equipment is not less than the value shown in the financial statements.
v. There was no item of property and equipment that has been pledged as security for borrowings as at year end (2019: nil).
vi. An impairment review was conducted and no impairment was required.
vii. Transfers refer to assets which were previously classified as Computer equipment but not classified appropriately as Furniture and equipment.
viii. The Company made a profit of N1.4 million (2019: N1 million) from the disposal of assets for N1.4 million (2019: N1 million) as at year end. This is as shown below:

	2020	2019
	₦'000	**₦'000**
Sales proceeds	1,391	2,108
Net book value	-	(1,073)
Profit on disposal (see note 31)	**1,391**	**1,035**

Notes to the financial statements (cont'd)

14 Deferred taxation

(a) Analysis of unrecognized deferred tax asset as at year end is as follows

At year end, the deferred tax assets have not been recognized due to the uncertainty around future taxable profit against which the tax asset can be utilized in the foreseeable future.

The analysis of unrecognized deferred tax assets is as follows:

	2020		2019	
	Gross amount ₦'000	**Tax effect ₦'000**	**Gross amount ₦'000**	**Tax effect ₦'000**
Property and equipment	480,509	144,153	449,299	134,790
Provisions	64,183	19,255	79,183	23,755
Unrelieved losses	8,699,542	2,609,863	7,201,569	2,160,471
	9,244,234	2,773,271	7,730,050	2,319,016

(a) Unrelieved losses are allowed to be carried forward indefinately as stipulated in the Finance Act 2020.

Movement in unrecognized deferred tax assets	2020	2019
	₦'000	**₦'000**
Balance at 1 January	2,319,016	1,822,452
Additional tax credit during the year	454,255	496,564
Balance at 31 December	2,773,271	2,319,016

15 Statutory Deposits

This represents amounts deposited with the Central Bank of Nigeria (CBN) pursuant to Section 10 (3) of the Insurance Act of Nigeria, CAP I17, LFN 2004. The deposits are not available for use by the Company in the normal course of day to day business.

In the current year, an additional N200 million was transferred to the CBN in compliance with the new regulatory capital regime.

	2020	2019
	₦'000	**₦'000**
Statutory deposits	400,000	200,000
Within 12 months	-	-
After 12 months	400,000	200,000
	400,000	**200,000**

16 Insurance contract liabilities

(a) Insurance contract liabilities comprise the following:

Outstanding claims (see (c) below)	550,431	503,116
Life insurance contract liabilities (see (e) below)	3,319,858	2,153,066
	3,870,289	**2,656,182**

(b) Maturity profile of insurance contract liabilities

Within 12 months	2,307,433	1,714,968
After 12 months	1,562,856	941,214
	3,870,289	**2,656,182**

(c) **Movement in outstanding claims**

Outstanding claims represents the estimated cost of settling all claims arising from incidents occurring as at reporting date. The movement in outstanding claims during the year was as follows:

	2020	2019
	₦'000	**₦'000**
Balance at 1 January	503,116	474,501
Claims incurred during the year (see note 26 (d))	894,340	783,103
Claims paid during the year (see note 26 (a))	(847,025)	(754,488)
Balance at 31 December	**550,431**	**503,116**

Aging analysis of Outstanding claims

Age analysis of outstanding claims at the end of the period is shown below:

Days outstanding		
0 - 90 days	100,991	55,993
91 - 180 days	31,707	14,823
181 - 270 days	5,638	15,501
271 - 365 days	8,150	6,527
Over 365 days	403,945	410,271
Total	**550,431**	**503,116**

Notes to the financial statements (cont'd)

(d) **Life insurance contract liabilities**

Life insurance contract liabilities are assessed every year by qualified consulting actuaries in accordance with the Company's accounting policy. Life insurance contract liabilities comprises:

	2020	2019
	₦'000	₦'000
Unearned premium (see note (f) below)	826,818	429,048
Claims reserves (see note (g) below)	930,184	782,804
Incurred but not reported (IBNR) claims reserves (see note (h) below)	1,562,856	941,214
Gross liability (see note (e) below)	3,319,858	2,153,066
Reinsurance recoverable - UPR and IBNR (see note 10)	(592,316)	(427,322)
Net liability	2,727,542	1,725,744

(e) **Movement in life insurance contract liability (gross)**

The movement in life fund gross insurance contract liability during the year was as follows:

Balance at 1 January	2,153,066	1,610,732
Movement during the year	1,166,792	542,334
Balance at 31 December	3,319,858	2,153,066

(f) **Movement in unearned premium**

The movement in life unearned premium during the year was as follows:

Balance at 1 January	429,048	296,669
Movement during the year (see note 24(a))	397,770	132,379
Balance at 31 December	826,818	429,048

(g) **Movement in Claims reserves**

The movement in claims reserves during the year was as follows:

Balance at 1 January	782,804	344,859
Movement during the year (see note 26(b))	147,380	437,945
Balance at 31 December	930,184	782,804

(h) **Movement in IBNR reserves**

The movement in IBNR reserves during the year was as follows:

Balance at 1 January	941,214	969,204
Movement during the year (see note 26(b))	621,642	(27,990)
Balance at 31 December	1,562,856	941,214

Actuarial valuation

The latest available actuarial valuation of the life business funds was as at 31 December 2020. The actuarial value of the net liability of the fund was N7billion (2019: N5.1billion) (comprising insurance contract liabilities - N3.2billion (2019: N2.02billion) net of reinsurance assets (see note 10 and 16) and investment contract liabilities - N3.8billion (2019: N3.09billion) (see note 17).

The valuation of the Company's life business fund as at 31 December 2020 was carried out by:
Olurotimi O. Okpaise (FRC/2012/NAS/00000000738)
EY Nigeria, a recognized firm of actuaries. The valuation was done based on the following principles:

(i) The individual business comprises of Investment Linked products, Retail Mass Savings (RMS) and Retail Mass Risk products (RMR). The reserve for all Investment Linked products has been taken as the amount standing to the credit of the policyholder at the valuation date. For all individual business, reserves have been calculated and held for the life cover and future expenses in managing the business.
These were calculated via a cash flow projection approach, taking into account the particular features of the products.

(ii) The group risk business comprises of Credit Life plans of various descriptions and Group Life schemes. An unexpired premium reserve was included for Group life business after allowing for acquisition expenses. An additional unexpired risk reserve (AURR) was also held to allow for any inadequacies in the unexpired premium reserve (UPR) for meeting claims in respect of the unexpired period. The claims rates underlying the AURR were based on pooled historical scheme experience.

(iii) No assets were established in respect of Deferred acquisition costs.

(iv) An allowance was made for Incurred But Not Reported (IBNR) claims in Group Life to take care of the delay in reporting claims. This was based on a loss ratio approach, which uses historical claims experience to estimate the ultimate expected claim rates, from which the IBNR portion is determined.

(v) For individual life policies, the valuation age was taken as the age last birthday at the valuation date. The period to maturity has been taken as the full term of the policy less the expired term. Full credit has been taken for premiums due between valuation date and the end of the premium paying term.

(vi) The valuation of the liabilities was made on the assumption that premiums have been credited to the accounts as they fall due, according to the frequency of the particular payment.

Notes to the financial statements (cont'd)

(vii) No specific adjustment was made for immediate payment of claims.
(viii) An expense reserve was held for investment policies that remain on the books but have passed their maturity dates (awaiting payment).
(ix) An allowance has been made for withdrawal/lapse under the Retail Mass Savings and Retail Mass Risk products at the following rates:

	RMS	RMR
Year 1	45.5%	25.0%
Year 2	17.2%	25.0%
Year 3	17.2%	15.0%
Year 4+	10.0%	10.0%

(x) Where negative reserves has arisen for any policy, it has been set to zero to prevent policies being treated as assets.
(xi) Any substandard policies on the books were valued using the same basis as standard policies.
(xii) The mortality table used in the valuation is the UK's mortality of assured lives 1967-70 (A67/70).
(xiii) The rate of interest used in the valuation is 7.37% (2019: 11.42%).
(xiv) Expenses for investment linked policies were reserved explicitly at N9,240 per annum (2019: N8,400), increasing with inflation at 11% per annum.

17 Investment contract liabilities

	2020	2019
	₦'000	**₦'000**
Retail mass market savings plan	3,700,595	2,995,585
Deposit administration	103,845	98,661
	3,804,440	**3,094,246**
(a) The movement in investment contract liabilities during the year was as follows:		
Balance at 1 January	3,094,246	1,849,944
Additions	590,217	306,035
Withdrawals (see note 30)	(625,774)	(310,721)
Guaranteed interest on investment contracts (see note 30)	48,949	15,709
Additional reserves (see note 24)	710,194	1,244,302
Fee deductions on investment contracts	(13,391)	(11,023)
Balance at 31 December	**3,804,440**	**3,094,246**
Maturity profile of investment contract liabilities		
Within 12 months	853,264	478,642
After 12 months	2,951,176	2,615,604
	3,804,440	**3,094,246**

18 Trade payables

	2020	2019
Amounts owed to reinsurance creditors (see (a) below)	205,063	28,132
Unmatched premium (see (b) below)	59,294	257,710
Commission payable intermediaries (see c below)	24,211	19,814
	288,568	**305,656**
(a) Reinsurance payable		
Balance at 1 January	28,132	28,132
Reinsurance premium expenses (see note 24)	703,645	539,790
Reinsurance premium paid	(526,714)	(539,790)
Balance at 31 December	**205,063**	**28,132**
(b) Movement in unmatched premium during the year		
Balance at 1 January	257,710	290,219
Movement during the year	(198,416)	(32,509)
	59,294	**257,710**
(c) Commission Payable Intermediaries		
Balance at 1 January	19,814	17,949
Commission (see note 27)	208,853	174,077
Commission paid	(204,456)	(172,212)
Balance at 31 December	**24,211**	**19,814**

Notes to the financial statements (cont'd)

18 Trade payables cont.d

Maturity profile of trade payables

	2020	2019
	₦'000	₦'000
Within 12 months	288,568	305,656
After 12 months	-	-
	288,568	**305,656**

19 Accruals and other payables

Accruals and other payables comprise:

	2020	2019
Financial		
Professional fees (see b(i) below)	39,036	15,476
Sundry accruals (see b(ii) below)	108	25,330
Intercompany payables	2,378	-
	41,523	**40,806**
Non-Financial		
National housing fund	3,308	2,038
Office rent	5,000	2,603
Staff short term incentive (see (a) below)	40,000	57,432
Pension payable	344	4,156
PAYE and FIRS payables	23,164	15,975
Sundry creditors (see b(iii) below)	354,906	192,418
Deposit for shares (see b(iv) below)	16,056	-
NAICOM levy payable	65,047	44,239
Cash settled share based payment liabilities (see (c) below)	-	20,469
VAT payable (see note (d) below)	9,603	8,575
	517,428	**347,905**
Total	**558,951**	**388,711**

	2020	2019
Maturity profile of accruals and other payables:		
Within 12 months	558,951	368,242
After 12 months	-	20,469
	558,951	**388,711**

(a) The movement in staff short term incentive during the year is as follows:

	2020	2019
	₦'000	₦'000
Balance at 1 January	57,432	-
Additions	40,000	57,432
Payments	(57,432)	-
Forfeits	-	-
Balance 31 December	**40,000**	**57,432**

The staff short term incentive represents amount due to all the employees on the variable pay scheme introduced in 2011 for countries under Old Mutual Africa Holdings, OMAH (Nigeria included). The distributable pool amount is based on the performance of the group and each country gets a share of the pool based on its contribution to the performance for the year. The amount of the country's share of the pool is distributed among the employees based on their role and performance for the period.

(b) Explanations on accruals and other payables

(i) **Professional fees**

This represents expenses incurred in Nigeria on actuarial, tax advisory, legal, audit, and other professional services during the year by the Company that were yet to be settled as at year end.

(ii) **Sundry accruals**

This includes accrual for locally incurred software license & maintenance (Internet) costs - N0.1 million (2019: N4.2 million) and ITF - Nil (2019: N21.13 million).

(iii) **Sundry creditors**

This includes:

a) N228 million being accruals for Old Mutual Life Insurance Company (South Africa) Limited <OMLASCA> support services, and

b) N126 million being unallocated control accounts used in managing money-in process on retail mass market platform as all premium collected via automated channels are warehoused in this account before they are applied on individual policies on the anniversary date.

(iv) **Deposit for shares**

This refers to an amount deposited by Old Mutual West Africa Company Limited in respect of additional preference shares.

(c) **Cash settled share based payment liabilities (deferred cash allocation scheme)**

The Company has implemented a deferred cash allocation scheme to defer a portion of incentive bonuses for Nigerian key management staff which is subject to mandatory deferral of a percentage of their cash. The value of the deferred bonus is indexed to Old Mutual Limited's share price (in South African Rand-ZAR) and accrues dividends (determined based on the number of hypothetical shares) during the vesting period which are payable bi annually. Vesting of the deferred bonus occurs in three years, conditional on continued employment at that time. The final payment of the deferred bonus is calculated with reference to the Old Mutual Limited's share price as listed on the Johannesburg Stock Exchange at payment date.

Notes to the financial statements (cont'd)

19 Accruals and other payables cont.d

The fair value of the services received in return for the virtual share options is measured by reference to the fair value of the share entitlements granted. Fair value of the entitlement is measured using the Black Scholes options pricing model.

Expenses recognized in staff costs

	2020	2019
	₦'000	₦'000
Charge for the year (see Note 35 (c))	-	-

The provision in respect of liabilities under the scheme amounts to Nil at 31 December 2020 (31 December 2019: N20.5million).

(i) The movement in share based payments liabilities is as shown below:

	2020	2019
	₦'000	₦'000
Balance at 1 January	20,469	20,469
Additions	-	-
Payments	(20,469)	-
Forfeits	-	-
Balance at 31 December	**-**	**20,469**

(ii) Reconciliation of units granted

Reconciliation		
Units outstanding at 1 January	10,983	10,983
Additions	-	-
Payments	(10,983)	-
Units outstanding at 31 December	**-**	**10,983**

(d) The movement in VAT payable during the year is as follows:

Balance at 1 January	8,575	4,970
Additions	4,285	7,144
Payments	(3,257)	(3,539)
Balance at 31 December	**9,603**	**8,575**

20 Income tax payable

(a) The movement in this account during the year was as follows:

Balance at 1 January	13,232	8,464
Charge for the year (see (b) below)	1,583	18,894
Payment during the year	(12,977)	(14,126)
Balance at 31 December	**1,838**	**13,232**

(b) The tax charge for the year comprises:

Minimum tax	1,583	18,894
Current tax charge for the year	**1,583**	**18,894**

(c) Reconciliation of effective tax rate

	2020		2019	
	Tax Rate	**₦'000**	**Tax Rate**	**₦'000**
Loss before minimum Tax		(731,868)		(1,385,867)
Income tax using the domestic corporation tax rate	30%	(219,560)	30%	(415,760)
Non-deductible expenses	-2%	14,222	-1%	14,222
Tax exempt income	0%	(1,624)	0%	(1,624)
Minimum tax	0%	1,583	-1%	18,894
Changes in unrecognised deferred tax asset	-13%	93,162	-29%	403,162
	15%	**(112,217)**	**-1%**	**18,894**

Notes to the financial statements (cont'd)

21 Share Capital

		2020	2019
(a)	Authorized share capital:	₦'000	₦'000
	Ordinary Share		
	7,984,500,000 (2019: 7,984,500,000) ordinary shares of N1 each (see (i) below)	7,984,500	7,984,500
	15,500,000 (2019: 15,500,000) preference shares of N1 each	15,500	15,500
		8,000,000	**8,000,000**
(i)	Movement in authorized ordinary share capital during the year is as follows:		
	Balance at 1 January at N1.00 each	7,984,500	7,984,500
	Additions during the year at N1.00 each	-	-
	Balance at 31 December	**7,984,500**	**7,984,500**
(b)	Issued and fully paid share capital:		
(i)	*Ordinary share*		
	Balance at 1 January at N1.00 each	5,786,490	4,086,490
	Additions (conversion) at N1.00 each (note (b) (iii) below)	1,210,968	1,700,000
	Balance at 31 December	**6,997,458**	**5,786,490**
(ii)	Issued and fully paid share capital:		
	Convertible preference shares		
	Balance at 1 January	6,834	8,027
	Issued shares (note (b) (iii) below)	10,225	3,057
	Converted shares (note (b) (iii) below)	(3,027)	(4,250)
	Balance at 31 December	**14,032**	**6,834**
	Total issued and fully paid share capital	7,011,490	5,793,324

(iii) The preference shares were subscribed to by Old Mutual West Africa Company Limited at a cost of N400 per share (including a share premium of N399). These shares are mandatorily convertible to 400 ordinary shares for each preference share on the dates set out below.
On 1st January 2020, 3,027,420 preference shares were converted (at 400 ordinary shares for each preference share) to 1,210,968,000 ordinary shares valued at N1.00 per share.

The outstanding preference shares are convertible on the following dates:

Issue dates	Number of pref. shares	Share premium	Conversion dates	Equivalent Ordinary shares
December 2018	750,000	299,250,000	1 Jan. 2022	300,000,000
August 2019	3,056,706	1,219,625,694	1 Jan. 2023	1,222,682,400
July 2020	2,376,410	948,187,590	1 Jan. 2024	950,564,000
December 2020	7,849,250	3,131,850,750	1 Jan. 2024	3,139,700,000
	14,032,366	**5,598,914,034**		**5,612,946,400**

(c) Share premium

	2020	2019
Preference share	₦'000	₦'000
Balance at 1 January	2,726,816	3,202,941
Issued share (note (b) (iii) above)	4,080,039	1,219,625
Converted to ordinary shares	(1,207,941)	(1,695,750)
Balance at 31 December	**5,598,914**	**2,726,816**

22 Statutory contingency reserve

The statutory contingency reserve is prescribed under Section 21 (1&2) of the Insurance Act. The Company is mandated to maintain a statutory contingency reserve to cover for the fluctuations in securities and variations in statistical estimates.

The statutory contingency reserve is credited with an amount of not less than 1% of the gross premium or 10% of the net profits (whichever is greater) and the amount shall accumulate until it reaches the amount of the minimum paid-up capital.

The movement in this account during the year was as follows:	2020	2019
	₦'000	₦'000
Balance at 1 January	223,645	194,816
Transfer from profit or loss (see note 23 below)	43,754	28,829
Balance at 31 December	**267,399**	**223,645**

23 Retained earnings

The movement in this account during the year is as follows:

At 1 January	(6,574,934)	(5,141,344)
Transfer from profit and loss accounts	(733,451)	(1,404,761)
Transfer to contingency reserve (see note 22 above)	(43,754)	(28,829)
Balance at 31 December	**(7,352,138)**	**(6,574,934)**

Notes to the financial statements (cont'd)

24 Net insurance premium income

	2020	2019
Gross premium revenue arising from insurance contracts issued:	**₦'000**	**₦'000**
Premium from group life assurance	2,711,389	1,531,066
Premium from retail life assurance	1,327,973	1,136,906
Premium from credit life assurance	335,991	214,970
	4,375,353	**2,882,942**
Changes in unearned premium (see (a) below)	(294,853)	(144,070)
Changes in investment contract liabilities (see note 17(a))	(710,194)	(1,244,302)
Gross premium income	**3,370,306**	**1,494,570**
Re-insurance cost:		
- Reinsurance cost - Group life	(663,340)	(491,405)
- Reinsurance cost - Credit life	(39,624)	(48,141)
- Reinsurance cost - Term Assurance	(681)	(244)
Total reinsurance cost (see note 18 (a))	(703,645)	(539,790)
Net premium income	**2,666,661**	**954,780**
(a) Changes in unearned premium and other reserves comprises:		
Group life - unearned premium reserve (UPR) changes (see note16(f))	(397,770)	(132,379)
Changes in reinsurer's share of unexpired risk (UPR) (see note 10(b))	102,917	(11,691)
	(294,853)	**(144,070)**

25 Fee and commission income

Commission received from reinsurance contracts	118,150	120,455

26 Claims and benefits expenses

(a) Claims paid during the year (see note (d) below)	847,025	754,488
Movement in outstanding claims and reserves (see note (b) below)	816,337	438,570
	1,663,362	**1,193,058**
Claims recoverable from reinsurers (see note (c) below)	(254,621)	(296,649)
Claims expenses	**1,408,741**	**896,409**
(b) Movement in outstanding claims and reserves comprise of the following:		
Changes in reported claims (see note (d) below)	47,315	28,615
Changes in IBNR claims (see note 16(h))	621,642	(27,990)
Changes in actuarial reserves (see note 16(g))	147,380	437,945
	816,337	**438,570**
(c) Claims recoverable from reinsurance is made up of the following:		
Movement in recoverable on IBNR claims (see note 10(c))	(62,077)	(56,086)
Claims paid (see note 10(d))	(198,296)	(234,493)
Movement in recoverable on outstanding claims (see note 10(e))	5,752	(6,070)
	(254,621)	**(296,649)**
(d) Claims incurred		
Paid claims (see (a) above)	847,025	754,488
Changes in reported claims (see (b) above)	47,315	28,615
	894,340	**783,103**

Notes to the financial statements (cont'd)

27 Underwriting expenses

	2020	2019
	₦'000	₦'000
Commission expenses - (*see note 18(c)*)	208,853	174,077
Maintenance expenses	347,411	207,765
	556,264	**381,842**

The Company does not have any insurance policy ceded to foreign reinsurance companies. In addition, all commission expenses relate to local counterparties.

28 Investment income

	2020	2019
	₦'000	₦'000
Interest income on cash and cash equivalents	13,708	13,708
Interest income on treasury bills	105,434	424,849
Interest income on bonds	348,199	280,992
Interest income on statutory deposit	26,094	25,928
	493,436	**745,477**

Investment income attributable to policyholders and shareholders for the year 2020 and 2019 respectively are as follows:

31 December 2020	Policyholder	Shareholder	Total
	₦'000	₦'000	₦'000
Interest income on cash and cash equivalents	-	13,708	13,708
Interest income on treasury bills	67,895	37,539	105,434
Interest income on bonds	301,132	47,067	348,199
Interest income on statutory deposit	-	26,094	26,094
	369,028	**124,408**	**493,436**

31 December 2019	Policyholder	Shareholder	Total
	₦'000	₦'000	₦'000
Interest income on cash and cash equivalents	-	13,708	13,708
Interest income on treasury bills	387,310	37,539	424,849
Interest income on bonds	154,618	126,374	280,992
Interest income on statutory deposit	-	25,928	25,928
	541,928	**203,550**	**745,477**

(a) Interest income received	2020	2019
	₦'000	₦'000
Interest receivable (opening balance) (note 8b)	81,282	93,170
Interest income	862,464	745,477
Interest receivable (closing balance) (note 8b)	(30,676)	(81,282)
interest income received	**913,070**	**757,365**

29 Net fair value gain/(loss) on financial assets at fair value through profit or loss

	2020	2019
	₦'000	₦'000
Fair value gain/(loss) on equity securities (see note 8(a))	2,151	(2,201)

30 (Loss)/profit on investment contracts

	2020	2019
	₦'000	₦'000
Interest income on treasury bills	67,895	57,883
Interest income on bonds	301,132	194,231
Total Interest income on investment contract liabilities	**369,028**	**252,114**
Fee deductions on investment contracts *(see Note 17 (a))*	13,402	11,029
Guaranteed interest on investment contracts *(see Note 17 (a))*	(48,949)	(15,709)
Payments on withdrawals of investment contracts *(see Note 17 (a))*	(625,774)	(310,721)
	(292,293)	**(63,287)**

31 Other operating income

Other income	41,362	34,652
Foreign exchange gain	10,133	3,166
Gain on disposal of property and equipment (see note 13)	1,391	1,035
	52,886	**38,853**

Notes to the financial statements (cont'd)

32 Management expenses

	2020	2019
	₦'000	₦'000
Employee benefit expense (see (a) below)	892,397	1,038,384
Depreciation of property and equipment (see note 13)	16,491	28,862
Amortisation of intangible assets (see note 12)	-	-
Audit fees	23,100	19,424
Professional fees	28,942	30,410
Directors' fees and expenses	83,700	79,812
Advertising and marketing	105,798	141,166
Rental and administrative expenses	148,232	203,898
Employee recruitment, training and development costs	13,138	39,596
Mass marketing project related expenses	176,502	124,097
Bad debt expense	-	4,135
Travel and entertainment	7,031	31,182
Computer cost	135,692	82,708
Bank charges	8,616	7,838
Actuarial Fees	4,707	8,132
Contract Service Costs	72,954	57,039
Witholding Tax	4,415	911
Impairment on receivable (see note 32(b))	86,139	4,098
	1,807,854	**1,901,693**

(a) Employee benefit expense

	2020	2019
Wages and salaries	762,799	935,126
Staff medical expenses	13,780	29,030
Group life insurance	11,353	12,749
Pension costs – defined contribution plans	64,465	61,479
	892,397	**1,038,384**

(b) Analysis of impairment

	2020	2019
Impairment on other receivables (see note 11c)	(15,000)	(21,000)
Other receivables written off (see note 11b(i))	15,000	21,000
Other assets at amortised cost; change in ECL (see note 11)	67,118	360
Investment at amortised cost; change in ECL (see note 8(b))	2,111	4,534
Cash & cash equivalent; change in ECL (see note 7(c))	16,910	(796)
	86,139	**4,098**

33 Loss per share

(a) Loss per share

Loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is computed by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive ordinary shares, of which there are no potentially dilutive ordinary shares in the books of the Company as at 31 December 2020.

	2020	2019
Loss attributable to the company’s equity holders (N'000)	(733,451)	(1,404,761)
Weighted average number of ordinary shares in issue ('000)	6,997,458	5,786,490
Loss per share (kobo per share)	(10)	(42)

Notes to the financial statements (cont'd)

(b) **Diluted earnings per share**

The calculation of diluted earnings per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	2020	2019
Loss attributable to the company's equity holders (N'000)	(733,451)	(1,404,761)

In thousands of shares	2020	2019
Weighted average number of ordinary shares in issue (basic)	6,997,458	5,786,490
Effect of conversion of convertible preference shares	5,612,946	2,733,650
Weighted average number of ordinary shares in issue (diluted)	**12,610,404**	**8,520,140**
Diluted loss per share (kobo per share)	(6)	(16)

34 Hypothecation of insurance assets

Assets allocation was done in accordance with NAICOM guidelines in force to meet the minimum requirement of Section 26 (1) (c) of the Insurance Act of Nigeria for hypothecation of investments representing the insurance funds.

31 December 2020	Note	Policy holders ₦'000	Share holders ₦'000	Total ₦'000
Assets				
Cash and cash equivalents	7	299,986	5,282,402	5,582,388
Financial assets	8	6,926,572	4,475	6,931,047
Trade receivables	9	-	-	-
Reinsurance assets	10	801,775	-	801,775
Other receivables and prepayments	11	-	310,502	310,502
Intangible assets	12	-	-	-
Property and equipment	13	-	24,038	24,038
Deferred tax assets	14	-	-	-
Statutory deposits	15	-	400,000	400,000
		8,028,333	**6,021,417**	**14,049,750**
Liabilities				
Insurance contract liabilities	16	3,870,289	-	3,870,289
Investment contract liabilities	17	3,804,440	-	3,804,440
Trade payables	18	-	288,568	288,568
Accruals and other payables	19	-	558,951	558,951
Income tax payable	20	-	1,838	1,838
		7,674,729	**849,357**	**8,524,086**
SURPLUS/(DEFICIT)		**353,604**	**5,172,060**	**5,525,664**

31 December 2019	Note	Policy holders ₦'000	Share holders ₦'000	Total ₦'000
Assets				
Cash and cash equivalents	7	1,439,389	528,367	1,967,756
Financial assets	8	4,320,395	1,319,725	5,640,120
Trade receivables	9	-	-	-
Reinsurance assets	10	636,781	-	636,781
Other receivables and prepayments	11	-	159,464	159,464
Intangible assets	12	-	-	-
Property and equipment	13	-	22,757	22,757
Deferred tax assets	14	-	-	-
Statutory deposits	15	-	200,000	200,000
		6,396,565	**2,230,313**	**8,626,878**
Liabilities				
Insurance contract liabilities	16	2,656,182	-	2,656,182
Investment contract liabilities	17	3,094,246	-	3,094,246
Trade payables	18	-	305,656	305,656
Accruals and other payables	19	-	388,711	388,711
Income tax payable	20	-	13,232	13,232
		5,750,428	**707,599**	**6,458,027**
SURPLUS/(DEFICIT)		**646,137**	**1,522,714**	**2,168,851**

Notes to the financial statements (cont'd)

35 Related parties

(a) ***Parent***

The parent Company of Old Mutual Nigeria Life Assurance Company Limited is Old Mutual West Africa Company Limited. The ultimate holding Company is Old Mutual Limited.

(b) ***Transactions with key management personnel***

The Company's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes close members of family of key management personnel and any entity over which key management personnel exercise control. The key management personnel have been identified as the executive and non-executive Directors of the Company. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Company.

(c) ***Key management personnel compensation***

The compensation of key management personnel comprise:

	2020	2019
	₦'000	₦'000
Short term employees' benefits	178,159	181,989
Post employment benefits	-	7,021
	178,159	**189,010**

(d) ***Key management personnel and director transactions***

The Company did not earn premium income from any director during the year as no insurance cover was provided to any director and key management personnel.

(e) ***Other related party transactions and balances***

During the year, the Company provided insurance services to entities related to key management personnel of the Company and related entities within the group. All the transactions with the related parties were conducted at arm's length. Related parties and related party transactions during the period include:-

(f) Receivable comprises expenses incurred on behalf of and recoverable from Old Mutual West Africa Company Limited (OMWA), the parent Company - N215 million (2019: N37 Million) and Old Mutual General Insurance Company Limited - N31 million (2019: N15 million). Our sister company

			Due from/(Due to)		Income/(Expense)	
			31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Name of related party	**Relationship**	**Nature of transaction**	**N'000**	**N'000**	**N'000**	**N'000**
Ecobank Nigeria Limited	Parent company of minority shareholder	Bank account balance	258,319	81,517	-	-
Ecobank Nigeria Limited	Parent company of minority shareholder	Placements	605,876	-	-	-
Ecobank Nigeria Limited	Parent company of minority shareholder	Interest income on placements	-	-	5,611	-
Ecobank Nigeria Limited	Parent company of minority shareholder	Rental expense	(5,000)	(2,602)	(31,225)	(31,225)
EDC Securities Limited*	Subsidiary of minority shareholder	Treasury bills	299,898	216,039	-	-
EDC Securities Limited	Subsidiary of minority shareholder	Placements	429,341	-	7,490	-
EDC Securities Limited	Subsidiary of minority shareholder	Interest income on placements	-	-	7,490	-
Old Mutual West Africa Company Limited	Holding company	Capital injection	4,090,264	1,222,682	-	-
Old Mutual West Africa Company Limited	Holding company	Receivable	214,748	45,363	-	-
Old Mutual Africa Holdings	Parent of the Holding company	Receivable	-	46	-	-

*The transactions relates to the purchase of treasury bills by EDC Securities Limited on behalf of Old Mutual Nigeria Life Assurance Company Limited.

Notes to the financial statements (cont'd)

36 Staff information

(a) Staff and Directors' analysis:

i. Employees earning more than N1,000,000 per annum, including executive Directors, whose duties were wholly or mainly discharged in Nigeria, received emoluments (excluding pension contribution and other allowances) in the following ranges:

	2020	2019
	Number	**Number**
below 1,000,000	-	-
N1,000,001 – N2,000,001	2	2
N2,000,001 – N3,000,001	12	15
N3,000,000 – N4,000,001	6	2
N4,000,001 – N5,000,001	8	7
N5,000,001 – N10,000,001	15	18
Above N10,000,001	28	18
	71	**62**

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

	2020	2019
	Numbers	Numbers
Management staff	15	7
Non management staff	56	55
	71	**62**

(b) Directors' remuneration:

i. Remuneration paid to the Directors of the Company (excluding pension contribution and certain benefits) was as

	2020	2019
	₦'000	**₦'000**
Non executive directors' fees	72,800	67,395

ii.The Directors' remuneration shown above (excluding pension contributions and other allowances) includes:

	2020	2019
	₦'000	**₦'000**
Chairperson	11,879	10,522
Highest paid executive director	68,443	64,537

iii. The emoluments of all other Directors fell within the following range:

	Number	Number
N200,001 - N500,000	-	-
N500,001 - N5,000,000	1	-
N5,000,001 - N10,000,000	3	6
N10,000,001 - N20,000,000	2	-
	6	**6**

37 Contravention of laws and regulations

	2020	2019
Description:	**₦'000**	**₦'000**
Penalty imposed by FRCN for late renewal of FRC registration	500	-
Penalty imposed by FRCN for late filing of 2017 AFS & disclosure deficienc	-	1,500
	500	**1,500**

38 Contingent liabilities, litigation and claims

The Company in its ordinary course of business is presently involved in 3 cases as the plaintiff. The total amount claimed in cases in favour of the Company as at 31 December 2020 was at N168.2 million (2019: N75 million). The Directors are of the opinion that none of the cases will have a material effect on the Company and are not aware of any pending and/or threatened litigations against the Company.

39 Events after the reporting period:

There was no material event after the end of the reporting period that could have a material effect on the financial statements of the Company which have not been recognized and/or disclosed.

OTHER NATIONAL DISCLOSURES

Other National Disclosures

Statement of Value Added
For the year ended 31 December 2020

	2020		2019	
	₦'000	**%**	**₦'000**	**%**
Net premium income	2,666,661	1,506	954,780	300
Investment income	493,436	279	745,477	234
Other income	52,886	30	38,853	12
Claims incurred, net commissions and operating expenses	(3,035,963)	(1,715)	(2,057,731)	(646)
Value Added/(Consumed)	**177,020**	**100**	**(318,622)**	**(100)**
Applied as follows:				
Employee benefit expense	892,397	504	1,038,384	326
Government taxes	1,583	1	18,894	6
Consumed in the business:				
Depreciation of property, plant and equipment	16,491	9	28,862	9
To augment contingency reserve	43,754	25	28,829	9
To augment/(deplete) reserves	(777,205)	(439)	(1,433,590)	(450)
Value Added/(Consumed)	**177,020**	**100**	**(318,621)**	**(100)**

Other National Disclosures

Financial Summary
For the year ended

	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16
	₦'000	**₦'000**	₦'000	₦'000	₦'000
ASSETS					
Cash and cash equivalents	5,582,388	1,967,167	736,937	482,158	3,784,232
Other financial assets	6,931,047	5,640,709	5,073,910	5,196,209	1,071,930
Trade receivables	-	-	769	422	2,211.00
Reinsurance assets	801,775	636,781	745,192	890,836	436,434
Other receivables and prepayments	310,502	159,464	60,954	120,615	94,015
Intangible assets	-	-	-	20	305
Property and equipment	24,038	22,757	48,546	105,466	174,455
Statutory deposits	400,000	200,000	200,000	200,000	200,000
TOTAL ASSETS	**14,049,750**	**8,626,878**	**6,866,308**	**6,995,726**	**5,763,582**
LIABILITIES					
Insurance contract liabilities	3,870,289	2,656,182	2,085,233	1,806,123	1,191,603
Investment contract liabilities	3,804,440	3,094,246	1,849,944	874,101	536,223
Trade payables	288,568	305,656	329,734	296,557	308,551
Accruals and other payables	558,951	388,711	242,003	215,650	344,256
Income tax payable	1,838	13,232	8,464	27,850	31,224
TOTAL LIABILITIES	**8,524,086**	**6,458,027**	**4,515,378**	**3,220,281**	**2,411,857**
EQUITY AND LIABILITIES					
Share capital & reserves:					
Share capital	6,997,458	5,786,490	4,086,490	4,086,490	2,000,000
Preference share capital	14,032	6,834	8,027	7,277	9,466
Share premium	5,598,914	2,726,816	3,202,941	2,903,691	3,777,024
Contingency reserve	267,399	223,645	194,816	173,674	154,383
Retained earnings	(7,352,138)	(6,574,934)	(5,141,344)	(3,395,687)	(2,589,148)
TOTAL EQUITY	**5,525,664**	**2,168,851**	**2,350,930**	**3,775,445**	**3,351,725**
TOTAL EQUITY AND LIABILITIES	**14,049,750**	**8,626,878**	**6,866,308**	**6,995,726**	**5,763,582**

Profit or loss account

	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16
	₦’000	**₦’000**	**₦’000**	**₦’000**	**₦’000**
Gross premium written	4,375,353	2,882,942	2,114,191	1,929,091	1,300,184
Net premium income	2,666,661	954,780	678,655	1,128,896	863,054
Loss before taxation	(731,868)	(1,385,867)	(1,705,873)	(753,737)	(1,172,351)
Taxation	(1,583)	(18,894)	(14,126)	(33,511)	(124,064)
Loss after taxation	(733,451)	(1,404,761)	(1,719,999)	(787,248)	(431,982)
Transfer to contingency reserve	43,754	28,829	21,142	19,291	13,002
Transfer to retained earnings	**(689,697)**	**(1,375,932)**	**(1,698,857)**	**(767,957)**	**(414,571)**
Loss per share - basic (kobo)	(10)	(42)	(42)	(19)	(65)
Loss per share - diluted (kobo)	(6)	(16)	(42)	(11)	(65)

The financial summary presented represents the Company's available financial information from 1 January 2016.