

# **Old Mutual Nigeria Life Assurance Company Limited**

Annual Report and Financial Statements  
31 December 2022

**Table of Contents**

Corporate information	1
Directors' report	2
Statement of directors' responsibilities in relation to the financial statements	5
Corporate governance report	7
Certification Pursuant To Section 405 Of Companies and Allied Matters Act 2020	12
Management commentary and analysis	13
Independent auditor's report	16
<b>Financial statements:</b>	
Company information and summary of accounting policies	19
Statement of financial position	42
Statement of profit or loss and other comprehensive income	43
Statement of changes in equity	44
Statement of cash flows	45
Notes to the financial statements:	
Financial risk management	47

## Corporate information

**Registered Office** Post Square, 2nd Floor,  
1-3 Ologun Agabje Street  
Victoria Island  
Lagos

### Directors

Folashade Laoye	Chairperson
Kenneth Igbokwe	Independent Non-Executive Director
Luke Ngwerume*	Independent Non-Executive Director
Pieter Strydom	Independent 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
Rantimi Ogunleye	Executive Director (Technical)

\*Resigned on the 12th of March 2022

\*\*Resigned on the 12th of March 2022

\*\*\* Resigned on the 5th of May 2022

\*\*\*\*subject to NAICOM approval

**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  
Sterling Bank Plc  
Stanbic IBTC Bank Plc  
Standard Chartered Bank Limited  
United Bank for Africa Plc  
Zenith Bank Plc

**Actuary** Zamara Actuaries, Administrators & Consultants Limited  
FRC/2019/00000012910

**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 2022.

### 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:

	2022	2021
	N'000	N'000
Loss before income tax expense	(187,769)	(1,009,047)
Income tax expense	(3,924)	(55,661)
Loss for the year	(191,693)	(1,064,708)
Transfer to contingency reserve	(53,969)	(55,186)
Transfer from retained earnings	(245,662)	(1,119,895)
Loss per share - Basic (Kobo)	(2)	(10)

### 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
Kenneth Igbokwe	Independent Non-Executive Director	South African
Luke Ngwerume*	Independent Non-Executive Director	Nigerian
Pieter Strydom	Independent Non-Executive Director	Zimbabwean
Offiong 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
Rantimi Ogunleye	Executive Director (Technical)	Nigerian

\*Resigned on the 12th of March 2022

\*\*Resigned on the 12th of March 2022

\*\*\* Resigned on the 5th of May 2022

\*\*\*\*subject to NAICOM approval

### Directors' interest in contracts

For the purpose of section 277 of the Companies and Allied Matters Act 2020, none of the Directors have notified the Company of any declarable interests in contracts or proposed contracts with the Company.

## Directors' Report

### Shareholding analysis

According to the register of members as at 31 December 2022, the spread of shareholding of the Company was as follows:

#### (a) Ordinary share capital

	31 December 2022		31 December 2021	
	No. of shares	% Holding	No. of shares	% Holding
Old Mutual West Africa Company Limited	10,226,458,000	94.46%	9,926,458,000	94.30%
Cressida Nigeria Limited	579,999,998	5.36%	579,999,998	5.51%
Olorogun Michael Ibru	20,000,000	0.18%	20,000,000	0.19%
Ecobank Development Corporation	1	0.00%	1	0%
Cecilia Ibru	1	0.00%	1	0%
	<u>10,826,458,000</u>	<u>100%</u>	<u>10,526,458,000</u>	<u>100%</u>

#### (b) Convertible preference share

	31 December 2022		31 December 2021	
	No. of shares	% Holding	No. of shares	% Holding
Old Mutual West Africa Company Limited	13,322,505	100%	14,072,505	100%

### Directors' shareholding

The directors do not have any interest required to be disclosed under Section 301 of the Companies and Allied Matters Act 2020, (2021: Nil). In accordance with Section 303 of the Companies and Allied Matters Act 2020, 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.

### Acquisition of own shares

The Company did not purchase any of its own shares during the year (2021:Nil).

### 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 N6.15 million (2021: N1 million) 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.

**Directors' Report**

**Acquisition of own shares**

The Company did not purchase any of its own shares during the year (2021:Nil).


**Auditors**

The firm of Messrs. Deloitte & Touche, having satisfied the relevant governance requirements, was re-appointed and this appointment was duly ratified by the shareholders at the Annual General Meeting held on 10th August 2022. 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 Nigeria Code of Corporate Governance 2018 (the "Code") and the NAICOM Corporate Governance Guidelines for Insurance and Reinsurance Companies in Nigeria published in March 2021 (the "Guidelines"). The Directors confirm that the Company has substantially complied with the provisions of the Code and the Guidelines with regards to matters stated therein concerning the Board of Directors, the Shareholders and the Audit Committee.

**BY ORDER OF THE BOARD**



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**Aderinola Adefulu**

*Company Secretary*

FRC/2018/NBA/00000017907

9 June 2023

**Statement of Directors' responsibilities in relation to the financial statements**

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 2022, and the results of its operations, cash flows and changes in equity for the year ended in conformity with International Financial Reporting Standards (IFRS) as issued by the international Accounting Standard Board (IASB) and in the manner required by the Companies and Allied Matters Act 2020, the Financial Reporting Council of Nigeria Act No. 6, 2011, the Insurance Act 2003 and relevant policy guidelines issued by the 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 2020, 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

- (iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses."

The financial statements of Old Mutual Nigeria Life Company Limited 31 December 2022 were approved by the directors on the 9<sup>th</sup> June 2023.


**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS**



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**Olusegun Omoshin**  
*Chief Executive Officer*  
FRC/2013/CIIN/00000003103

9 June 2023



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**Folashade Laoye**  
*Independent Non-Executive Director*  
FRC/2014/ICAN/00000006163

9 June 2023



## 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	2022 % Preference Shareholding	2021 % Preference Shareholding	2022 % Ordinary Shareholding	2021 % Ordinary Shareholding
Old Mutual West Africa Company Limited	100	100	94.46	94.30
Cressida Nigeria Limited	-	-	5.36	5.51
Olorogun Michael Ibru	-	-	0.18	0.19
Ecobank Development Corporation	-	-	0.00	0.00
Cecilia Ibru	-	-	0.00	0.00
Total	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

### c. Board of Directors

The tone for proper corporate governance by the Company is set by the Board. As at 31 December 2022, there were 7 Directors which include the Chairperson (Independent Non-Executive Director), 2 Non-Executive Directors, 2 Independent Non-Executive Directors, the Managing Director and the Executive Director (Technical). 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.

**Corporate Governance Report**

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

**Board of Directors**

NAME	POSITION
Folashade Laoye	Chairperson
Kenneth Igbokwe	Independent Non-Executive Director
Luke Ngwerume*	Independent Non-Executive Director
Pieter Strydom	Independent Non-Executive Director
Offong Ambah**	Non-Executive Director
Ayodele Adepoju***	Non-Executive Director
Gary Voss	Non-Executive Director
Clarence Nethengwe****	Non-Executive Director
Olusegun Omosihin	Managing Director/CEO
Rantimi Ogunleye	Executive Director (Technical)

\*Resigned on the 12th of March 2022

\*\*Resigned on the 12th of March 2022

\*\*\* Resigned on the 5th of May 2022

\*\*\*\*subject to NAICOM approval

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 Committee and Audit & Compliance Committee meet quarterly while the Finance, Investments and General Purpose Committee and the Remuneration, Nominations, and Governance Committee meet 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:

Luke Ngwerume (Chairman)\*  
Clarence Nethengwe\*\*  
Olusegun Omosihin

\*ceased to be a member on the 12th of March 2022.

\*\*Became the Chairman of the Committee

Corporate Governance Report

**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 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  
Rantimi Ogunleye

\*ceased to be a member on the 12th of March 2022

\*\*ceased to be a member on the 5th of May 2022

\*\*\* ceased to be a member on the 12th of March 2022

**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\*  
Gary Voss

\*Ceased to be a member on the 5th of May 2022

**Corporate Governance Report**

**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; any recommendations by the independent auditor and internal auditor regarding internal control issues and any actions taken in response thereto; and, the internal control certification and attestation required to be made in connection with the bank's quarterly and annual financial reports;
- Appointment and determination of fees of the external auditors.

**iv. Remuneration, Nominations and Governance Committee**

The Committee oversees and advises the Board on matters pertaining to the governance, remuneration, nomination, and appointment of the Company.

Directors, and members of the Senior Management of the Company.

The Committee membership includes:

Offiong Ambah (Chairman)\*  
Luke Ngwerume\*\*  
Clarence Nethengwe

\*ceased to be a member on the 12th of March 2022

\*\* ceased to be a member on the 12th of March 2022

**Committee's Terms of Reference**

- Oversees and advises on the structure, size, composition, skill set and performance of the Board
- Ensures that appropriate succession planning is in place for members of the Board and members of the Senior Management of OMNILAC
- Supervise the administration of the Company's policies relating to actual or potential conflicts of interest affecting members of the Board.

**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.

## Corporate Governance Report

## 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.

Members	Board of Directors	Finance, Investments & General Purpose Committee	Enterprise & Risk Management and Governance Committee	Audit and Compliance Committee	Remuneration, Nominations, and Governance Committee
<b>Number of Meetings</b>	4	2	4	4	1
<b>Attendance</b>					
Mrs. Folashade Laoye	4	N/A	N/A	N/A	N/A
Kenneth Igbokwe	4	N/A	N/A	N/A	N/A
Pieter Strydom	4	N/A	N/A	4	N/A
Luke Ngwerume*	1	0	1	NA	1
Offong Ambah**	1	N/A	1	N/A	1
Ayodele Adepoju***	2	N/A	2	2	N/A
Gary Voss	4	N/A	3	3	N/A
Clarence Nethengwe	3	1	N/A	N/A	1
Olusegun Omosehin	4	2	N/A	N/A	N/A
Rantimi Ogunleye	4	N/A	4	N/A	N/A

\*ceased to be a member of the BOD on the 12th of March 2022

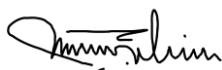
\*\*ceased to be a member of the BOD on the 12th of March 2022

\*\*\*ceased to be a member of the BOD on the 5th of May 2022

**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 2022 that:

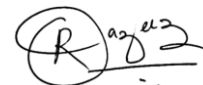
- (a) We have reviewed the financial statement;
- (b) To the best of our knowledge, the financial statement does not contain:
  - (i) Any untrue statement of a material fact, or
  - (ii) Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which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



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**Olusegun Omosehin**  
Chief Executive Officer  
FRC/2013/CIIN/00000003103

9 June 2023



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**Toyin Azeez**  
Chief Financial Officer  
FRC/2013/ICAN/00000004008

9 June 2023

## 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-22 N'000	31-Dec-21 N'000	Variance %
Gross written premium	5,396,878	4,384,911	23
Net premium income	4,098,828	3,607,391	14
Net claims expense	(2,189,654)	(1,442,808)	52
Underwriting Profit	1,724,304	551,723	213
Investment and other income	726,527	1,050,007	(31)
Management expenses	(2,460,302)	(2,580,641)	(5)
Loss before income tax expense	(187,769)	(1,009,047)	(81)
Loss after income tax expense	(191,693)	(1,064,708)	(82)
Basic loss per share (kobo)	(2)	(10)	(80)
Diluted loss per share (kobo)	(1)	(7)	(86)

The Company recorded a 20% growth in gross premium written from N4.384 billion in 2021 financial year to N5.397 billion in 2022.

The claims expense incurred by the Company in 2022 was N2.11 billion as compared to N1.44 billion incurred in the previous financial year. This year-on-year increase in claims expense is due to the adverse claims experience on some corporate 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 N1.724 billion which is a significant improvement over the underwriting profit of N552 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 amounted to approximately N726 million (2021: N1.05 billion), a decrease of 31% due to exchange loss on currency translation from foreign currency transactions.

Management expenses (operating expenses) for the year totalled N2.460 billion, an increase of 5% compared to prior year of N2.580 billion.

**Liquidity, capital resources and risk factors**

The Company is majorly financed by Old Mutual Africa Holdings (OMAH), the parent of its 94.3% 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 2022, the Company had N5.224 billion invested in various placements with financial institutions and N10.5 billion in FGN Bonds.



## INDEPENDENT AUDITORS' 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 19 to 95, which comprise the statement of financial position as at 31 December 2022, 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, 2022 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 2020, 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.

#### Assessment of measurement of insurance contract liability    How the matter was addressed in the audit

Under IFRS 4, the Company is required to perform liability adequacy test on its insurance contract liabilities to ensure the carrying value of the liabilities are adequate.

As disclosed in notes 16 to the financial statements, the insurance contract liabilities for the Company amounted to N5.160 billion [2021: N41.50 billion]. This represents about 45% of Company total liabilities as at 31 December 2022.

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 life insurance reserves.

Assessment of measurement of insurance contract liability	How the matter was addressed in the audit
<p>Reserves for losses and loss adjustment expenses represent estimates of future payments of reported and unreported claims for losses and related expenses as at 31 December 2022. This involves exercise of significant judgement and use of key inputs and assumptions such as inflation, claims development patterns and regulatory changes. Specifically, long-tail lines of business, which often have low frequency, high severity claims settlements, are generally more difficult to project and subject to greater uncertainties than short-tail, high frequency claims. Further, not all catastrophic events can be modelled using actuarial methodologies, which increases the degree of judgment needed in estimating general insurance loss reserves.</p>	<p>In relation to the particular matters set out above, our substantive testing procedures included the following:</p> <ul style="list-style-type: none"> <li>• Tested the completeness and accuracy of underlying claims data utilized by the company's actuaries in estimating life insurance loss reserves.</li> <li>• Utilized information technology audit techniques to analyze claims through claims data plausibility checks and recalculation of claims development patterns.</li> <li>• Involved Deloitte's actuarial specialists to independently test management's life insurance loss reserve studies and evaluate the reasonableness of the methodology and assumptions used against recognized actuarial practices and industry standards.</li> <li>• Performed independent re-projections on selected product lines, particularly focusing on the largest and most uncertain general insurance reserves. For these product lines our actuarial specialists compared their re-projected reserves to those recorded by the company and sought to understand any significant differences.</li> <li>• Performed sensitivity testing and evaluated the appropriateness of any significant adjustments made to management's life insurance reserve estimates.</li> </ul>
<p>At the end of each financial year, management employed 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.</p>	<p>Based on the work performed we determined the methodology and assumptions used by management in the valuation of insurance contract liabilities reserves are reasonable and in line with financial reporting requirements and industry accepted practice.</p>
<p>Given the level of complexity and judgement involved in the determination of the Insurance contract liability and the material balance, we considered the valuation of insurance contract liabilities as a key audit matter in the financial statements.</p>	<p>Based on the work performed, we found the Directors key judgements and assumptions to be reasonable. We are satisfied that the related disclosures in the financial statement are appropriate.</p>
<p>The Company's accounting policies on Insurance contract liabilities and related disclosures are shown in note 24</p>	

#### 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 scepticism 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 matter communicated with the audit committee and/or the directors, 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 2020 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 issue of non-compliance with laws and regulations came to our attention during the audit of the financial statements during the year.

The opinion expressed in these financial statements is to enable the company to comply with the requirement for the submission of its financial statements to the National Insurance Commission. Consequently, these financial statements should not be distributed or made available to any third party in whole or in part pending final approval by the National Insurance Commission and subsequent auditors' opinion thereon.

For: Deloitte & Touche  
Chartered Accountants  
Lagos, Nigeria  
15 August 2023

*Michael Osinloye*  
Co.

Engagement Partner: Michael Osinloye, FCA  
FRIC/2013/ICAM/00000000819



## 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 February 1, 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 March 5, 2013.

The registered office address of the Company is Plot 1-3 Ologun Agbaje Street, 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 May 31, 2023.

#### 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 2020, 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.

## Notes to 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.

**(a) 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.

**(b) New and amended standards and interpretations adopted by the Company**

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in 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;

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

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

## Notes to the Financial Statements

The amendment is not applicable to Old Mutual Life Insurance Company Nigeria 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**

#### **IFRS 17 - Insurance Contracts**

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts effective for reporting periods beginning on or after 1 January 2023, with comparative figures required and supersedes IFRS 4 Insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application

This standard will significantly change how the Company measures, present and disclose its insurance contracts from the year 2023 and the Company has put adequate processes in place.

The main features of the new accounting model for insurance contracts are, as follows:

#### **Contracts Identification under the Scope of IFRS17**

17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The company assessed whether its portfolio of insurance contracts needs to be treated as a single contract and if there exist any embedded derivatives investments components and good and services components exist which would have to be separated and accounted for under another standard.

#### **Level of aggregation**

IFRS 17 requires an entity to identify portfolios of contracts subject to similar risks and being managed together. This aggregation of insurance contracts is done when contracts are issued and is not subsequently revised. Contracts in different product line or issued by different entity are expected to be in different portfolios. Each portfolio is then divided into annual cohorts (i.e. by the year of issue) and each cohorts into three groups – onerous contracts on initial recognition, contracts that on initial recognition have no significant possibility of becoming onerous subsequently and any remaining contract in the annual cohort.

## Notes to the Financial Statements

The Company is applying a full retrospective approach for transition into IFRS 17. The portfolio are further divided by year of issue and profitability for recognition and measurement purpose.

"

### Contract Boundaries under IFRS 17

The contract boundary for an insurance contract under IFRS 17 determines which cash flows should be included within the fulfilment cash flows, and hence the value of the CSM. IFRS 17 defines the contract boundary as follows:

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with services (see paragraphs B61–B71). A substantive obligation to provide services ends when:

- a. the entity has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- b. both of the following criteria are satisfied:
  - i. the entity has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  - ii. the pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date."

### Measurement Model

IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ('CSM') representing the unearned profit of the contract. The company will recognise the liability for insured claims of a group of contracts at the amount of the fulfilment cash flows relating to insured claims. The fulfilment cash flows will be discounted( at current rates) unless they are expected to be paid in one year or less from the date the claims are incurred.

The company will apply the same accounting policies to measure a group of reinsurance, adapted where necessary to reflect features that differ from those of insurance contracts. If at any time before or during coverage period, facts and circumstances indicates that the group of contracts is onerous, the company will recognise is a loss in the statement of profit or loss and increase the liability for remaining coverage to the extent that the current estimates of the fulfilling cash flows that relates to remaining coverage exceed the carrying amount of the ability for remaining coverage. The fulfilment cashflows will be discounted( at current rates) if the liability for insured claims is also discounted.

Changes in accounting policies resulting from the adoption of IFRS 17 will be applied using a full retrospect approach to the extent practicable. Under the full retrospect approach, the company is presently in the process detailed below to arrive at a position as of January 2023.

- Identify, recognise, and measure each group of insurance contracts as if IFRS 17 had always applied.
- Identify, recognise, and measure each group of insurance acquisition cash flows as IFRS 17 has always applied. At transition date, a recoverable assessment will be performed, and impairment loss identified recognised.
- Derecognise and existing balances that would exist had IFRS 17 always applied.
- Recognising any resulting net difference in equity."

### Impact Assessment:

Although the PAA is like the company's current accounting treatment when measuring liabilities for remaining coverage, The following changes are expected in the accounting for the company's portfolio of insurance contracts.



## Notes to the Financial Statements

Under IFRS 17, The company will discount the future cash flows when measuring liabilities for incurred claims, unless they are expected to occur in one year or less from the date on which the claims are incurred. "

### **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.

The amendments to the Standards are not applicable to the company.

### **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.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

### **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.

## Notes to the Financial Statements

### **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.

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

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

The standard is not applicable to the company.

## Notes to the Financial Statements

### 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 solely payments of principal and interest on the principal outstanding (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.

## Notes to the Financial Statements

### (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).

## Notes to the Financial Statements

### (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.

## Notes to the Financial Statements

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 unlikelihood 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.

## Notes to the Financial Statements

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:

## Notes to the Financial Statements

- 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.



## Notes to the Financial Statements

### (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 FVTPL.

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.

## Notes to the Financial Statements

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; or
- 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.

## Notes to the Financial Statements

### 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.

**Notes to the Financial Statements****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.

## Notes to the Financial Statements

### 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 reliably.

### 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.

## Notes to the Financial Statements

### 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 for 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.

## Notes to the Financial Statements

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) 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.

## Notes to the Financial Statements

### (v) Reinsurance claims recoveries

Reinsurance recoverable are estimated in manner consistent with the outstanding claims provision and claims incurred associated with the reinsurer's policies 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.

### (f) 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.



## Notes to the Financial Statements

### 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 effects 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.

## Notes to the Financial Statements

### 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:

**Notes to the Financial Statements**

**(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.

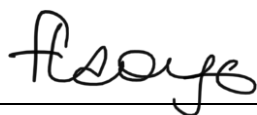
**(b) The Company is the lessor**

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.

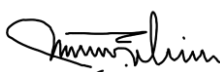
Statement of Financial Position  
As at 31 December 2022

		2022 N'000	2021 N'000
	Note		
<b>ASSETS</b>			
Cash and cash equivalents	7	6,165,182	2,845,923
Financial assets	8	10,468,325	12,721,954
Trade receivables	9	-	-
Reinsurance assets	10	1,159,297	804,499
Other receivables and prepayments	11	783,877	682,140
Intangible assets	12	29,896	29,896
Property and equipment	13	229,874	209,873
Statutory deposits	15	400,000	400,000
<b>TOTAL ASSETS</b>		<b>19,236,450</b>	<b>17,694,285</b>
<b>LIABILITIES</b>			
Insurance contract liabilities	16	5,160,265	4,510,527
Investment contract liabilities	17	4,276,251	4,464,897
Trade payables	18	961,152	117,101
Accruals and other payables	19	1,019,580	593,660
Income tax payable	20	4,883	2,088
<b>TOTAL LIABILITIES</b>		<b>11,422,131</b>	<b>9,688,273</b>
<b>EQUITY</b>			
<i>Share capital &amp; reserves:</i>			
Ordinary share capital	21	10,526,458	10,526,458
Preference share capital	21	14,072	14,072
Share premium	21	5,614,930	5,614,930
Contingency reserve	22	376,553	322,585
Retained earnings	23	(8,717,695)	(8,472,032)
<b>TOTAL EQUITY</b>		<b>7,814,319</b>	<b>8,006,012</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,236,450</b>	<b>17,694,285</b>

The financial statements were authorised for issue by the board of Directors on 9 June, 2023 and were signed on its behalf by:

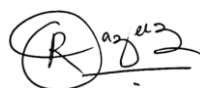


Folashade Laoye (Independent Non-executive Director)  
FRC/2014/ICAN/00000006163



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

Additionally certified by:



Toyin Azeez (Chief Financial Officer)  
FRC/2014/ICAN/00000010165

Statement of profit or loss and other comprehensive income

	Note	2022 N'000	2021 N'000
Gross premium written	24	5,396,878	4,384,911
Gross premium income	24	5,328,884	4,256,526
Reinsurance expenses	24	(1,230,056)	(649,135)
Net premium income		4,098,828	3,607,391
Fee and commission income	25	209,162	134,950
<i>Net underwriting income</i>		<b>4,307,990</b>	<b>3,742,341</b>
Claims and benefits expense	26	(2,917,903)	(1,672,015)
Claim expense recovered from reinsurers	26	644,186	229,207
Changes in life fund	16	76,261	(533,510)
Changes in investment contract liabilities	17	188,646	(660,457)
Underwriting expenses	28	(638,658)	(553,844)
		<u>(2,647,468)</u>	<u>(3,190,619)</u>
<i>Total underwriting profit</i>		<b>1,660,522</b>	<b>551,723</b>
Investment income	29	1,084,145	696,916
Net fair value gain/(loss) on financial assets at fair value through profit or loss	30	6,048	(471)
Profit on investment contracts	31	245,128	349,845
Other (loss) / income	32	(608,794)	3,717
<i>Total investment and other income</i>		<b>726,527</b>	<b>1,050,007</b>
<b>Net income</b>		<b>2,381,049</b>	<b>1,601,730</b>
Management expenses	33	(2,460,302)	(2,580,641)
Expected Credit Loss on other assets at amortized cost	34	11,608	(11,608)
Expected Credit Loss on financial assets at amortized cost	34	2,810	(7,422)
Expected Credit Loss on cash & cash equivalent	34	5,556	11,679
Impairment	35	(134,491)	(22,785)
<b>Loss before income tax expense</b>		<b>(187,770)</b>	<b>(1,009,047)</b>
Income tax expense	20(b)	(3,924)	(55,661)
Loss for the year		<u><b>(191,694)</b></u>	<u><b>(1,064,708)</b></u>
<b>Other comprehensive income for the year, net of tax</b>			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may not be reclassified subsequently to profit or loss		-	-
<b>Total comprehensive loss for the year</b>		<u><b>(191,694)</b></u>	<u><b>(1,064,708)</b></u>
Total comprehensive income/(loss) attributable to owners of the Company		<u><b>(191,694)</b></u>	<u><b>(1,064,708)</b></u>
Loss per share - basic (kobo)	36(a)	<u>(2)</u>	<u>(10)</u>
Loss per share - diluted (kobo)	36(b)	<u>(1)</u>	<u>(7)</u>

## Statement of Changes in Equity

## 31 December 2022

	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 2022	10,526,458	14,072	5,614,930	322,585	(8,472,032)	8,006,012
<i>Total comprehensive loss</i>						
Loss for the year	-	-	-	-	(191,693)	(191,693)
<i>Total comprehensive income for the year</i>	-	-	-	-	(191,693)	(191,693)
Transfer to/(from) contingency reserve (see note 22 & 23)	-	-	-	53,969	(53,969)	-
	-	-	-	53,969	(245,662)	(191,693)
Balance at 31 December 2022	<b>10,526,458</b>	<b>14,072</b>	<b>5,614,930</b>	<b>376,554</b>	<b>(8,717,695)</b>	<b>7,814,319</b>

## 31 December 2021

	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 2021	6,997,458	14,032	5,598,914	267,399	(7,352,138)	5,525,664
<i>Total comprehensive loss</i>						
Loss for the year	-	-	-	-	(1,064,708)	(1,064,708)
<i>Total comprehensive loss for the year</i>	-	-	-	-	(1,064,708)	(1,064,708)
Transfer to/(from) contingency reserve (see note 22 & 23)	-	-	-	55,186	(55,186)	-
<i>Transactions with owners:</i>						
<i>Issue of preference shares (see note 21)</i>	-	40	16,016	-	-	16,056
Issue of ordinary shares	3,529,000	-	-	-	-	3,529,000
<i>Total transactions with owners</i>	3,529,000	40	16,016	55,186	(55,186)	3,545,056
Restated balance at 31 December 2021	<b>10,526,458</b>	<b>14,072</b>	<b>5,614,930</b>	<b>322,585</b>	<b>(8,472,032)</b>	<b>8,006,012</b>

Statement of Cash Flows

		2022	2021
	Note	N'000	N'000
<b>Cash flows from operating activities:</b>			
Insurance premium received from policy holders	9	5,355,866	4,384,911
Reinsurance receipts in respect of claims	10(d)	201,692	216,432
Reinsurance commission received	25	209,162	134,950
Reinsurance premium paid	18(a)	(1,209,313)	(813,912)
Premium received (now identified)/yet to be matched	18(b)	(635,077)	(18,282)
Commission paid	18(c)	(293,713)	(365,852)
Maintenance Expenses paid	28	(203,506)	(176,400)
Cash received on investment contract liabilities	17	1,039,381	1,133,644
Cash paid on investment contract liabilities	17	(1,192,082)	(1,241,121)
Cash paid to employees	32(a)	(806,745)	(970,366)
Insurance claims paid	26	(2,259,898)	(1,693,671)
Other income/expense	32	2,100	1,344
Cash paid to vendors and other suppliers		(2,298,568)	(2,186,204)
Cash received/(paid to) from related parties	11(a)	131,936	226,660
Income tax paid	20(a)	(1,129)	(55,411)
VAT paid	19(c)	-	(379)
<b>Net cash from operating activities</b>		<b>(689,741)</b>	<b>(1,423,657)</b>
<b>Cash flows from investing activities:</b>			
Purchase of intangible assets	12	-	(29,896)
Purchase of property and equipment	13(a)	(101,012)	(221,996)
Proceeds from disposal of property and equipment	13(b)	3,214	2,543
Proceeds from maturity of investments	8(e)	12,712,202	1,281,945
Acquisition of other investments	8(e)	(10,455,335)	(6,697,538)
Investment income received	29(a)	1,849,931	807,077
<b>Net cash from investing activities</b>		<b>4,009,000</b>	<b>(4,857,864)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from issue of preference shares	21b	-	40
Issue of ordinary shares	21b	-	3,529,000
Issue of shares (share premium)	21c	-	16,016
<b>Net cash generated in financing activities</b>		<b>-</b>	<b>3,545,056</b>
Net increase in cash and cash equivalents		3,319,259	(2,736,465)
Cash and cash equivalents at the beginning of the year		2,845,923	5,582,388
<b>Cash and cash equivalents at the end of the year</b>	7	<b>6,165,182</b>	<b>2,845,923</b>

## Notes to the Financial Statements

### 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 policies 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.



## Notes to the Financial Statements

### 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 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

## Notes to the Financial Statements

### 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.

**Notes to the Financial Statements**

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:

		2022		2021	
	Note	N'000	%	N'000	%
Trade Receivables		-	0%	-	0%
Reinsurance assets	10	1,159,297	6%	804,499	5%
Other receivables	11	681,330	4%	513,111	3%
Cash and cash equivalents (less Cash-in-hand)	7	6,165,081	33%	2,845,923	16%
Financial assets (amortised cost)	8	10,452,525	55%	12,712,202	74%
Statutory deposits	15	400,000	2%	400,000	2%
		<b>18,858,233</b>	<b>100%</b>	<b>17,275,735</b>	<b>100%</b>

**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).

**Notes to the Financial Statements**

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 formula set below:

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

- Probability of default – The PDs will vary during various stages of an economic cycle. It is based on the likelihood that a borrower will default within one year (PD), assessment of the creditworthiness of the counterparty and transformation of 1 Year horizon into lifetime of the asset.
- Loss Given Default – Collateral values will vary based on the stage of an economic cycle.
- Exposure at default – Change in interest rates may affect the EAD e.g. higher interest rates may result in longer terms for loans causing a change in the EAD.

**Loss Given Default**

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

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

## Notes to the Financial Statements

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

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

### Treatment of loans and other receivables

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

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

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

### Significant increase in credit risk, default and cure

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

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

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

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

### Expected credit loss

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

## Notes to the Financial Statements

Impairment losses on financial investments subject to impairment assessment

*Debt instruments measured at amortised cost*

The table below shows the credit quality and the maximum exposure to credit risk based on the Fitch credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

	Fitch rating	2022			2021		
		12 month N'000	Long Term N'000	Total N'000	12 month N'000	Long Term N'000	Total N'000
Cash and cash equivalents (note 7)	AAA	-	-	-	-	-	-
	A+	-	-	-	-	-	-
	B+	-	-	-	-	-	-
	B	-	-	-	-	-	-
	B-	6,165,182	-	6,165,182	2,851,522	-	2,851,522
	0.00	-43	-	-	-	-	-
		-	-	-	-	-	-
<b>Total Gross Amount</b>		<b>6,165,139</b>	<b>-</b>	<b>6,165,182</b>	<b>2,851,522</b>	<b>-</b>	<b>2,851,522</b>
ECL		(43)	-	-	(5,599)	-	(5,599)
Total Net Amount after ECL		6,165,096	-	6,165,182	2,845,923	-	2,845,923
Financial assets - Amortised cost (note 8)	AAA	-	-	-	-	-	-
	A+	-	-	-	-	-	-
	B+	-	-	-	-	-	-
	B-	10,467,164	-	10,467,164	12,729,651	-	12,729,651
	0	-	-	-	-	-	-
	0	-	-	-	-	-	-
<b>Total Gross Amount</b>		<b>10,467,164</b>	<b>-</b>	<b>10,467,164</b>	<b>12,729,651</b>	<b>-</b>	<b>12,729,651</b>
ECL		(14,639)	-	-	-	-	-
Total Net Amount after ECL		10,452,525	-	10,467,164	12,729,651	-	12,729,651

**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 not align with the point in time when the asset becomes 30 days past due;
- The average time between the identification of a significant increase in credit risk and default appears reasonable
- Exposures are not generally transferred from 12- month ECL measurement to credit impaired and
- There is no unwarranted volatility in loss allowance from transfers between 12-month ECL and Lifetime ECL measurement.

## Notes to the Financial Statements

### 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.

**Notes to the Financial Statements**

Loss Given Default is the magnitude of the likely loss if there is a default. The Company estimates LGD parameters based on the history of recovery rates of claims against the defaulted counterparties. The LGD for sovereign fixed income exposures are based on publications by Moody's and the models consider the structure, collateral, seniority of claims and recovery of any collateral that is integral to the financial asset. For loans secured with properties or asset, loan to value ratios are key parameter in determining LGD. LGDs are calculated on a 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 derives 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 provided 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 (Moody's, 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 2022 and 2021.

The Company has identified and documented key drivers of credit risk and ECL for each portfolio of financial instruments and using an analysis 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.



## Notes to the Financial Statements

## (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 2022

	Note	AAA N'000	A+ N'000	B+ N'000	B- N'000	B- N'000	Not rated N'000	Carrying amount N'000
<b>Loans and receivables</b>								
Reinsurance assets	10	-	-	-	-	-	1,159,297	1,159,297
Receivables	11	-	-	-	-	-	681,330	681,330
Cash and cash equivalents (less cash-in-hand)	7	-	-	-	6,165,182	-	-	6,165,182
Financial assets (at amortized cost)	8	-	-	-	10,452,525	-	-	10,452,525
Statutory deposits	15	-	-	-	-	400,000	-	400,000
		-	-	-	16,617,707	400,000	1,840,627	18,858,334

## 31 December 2021

		AAA N'000	A+ N'000	B+ N'000	B- N'000	B- N'000	Not rated N'000	Carrying amount N'000
<b>Loans and receivables</b>								
Reinsurance assets	10	-	-	-	-	-	804,499	804,499
Receivables	11	-	-	-	-	-	513,111	513,111
Cash and cash equivalents (less cash-in-hand)	7	-	-	-	1,796,178	1,049,745	-	2,845,923
Financial assets (at amortized cost)	8	-	-	-	12,712,202	-	-	12,712,202
Statutory deposits	15	-	-	-	-	400,000	-	400,000
		-	-	-	14,508,380	1,449,745	1,317,610	17,275,735

The Company's exposure to credit risk is concentrated in financial instruments (placements, treasury bills, bonds, statutory deposits etc.) which account for 86% (2021: 88%) of total assets.

## (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 N15.8 million (2021: N9.75 million).

A sensitivity analysis of the Company's exposure to equity securities has not been included as the exposure is not material.

## Notes to the Financial Statements

**(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 arose 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.

## Notes to the Financial Statements

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:

31 December 2022				
Note	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total N'000
<b>Assets</b>				
Equity securities - at fair value through P/L	8	14,616	-	1,184
Total financial assets measured at fair value		<b>15,800</b>	-	<b>15,800</b>

31 December 2021				
Note	Level 1 N'000	Level 2 N'000	Level 3 N'000	Total balance N'000
<b>Assets</b>				
Equity securities - at fair value through P/L	8	8,568	-	1,184
Total financial assets measured at fair value		<b>8,568</b>	-	<b>1,184</b>

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

### As at 31 December 2022

	Note	Carrying amount N'000	Fair value N'000
<b>Assets</b>			
Cash and cash equivalents	7	6,165,182	6,165,182
Financial assets	8(b)	10,452,525	10,452,525
Reinsurance assets	10	1,159,297	1,159,297
Receivables	11	681,330	681,330
Statutory deposit	15	400,000	400,000
Total value of financial assets not measured at fair value		<b>18,858,334</b>	<b>18,858,334</b>
<b>Liabilities</b>			
Other payables - financial	19	129,500	129,500
Trade payables	18	961,152	961,152
Investment contract liabilities	17	4,276,251	4,276,251
Total value of financial liabilities not measured at fair value		<b>5,366,903</b>	<b>5,366,903</b>

## Notes to the Financial Statements

## As at 31 December 2021

	Note	Carrying amount ₦'000	Fair value ₦'000
<b>Assets</b>			
Cash and cash equivalents	7	2,845,923	2,845,923
Financial assets	8(b)	12,712,202	12,505,570
Reinsurance assets	10	804,499	804,499
Receivables	11	513,111	513,111
Statutory deposit	15	400,000	400,000
Total value of financial assets not measured at fair value		<b>17,275,735</b>	<b>17,069,103</b>
<b>Liabilities</b>			
Other payables - financial	19	48,842	48,842
Trade payables	18	117,101	117,101
Investment contract liabilities	17	4,464,897	4,464,897
Total value of financial liabilities not measured at fair value		<b>4,630,840</b>	<b>4,630,840</b>

**(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 advice to the client.
- (II) Fail to remit premium collected to the Insurer.

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."

## Notes to the Financial Statements

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.

## Notes to the Financial Statements

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.

### **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.

**Notes to the Financial Statements**

**(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.

## Notes to the Financial Statements

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

## Interest rate gap analysis

31 December 2022		Re-pricing period				
	Note	Carrying amount N'000	Gross Nominal N'000	1 -3 months N'000	3-12 months N'000	Above 12 months N'000
<b>Assets</b>						
Placements with financial institutions	7	5,224,224	5,224,267	5,224,267	-	-
Treasury bills with maturity of less than 90 days	7(b)	-	-	-	-	-
Financial assets	8(b)	10,452,525	10,467,164	-	338,334	10,128,830
Statutory deposits	15	400,000	400,000	-	-	400,000
		<b>16,076,749</b>	<b>16,091,431</b>	<b>5,224,267</b>	<b>338,334</b>	<b>10,528,830</b>
<b>Liabilities</b>						
Investment contract liabilities	17	4,276,251	4,276,251	-	-	4,276,251
<b>Total interest re-pricing gap</b>		<b>11,800,498</b>	<b>11,815,180</b>	<b>5,224,267</b>	<b>338,334</b>	<b>6,252,579</b>
31 December 2021		Re-pricing period				
		Carrying amount N'000	Gross Nominal N'000	1 -3 months N'000	3-12 months N'000	Above 12 months N'000
<b>Assets</b>						
Placements with financial institutions	7	2,258,816	2,264,415	2,264,415	-	-
Treasury bills with maturity of less than 90 days	7(b)	-	-	-	-	-
Financial assets	8(b)	12,712,202	12,729,651	2,895,119	353,955	9,480,577
Statutory deposits	15	400,000	400,000	-	-	400,000
		<b>15,371,018</b>	<b>15,394,066</b>	<b>5,159,534</b>	<b>353,955</b>	<b>9,880,577</b>
<b>Liabilities</b>						
Investment contract liabilities	17	4,464,897	4,464,897	1,293,507	441,128	2,730,262
<b>Total interest re-pricing gap</b>		<b>10,906,121</b>	<b>10,929,169</b>	<b>3,866,028</b>	<b>(87,174)</b>	<b>7,150,315</b>

## (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.

		2022		2021		
		₦'000		₦'000		
<i>Rate sensitive assets:</i>						
Placements with financial institutions	7	5,224,267		2,258,816		
Treasury bills with maturity of less than 90 days	7(b)	-		-		
Financial assets (Treasury bills)	8(b)	10,452,525		12,712,202		
Statutory deposits	15	400,000		400,000		
		<b>16,076,792</b>		<b>15,371,018</b>		
<i>Rate sensitive liabilities:</i>						
Investment contract liabilities	17	4,276,251		4,464,897		
		<b>4,276,251</b>		<b>4,464,897</b>		
<b>31 December 2022</b>						
		<b>Base</b>	<b>Interest rate</b>		<b>100 bp</b>	<b>100 bp</b>
		<b>₦'000</b>	<b>Average</b>		<b>Increase</b>	<b>Decrease</b>
			<b>rate</b>	<b>+1%</b>	<b>₦'000</b>	<b>₦'000</b>
Interest income - placements	29	349,914	7%	8%	384,905	314,922
Interest income - treasury bills and bonds	29	734,232	8%	9%	807,655	660,808
Interest income - statutory deposits	29	-	0.0%	1%	-	-
Interest expense	17(a)	(152,701)	5%	6%	(167,971)	(137,431)
Net interest income		931,444			1,024,589	838,299
Impact on interest income					93,145	(93,145)



## Notes to the Financial Statements

## 31 December 2021

31 December 2021		Base ₦'000	Average rate	Interest rate		100 bp Increase ₦'000	100 bp Decrease ₦'000
				+1%	-1%		
Interest income - placements	29	98,228	7%	8%	6%	108,051	88,406
Interest income - treasury bills and bonds	29	593,605	8%	9%	7%	652,965	534,244
Interest income - statutory deposits	29	5,083	1%	2%	0%	5,591	4,575
Interest expense	17(a)	(107,478)	5%	6%	4%	(118,225)	(96,730)
Net interest income		589,439				648,382	530,495
Impact on interest income						58,943	(58,944)

## Notes to the Financial Statements

## (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 2022 actuarial valuation*

N'000	Base	Interest rate +0.25%	Interest rate -0.25%	Expenses +10%	Expenses -10%	Expense Inflation +10%	Expense Inflation -10%	Lapse +5%	Lapse -5%	Mortality +7.5%	Mortality -7.55%
Individual Traditional	631,649	(18,006)	19,916	41,012	(46,535)	29,317	(24,555)	(16,246)	17,033	1,612	(1,617)
Individual Investment Linked	4,276,251	4,276,251	4,276,251	4,276,251	4,276,251	4,276,251	4,276,251	4,276,251	4,276,251	4,276,251	4,276,251
Credit Life	502,135	502,135	502,135	502,135	502,135	502,135	502,135	502,135	502,135	502,135	502,135
Group Life – UPR	758,059	758,059	758,059	758,059	758,059	758,059	758,059	758,059	758,059	758,059	758,059
Group Life – AURR	-	-	-	-	-	-	-	-	-	-	-
Group Life – IBNR	1,316,272	1,316,272	1,316,272	1,316,272	1,316,272	1,316,272	1,316,272	1,316,272	1,316,272	1,316,272	1,316,272
Additional reserves	185,301	185,301	185,301	185,301	185,301	185,301	185,301	185,301	185,301	185,301	185,301
Reinsurance	(560,458)	(560,458)	(560,458)	(560,458)	(560,458)	(560,458)	(560,458)	(560,458)	(560,458)	(560,458)	(560,458)
<b>Net liability</b>	<b>7,109,209</b>	<b>6,459,555</b>	<b>6,497,477</b>	<b>6,518,573</b>	<b>6,431,026</b>	<b>6,506,877</b>	<b>6,453,005</b>	<b>6,461,314</b>	<b>6,494,594</b>	<b>6,479,173</b>	<b>6,475,943</b>
<b>% change in liability</b>	<b>-</b>	<b>-9.14%</b>	<b>-8.60%</b>	<b>-8.31%</b>	<b>-9.54%</b>	<b>-8.47%</b>	<b>-9.23%</b>	<b>-9.11%</b>	<b>-8.65%</b>	<b>-8.86%</b>	<b>-8.91%</b>
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	5,093,201	4,443,547	4,481,468	4,502,565	4,415,017	4,490,869	4,436,997	4,445,306	4,478,586	4,463,164	4,459,935
Group	2,016,008	2,016,008	2,016,008	2,016,008	2,016,008	2,016,008	2,016,008	2,016,008	2,016,008	2,016,008	2,016,008
Net liability	7,109,209	6,459,555	6,497,477	6,518,573	6,431,026	6,506,877	6,453,005	6,461,314	6,494,594	6,479,173	6,475,943
% change in liability	-	-9.14%	-8.60%	-8.31%	-9.54%	-8.47%	-9.23%	-9.11%	-8.65%	-8.86%	-8.91%

*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

## Notes to the Financial Statements

## 31 December 2021 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	707,910	(18,006)	19,916	41,012	(46,535)	29,317	(24,555)	(16,246)	17,033	1,612	(1,617)
Individual Investment Linked	4,464,897	4,464,897	4,464,897	4,464,897	4,464,897	4,464,897	4,464,897	4,464,897	4,464,897	4,464,897	4,464,897
Credit Life	579,830	579,830	579,830	579,830	579,830	579,830	579,830	579,830	579,830	579,830	579,830
Group Life – UPR	725,109	725,109	725,109	725,109	725,109	725,109	725,109	725,109	725,109	725,109	725,109
Group Life – AURR	34,002	34,002	34,002	34,002	34,002	34,002	34,002	34,002	34,002	34,002	34,002
Group Life – IBNR	1,653,719	1,653,719	1,653,719	1,653,719	1,653,719	1,653,719	1,653,719	1,653,719	1,653,719	1,653,719	1,653,719
Additional reserves	113,108	113,108	113,108	113,108	113,108	113,108	113,108	113,108	113,108	113,108	113,108
Reinsurance	(555,696)	(555,696)	(555,696)	(555,696)	(555,696)	(555,696)	(555,696)	(555,696)	(555,696)	(555,696)	(555,696)
Net liability	<b>7,722,879</b>	<b>6,996,964</b>	<b>7,034,886</b>	<b>7,055,982</b>	<b>6,968,434</b>	<b>7,044,286</b>	<b>6,990,414</b>	<b>6,998,723</b>	<b>7,032,003</b>	<b>7,016,581</b>	<b>7,013,352</b>
% change in liability	-	-1.58%	-1.05%	-0.75%	-1.98%	-0.91%	-1.67%	-1.55%	-1.09%	-1.30%	-1.35%
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	5,285,915	4,560,000	4,597,921	4,619,018	4,531,470	4,607,322	4,553,450	4,561,759	4,595,039	4,579,617	4,576,388
Group	2,436,964	2,436,964	2,436,964	2,436,964	2,436,964	2,436,964	2,436,964	2,436,964	2,436,964	2,436,964	2,436,964
Net liability	7,722,879	6,996,964	7,034,886	7,055,982	6,968,434	7,044,286	6,990,414	6,998,723	7,032,003	7,016,581	7,013,352
% change in liability	-	-1.58%	-1.05%	-0.75%	-1.98%	-0.91%	-1.67%	-1.55%	-1.09%	-1.30%	-1.35%

The liability in this analysis excludes the outstanding claim provisions

## Notes to the Financial Statements

**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**

<b>31 December 2022</b>		<b>Carrying amount ₦'000</b>	<b>Gross Nominal ₦'000</b>	<b>1 - 3 months ₦'000</b>	<b>3-12 months ₦'000</b>	<b>Above 12 months</b>
	<b>Note</b>					
<b>Assets</b>						
Cash and cash equivalents	7	6,165,182	6,165,124	6,165,124	-	-
Financial assets	8	10,467,164	10,467,164	-	338,334	10,128,830
Reinsurance assets	10	1,159,297	1,159,297	255,052	501,062	403,183
Receivables	11	681,330	681,330	681,330	-	-
		<b>18,472,973</b>	<b>18,472,915</b>	<b>7,101,506</b>	<b>839,396</b>	<b>10,532,013</b>
<b>Liabilities</b>						
Investment contract liabilities	17	4,276,251	4,276,251	-	-	4,276,251
Trade payables	18	961,152	961,152	961,152	-	-
Other payables (financial)	19	129,500	129,500	129,500	-	-
		<b>5,366,903</b>	<b>5,366,903</b>	<b>1,090,652</b>	<b>-</b>	<b>4,276,251</b>
Gap (asset - liabilities)		<b>13,106,070</b>	<b>13,106,070</b>	<b>6,010,854</b>	<b>839,396</b>	<b>6,255,762</b>
Cumulative liquidity gap		<b>13,106,070</b>	<b>13,106,070</b>	<b>6,010,854</b>	<b>6,850,250</b>	<b>13,106,012</b>
<b>31 December 2021</b>						
		<b>Carrying amount ₦'000</b>	<b>Gross nominal ₦'000</b>	<b>1 - 3 months ₦'000</b>	<b>3-12 months ₦'000</b>	<b>Above 12 months</b>
<b>Assets</b>						
Cash and cash equivalents	7	2,845,923	2,851,522	2,851,522	-	-
Financial assets	8	12,712,202	12,729,651	2,895,119	353,955	9,480,577
Trade receivables	9	-	-	-	-	-
Reinsurance assets	10	804,499	804,499	132,010	139,578	532,911
Receivables	11	513,111	513,111	513,111	-	-
		<b>16,875,735</b>	<b>16,898,783</b>	<b>6,391,762</b>	<b>493,533</b>	<b>10,013,488</b>
<b>Liabilities</b>						
Investment contract liabilities	17	4,464,897	4,464,897	1,293,507	441,128	2,730,262
Trade payables	18	117,101	117,101	117,101	-	-
Other payables (financial)	19	48,842	48,842	48,842	-	-
		<b>4,630,840</b>	<b>4,630,840</b>	<b>1,459,450</b>	<b>441,128</b>	<b>2,730,262</b>
Gap (asset - liabilities)		<b>12,244,895</b>	<b>12,267,943</b>	<b>4,932,312</b>	<b>52,404</b>	<b>7,283,226</b>
Cumulative liquidity gap		<b>12,244,895</b>	<b>12,267,943</b>	<b>4,932,312</b>	<b>4,984,717</b>	<b>12,267,943</b>

## Notes to the Financial Statements

### (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 2022 (2021: 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:

	2022	2021
	N'000	N'000
Shareholders fund as per statement of financial position	7,814,319	8,006,012
Less adjustments for deferred tax assets and other receivables and prepayments (inadmissible assets)	(783,877)	(643,022)
Capital resources on a regulatory basis	<u>7,030,443</u>	<u>7,362,990</u>

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:

		2022	2021
	Notes	N'000	N'000
Net life insurance contract liabilities:			
Unearned premium	16(f)	1,179,354	1,111,360
Individual Life Fund	16(g)	631,649	707,910
Incurred but not reported	16(h)	1,538,537	1,731,326
Additional Reserves	16(i)	185,301	263,082
		<u>3,534,841</u>	<u>3,813,678</u>
Gross Liability		3,534,841	3,813,678
Reinsurance recoverable	16(a)	(560,459)	(555,696)
Net liability (see note 16(a))		<u>2,974,382</u>	<u>3,257,982</u>

## Notes to the Financial Statements

The Company's solvency position is as follows:

### Solvency margin computation

	31-Dec-22			31-Dec-21
Admissible Assets	Admissible N'000	Inadmissible N'000	Total N'000	Admissible N'000
Cash and cash equivalents	6,165,182	-	6,165,182	2,845,923
Financial assets	10,468,325	-	10,468,325	12,721,954
Reinsurance assets	1,159,297	-	1,159,297	804,499
Other receivables and prepayments	-	783,877	783,877	39,118
Intangible assets	29,896	-	29,896	29,896
Property and equipment	229,874	-	229,874	209,873
Statutory deposit	400,000	-	400,000	400,000
	<b>19,236,451</b>	<b>783,877</b>	<b>18,631,329</b>	<b>17,051,263</b>
<b>Less: Admissible liabilities</b>				
Insurance liabilities	5,160,265	-	5,160,265	4,510,527
Investment contract liabilities	4,276,251	-	4,276,251	4,464,897
Trade payables	961,152	-	961,152	117,101
Accruals and other payables	1,019,580	-	1,019,580	593,660
Income tax payable	4,883	-	4,883	2,088
	<b>11,422,131</b>	<b>-</b>	<b>11,422,131</b>	<b>9,688,273</b>
<b>Solvency margin (A-B)</b>	<b>7,030,443</b>	<b>783,877</b>	<b>7,814,320</b>	<b>7,362,990</b>
<b>Minimum paid up capital</b>	<b>2,000,000</b>			<b>2,000,000</b>
<b>15% of Net Premium (N4,098,828)</b>	<b>614,824</b>			
<b>Surplus</b>	<b>5,030,443</b>			

The Company's solvency margin of N7.03 billion (2021: N7.36 billion) is above the minimum capital of N2,000,000,000 (2021: 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 2022.

Notes to the Financial Statements

**7 Cash and cash equivalents**

Cash and cash equivalents comprise:

	<b>2022</b>	<b>2021</b>
	<b>₦'000</b>	<b>₦'000</b>
Cash in hand	101	-
Balances held with banks in Nigeria	940,857	587,107
Placements with financial institutions (see (a) below)	5,224,224	2,258,816
Treasury bills with maturity of less than 90 days (see (b) below)	-	-
	<b>6,165,182</b>	<b>2,845,923</b>
(a) Bank placements	5,224,267	2,264,415
ECL adjustment (see (c) below)	(43)	(5,599)
	<b>5,224,224</b>	<b>2,258,816</b>

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

	<b>2022</b>	<b>2021</b>
	<b>₦'000</b>	<b>₦'000</b>
(b) Treasury bills with maturity of less than 90 days	-	-
ECL adjustment	-	-
	<b>-</b>	<b>-</b>
(c) Movement in ECL adjustments on cash and cash equivalents is detailed below		
At 1 January	5,599	17,278
Opening transition adjustment	-	-
Movement for the year (see 32(b))	(5,556)	(11,679)
At 31 December	<b>43</b>	<b>5,599</b>
Maturity profile of cash and cash equivalents		
Less than 3 months	6,165,182	2,845,923
Non-current	-	-
	<b>6,165,182</b>	<b>2,845,923</b>

**8 Financial assets**

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

	<b>2022</b>	<b>2021</b>
	<b>₦'000</b>	<b>₦'000</b>
Investment securities - Fair value through profit or loss (FVTPL) (see (b) below)	15,800	9,752
Investment securities - Amortised cost (see (a) below)	10,452,525	12,712,202
Other assets at amortised cost (see (ci) below)	-	-
	<b>10,468,325</b>	<b>12,721,954</b>

Notes to the Financial Statements

	2022 N'000	2021 N'000
(a) Maturity profile of other financial assets		
Greater than 3 months less than 12 months	2,601,567	3,166,414
Non-current	7,850,958	9,555,540
	<b>10,452,525</b>	<b>12,721,954</b>
(b) Investment securities - FVTPL		
Quoted equity securities	14,616	8,568
Unquoted equity securities	1,184	1,184
	<b>15,800</b>	<b>9,752</b>
Movement in quoted equity securities at fair value through profit or loss (FVTPL)		
Balance, at 1 January	8,568	9,039
Disposals during the year	-	-
Fair value gain/(loss) on equity securities (see note 29)	6,048	(471)
Balance, 31 December	<b>14,616</b>	<b>8,568</b>
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.		
(c) Investment securities - Amortised Cost		
Debt securities - Fixed interest: Federal Government of Nigeria Treasury Bills	338,334	2,455,283
Debt securities - Fixed interest: Federal Government of Nigeria Bonds	10,128,830	10,274,368
	10,467,164	12,729,651
Expected Credit Losses (IFRS 9)	(14,639)	(17,449)
	<b>10,452,525</b>	<b>12,712,202</b>
(c)(i) Other assets at amortised cost		
Staff loans and advances	-	-
(d) Reconciliation of ECL adjustment		
Balance, at 1 January	17,449	10,027
Writeback/(Charge) during the year	(2,810)	7,422
Balance at 31 December	<b>14,639</b>	<b>17,449</b>
(e) Movement in investment securities at amortised cost:		
Balance, at 1 January	12,712,202	6,920,824
Proceeds from maturity of investments	(12,712,202)	(1,281,945)
Additions during the year	10,455,335	6,697,538
Interest receivable	-	368,364
ECL adjustment for the year	(2,810)	7,422
Balance, 31 December	<b>10,452,525</b>	<b>12,712,202</b>



## Notes to the Financial Statements

	<b>2022</b>	<b>2021</b>
	<b>₦'000</b>	<b>₦'000</b>
<b>9 Trade receivables</b>		
<b>Balance, at 1 January</b>	-	-
Gross premium written during the year (see Note 24)	5,396,878	4,384,911
Premium received during the year	<u>(5,396,878)</u>	<u>(4,384,911)</u>
<b>Balance at 31 December</b>	<u>-</u>	<u>-</u>
<b>10 Reinsurance assets</b>		
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:		
	<b>2022</b>	<b>2021</b>
	<b>₦'000</b>	<b>₦'000</b>
Prepaid reinsurance (see note (b) below)	266,707	219,913
Reinsurance recoverable on claims - incurred but not reported (IBNR) (see note (c) below)	<u>293,752</u>	<u>335,783</u>
	<b>560,459</b>	<b>555,696</b>
Reinsurance recoverable on processed and paid claims (see note (e) below)	501,062	139,578
Reinsurance recoverable on outstanding claims (see note (d) below)	<u>255,052</u>	<u>132,010</u>
	<b>1,316,573</b>	<b>827,284</b>
Impairment of recoverables on processed and paid claims	<u>(157,276)</u>	<u>(22,785)</u>
	<u><b>1,159,297</b></u>	<u><b>804,499</b></u>
(a) Maturity profile of reinsurance assets		
Within 12 months	865,543	468,716
After 12 months	<u>293,752</u>	<u>335,783</u>
	<u><b>1,159,295</b></u>	<u><b>804,499</b></u>
(b) Movement in prepaid reinsurance (UPR & AURR)		
The movement in prepaid reinsurance during the year was as follows:		
Balance at 1 January	219,913	207,179
Movement during the year (see note 24)	<u>46,792</u>	<u>12,734</u>
Balance at 31 December	<u><b>266,705</b></u>	<u><b>219,913</b></u>
(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:		
	<b>2022</b>	<b>2021</b>
	<b>₦'000</b>	<b>₦'000</b>
Balance at 1 January	335,783	385,137
Movement during the year (see note 26(c))	<u>(42,031)</u>	<u>(49,354)</u>
Balance at 31 December	<u><b>293,752</b></u>	<u><b>335,783</b></u>

Notes to the Financial Statements

(d) Movement in processed and paid claims recoverable			
		<b>2022</b>	<b>2021</b>
		<b>₦'000</b>	<b>₦'000</b>
Balance at 1 January		132,010	51,246
Additions during the year: recoverable on Claims paid (see note 26(c))		324,734	297,196
Reinsurance recoveries during the year		(201,692)	(216,432)
Balance at 31 December		<b>255,052</b>	<b>132,010</b>
(e) Movement in reinsurers' recoverable on outstanding claims			
Balance at 1 January		139,578	158,213
Movement during the year(see note 26(c))		361,484	(18,635)
Balance at 31 December		<b>501,062</b>	<b>139,578</b>
<b>11 Other receivables and prepayments</b>			
Receivables from related parties (see (a) below)		605,162	473,226
Other receivables (see (b) below)		207,829	183,154
		812,991	656,380
Impairment (see (c) below)		-	(64,183)
ECL impairment (see (c) below)		(131,661)	(79,086)
		681,330	513,111
Prepayments (see (d) below)		102,547	169,029
		<b>783,877</b>	<b>682,140</b>
(a) Receivable comprises expenses incurred on behalf of and recoverable from Old Mutual West Africa Company Limited (OMWA), the OMNILAC's holding Company - N507 million (2021: N442 Million) and Old Mutual General Insurance Company Limited - N98 million (2021: N21 million).			
Movement in receivables from related parties.			
		<b>2022</b>	<b>2021</b>
		<b>₦'000</b>	<b>₦'000</b>
Balance at 1 January		473,226	246,566
Additions during the year		131,936	226,660
Balance at 31 December		<b>605,162</b>	<b>473,226</b>
(b) <b>Other receivables</b>			
Staff advance		1,612	-
Sundry debtors		178,755	50,726
Receivable from financial institutions		27,462	132,428
		<b>207,829</b>	<b>183,154</b>
Impairment on receivable from financial institution		-	(64,183)
ECL impairment		(131,661)	(79,086)
		<b>76,168</b>	<b>39,885</b>

Notes to the Financial Statements

(c)	<b>Reconciliation of impairment</b>	<b>2022</b>	<b>2021</b>
		<b>₦'000</b>	<b>₦'000</b>
	<i>Balance at 1 January</i>	64,183	64,183
	<i>(Writeback)/charge during the year</i>	(64,183)	-
	<i>Balance at 31 December</i>	<u>-</u>	<u>64,183</u>
	<b>ECL impairment</b>		
	<i>Balance at 1 January</i>	(79,086)	(79,086)
	<i>(Writeback)/charge during the year</i>	(52,575)	-
	<i>Balance at 31 December</i>	<u>(131,661)</u>	<u>(79,086)</u>
(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.).		
	<b>Prepayment</b>	<b>2022</b>	<b>2021</b>
		<b>₦'000</b>	<b>₦'000</b>
	Prepaid expenses	102,547	37,777
	Group life insurance premium	-	131,251
		<u>102,547</u>	<u>169,028</u>
(e)	Maturity profile of other receivables and prepayments		
	Within 12 months	783,877	682,140
	After 12 months	-	-
		<u>783,877</u>	<u>682,140</u>
12	<b>Intangible assets</b>		
	<b>Computer software:</b>		
	<b>Cost</b>		
	<i>Balance at 1 January</i>	32,407	2,511
	<i>Additions during the year:</i>		
	Work In Progress	-	29,896
	<i>Balance 31 December</i>	<u>32,407</u>	<u>32,407</u>
	<b>Accumulated amortisation:</b>		
	<i>Balance at 1 January</i>	(2,511)	(2,511)
	<i>Charge for the year (see note 32)</i>	-	-
	<i>Balance 31 December</i>	<u>(2,511)</u>	<u>(2,511)</u>
	<b>Net book value:</b>		
	<i>Balance at 1 January</i>	<u>29,896</u>	<u>-</u>
	<i>Balance 31 December</i>	<u>29,896</u>	<u>29,896</u>

The intangible assets held by the Company are computer software. The additions to intangible assets during the year include the implementation costs for a broker's portal (N8.2m) and D365 software (N21.7m). 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 2022, these assets were assessed for impairment and Management has determined that no impairment is required of these intangible assets.

Notes to the Financial Statements

- i. No leased assets are included in the above intangible assets (2021: Nil)
- ii. The Company had no capital commitments contracted or authorized as at 31 December 2022 (2021: 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 (2021: nil)
- v. Both additions during the year are still Work in Progress hence no accumulated amortization on both

13 Property and equipment

(a) As at 31 December 2022

	Motor Vehicles	Furniture and Equipment	Computer Equipment	Total
Cost:	₦'000	₦'000	₦'000	₦'000
Balance at 1 January	271,198	129,835	89,199	490,232
Additions	63,156	12,409	25,447	101,012
Disposals	(33,186)	(4,907)	4,907	(33,186)
Balance at 31 December	301,168	137,337	119,553	558,058
<b>Accumulated Depreciation</b>				
Balance at 1 January	117,890	99,377	63,092	280,359
Charge for the year	58,260	8,715	14,037	81,012
Disposals	(33,186)	(4,907)	4,907	(33,187)
Balance at 31 December	142,964	103,185	82,036	328,184
<b>Net book value</b>				
Balance at 1 January	153,308	30,458	26,107	209,873
Balance at 31 December	158,204	34,152	37,517	229,874

(b) As at 31 December 2021

	Motor Vehicles	Furniture and Equipment	Computer Equipment	Total
Cost:	₦'000	₦'000	₦'000	₦'000
Balance at 1 January	104,490	102,207	72,775	279,471
Additions	176,308	27,628	18,060	221,996
Transfers (see note (vii) below)	-	-	-	-
Disposals	(9,600)	-	(1,636)	(11,236)
Balance at 31 December	271,198	129,835	89,199	490,232
<b>Accumulated Depreciation:</b>				
Balance at 1 January	104,490	95,472	55,472	255,434
Charge for the year	23,000	3,905	9,256	36,161
Disposals	(9,600)	-	(1,636)	(11,236)
Balance at 31 December	117,890	99,377	63,092	280,359
<b>Carrying Amount:</b>				
Balance at 1 January	-	6,735	17,303	24,038
Balance at year end	153,308	30,458	26,107	209,873

- i. No leased assets are included in the above property and equipment account (2021: Nil)
- ii. The Company had no capital commitments contracted or authorized as at 31 December 2022 (2021: nil)

## Notes to the Financial Statements

- iii. There were no capitalized borrowing costs related to the acquisition of property and equipment during the year ended 31 December 2022 (2021: 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 (2021: 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 N3.2 million (2021: N2.5 million) from the disposal of assets for N3.2 million (2021: N2.5 million) as at year end. This is as shown below:

	2022	2021
	₦'000	₦'000
Sales proceeds	3,214	2,543
Net book value	-	-
	<u>3,214</u>	<u>2,543</u>
Profit on disposal (see note 32)		

## 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:

	2022		2021	
	Gross amount	Tax effect	Gross amount	Tax effect
	₦'000	₦'000	₦'000	₦'000
Property and equipment	558,058	167,417	490,232	147,070
Provisions	-	-	64,183	19,255
Unrelieved losses		-	10,989,451	3,296,835
	<u>558,058</u>	<u>167,417</u>	<u>11,543,866</u>	<u>3,463,160</u>

Unrelieved losses are allowed to be carried forward indefinitely as stipulated in the Finance Act 2020.

Movement in unrecognized deferred tax assets	2022	2021
	₦'000	₦'000
Balance at 1 January	3,463,160	2,773,271
Additional tax credit during the year	<u>(3,295,743)</u>	<u>689,889</u>
Balance at 31 December	<u>167,417</u>	<u>3,463,160</u>

Notes to the Financial Statements

**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.

	<b>2022</b>	<b>2021</b>
	<b>₦'000</b>	<b>₦'000</b>
Statutory deposits	400,000	400,000
Within 12 months	-	-
After 12 months	400,000	400,000
	<b>400,000</b>	<b>400,000</b>

**16 Insurance contract liabilities**

(a) Insurance contract liabilities comprise the following:

**Gross Insurance Contract Liabilities**

Outstanding claims - reported (see (c) below)	1,625,424	696,849
Outstanding claims - IBNR (see (h) below)	1,538,537	1,731,326
Unearned premium reserve	1,179,354	1,111,360
Individual Life Fund	631,649	707,910
Additional Reserves	185,301	263,082

<b>Total (A)</b>	<b>5,160,265</b>	<b>4,510,527</b>
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**Reinsurance Assets**

Reinsurer's share of outstanding claims	501,062	139,578
Reinsurer's share of IBNR	293,752	335,783
Prepaid reinsurance	266,707	219,913

<b>Total (B)</b>	<b>1,061,521</b>	<b>695,274</b>
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<b>Gross Insurance Contract Liabilities (A - B)</b>	<b>4,098,744</b>	<b>3,815,253</b>
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(b) Maturity profile of insurance contract liabilities

Within 12 months	3,436,427	2,516,119
After 12 months	1,723,838	1,994,408
	<b>5,160,265</b>	<b>4,510,527</b>

(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:

	<b>2022</b>	<b>2021</b>
	<b>₦'000</b>	<b>₦'000</b>
Balance at 1 January	696,849	550,431
Claims incurred during the year (see note 26 (d))	3,188,473	1,840,089
Claims paid during the year (see note 26 (a))	(2,259,898)	(1,693,671)
Balance at 31 December	<b>1,625,424</b>	<b>696,849</b>

## Notes to the Financial Statements

i **Aging analysis of Outstanding claims**

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

	No. of Claimants	Amount (N'000)
<b>Days outstanding</b>		
0 - 90 days	278	730,122
91 - 180 days	236	262,117
181 - 270 days	124	115,536
271 - 365 days	176	157,638
Over 365 days	338	360,011
<b>Total</b>	<b>1,152</b>	<b>1,625,424</b>

	Status (all figures in N'000)	0-90days	91-180 days	181-270days	271-365days	above 365days	Total
		(Qty)/N'000	(Qty)/N'000	(Qty)/N'000	(Qty)/N'000	(Qty)/N'000	(Qty)/N'000
1	Awaiting supporting Documentation	(278)/730,122	(236)/262,117	(124)/115,536	(176)/157,638	(338)/360,111	<b>(1,152)/1,625,424</b>
2	Being Adjusted	-	-	-	-	-	-
3	Awaiting settlement decision	-	-	-	-	-	-
4	Claims awaiting payment	-	-	-	-	-	-
5	Under dispute	-	-	-	-	-	-
	<b>Total</b>	<b>(278)/730,122</b>	<b>(236)/262,117</b>	<b>(124)/115,536</b>	<b>(176)/157,638</b>	<b>(338)/360,111</b>	<b>(1,152)/1,625,424</b>

The total sum N1.625billion remains outstanding as at the end of 2022 due to incomplete documentation

(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:

	2022 N'000	2021 N'000
Unearned premium (see note (f) below)	1,179,354	1,111,360
Individual Life Fund (see note (g) below)	631,649	707,910
Incurred but not reported (IBNR) claims reserves (see note (h) below)	1,538,537	1,731,326
Additional Reserves	185,301	263,082
Gross liability (see note (e) below)	3,534,841	3,813,678
Reinsurance recoverable - UPR and IBNR (see note 10)	(560,459)	(555,696)
Net liability	<u>2,974,382</u>	<u>3,257,982</u>

(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	3,813,678	3,319,858
Movement during the year	(278,837)	493,820
Balance at 31 December	<u>3,534,841</u>	<u>3,813,678</u>

(f) **Movement in unearned premium**

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

Balance at 1 January	1,111,360	982,975
Movement during the year (see note 24(a))	67,994	128,385
Balance at 31 December	<u>1,179,354</u>	<u>1,111,360</u>

(g) **Movement in individual life fund**

The movement in individual life fund during the year was as follows:

Balance at 1 January	707,910	174,400
Movement during the year (see note 26(b))	(76,261)	533,510
Balance at 31 December	<u>631,649</u>	<u>707,910</u>

## Notes to the Financial Statements

(h) **Movement in IBNR reserves**

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

	2022 ₦'000	2021 ₦'000
Balance at 1 January	1,731,326	1,406,699
Movement during the year (see note 26(b))	(192,789)	324,627
Balance at 31 December	<u>1,538,537</u>	<u>1,731,326</u>

(i) **Movement in Additional Reserves**

The movement in individual life fund during the year was as follows:

Balance at 1 January	263,082	755,784
Movement during the year (see note 26(b))	(77,781)	(492,702)
Balance at 31 December	<u>185,301</u>	<u>263,082</u>

**Actuarial valuation**

The latest available actuarial valuation of the life business funds was as at 31 December 2022. The actuarial value of the net liability of the fund was N8.4billion (2021: N8.4billion) (comprising insurance contract liabilities - N3.534billion (2021: N3.955billion) net of reinsurance assets (see note 10 and 16) and investment contract liabilities - N4.4billion (2021: N4.5billion) (see note 17).

The valuation of the Company's life business fund as at 31 December 2022 was carried out by: Nikhil Dodhia (FRC/2021/004/00000024023) Zamara, 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.
- (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%



Notes to the Financial Statements

- (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 12% (2020: 7.37%).
- (xiv) Expenses for investment linked policies were reserved explicitly at N10.256 per annum (2020: N9,240), increasing with inflation at 11% per annum.

	2022 N'000	2021 N'000
<b>17 Investment contract liabilities</b>		
Retail mass market savings plan	4,276,251	4,372,632
Deposit administration	-	92,265
	<b>4,276,251</b>	<b>4,464,897</b>
(a) The movement in investment contract liabilities during the year was as follows:		
Balance at 1 January	4,464,897	3,804,440
Additions	1,039,381	1,133,644
Withdrawals	(1,192,082)	(1,241,121)
Guaranteed interest on investment contracts (see note 31)	152,701	107,478
(Decrease)/Increase in reserves (see note 27)	(188,646)	660,457
Balance at 31 December	<b>4,276,251</b>	<b>4,464,897</b>
<b>Maturity profile of investment contract liabilities</b>		
Within 12 months	1,661,345	1,734,635
After 12 months	2,614,906	2,730,262
	<b>4,276,251</b>	<b>4,464,897</b>
<b>18 Trade payables</b>		
Amounts owed to reinsurance creditors (see (a) below)	107,821	40,286
Unmatched premium (see (b) below)	676,089	41,012
Commission payable intermediaries (see c below)	177,242	35,803
	<b>961,152</b>	<b>117,101</b>
(a) Reinsurance payable		
Balance at 1 January	40,286	205,063
Reinsurance premium expenses (see note 24)	1,276,848	649,135
Reinsurance premium paid	(1,209,313)	(813,912)
Balance at 31 December	<b>107,821</b>	<b>40,286</b>
(b) Movement in unmatched premium during the year		
Balance at 1 January	41,012	59,294
Movement during the year	635,077	(18,282)
	<b>676,089</b>	<b>41,012</b>

## Notes to the Financial Statements

	<b>2022</b>	<b>2021</b>
	<b>₦'000</b>	<b>₦'000</b>
(c) Commission Payable Intermediaries		
Balance at 1 January	35,803	24,211
Commission (see note 27)	435,152	377,444
Commission paid	(293,713)	(365,852)
Balance at 31 December	<b>177,242</b>	<b>35,803</b>
Maturity profile of trade payables		
Within 12 months	961,152	117,101
After 12 months	-	-
	<b>961,152</b>	<b>117,101</b>
<b>19 Accruals and other payables</b>		
Accruals and other payables comprise:		
Financial		
Professional fees (see b(i) below)	129,500	48,842
Sundry accruals (see b(ii) below)	-	-
Intercompany payables	-	2,972
	<b>129,500</b>	<b>51,814</b>
Non-Financial		
National housing fund	7,018	5,633
Staff short term incentive (see (a) below)	65,103	58,988
Pension payable	55,247	346
PAYE and FIRS payables	15,018	6,119
Sundry creditors (see b(iii) below)	635,632	404,305
NAICOM levy payable	64,362	55,762
Withholding tax payable	8,299	
VAT payable (see note (c) below)	39,401	10,693
	<b>890,080</b>	<b>541,846</b>
Total	<b>1,019,580</b>	<b>593,660</b>
Maturity profile of accruals and other payables:		
Within 12 months	1,011,281	593,660
After 12 months	8,299	-
	<b>1,019,580</b>	<b>593,660</b>
(a) The movement in staff short term incentive during the year is as follows:		
Balance at 1 January	58,988	40,000
Additions	65,103	58,988
Payments	(58,988)	(40,000)
Balance 31 December	<b>65,103</b>	<b>58,988</b>

## Notes to the Financial Statements

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 - Nil (2021: Nil) and ITF - Nil (2021: Nil).

(iii) **Sundry creditors**

This includes accruals for Old Mutual Life Insurance Company (South Africa) Limited <OMLASCA> support services (N583m), and IT project implementation (N52m).

### 19 Accruals and other payables cont.d

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

Balance at 1 January	10,693	9,603
Additions	28,708	1,469
Payments	-	(379)
	<u>39,401</u>	<u>10,693</u>
Balance at 31 December	<u>39,401</u>	<u>10,693</u>

### 20 Income tax payable

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

Balance at 1 January	2,088	1,838
Charge for the year (see (b) below)	3,924	55,661
Payment during the year	(1,129)	(55,411)
	<u>4,883</u>	<u>2,088</u>
Balance at 31 December	<u>4,883</u>	<u>2,088</u>

(b) The tax charge for the year comprises:

Minimum tax	-	2,088
Prior year under provision	3,924	53,573
	<u>3,924</u>	<u>55,661</u>
Current tax charge for the year	<u>3,924</u>	<u>55,661</u>

Notes to the Financial Statements

(c) Reconciliation of effective tax rate

	2022		2021	
	Tax Rate	₦'000	Tax Rate	₦'000
Loss before minimum Tax		(187,769)		(1,009,047)
Income tax using the domestic corporation tax rate	30%	(56,331)	30%	(302,714)
Income from non-shareholders fund	336%	(630,554)	0%	-
Loss for the year	-316%	593,222	0%	-
Non-deductible expenses	-117%	219,905	-5%	47,474
Tax exempt income	67%	(126,242)	7%	(69,780)
Minimum tax Adjustment	-2%	3,924	0%	2,088
Underprovision in prior year income tax	0%	-	-5%	53,573
Investment allowance	0%	-	0%	542
Changes in unrecognised deferred tax asset	0%	-	-31%	317,612
	<b>-2.09%</b>	<b>3,924</b>	<b>-5%</b>	<b>48,795</b>

21 Share Capital

	2022	2021
	₦'000	₦'000
(a) Authorized share capital:		
<b>Ordinary Share</b>		
11,000,000 (2020: 8,000,000) ordinary shares of N1 each (see (i) below)	10,984,500	10,984,500
15,500,000 (2020: 15,500,000) preference shares of N1 each	15,500	15,500
	<b>11,000,000</b>	<b>11,000,000</b>
(i) Movement in authorized ordinary share capital during the year is as follows:		
Balance at 1 January at N1.00 each	10,984,500	7,984,500
Additions during the year at N1.00 each	-	3,000,000
<i>Balance at 31 December</i>	<b>10,984,500</b>	<b>10,984,500</b>
(b) Issued and fully paid share capital:		
(i) <i>Ordinary share</i>		
Balance at 1 January at N1.00 each	10,526,458	6,997,458
Additional ordinary shares	-	3,529,000
Conversion at N1.00 each (note (b) (iii) below)	-	-
<i>Balance at 31 December</i>	<b>10,526,458</b>	<b>10,526,458</b>
(ii) Issued and fully paid share capital:		
<i>Convertible preference shares</i>		
Balance at 1 January	14,072	14,032
Issued shares (note (b) (iii) below)	-	40
Converted shares (note (b) (iii) below)	-	-
<i>Balance at 31 December</i>	<b>14,072</b>	<b>14,072</b>
Total issued and fully paid share capital	<b>10,540,530</b>	<b>10,540,530</b>
(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 January 1, 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. On July 15, 2021, 40,139 preference shares of N1.000 each were issued at N400 per share		

## Notes to the Financial Statements

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
July 2021	40,139	16,015,461	1 Jan. 2025	16,055,600
	<b>14,072,505</b>	<b>5,614,929,495</b>		<b>5,629,002,000</b>

### (c) Share premium

	2022	2021
	₦'000	₦'000
Preference share		
Balance at 1 January	5,614,930	5,598,914
Issued share (note (b) (iii) above)	-	16,016
Converted to ordinary shares	-	-
Balance at 31 December	<b>5,614,930</b>	<b>5,614,930</b>

## 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:

	2022	2021
	₦'000	₦'000
Balance at 1 January	322,585	267,399
Transfer from profit or loss (see note 23 below)	53,969	55,186
Balance at 31 December	<b>376,554</b>	<b>322,585</b>

## 23 Retained earnings

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

At 1 January	(8,472,033)	(7,352,139)
Transfer from profit and loss accounts	(191,693)	(1,064,708)
Transfer to contingency reserve (see note 22 above)	(53,969)	(55,186)
Balance at 31 December	<b>(8,717,695)</b>	<b>(8,472,033)</b>

Notes to the Financial Statements

**24 Net insurance premium income**

	<b>2022</b>	<b>2021</b>
	<b>₦'000</b>	<b>₦'000</b>
Gross premium revenue arising from insurance contracts issued:		
Gross Written Premium - Group Life	4,480,362	3,418,697
Gross Written Premium - Individual Life	333,948	385,440
Gross Written Premium - Credit Life	582,568	580,774
	<b>5,396,878</b>	<b>4,384,911</b>
Changes in unearned premium (see note 16(f))	(67,994)	(128,385)
Gross premium income	<b>5,328,884</b>	<b>4,256,526</b>
Re-insurance cost:		
- Reinsurance cost - Group life	(1,194,087)	(600,121)
- Reinsurance cost - Credit life	(82,761)	(61,602)
- Reinsurance cost - Term Assurance	-	(146)
Changes in Prepaid Reinsurance (see note 10(b))	46,792	12,734
Total reinsurance cost (see note 18 (a))	(1,230,056)	(649,135)
Net premium income	<b>4,098,828</b>	<b>3,607,391</b>

**25 Fee and commission income**

Commission received from reinsurance contracts	209,162	134,950
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**26 Claims and benefits expenses**

(a) Claims paid during the year (see note (d) below)	2,259,898	1,693,671
Movement in outstanding claims and reserves (see note (b) below)	658,005	(21,657)
	<b>2,917,903</b>	<b>1,672,014</b>
Claims recoverable from reinsurers (see note (c) below)	(644,186)	(229,207)
Claims expenses	<b>2,273,717</b>	<b>1,442,807</b>
(b) Movement in outstanding claims and reserves comprise of the following:		
Changes in reported claims (see note (d) below)	928,575	146,418
Changes in IBNR claims (see note 16(g&h))	(192,789)	324,627
Changes in additional actuarial reserves (see note 16(i))	(77,781)	(492,702)
	<b>658,005</b>	<b>(21,657)</b>
(c) Claims recoverable from reinsurance is made up of the following:		
Movement in recoverable on IBNR claims (see note 10(c))	42,031	49,354
Claims paid (see note 10(d))	(324,734)	(297,196)
Movement in recoverable on outstanding claims (see note 10(e))	(361,484)	18,635
	<b>(644,186)</b>	<b>(229,207)</b>
(d) Claims incurred		
Paid claims (see (a) above)	2,259,898	1,693,671
Changes in reported claims (see (b) above)	928,575	146,418
	<b>3,188,473</b>	<b>1,840,089</b>

## Notes to the Financial Statements

	2022 N'000	2021 N'000
<b>27 Changes in Investment Contract Liabilities</b>		
Balance, at 1 January	4,464,897	3,804,440
Increase during the year	(188,646)	660,457
Balance at 31 December	<b>4,276,251</b>	<b>4,464,897</b>
<b>28 Underwriting expenses</b>		
Commission expenses - (see note 18(c))	435,152	377,444
Maintenance expenses	203,506	176,400
	<b>638,658</b>	<b>553,844</b>

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

	2022 N'000	2021 N'000
<b>29 Investment income</b>		
Interest income on cash and cash equivalents	349,914	98,228
Interest income on treasury bills	32,346	126,669
Interest income on bonds	701,885	466,936
Interest income on statutory deposit	-	5,083
	<b>1,084,145</b>	<b>696,916</b>

Investment income attributable to policyholders and shareholders for the year 2022 and 2021 respectively are as follows:

	Policyholder N'000	Shareholder N'000	Total N'000
31 December 2022			
Interest income on cash and cash equivalents	172,170	177,743	349,914
Interest income on treasury bills	4,074	28,272	32,346
Interest income on bonds	343,630	358,256	701,885
Interest income on statutory deposit	-	-	-
	<b>519,874</b>	<b>564,271</b>	<b>1,084,145</b>

	Policyholder N'000	Shareholder N'000	Total N'000
31 December 2021			
Interest income on cash and cash equivalents	20,432	77,796	98,228
Interest income on treasury bills	14,953	111,716	126,669
Interest income on bonds	348,892	118,043	466,935
Interest income on statutory deposit	-	5,083	5,083
	<b>384,277</b>	<b>312,638</b>	<b>696,915</b>

	2022 N'000	2021 N'000
(a) Interest income received		
Interest receivable (opening balance) (note 8b)	368,364	30,676
Interest income	1,481,567	1,144,765
Interest receivable (closing balance) (note 8b)	-	(368,364)
<b>interest income received</b>	<b>1,849,931</b>	<b>807,077</b>

Notes to the Financial Statements

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

	<b>2022</b>	<b>2021</b>
	<b>₦'000</b>	<b>₦'000</b>
Fair value gain/(loss) on equity securities (see note 8(a))	6,048	(471)

**31 Profit on investment contracts**

Interest income on fixed deposits	102,320	10,691
Interest income on bonds	295,102	437,158
<b>Total interest income on investment contract liabilities</b>	<b>397,422</b>	<b>447,849</b>
Fee deductions on investment contracts (see Note 17 (a))	407	9,473
Guaranteed interest on investment contracts (see Note 17 (a))	(152,701)	(107,478)
	<b>245,128</b>	<b>349,845</b>

**32 Other operating income/(expense)**

Other income	2,100	1,344
Foreign exchange (loss)/gain	(614,108)	(170)
Gain on disposal of property and equipment (see note 13)	3,214	2,543
	<b>(608,794)</b>	<b>3,717</b>

**33 Management expenses**

Employee benefit expense (see (a) below)	806,745	970,366
Depreciation of property and equipment (see note 13)	81,012	36,161
Audit fees	21,000	21,000
Professional fees	60,372	191,416
Directors' fees and expenses	65,607	91,971
Advertising and marketing	113,841	186,487
Rental and administrative expenses	290,384	198,334
Employee recruitment, training and development costs	4,916	32,347
Mass marketing project related expenses	686,933	447,987
Bad debt expense	10,490	-
Travel and entertainment	18,870	19,986
Computer cost	195,703	240,626
Bank charges	11,210	12,723
Actuarial Fees	9,256	9,256
Contract Service Costs	74,511	82,471
Withholding Tax	9,452	39,510
	<b>2,460,302</b>	<b>2,580,641</b>

(a) Employee benefit expense

Wages and salaries	667,144	822,681
Staff medical & Group Life expenses	15,542	19,256
Pension costs – defined contribution plans	58,956	69,441
Other employee benefits	65,103	58,988
	<b>806,745</b>	<b>970,366</b>



## Notes to the Financial Statements

	<u>2022</u> <u>₦'000</u>	<u>2021</u> <u>₦'000</u>
<b>34 Expected Credit Loss</b>		
Other assets at amortised cost; change in ECL	(11,608)	11,608
Investment at amortised cost; change in ECL (see note 8(c))	(2,810)	7,422
Cash & cash equivalent; change in ECL (see note 7(c))	(5,556)	(11,679)
	<u><b>(19,974)</b></u>	<u><b>7,351</b></u>
<b>35 Impairment</b>		
Impairment of Reinsurance Assets (see note 10 (d))	<u><b>157,276</b></u>	<u><b>22,785</b></u>
(a) Reconciliation of movement in impairment		
Balance, at 1 January	22,785	
Additions during the year	<u>134,491</u>	<u>22,785</u>
Balance at 31 December	<u><b>157,276</b></u>	<u><b>22,785</b></u>
<b>36 Loss per share</b>		
(a) <b>Loss per share</b>		
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 2022.		
	<u><b>2022</b></u>	<u><b>2021</b></u>
Loss attributable to the company's equity holders (N'000)	<u>(191,694)</u>	<u>(1,064,708)</u>
Weighted average number of ordinary shares in issue ('000)	<u>10,526,458</u>	<u>10,526,458</u>
Loss per share (kobo per share)	<u>(2)</u>	<u>(10)</u>
(b) <b>Diluted earnings per share</b>		
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.		
	<u><b>2022</b></u>	<u><b>2021</b></u>
Loss attributable to the company's equity holders (N'000)	<u>(191,694)</u>	<u>(1,064,708)</u>
<i>In thousands of shares</i>	<u><b>2022</b></u>	<u><b>2021</b></u>
Weighted average number of ordinary shares in issue (basic)	10,526,458	10,526,458
Effect of conversion of convertible preference shares	<u>5,629,002</u>	<u>5,629,002</u>
Weighted average number of ordinary shares in issue (diluted)	<u><b>16,155,460</b></u>	<u><b>16,155,460</b></u>
Diluted loss per share (kobo per share)	<u>(1)</u>	<u>(7)</u>

Notes to the Financial Statements

37 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 2022

	Note	Policy holders ₦'000	Share holders ₦'000	Total ₦'000
<b>Assets</b>				
Cash and cash equivalents	7	940,958	5,224,224	6,165,182
Financial assets	8	7,794,434	2,673,891	10,468,325
Trade receivables	9	-	-	-
Reinsurance assets	10	1,159,297	-	1,159,297
Other receivables and prepayments	11	-	783,877	783,877
Intangible assets	12	-	29,896	29,896
Property and equipment	13	-	229,874	229,874
Deferred tax assets	14	-	-	-
Statutory deposits	15	-	400,000	400,000
		<b>9,894,689</b>	<b>9,341,762</b>	<b>19,236,451</b>
<b>Liabilities</b>				
Insurance contract liabilities	16	5,160,265	-	5,160,265
Investment contract liabilities	17	4,276,251	-	4,276,251
Trade payables	18	-	285,063	285,063
Accruals and other payables	19	-	1,695,669	1,695,669
Income tax payable	20	-	4,883	4,883
		<b>9,436,516</b>	<b>1,985,615</b>	<b>11,422,131</b>
<b>Surplus/(Deficit)</b>		<b>458,173</b>	<b>7,356,147</b>	<b>7,814,320</b>

31 December 2021

	Note	Policy holders ₦'000	Share holders ₦'000	Total ₦'000
<b>Assets</b>				
Cash and cash equivalents	7	1,195,644	1,650,279	2,845,923
Financial assets	8	7,751,635	4,970,319	12,721,954
Trade receivables	9	-	-	-
Reinsurance assets	10	804,499	-	804,499
Other receivables and prepayments	11	-	682,140	682,140
Intangible assets	12	-	29,896	29,896
Property and equipment	13	-	209,873	209,873
Deferred tax assets	14	-	-	-
Statutory deposits	15	-	400,000	400,000
		<b>9,751,778</b>	<b>7,942,507</b>	<b>17,694,285</b>
<b>Liabilities</b>				
Insurance contract liabilities	16	4,510,527	-	4,510,527
Investment contract liabilities	17	4,464,897	-	4,464,897
Trade payables	18	-	117,101	117,101
Accruals and other payables	19	-	593,660	593,660
Income tax payable	20	-	2,088	2,088
		<b>8,975,424</b>	<b>712,849</b>	<b>9,688,273</b>
<b>Surplus/(Deficit)</b>		<b>776,354</b>	<b>7,229,658</b>	<b>8,006,012</b>

Notes to the Financial Statements

**38 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:

	<b>2022</b>	<b>2021</b>
	<b>₦'000</b>	<b>₦'000</b>
Short term employees' benefits	197,076	182,844
Post employment benefits	-	-
	<b><u>197,076</u></b>	<b><u>182,844</u></b>

**(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 OMNILAC's holding Company - N507 million (2021: N442 Million) and Old Mutual General Insurance Company Limited - N98 million (2021: N21 million).

## Notes to the Financial Statements

			Due from/(Due to)		Income/(Expense)	
			31 December			
			2022	2021	2022	2021
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	227,155	420,476	-	-
Ecobank Nigeria Limited	Parent company of minority shareholder	Placements	826,881	149,711	-	-
Ecobank Nigeria Limited	Parent company of minority shareholder	Interest income on placements	-	-	4,597	33,324
Ecobank Nigeria Limited	Parent company of minority shareholder	Rental expense				(19,131)
EDC Securities Limited*	Subsidiary of minority shareholder	Treasury bills		668,563		35,102
Ecobank Nigeria Limited*	Subsidiary of minority shareholder	Treasury bills		1,091,474		53,006
EDC Securities Limited	Subsidiary of minority shareholder	Placements	123,108	-		
EDC Securities Limited**	Subsidiary of minority shareholder	Interest income on placements	-	-	724,248	15,806
Old Mutual West Africa Company Limited	Holding company	Capital injection	-	3,529,000	-	-
Old Mutual West Africa Company Limited***	Holding company	Receivable	507,162	452,561	-	-
Old Mutual Life Assurance Company SA	Subsidiary of majority shareholder	Payable		377,848	-	-
Old Mutual General Insurance Company Nigeria	Subsidiary of majority shareholder	Receivable	98,000	20,619	-	-
Old Mutual Women Network (OWN)	Women-Only Initiative within OMNILAC	Payable	-	2,972	-	-

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

\*\*There were no fixed deposit placements with EDC Securities as at the end of the year however, there were some placements during the year which had been liquidated before the end of the year.

\*\*\*These balances refer to cost of administering the Holding Company locally (including purchase of PPE, salaries of staff of the Holding Company as well as other related costs). These costs are usually included as part of Capital calls to nil off existing balances but were deferred in 2021 due to regulatory capital injection of N3.529b by the Holding Company in same year. This balance would be included as part of subsequent capital calls.

Notes to the Financial Statements

39 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:

	2022 Number	2021 Number
below 1,000,000	-	-
N1,000,001 – N2,000,001	-	-
N2,000,001 – N3,000,001	8	9
N3,000,000 – N4,000,001	9	14
N4,000,001 – N5,000,001	6	8
N5,000,001 – N10,000,001	13	17
Above N10,000,001	26	20
	<b>62</b>	<b>68</b>

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

	2022 Numbers	2021 Numbers
Management staff	13	14
Non management staff	49	54
	<b>62</b>	<b>68</b>

(b) Directors' remuneration:

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

	2022 N'000	2021 N'000
Non executive directors' fees	65,607	84,244

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

	2022 N'000	2021 N'000
Chairperson		13,207
Highest paid executive director		50,783

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

	Number	Number
N200,001 - N500,000	-	-
N500,001 - N5,000,000	1	1
N5,000,001 - N10,000,000	3	3
N10,000,001 - N20,000,000	2	2
	<b>6</b>	<b>6</b>

**Notes to the Financial Statements****40 Contravention of laws and regulations**

	<u>2022</u>	<u>2021</u>
	N'000	N'000
Description:		
Penalty imposed by FRCN for late renewal of FRC registration	-	-
Penalty imposed by NAICOM for late filing of Form A1	-	500
	<u>-</u>	<u>500</u>

**41 Contingent liabilities, litigation and claims**

The Company in its ordinary course of business is presently involved in 2 cases as the plaintiff. The total amount claimed in cases in favour of the Company as at 31 December 2022 was at N129.8 million (2021: N137.4 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.

**42 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**

Statement of Value Added

	2022		2021	
	₦'000	%	₦'000	%
Net premium income	4,098,828	496	3,607,391	22,537
Investment income	1,084,145	131	696,916	4,354
Other income	(608,794)	(74)	3,717	23
Claims incurred, net commissions and operating expenses	<u>(3,748,067)</u>	<u>(454)</u>	<u>(4,292,017)</u>	<u>(26,814)</u>
<b>Value Added</b>	<b><u>826,112</u></b>	<b><u>100</u></b>	<b><u>16,007</u></b>	<b><u>100</u></b>
Applied as follows:				
Employee benefit expense	806,745	115	970,366	38,504
Government taxes	3,924	1	55,661	2,209
<i>Consumed in the business:</i>				
Depreciation of property, plant and equipment	81,012	12	36,161	1,435
To augment contingency reserve	53,969	8	55,186	2,190
To augment/(deplete) retained earnings reserve	<u>(245,663)</u>	<u>(35)</u>	<u>(1,119,894)</u>	<u>(44,437)</u>
Value Added	<b><u>699,987</u></b>	<b><u>100</u></b>	<b><u>(2,520)</u></b>	<b><u>(100)</u></b>



## Financial Summary

	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18
	₦'000	₦'000	₦'000	₦'000	₦'000
<b>ASSETS</b>					
Cash and cash equivalents	6,165,182	2,845,923	5,582,388	1,967,167	736,937
Other financial assets	10,468,325	12,721,954	6,931,047	5,640,709	5,073,910
Trade receivables	-	-	-	-	769.00
Reinsurance assets	1,159,297	804,499	801,775	636,781	745,192
Other receivables and prepayments	783,877	682,140	310,502	159,464	60,954
Intangible assets	29,896	29,896	-	-	-
Property and equipment	229,874	209,873	24,038	22,757	48,546
Statutory deposits	400,000	400,000	400,000	200,000	200,000
<b>TOTAL ASSETS</b>	<b>19,236,450</b>	<b>17,694,285</b>	<b>14,049,750</b>	<b>8,626,878</b>	<b>6,866,308</b>
<b>LIABILITIES</b>					
Insurance contract liabilities	5,160,265	4,510,527	3,870,289	2,656,182	2,085,233
Investment contract liabilities	4,276,251	4,464,897	3,804,440	3,094,246	1,849,944
Trade payables	961,152	117,101	288,568	305,656	329,734
Accruals and other payables	1,019,580	593,660	558,951	388,711	242,003
Income tax payable	4,883	2,088	1,838	13,232	8,464
<b>TOTAL LIABILITIES</b>	<b>11,422,131</b>	<b>9,688,273</b>	<b>8,524,086</b>	<b>6,458,027</b>	<b>4,515,378</b>
<b>EQUITY AND LIABILITIES</b>					
Share capital & reserves:					
Share capital	10,526,458	10,526,458	6,997,458	5,786,490	4,086,490
Preference share capital	14,072	14,072	14,032	6,834	8,027
Share premium	5,614,930	5,614,930	5,598,914	2,726,816	3,202,941
Contingency reserve	376,553	322,585	267,399	223,645	194,816
Retained earnings	(8,717,695)	(8,472,032)	(7,352,138)	(6,574,934)	(5,141,344)
<b>TOTAL EQUITY</b>	<b>7,814,319</b>	<b>8,006,012</b>	<b>5,525,665</b>	<b>2,168,851</b>	<b>2,350,930</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>19,236,450</b>	<b>17,694,285</b>	<b>14,049,751</b>	<b>8,626,878</b>	<b>6,866,308</b>
<b>Profit or loss account</b>					
	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18
	₦'000	₦'000	₦'000	₦'000	₦'000
Gross premium written	5,396,878	4,384,911	3,798,527	2,882,942	2,114,191
Net premium income	4,098,828	3,607,391	2,643,872	954,780	678,655
Loss before income tax expense	(187,770)	(1,009,047)	(731,868)	(1,385,867)	(1,705,873)
Income tax expense	(3,924)	(55,661)	(1,583)	(18,894)	(14,126)
Loss for the year	(191,694)	(1,064,708)	(733,451)	(1,404,761)	(1,719,999)
Transfer to contingency reserve	53,969	55,186	43,754	28,829	21,142
Transfer from retained earnings	<b>(137,725)</b>	<b>(1,009,522)</b>	<b>(689,697)</b>	<b>(1,375,932)</b>	<b>(1,698,857)</b>
Loss per share - basic (kobo)	(2)	(10)	(10)	(42)	(19)
Loss per share - diluted (kobo)	(1)	(7)	(6)	(42)	(11)