Lasaco Assurance plc

lasacoassurance.com

2021 Annual Reports & Financial Statements

Business Expansion: Service Delivery Via Technology.

Table of Content

Corporate Information

Lasaco Assurance Plc

Lasaco Assurance Plc – Corporate Profile

Lasaco Assurance Plc is a composite insurance and financial services company incorporated on the 20th of December 1979 under the Companies Decree of 1968. The Company, then known as Lagos State Assurance Company Limited, obtained a License as an Insurer on the 7th of July 1980 and commenced business operations on the 1st of August 1980.

With the vast opportunities presented by increased capitalization for business expansion and growth, the Company became a Public Liability Company in 1991 when its Shares were admitted for the first time to the Nigerian Stock Exchange (NSE) through listing by Introduction.

Lasaco has grown considerably in size, business-coverage, profits, capital base, and assets in its fourth decade. Its operations span all classes of the Insurance and Special Risks business, high impact financial services, and Real Estate. The Company's businesses are conducted through a network of thirteen regional and branch offices spread across Nigeria, administered by well qualified, experienced and dedicated personnel.

Lasaco's business portfolio currently includes leadership and a significant share of crucial Federal and State Governments Insurance businesses, multinational and private companies underwriting businesses in major sectors of the economy, from heavy Engineering and Construction, Banking and Finance, Manufacturing Agriculture, Tourism, Life Covers to the high-tech capital intensive, special risks areas of Oil and Gas, and Aerospace. Lasaco's business interests also include Real Estate and through its various non-core business investments. The Company also holds Shares in many blue-chip enterprises.

Lasaco's improved performance over the years and high prospects projected for the future have been driven by the various transformational and growth changes implemented during the period, which resulted in significant changes to our organizational structure and dynamics. Our marketing effort is through a wide branch structure organized on a regional basis for effective coverage of the entire country.

These changes were also supported by various capacity upgrades, including solid and efficient procedures and policies, which have enhanced our operations and improved performance and growth.

The Company is now embarking upon three major programmers to boost its growth, performance and transformation in line with our vision and strategic goal to build an enduring wealth platform : recapitalization and diversification, new-level branding and world-class quality certification and financial system rating.

The Company’s headquarter is located within the central business district of Ikeja, capital of Lagos State. It operates branches and underwriting offices in 13 locations across Nigeria. In addition to our branch network operations, the Company also transacts its business using a network of experienced Brokers and Agents spread across the length and breadth of the country.

Our goal is to deliver exceptional stakeholder value by offering first class, innovative products and services to all customers, both existing and potential. In meeting this objective, we seek to remain both proactive and flexible to meet the changes constantly occurring in the environment.

Directors	Mrs. Olateju Philips	Chairman
	Mr. Razzaq Abiodun	Deputy Managing Director(Appointed on 20/4/2021) MD/CEO(Appointed on 27/8/2021)
	Mr. Segun Balogun	Managing Director/CEO (Retired on 29/5/2021)
	Mr. Rilwan Oshinusi	Deputy Managing Director(Corporate Services)
	Mr. Ademoye Shobo	Executive Director-Technical (Appointed on 22/12/2021)
	Engr. Sani Ndanusa	Independent Director
	Mr. Akin Odusami	Non-exceutive Director (Resigned on 7/02/2022)
	Otunba Akin Doherty	Non-exceutive Director
	Prince Jamiu Saka	Non-executive Director

Company Secretary	Mrs. Gertrude Olutekunbi Plot 16, Acme Road Ogba Industrial Estate Ikeja Lagos State.
Registered Office	Lasaco House Plot 16, Acme Road Ogba Industrial Estate Ikeja Lagos State.
Registration Number	31126
Tax Identification Number:	-02306657-0001
Corporate Head Office	Lasaco House Plot 16, Acme Road Ogba Industrial Estate Ikeja Lagos State. Tel: (234) 01 – 2120557 E-mail: info@lasacoassurance.com Website: www.lasacoassurance.com
Registrars	APEL Capital & Trust Limited 8, Alhaji Bashorun Street Off Norman Williams Crescent, South West, Ikoyi Lagos Telephone: 01- 873928, 7401444-5 Mobile No: 07046126698
Bankers	Polaris Bank Limited First Bank of Nigeria Limited Ecobank Nigeria Limited Heritage Bank Plc First City Monument Bank Limited United Bank for Africa Plc Guaranty Trust Bank Plc Sterling Bank Plc

Auditors	BDO Professional Services (Chartered Accountants) ADOL House, 15,CIPM Avenue Central Business District Alausa, Ikeja, Lagos. P.O.Box 4929,GPO, Marina Lagos. www.bdo-ng.com
Actuary	EY Actuaries 10th & 13th Floor, UBA House 57, Marina, Lagos, Nigeria.
Estate Valuer	Oletubo & Co Estate Surveyors & Valuers 9, Arapasanwu Street, off Oluwaloimu off Amore Street, Toyin Street, Ikeja. Fola Oyekan & Associates Estate Surveyors & Valuers 13, Ogunlana Drive, Surulere, Lagos.
Solicitors	Obioha Jude Idigbe & Co 10, Marina Onikan Lagos. Lawrence Osayemi & Co 38/40, Orlando Martins Street Off Igbosere Road, Lagos. Abdulkareem & Abdulkareem 7, Gray Street, Behind Yaba Chief Magistrate Court, Yaba Lagos.
Reinsurers	African Reinsurers Corporation Continental Reinsurance Corporation SWISS Reinsurance Company WAICA Reinsurance Pool

3D DESIGN OF KAKAWA HOUSE

Our Vision

To be a market leader in Insurance and Financial Services in Nigeria, creating and sustaining an exceptional brand

Our Mission

We are committed to be the Insurance and Financial Services Company of choice in Nigeria, providing Products and Services of Superior Quality, using modern tools and a well-motivated workforce to create long term value for all our Stakeholders

Core Values

E — Excellence
P — Professionalism
I — Integrity
C — Customer Focus
T — Trust
A — Accountability
C — Creativity
T — Teamwork

Quality Policy Statement

Lasaco Assurance Plc is committed to delivering Insurance and Financial Services of Superior Quality, surpassing customers expectations and ensuring strict compliance with regulatory/statutory requirements.

We are committed to continually improving the effectiveness of our Quality Management System.

We establish measurable goals and objectives at Departmental levels which we review as the need arises ensuring timely, effective implementation of Company strategy.

Results at a Glance

RESULTS AT A GLANCE	2021	2020	Changes	
Statement of Financial Position	₦'000	₦'000	₦'000	%
Total Assets	23,958,247	20,536,738	3,421,509	17
Total Liabilities	12,649,564	12,734,506	(84,942)	(1)
Shareholders' Funds	11,308,683	7,802,232	3,506,451	45
INCOME STATEMENT	₦'000	₦'000	₦'000	%
Gross premium written	13,282,516	10,937,805	2,344,711	21
Gross premium income	12,573,331	10,965,467	1,607,864	15
Reinsurance expenses	(4,386,806)	(3,952,248)	434,558	11
Net premium income	8,186,525	7,013,219	1,173,306	17
Fee and commission income	1,083,076	1,034,914	48,162	5
Net underwriting income	9,269,601	8,048,133	1,221,468	15
Claims expenses	(4,367,771)	(3,246,047)	1,121,724	35
Underwriting expenses	(3,492,637)	(2,591,730)	900,907	35
Changes in Life fund	9,990	(29,853)	39,843	133
Changes in annuity fund	288,423	(204,574)	492,997	241
Underwriting profit	1,707,606	1,975,929	(268,323)	(14)
(Loss)/profit on investment contract liabilities	(134,565)	6,208	(140,773)	(2,268)
Fair value gains on financial assets	455,242	122,556	332,686	271
Investment income	656,166	552,247	103,919	19
Other income	841,218	1,001,992	(160,774)	(16)
Management expenses	(3,190,632)	(2,900,391)	290,241	10
Impairment of financial assets	(46,578)	(50,207)	(3,629)	(7)
Allowance of credit losses	(5,806)	(11,898)	(6,092)	(51)
Profit before taxation	282,651	696,436	(413,785)	(59)
Information Technology Development Levy	(2,799)	(6,895)	(4,096)	(59)
Income tax	(18,468)	(10,184)	8,284	81
Profit for the year after tax	261,384	679,357	(417,973)	(62)

Chairman's Statement

CHAIRMAN'S STATEMENT

Mrs. Teju Phillips
Chairman

1. Introduction

My fellow Shareholders, distinguished guests, representatives of statutory bodies, ladies and gentlemen, I am delighted to welcome you to the 42nd Annual General Meeting of our great company "Lasaco Assurance Plc" to present to you the Annual Report and Financial Statements for the financial year ended 31st December, 2021 and to review the performance of our company during the financial year.

I would like to sincerely thank you all for your unwavering commitment, loyalty, continued support, patience, and perseverance over the years which have contributed immensely to the continued success of our company.

2. The Global Economy

The global economy continued its recovery in 2021 amidst the arrival of more transmissible coronavirus strains (most especially Delta and Omicron). Nevertheless, the rollout of vaccines and accommodative monetary and fiscal policies helped cushion the effects of these cankers, though the limited access to the vaccines posed a big challenge to developing countries. By December 2021, the number of vaccine doses per 100 people in the least developed countries stood at just 23.9, compared to 147.4 in the developed countries. Inadequate supplies of vaccines and domestic fiscal constraints continue to limit access for the majority of emerging nations.

Rising inflationary pressures also caused significant constraints across countries. In 2021, several Emerging Markets and Developing Economies (EMDEs) using an inflation-targeting framework raised rates to combat the pressures, while in Advanced Economies (AEs), they hiked rates to curb inflation. For example, US consumer prices rose by 7.0% in December 2021, the highest estimate in three decades, with the US Federal Reserve acknowledging the persistent inflationary pressures and commencing asset purchase tightening before the end of the year. The post-pandemic acceleration in inflation appears to be distinct from previous inflation episodes as it stems from pandemic-led supply chain disruptions. This will largely determine policy direction across global economies in 2022, which will likely be a year of policy normalization.

Growth in the Sub-Saharan Africa (SSA) region remains unchanged, aided by strong commodity prices in 2021 and better than expected vulnerability to the pandemic.

2. Nigeria Economy in 2021 and 2022 outlook

Economic activities and ongoing fiscal monetary policy interventions boosted real economic recovery in the first half of 2021. Subsequent to its exit from recession in Q4 2020, the economy performed better than the IMF's growth projection of 3% for 2021, with the country's real GDP growing by 5.01% and 0.51% in Q1 2021 as against 0.11% and -3.62% in Q4 2020 and Q3 2020. The non-oil sector recorded a growth of 6.74% in Q2 2021, 12.79 percentage point higher in comparison to 5.95 percentage points in the same quarter of 2020. The non-oil sector's aggregate contribution to real GDP was N92.58bn in 2021. The growth drivers for these performance were, Insurance, Telecommunications, Road Transportation, Agricultural Production, Manufacturing, especially Food, Beverage and Tobacco.

In 2021, the total GDP stood at N49.28 trillion in nominal terms (when the rate has not been adjusted for inflation), while the real GDP rose to N20.33 trillion. The performance of the economy found strength from the non-oil sector, mainly agriculture, which grew 4.73%. The oil sector, which contributed 7.24% to the economy, declined by 8.06%.

The country's official exchange rate declined by 6.03% in 2021, closing at N435/$1 on the 31st of December 2021, despite averaging at N410.3/$1 for the year. The Naira faces the risk of a further devaluation after it depreciated by 4.82% on the last day of the year, likely repeating the events that played out in 2020.

The apex bank in Nigeria continues to intervene in the Investors & Exporters window to ensure the solidity of the local currency. However, the pressure from the negative trade balance, the decline in diaspora remittances, dwindling capital inflow, and the drop in crude exports, amongst others, is persistently mounting pressure on the exchange rate.

On the other hand, the foreign exchange market was quite active, with the Central Bank imposing several policies and operations in the Eurobond space, which helped improve foreign exchange (FX) reserves and created a lot of volatility in the FX market.

Looking ahead, the outlook for the Nigerian economy remains cautiously positive. The country's current account and forex reserves, assisted by IMF's SDR allocation and Eurobond placement in September 2021 improved in the year under review. Recent employment surveys indicate that employment is back to pre-pandemic levels. Notwithstanding recent upside improvements in oil prices, the growth in the fiscal deficit to circa 5.9% of GDP in 2021 dampens optimism to some degree. Although the widening fiscal deficit reflects increased spending allocations to fuel subsidies and higher security spending, it remains a cause for concern.

The efficiency of Nigeria's fiscal policy improved as the Government ensured that the budget cycle remained within the stipulated time frame (January to December) by promptly transmitting the appropriation bill to the National Assembly and obtaining Presidential assent in good time.

3. Operational Performance

Despite Nigeria's economic recovery, the aftermath of ENDSARS amidst other upheavals towards the end of 2020 caused many insurance companies a major blow in 2021. However, in comparison to 2020, we delivered a considerable performance. The company achieved a gross premium income of N13.3billion in 2021, representing a 21% increase over the N10.93billion generated in 2020. In the same vein, our net underwriting income grew by 15% from N8.05billion to N9.26billion. Our profit before tax declined from N696million to N281million, signifying a 59% drop, while profit after tax declined by 62%, from N679million to N261million. The total assets of the organization grew from N20.53billion to N23.96billion, a 17% increase, while the shareholders' fund increased sharply by 45%, from N7.80billion in 2020 to N11.31billion in 2021.

4. Future Outlook

The quick delivery of vaccines, among other things, will ensure that the new COVID-19 variants have the smallest possible impact. However, the crisis in Ukraine has triggered a serious global disaster that must be resolved peacefully. The conflict's economic consequences will cause a severe slowdown in the global economy in 2022, as well as an increase in inflation. Fuel and food prices have risen significantly, disproportionately affecting low-income populations, while global growth is expected to decelerate from 6.1% in 2021 to 3.6% in 2022.

Nigeria's economic recovery is projected to continue, though at a slower pace as the low impact that began in 2020 fades. Nigeria's economic recovery, which has been supported solely by the non-oil sector in 2021, is likely to gain from the continued rebound in the crude oil sector, which will profit from its own low base effects in 2022, aided by the high crude oil prices and a rebound in crude oil production.

Lasaco assurance will uphold and surpass its current performance through the implementation of best practice policies, digital upscale, process strengthening, and customer experience rejuvenation. The journey continues to improve our identity and visibility through various modern initiatives and the building of our employee capacity to better position them to do more. Our investment diversification strategy is yielding tremendous results, and we plan to diversify further in order to gain maximum return.

5. Changes in the Board

The former Managing Director Mr. Segun Balogun retired from the Company after clocking the retirement age of 60 years on 29th May, 2021. Mr. Razzaq Abiodun was appointed in acting capacity on 20th April, 2021. The appointment of Mr. Razzaq Abiodun as the Managing Director/ Chief Executive Officer was confirmed by National Insurance Commission on 27th August 2021.

Mr. Ademoye Shobo was appointed as Executive Director (Technical) on 22nd December, 2021.

6. Conclusion

To Lasaco Assurance PLC's fellow shareholders, board members, management, and staff, I want to reassure you that we will work hard to ensure that your organization's history is upheld. Thanks for your continued support.

Board of Directors

Mrs. Teju Phillips
CHAIRMAN

Otunba Akin Doherty
NON-EXECUTIVE DIRECTOR

Mr. Akinola Odusami
NON-EXECUTIVE DIRECTOR
RESIGNED 7/2/2022

Engr. Sani Ndanusa
INDEPENDENT DIRECTOR

Prince Jamiu Adio Saka
NON-EXECUTIVE DIRECTOR

Mr. Segun Balogun
Managing Director/CEO
RETIRED 29/5/2021

Mr. Razzaq Abiodun
Managing Director/CEO
FROM 27/8/2021

Mr. Rilwan Oshinusi
Deputy Managing Director
CORPORATE SERVICES

Mr. Ademoye Shobo
Executive Director (Technical)

CHIEF (MRS) MARIA OLATEJU PHILLIPS - Chairman

Chief (Mrs) Maria Olateju Phillips (Née Fernandez) holds ACCA from Aston College of Commerce, now Aston University (1973 - 1975); and Huddersfield College (1973 - 1975); She also attended Executives programmes at Wharton Pennsylvania, USA, Columbia Business School and Harvard Business School. Her Articleship as an Accountant was in Peat, Marwick, Casselton Elliott & Co (Firm of Accountants - Ani, Ogunde & Co.

Chief (Mrs) Teju Phillips started her career in Nigeria at UAC of Nigeria Plc (1983-1992), where she was the Divisional Commercial Manager of the company's property division.

Prior to joining the Board of Lasaco Assurance Plc, she has served on the Boards of several public and private institutions, which include: Keystone Bank, Lagos State Lottery Board; Alma Beach Estate Limited (a subsidiary of Rims Merchant Bank Limited); Maridot Ventures Limited.

Her passion and dedication to work singled her out in the private sector and earned her an appointment as the Honourable Commissioner for Special Duties and Inter-Governmental Relations as well as Commissioner for Commerce, Industry & Tourism in Lagos State.

Her other appointments include but are not limited to the following: Chairman, Federal College of Agriculture Ibadan; Chairman, Organizing Committee of the Institute of Directors (IoD) Nigeria; Council Member, Bank Directors Association of Nigeria; Board Member, Women In Boardroom; Member, Institute of Chartered Accountants of Nigeria (ICAN) Presidential Committee; Member, ICAN Annual Conference Committee; Member of 100 Eminent Persons Group set up by the Federal Government of Nigeria for the 'Nigeria 2010 World Cup Bid'; Board Member, State Primary Education Board, Ogun State; Chairman, Accommodation Committee FIFA 1999, Junior World Cup Championship held in Lagos; Chairman, Accommodation Committee of IMO '98 Federal Annual Sports Festival, held in Imo State;Chairman, Accommodation Committee, 1st African Women Championships, Ogun State, Member, 2015 Presidential Campaign Organization (Fund Raising Committee) for Gen. Muhammadu Buhari; Deputy Coordinator, 2011 RETCO (Remi Tinubu Campaign Organization); Chairman, 2007 Campaign Fund Raising Committee & Chairman, Inaugural Ball Committee for His Excellency, Governor Babatunde Raji Fashola SAN, Governor of Lagos State; Chairman, Inaugural Ball Committee for Senator Bola Ahmed Tinubu in 1999 & 2003.She has several years of experience in the private and public sectors and has contributed extensively towards Public Policy/Administration, Financial Management and Corporate Governance within and outside Nigeria.

She is a descendant of the Olumegbon Family of Isale-Eko, in the Lagos Island of Lagos State. She is the daughter of Ambassador Chief Antonio 'Dehinde Fernandez (His Imperial Highness, Garsan Fulani).

She is happily married to Engr. Olanrewaju Phillips and are blessed with 4 (Four) children.She joined the Board of Lasaco Assurance Plc on the 9th of September, 2020.

OTUNBA AKIN DOHERTY – Non-Executive Director

Otunba Akin Doherty is a Non-Executive Director of LASACO Assurance Plc. He has over 40 years experience in the private sector, both locally and internationally, as well as the public service in the areas of Financial Services, Computer Systems' Implementation, Marketing, Transformation Strategy, Business Administration and General Management.

Before Joining the Board of LASACO Assurance Plc., Akin Doherty has served as the Honourable Commissioner for Finance in Lagos State. Prior to that appointment, he was the pioneer Honourable Commissioner for Science and Technology in Lagos State and indeed, in Nigeria following his very successful tenure in Office as the Special Adviser on Information Technology and Management Services to the Lagos State Governor. During his tenure in office, Mr Doherty served in many capacities such as the Representative of South – Western Nigeria's States on the Post- Mortem Sub-Committee of the Federation Accounts and Allocation Committee of Nigeria (FAAC); Member, Presidential Committee on Lagos Megacity Region; Member, Interim Implementation Committee on Lagos Metropolitan Development and Governance Project (LMDGP); Chairman, Implementation Committee on Lagos State New Contributory Pension Scheme; Chairman, Committee on Transformation of Lagos State Board of Inland Revenue now known as LIRS.

Barrister Doherty has also worked with various private – sector organisations including the United Bank for Africa (UBA), the Leventis Conglomerate, Mobil Nigeria, and Mobil Europe in the United Kingdom, Holland, Sweden, Denmark, and Spain. He is the Managing Director and Chief Executive Officer of Manchester Consulting Limited, Chairman Manchester Construction and Services Limited as well as Wemimo Farms Limited. He is also a Director of Continental Broadcasting Service Limited as well as Afkar Publishing Company Limited.

Mr Akin Doherty graduated in Accounting from the Yaba College of Technology, Lagos and later qualified as a Chartered Accountant. He, thereafter, trained in the United Kingdom as a Computer Systems' Auditor. He also holds a Master of Business Administration (MBA) Degree with specialization in Marketing Management from the Obafemi Awolowo University, Ile-Ife. Additionally, he has a Bachelor of Laws Degree (LLB, Laws) from the University of Buckingham in the United Kingdom and became a Barrister and Solicitor of the Supreme Court of Nigeria after successfully completing the Bar Vocational Courses at the Nigerian Law School, Lagos. He is a Fellow of the Institute of Chartered Accountants of Nigeria, Institute of Taxation of Nigeria, National Institute of Marketing of Nigeria, Institute of Management Consultants, Institute of Credit Administration and a Member of the Nigerian Computer Society, Institute of Directors, and the Nigeria Bar Association. Barrister Akin Doherty has also attended many knowledge-enhancing Executive Education Courses at the Inter Africa Consulting Group of South Africa, London School of Economics, Manchester Business School, and London Business School.

A recipient of the Kwame Nkrumah's Africa Leadership Award for Excellence in Public Administration, Otunba Akin Doherty is married with children. He joined the board in July, 2016.

AKINOLA ODUSAMI – Non-Executive Director

Akinola Odusami is a graduate of Insurance from Lagos State College of Science & Technology (Now Lagos State Polytechnic). He also holds a BSc in Economics and Masters Degree in Business Administration (MBA) from Ambrose Alli University. He is a Fellow of the Chartered Institute of Brokers (FCIB) and a Fellow of the Chartered Insurance Institute of London (FCII).

He started his Insurance career in 1982 with Al-Adams Insurance Brokers as Trainee. Between 1987 and 1993, after his national youth service, he joined Kal & Kay Insurance Brokers and moved to Minet Nigeria and thereafter to Glanvill Ethoven Nigeria (Both are Multinational Insurance Broking firms).

In 1994, he was engaged to establish Linkage Assurance Plc, as the pioneer head of operations. He was seconded to All States Trust Bank Plc in 1998 to head their Insurance Unit.

Akinola pioneered the establishment of an Insurance-Owned Bank for the Nigerian Insurance Industry where he served as the Project Manager. He is an astute Insurance Professional. His experience and profound knowledge of insurance business and practice led to his appointment as Consultant to the Lagos State Government to establish the Insurance Department for the Ministry of Finance.

Until his appointment to the Board of LASACO Assurance Plc, he was the Managing Director/Chief Executive Officer of Smoothway Insurance Brokers Ltd.He has a proven track record of over 30 years working experience in Banking, Public Sector and Insurance (Broking and Underwriting).He has attended several training locally and internationally both on Insurance, Risk & General Management. Resigned on 7th of February 2022.

SANI NDANUSA– Independent Director

Engr. Sani Ndanusa is an Independent Director of Lasaco Assurance Plc. He has over 30 years of experience in the public and private sectors.

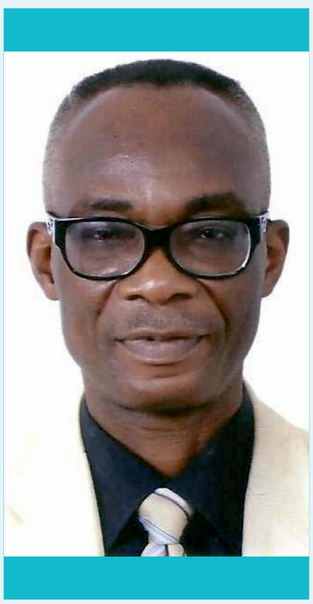
Engr. Ndanusa, a Chartered Engineer, was the General Manager of the Niger State Water Board for 8 years and later became the Permanent Secretary of the Board. He was also appointed Niger State's Commissioner for Works and Infrastructural Development, Minister of Sports and Chairman, National Sports Commission by President Umaru Musa Yar'Adua.

He became the 1st Vice President of Confederation of African Tennis and 3rd Vice President of the Nigeria Olympic Committee in 2003. He was also the Chairman Technical Committee and the President of Nigerian Olympic Committee a position he held for four years.

Engr. Ndanusa studied Civil Engineering from Kaduna Polytechnic and a Master of Science in Water and Waste Water Engineering from Loughborough University, United Kingdom.

Engr. Ndanusa is a Member, Council for the Regulation of Engineering in Nigeria (COREN), Fellow Nigerian Society of Engineers (FNSE), and Member, Nigerian Institute of Management.

He joined the board in October, 2014



PRINCE JAMIU ADIO SAKA – Non-Executive Director

Prince Jamiu Adio Saka was born on the Lagos Island in March 1951 to Prince Bello Saka-Elemuren and Alhaja Nimotalai Olufeso both of Ikorodu, Lagos State. He had his elementary education at St. Patrick's Primary School, Idumagbo Lagos between 1958 and 1965 and secondary education at Anglican Grammar School, Gbongan, Osun State (1966 – 1967) and Ahmadiyya College, Agege (1967 – 1970).

Thereafter, he proceeded to Canada where he was trained as a technician certified welder. He worked as a Fitter Welder with Massey Ferguson Industries in Toronto. Between 1974 and 1977 he bagged a Bachelor of Arts (Economics) and a Bachelor of Commerce degree (with Honours in Business Administration) from University of Windsor, Ontario, Canada.

He obtained a Diploma in Personnel/Industrial Relations and was awarded an Associate status by the Association of Personnel and Industrial Relations (Canada) also in 1977.

His insurance career started in 1980 with Prudential Insurance of America. Prince Saka is a Member of the Institute of Chartered Life Underwriter, Canada. He is also a Chartered Financial Planner and an Associate Member of the Chartered Institute of Administration. He is a Fellow of the Institute of Directors and a Fellow Member of the Chartered Institute of Taxation in Nigeria. He was at various times a Financial Consultant, Personal Financial Planner and Sales Manager.

Jamiu Adio Saka left Canada as Sales Manager with Prudential Insurance of America in 1986 for a management position with Crusader Insurance (Nigeria) Plc now Custodian & Allied Insurance Ltd. In 1993, he was promoted to the position of General Manager/Director of the company. Prince Saka served as a member of the Lagos State Board of Internal Revenue.

His knowledge spans into various fields – Engineering to Finance, Law to Liberal Arts. He also has a Master's Degree in International Law and Diplomacy (1992) LLB (2004) both from the University of Lagos and BL (2005) from the Nigerian Law School, Abuja.

Prince Saka belongs to sizeable number of Social Clubs and Community Development Organisations including Ikorodu Division Resource Development Group where he was once the Chairman, a past Chairman and Trustee of the Ikorodu Forum which he initiated as a non-political pressure group, a past President and Vice President and past Trustee of Oriwu Club Ikorodu and a member of the following other associations : Island Club, Ikoyi Club 1938, World Taekwando Association, to mention a few. He had won many awards and had taken up appointments in diverse fields.

He was also a member of 66/70 Set of Ahmadiyya College Old Boys Association, Past Vice President, Anwar-ul-Islam College, Agege Old Students Association and a Member and Former Secretary of Shooting Star of Islam 1942.Married to Alhaja Latifat Ibironke, he is blessed with children.He joined the Board of Lasaco Assurance Plc on the 9th September, 2020.

Segun Balogun –Managing Director/CEO

Segun Balogun is the Managing Director/CEO of Lasaco Assurance Plc. He has over 30 years of experience in the insurance industry and has contributed immensely towards human capital development for the industry as a part-time lecturer at a private tutorial college for the Chartered Insurance Institute of Nigeria (CIIN).

Prior to his appointment as Managing Director of Lasaco Assurance Plc, he was the Chief Executive Officer of FBN General Insurance Company Limited (formerly Oasis Insurance Plc.) Balogun was also the Managing Director/Chief Executive Officer of WAPIC Insurance Plc, a company he managed for 13 years and took to an enviable position. In 1996, Balogun became the Managing Director/Chief Executive Officer Metropolitan Trust Insurance Company Limited, now Consolidated Hallmark Insurance Plc.

Balogun has worked with various insurance firms including Lasaco from 1986 to 1990; other firms include Glanvill Enthoven Insurance Brokers Ltd, New Line Insurance Company Limited, UNIC Insurance and Confidence Insurance Company Limited.

Balogun holds a Bachelors Degree in Insurance from the University of Lagos.

Balogun is an Associate of the Chartered Insurance Institute of the United Kingdom and Fellow of the Chartered Insurance Institute of Nigeria (CIIN). He was also an Examiner of the CIIN. He is a 2007 recipient of the Distinguished Alumnus Award of the University of Lagos Alumni Association.
He retired in May 29th, 2021

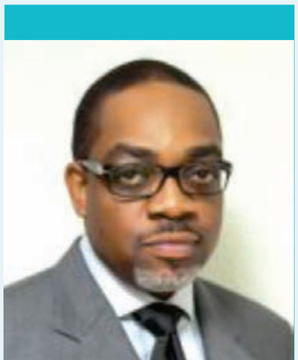
RAZZAQ ABIODUN – Deputy Managing Director (Technical)

Razzaq Abiodun is the Deputy Managing Director (Technical) of Lasaco Assurance Plc. He has over 30 years of experience in the insurance industry spanning claims, underwriting and marketing.

He began his insurance career with City Union Insurance Company where he rose to the position of Deputy Manager, Claims/Reinsurance. He was also a Senior Manager at Metropolitan Trust Insurance Company (now Consolidated Hallmark). Abiodun also worked in WAPIC Insurance Plc where he was an Assistant General Manager, before his appointment as pioneer Managing Director of WAPIC Insurance (GHANA) Ltd.

Abiodun holds a Master's degree in Business Administration from Lagos State University and he is a Graduate of Law from the Ghana Institute of Management and Professional Studies (GIMPA).

Abiodun is an Associate of the Chartered Insurance Institute of United Kingdom. In 2012, he was awarded the Fellowship of the Chartered Insurance Institute of Ghana. He joined the board in January, 2017. Appointed MD/CEO in August 27th, 2021.



RILWAN OSHINUSI - Deputy Managing Director (Corporate Services)

Rilwan Oshinusi is the Deputy Managing Director (Corporate Services) of Lasaco Assurance Plc. He has over 20 years of experience in Accounting/Finance and Insurance.

Oshinusi started his career as a Financial Accountant at Metropolitan Housing Trust in England. He later joined T-Mobile at the corporate office in Hertfordshire, England where he was the Financial Accountant.

After ten years working in England, he moved to the United States where he worked for BlueCross Blue Shields of Illinois, the largest health insurance company in the mid-west region. Whilst at BlueCross Blue Shields, he worked in various departments including the financial risk assessment and accounting/financial reporting departments. He rose to the position of a senior Financial Analyst within the Mergers and Acquisition team.

He holds a first degree in Business and Finance from the College of North East London and other degree in Accounting and Finance from Middlesex University, London. He also holds an MBA in Accounting from Keller Business School, Chicago Illinois, USA. He joined the board in June, 2016.

ADEMOYE SHOBO – Executive Director (Technical)

Ademoye Shobo is the Executive Director (Technical) of Lasaco Assurance Plc. He has over 29 years of experience in the insurance industry. He joined Lasaco Assurance Plc as an officer in Audit Department and worked in the Audit department with responsibility of ensuring compliance by all departments/branches to Company Policy.

He proceeded to the Technical department and worked in both the Claims and Transportation departments where he was saddled with Claims Administration and General Underwriting. He moved to the Marketing department and started as the Manager Kano branch

He became the Regional Controller of F.C.T and Northern Region.

He was appointed Assistant General Manager and moved to the Head Office where he supervised the marketing Division. He was later promoted to the position of General Manager (Marketing) saddled with the responsibility of coordinating all Marketing activities of the Northern Region.

He also supervised the Technical department of the organization. Shobo holds a Bachelor of Science Degree in Chemistry from the Lagos State University. He is an Associate of the Chartered Insurance Institute of Nigeria and an Alumnus of the Lagos Business School

Shobo has attended many courses both locally and internationally. He joined the board in December 22, 2021.

Director's Report

The Directors present their annual reports on the affairs of LASACO Assurance Plc, as at 31 December 2021 together with the financial statements and auditors' report.

1. Legal form and Principal activity

The Company was incorporated in December 20, 1979 under the Company Decree of 1968. The Company then, known as Lagos State Assurance Company Limited obtained license as an insurer on July 7, 1980 and commenced business on August 1, 1980. It became a public limited liability Company in 1991 when the Company's shares were listed on the Nigerian Stock Exchange. The Company secured a life insurance business license from National Insurance Commission (NAICOM) in 2007. The Company then separated the life business and transferred the related assets and liabilities to its subsidiary, LASACO Life Assurance Company Limited . On January 1, 2009 LASACO Life Assurance Co. Ltd commenced business. The Company operates from its corporate office in Lagos and whilst it maintains branches in major cities of the Federation.

However,the operations of LASACO Life Company Limited and LASACO Assurance Plc have been merged to become a Composite Insurance Company by a court sanction and an approval from the National Insurance Commission (NAICOM). LASACO Life Assurance Company Limited thus ceased to exist as a Private Company from December, 2014 but now a department under LASACO Assurance Plc.The Company is principally engaged in the provision of various classes of insurance such as general accident, fire, motor, engineering, marine, bond insurances and life assurance businesses. The Company also transacts insurance business for aviation, oil & gas and other special risks.

2. Operating results

The following is a summary of the Company's operating results for the year ended 31 December 2021

SUMMARY OF THE RESULT

Comprehensive Income

	2021 ₦'000	2020 ₦'000
Profit before tax	282,651	696,436
Income tax expense	(21,267)	(17,079)
Profit after tax	261,384	679,357
Transfer to statutory contingency reserve	(253,180)	(205,488)
Transfer to retained earnings for the year	8,204	473,869

3. Dividend

The Directors did not recommend dividend for the financial year ended 31 December 2021.

4. Directors and Directors' Interest

Directors

No Director has disclosed any declarable interest in any contract with the Company during the year in pursuant to Section 303 of the Companies and Allied Matters Act, 2020.

REPORT OF THE DIRECTORS (CONT'D)

5. Directors' interest

The Directors' interests in the issued share capital of the Company as recorded in the register of members and as advised by the Company's registrars for the purposes of Section 301 of the Companies and Allied Matters Act, 2020 and the listing requirements of the Nigerian Stock Exchange are as follows:

31 December 2021

Name of Director	Direct	Indirect	Total
Mrs. Olateju Phillips	-	506,949,191	506,949,191
Mr. Segun Balogun	2,500,000	-	2,500,000
Otunba Akin Doherty	737,411	232,941,184	233,678,595
Mr. Akinola Odusami	6,187	-	6,187
Engineer Sani Ndanusa	-	-	-
Prince Jamiu Saka	-	-	-
Mr. Razzaq Abiodun	746,000	-	746,000
Mr. Rilwan Oshinusi	-	-	-
Mr. Ademoye Shobo	-	-	-

31 December 2020

Name of Director	Direct	Indirect	Total
Mrs. Olateju Phillips	-	506,949,191	506,949,191
Mr. Segun Balogun	2,500,000	-	2,500,000
Otunba Akin Doherty	737,411	232,941,184	233,678,595
Mr. Akinola Odusami	-	-	-
Engineer Sani Ndanusa	-	-	-
Prince Jamiu Saka	-	-	-
Mr. Razzaq Abiodun	-	-	-
Mr. Rilwan Oshinusi	-	-	-

6. Directors' Responsibilities

The Directors are responsible for the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the income statement for that year and comply with the Insurance Act, 2003. Financial Reporting Council of Nigeria Act, No.6, 2011,Insurance Act CAP I17, LFN 2004 and section 377 of the Companies And Allied Matters Act, 2020.

7. Shareholding

The Registrars have advised that the called up and fully paid up shares of the Company as at 31 December 2021 were beneficially held as follows:

S/N	ACCT NO	NAME	ADDRESS	HOLDING	%
1	70538	Ibile Holdings Limited	62/64 Campbell Street Lagos P.O. Box 71282 Victoria Island Lagos State Lagos Nig Lagos	506,949,191	27.65%
2	1806	Canon Properties & Investment Limited.	P.O.Box 51549, Falomo Ikoyi, Lagos. Lagos	232,941,185	12.70%
3	Various	Nigerian Citizens and Associations	N/A	1,093,695,480	59.65%

Mrs Olateju Phillips, Mr. Akinola Odusami and Prince Jamiu Saka are representing Ibile Holdings on the Board. Otunba Akin Doherty is representing Canon Properties and Investments Limited.

According to the register of members, no shareholder other than the ones mentioned above held more than 5% of the issued share capital of the Company as at 31 December 2021.

8. Directors' interest in contracts

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

Composition of Directors

The Board of Directors of the Company is currently comprised of the under listed individuals:

Mrs. Olateju Phillips	Chairman
Mr. Razzaq Abiodun	Managing Director/CEO (Appointed 27/08/2021)
Mr. Rilwan Oshinusi	Deputy Managing Director(Corporate Services)
Mr. Ademoye Shobo	Executive Director -Technical (Appointed 22/12/2021)
Engr. Sani Ndanusa	Independent Director
Otunba Akin Doherty	Non-exceutive Director
Prince Jamiu Saka	Non-executive Director
Mr. Akin Odusami	Non-executive Director (Resigned 7/2/2022)

Retiring Directors

In accordance with Section 285 of the Companies and Allied Matters Act, 2020, Otunba Akin Doherty and Engr Sani Ndanusa will retire by rotation at this Annual General Meeting and being eligible offer themselves for re-election.

Records of the Directors Attendance

In accordance with Section 258 (2) of the Companies and Allied Matters Act, 2020, the records of the Directors attendance at Director's meeting in 2020 are available for inspection at the Annual General Meeting.

9. DONATIONS

The Company did not make any donations during the year ended 31 December 2021

10. EVENTS AFTER REPORTING DATE

There were no significant events after reporting date which could have had a material effect on the consolidated financial statements for the year ended 31 December 2021 which have not been adequately provided for or disclosed in the financial statements.

11. EMPLOYMENT AND EMPLOYEES

It is the policy of the Company not to adopt discriminatory criteria for considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop their experience and knowledge and to qualify for promotion.

When an employee becomes physically challenged during the course of his or her employment, the Company endeavours to retain the individual for employment in spite of his disability, when this is reasonably possible.

As at 31 December 2021 one physically challenged person was in the employment of the Company.

12. EMPLOYEES INVOLVEMENT, TRAINING AND DEVELOPMENT

i. Information dissemination

"The employees are regularly provided with information on matters that are of concern to them through established channels of communication."

ii. Consultation with employees

There are regular consultations between the senior and junior staff unions and Management, particularly on matters affecting staff welfare.

iii. Encouraging employees' involvement and training

The Company ensures that employees are informed of matters concerning them through formal and informal fora with an appropriate two-way feedback mechanism. In accordance with the Company's policy of continuous development, in-house training is provided on various aspects of the organisation. In addition, employees are nominated to attend both local and international courses and workshops which are complemented by on-the-job trainings.

iv. Health, safety at work and welfare of employees

Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. The Company gives priority to the health and safety of its employees by ensuring that health and safety procedures are substantially complied with and maintained in its daily operations.

v. Acquisition of own shares

The Company did not purchase any of its own shares during the year.

13. AUDITORS

In compliance with Section 33(2) of the Securities and Exchange Commission's Code of Corporate Governance and Section 22(1) of National Insurance Commission 2010 guidelines on the tenure of External Auditors, Messrs BDO Professional Services (Chartered Accountants) has shown willingness to continue in office as the auditors in accordance with Section 401(2) of the Companies and Allied Matters Act, 2020. A resolution will be proposed at the Annual General Meeting to authorize the Directors to determine their remunerations.

By Order of the Board

Gertrude Olutekunbi (Mrs.)
Company Secretary
FRC/2015/NBA/00000011389

Notice of Annual General Meeting

Notice of 42nd Annual General Meeting

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of LASACO Assurance Plc will be held at Marriott Hotel, Ikeja GRA Lagos on Thursday, 18th August 2022 at 11 am to transact the following business:

ORDINARY BUSINESS:

1. To lay the Audited Financial Statements of the Company for the year ended 31st December 2021 and Reports of the Directors, the Auditors Report and Audit Committee's Report thereon.

2. To re-elect Directors retiring by rotation.

3. To authorize the Directors to fix the remuneration of the External Auditors.

4. To elect members of the Statutory Shareholders' Audit Committee
5. To disclose the Remuneration of Managers of the Company in line with Section 257 of the Companies and Allied Matters Act 2020
6. To elect a Director by Special Notice-Prince Jamiu Adio Saka who is over 70 years and eligible for re-election pursuant to Section 282 of CAMA.

NOTES:

I. PROXY

(a)With the safety and security of customers, employees, and other stakeholders being our top priority, the Company has been implementing its internal policy on the COVID –19 pandemic based on guidance received from Government authorities to help prevent the spread of infections.

Therefore, in line with the guidelines of the Corporate Affairs Commission on the conduct of Annual General Meetings (AGM) of Public Companies by Proxies, and the need to comply with the directives and regulations of the Federal Government of Nigeria, Lagos State Government, the Nigerian Centre for Disease Control (NCDC) on safety and health measures against COVID-19 pandemic, Shareholders are hereby informed that attendance shall only be by proxy and shall be limited to a maximum of 50 people.

(b) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A form of proxy is attached to the last page of this report and may also be downloaded from the company's website www.lasacoassurance.com.

In line with CAC's Guidelines, attendance at the AGM shall be by proxy only. Shareholders are required to appoint a proxy of their choice from the list of nominated proxies below:

(1) Mrs. Olateju Phillips (Chairman)
(2) Otunba Akin- Doherty (NED)
(3) Mr. Razzaq Abiodun (MD/CEO)
(4) Mrs. Gertrude Olutekunbi (Company Secretary)

Shareholders' Representatives
(5) Sir Sunny Nwosu
(6) Mr. Saka Kolawole
(7) Mrs. Bisi Bakare

(c) For the instrument of proxy to be valid for the purposes of this meeting, it must be completed and emailed to registrars@apel.com.ng or deposited at the office of the Registrar, Apel Capital & Trust Limited 8, Alhaji Bashorun Street, Off Norman Williams Crescent, South-West, Ikoyi, Lagos not later than 48 hours before the time of the meeting.

(d) The Company has made arrangements at its cost for the stamping of duly completed proxy forms submitted to the Company's Registrars within the stipulated time

ii. CLOSURE OF THE REGISTER OF MEMBERS

The Register of Members and Transfer Books of the Company will be closed from Monday,1st of August 2022 till Friday, 5th August, 2022 both dates inclusive for the purpose of updating our register of members.

iii. UNCLAIMED DIVIDEND WARRANTS

Some dividend warrants have remained unclaimed, or are yet to be presented for payment or are in need of revalidation. Affected Shareholders are advised to contact the Registrar, Apel Capital & Trust Limited 8, Alhaji Bashorun Street off Norman Williams Crescent South-West Ikoyi Lagos on this.

iv. E-DIVIDEND

Notice is hereby given to all Shareholders who are yet to mandate their dividends to their bank accounts to kindly update their records by completing the e-dividend mandate form and submit same to the Registrars, as dividend will be credited electronically to Shareholders' accounts as directed by the Securities and Exchange Commission.

Detachable application forms for e-dividend mandate change of address and unclaimed dividends are attached to the Annual Report for the convenience of all shareholders. The forms can also be downloaded from the Company's website at www.lasacoassurance.com or from the Registrar's website at www. apel.com.ng. The completed forms should be returned to Apel Capital & Trust Limited 8, Alhaji Bashorun Street, off Norman Williams Crescent, South-West, Ikoyi, Lagos.

v. STATUTORY SHAREHOLDERS AUDIT COMMITTEE

In accordance with Section 404(6) of the Companies and Allied Matters Act 2020, a Shareholder may nominate another Shareholder for appointment to the Statutory Shareholders Audit Committee. Such nomination should be in and must reach the Company Secretary not later than twenty-one (21) days before the Annual General Meeting.

Section 404 (5) of the Companies and Allied Matters Act 2020 provides that all the members of the Audit Committee shall be financially literate and at least one (1) member shall be a member of a professional accounting body in Nigeria established by an Act of the National Assembly. The Code of Corporate Governance issued by the Financial Reporting Council of Nigeria also provides that members of the Audit Committee should be financially literate and able to read and interpret financial statements.

In addition, the National Insurance Commission (NAICOM) respectively indicates that members should have basic financial literacy and should be able to read Financial Statements.

In view of the above, we request that nominations to the Audit Committee should be accompanied by copies of the nominees' Curriculum Vitae.

vii. RE-ELECTION OF DIRECTORS

In accordance with Section 285 of the Companies and Allied Matters Act, Engr. Sani Ndanusa and Otunba Akin Doherty will retire by rotation and are eligible to offer themselves for re-election; their profile is contained in the Annual Report and also on the Company's website.

viii. RIGHT OF SHAREHOLDERS TO ASK QUESTIONS

Pursuant to Rule 19.12 (c) of the Nigerian Exchange Limited's Rulebook 2015, it is the right of every Shareholder to ask questions not only at the meeting but also in writing prior to and after the meeting. Please send all questions to info@lasacoassurance.com.

ix. E-ANNUAL REPORT

The electronic version of this annual report (e-annual report) can be downloaded from the Company's website www.lasacoassurance.com. The e-annual report will be emailed to all Shareholders who have provided their email addresses to the Registrars.
Shareholders who wish to receive the e-annual report are kindly requested to send an email to info@lasacoassurance.com. or registrars@apel.com.ng.

x. LIVE STREAMING OF THE AGM

The AGM will be streamed live via the Company's website. This will enable shareholders and other stakeholders who will not be attending the meeting physically to observe the proceedings. Please log on to www.lasacoassurance.com for live streaming.

xi. WEBSITE

A copy of this Notice and other information relating to the meeting can be found at www.lasacoassurance.com.

Dated this 30th of May, 2022.

BY ORDER OF THE BOARD

Gertrude Olutekunbi (Mrs.)
Company Secretary
FRC/2015/NBA/00000011389

Statement of Directors' Responsibilities

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In accordance with the provisions of Section 377 of the Companies and Allied Matters Act, 2020 and Sections 24 and 28 of the Banks and Other Financial Institutions Act 1991, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the financial position at the end of the financial year of the Company and of the operating result for the year then ended.

The responsibilities include ensuring that:
Appropriate and adequate internal controls are established to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;The Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company and which ensure that the financial statements comply with the requirements of the International Accounting Standards Board and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011 and with the requirements of the Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions Act, 1991, Insurance Act, CAP I17 LFN 2004 and Prudential Guidelines issued by National Insurance Commission.The Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; andThe financial statements are prepared on a going concern basis unless it is presumed that the Company will not continue in business.

The Directors accept responsibility for the year's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with;

Insurance Act, CAP I17 LFN 2004

International Financial Reporting Standards (IFRS) as issued by the International Accountings Standards Board (IASB);

Companies and Allied Matters Act, 2020;

Banks and Other Financial Institutions Act, 1991;

Relevant guidelines and circulars issued by the National Insurance Commission (NAICOM); and

Financial Reporting Council Act No 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its operating result for the year ended 31 December 2021.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of financial control. Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors on 17 March 2022 by:

Mr Razzaq Abiodun Managing Director/CEO FRC/2021/004/00000024290	Olateju Phillips Chairman FRC/2013/IODN/00000002517

Certification by Company's Secretary

CERTIFICATION BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby certify, in terms of the Companies and Allied Matters Act, 2020, that for the year ended 31 December 2021, the Company has lodged all such returns as are required of a Company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Gertrude Olutekunbi (Mrs.)
Company Secretary
Lagos, Nigeria
FRC/2015/NBA/00000011389
Date: 17 March 2022

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 29 OF 2007

We the undersigned hereby certify the following with regards to our Audited Financial Statements for the year ended 31 December 2021 that:

We have reviewed the report;
To the best of our knowledge, the report does not contain:
Any untrue statement of a material fact, or Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made; 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 operations of the Company as of, and for the years presented in the report.

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

We have disclosed to the auditors of the Company and audit committee:
All significant deficiency in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarise and report financial data and have identified for the Company's auditors any material weakness in internal controls, and Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;

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.

Mr Razzaq Abiodun
Managing Director/CEO
FRC/2021/004/00000024290

Akinwale Sofile
Chief Financial Officer
FRC/2012/ICAN/00000000494

To the members of LASACO Assurance Plc

In accordance with the provisions of Section 404(7) of the Companies and Allied Matters Act, 2020, we the Members of the Audit and Compliance Committee of LASACO Assurance Plc, having carried out our statutory functions under the Act, hereby report as follows:

We have reviewed the scope and planning of the audit for the year ended 31 Decembner 2021 and we confirm that they were adequate;

The Company's accounting policies as well as internal control systems conform to legal requirements and ethical practices; and

We are satisfied with the departmental responses to the External Auditors' findings on management matters for the year ended 31 December 2021

Finally, we acknowledge and appreciate the co-operation of Management and Staff in the conduct of these duties.

Chairman of the Audit and Compliance Committee
FRC/2013/ICAN/00000002111

Date 17 March 2022

Members of the Audit Committee

Mr. Matthew Akinlade	Chairman	– Shareholders' Representative
Mrs. Abigail Olaaje	Member	– Shareholders' Representative
Mr. Samson Olagoke	Member	– Shareholders' Representative
Mr. Akinola Odusami	Member	– Board's Representative (Resigned 7/2/2022)
Otunba Akin Doherty	Member	– Board's Representative
Engr. Sani Ndanusa	Member	– Board's Representative

The Company Secretary/Legal Adviser acted as the Secretary to the Committee.

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

For a deeper understanding of our strategy, and operational performance and also in compliance with regulatory requirements, we have outlined a Management's Comment and Analysis (MC &A) report as contained hereunder. All financial information presented in this MC&A, including tabular amounts, is in Naira and is prepared in accordance with International Financial Reporting Standards ("IFRSs").

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

Nature of Business

LASACO Assurance Plc's major activity is Insurance business. LASACO's business portfolio currently include leadership and significant share of key Federal and State Governments Insurance businesses, multinational and private companies underwritng businesses in major sectors of the economy, from heavy Engineering and Construction, Banking and Finance, Manufacturing, Agricuture, Tourism, Life covers to high- tech capital intensive special risks areas of Oil and Gas, and Aerospace.

Business Objective and Strategy

The Company aims to be a market leader in Insurance and Financial Services in Nigeria. By this, the Company's objective is to emerge as one of the top ten Insurance service providers in Nigeria.

To ensure this goal is achieved, LASACO's strategy is to broaden and align service delivery channels along customer segments taking cognizance of the difference between policy administration, product support and customer care to adequately cater for peculiar needs for each segment.

LASACO is set to be a strong, efficient, cost effective and transparent Insurance and Financial services solution provider, investing in business and market segments that consistently offer profitable growth, increase return on our capital, and sustain long term shareholders' value.

Quality Policy Statement

LASACO Assurance Plc is committed to delivering Insurance and Financial Services of Superior Quality, surpassing customers expectations and ensuring strict compliance with regulatory and statutory requirements.

We are committed to continually improving the effectiveness of our Quality Management System in line with ISO 9001 - 2008 Certification.

We establish measurable goals and objectives at departmental levels which we review as the need arises ensuring timely and effective implementation of Company strategy.

Performance Indicators

Operating Results, Cash flow and Financial Condition (in thousands of Nigerian Naira)

	2021	2020	Change
	₦'000	**₦'000**	%
Gross written premium	13,282,516	10,937,805	21
Net underwriting income	9,269,601	8,048,133	15
Underwriting profit	1,707,606	1,975,929	(14)
Investment income	656,166	552,247	19
Operating expenses	(3,190,632)	(2,900,391)	10
Profit before tax	282,651	696,436	(59)
Earnings per share (kobo)	14.3	9.3	54

In 2021, the premium income increased by 21% from ₦10.9billion achieved in 2020 to ₦13.3billion.

Net premium income increased by 17% from ₦7.0billion in 2020 to ₦8.2billion in 2021.

Net claims expenses increased by 35% from ₦3.2billion in 2020 to ₦4.4billion in 2021.

Underwriting expenses increased by 35% from ₦2.6billion in 2020 to ₦3.5billion in 2021.

The Company profit before tax for the year decreased by 59% from ₦0.7 billion achieved in 2020 to ₦0.3billion in 2021.

Shareholders' funds increased by 45% from ₦7.8billion in 2020 to ₦11.3billion in 2021.

Liquidity, Capital Resources and Risk Factors

The Company's cash investment is in accordance with its investments policy and complies with the regulatory requirements. The Company's investment strategy is influenced by a focus on highly liquid financial instruments such as term deposit, equity and debt instruments.

Forward Looking Statements

Some aspects of the statement above will also apply to the Company's future outlook. Reference to the Company's or Management's budget, estimates, expectations, forecasts, predictions or projections constitute aspect of the "forward-looking statements". Such statements may also be deduced from the use of conditional or forward-looking terminologies including but not limited to words such as "anticipates", "believes", "estimates", "expects", "may", "plans", "projects", "should", "will", or the adverse variants of such which appear within the body of this document.

Many factors and assumptions may affect the manifestation of the Company's projections, including, but not limited to, production rate, claims rate, employee turnover, relationships with brokers, agents and suppliers, economic and political conditions, non-compliance with laws or regulations by the Company's employees, brokers, agents, suppliers, and/or partners, and other factors that are beyond its control.

Without prejudice to the Company, such Forward Looking Statements reflect Management's current belief and are based on available information which are subject to risks and uncertainties as identified. Therefore, the eventual action and/or outcome could differ materially from those expressed or implied in such forward-looking statements, or could affect the extent to which a particular projection materializes.

The forward-looking statements in this document reflect the Company's expectations as it was at the time the Company's Board of Directors approved this document, and are subject to change after this date. The Company does not undertake any obligation to update publicly or to revise any such forward-looking statements, unless required by applicable legislation or regulation.

Corporate Governance

CORPORATE GOVERNANCE REPORT

In accordance with the general requirements of the Nigerian Code of Corporate Governance 2018 (NCCG Code) and the Securities and Exchange Commission Corporate Governance Guideline (SCGG), we hereby highlight those key principles and practices that form the basis of the high standards of corporate conduct for which LASACO is known for.

At LASACO, we conduct our business activities in accordance with the highest degree of ethical standards of good governance, integrity and in full compliance with the law, while taking into account the interest of stakeholders. We reach out to our employees, business partners, associates and stakeholders at large to secure their commitment and participation in upholding high standards of conduct in the performance of their duties.

The Board of Directors are responsible for setting, reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives, monitoring implementation and management performance; and overseeing major capital expenditures, acquisitions and investments. In order to fulfill their responsibilities, we ensure that Board members have access to accurate, relevant and timely information and that Board Members devote sufficient time to their responsibilities and duties. In the year 2021, the Board of Directors met often to review the Recapitalization Plans to ensure that the company meets the NAICOM deadline for insurers in Nigeria.

We have completed and submitted the new Financial Reporting Council Template for reporting compliance with Nigerian Code of Corporate Governance 2018 and uploaded it on the NGX Issuers portal.

The Matters Reserved For the Board

The Board of Directors' major performance enhancing and direction-setting responsibilities include the following matters:

i. Strategy formulation, policy thrust and Management policies
ii. Integrity of financial controls and reports
iii. Risk assessment and internal controls
iv. Board and top executive appointments
v. Creating and sustaining appropriate relationships with all stakeholders
vi. Selection, Performance Appraisal and Remuneration of Executive Directors
vii. Succession Planning
viii. Corporate Responsibility through the approval of relevant policies
ix. Approves and reviews the matters reserved for the Board and the terms of reference for Board Committees
x. Determines the remuneration for Non-Executive Directors
xi. Sets the procedure for determining the remuneration of the company's Independent Auditors
xii. Nominates members of the Board committees and determines the scope of delegated authority to Board Committees and Management as well as their respective responsibilities and accountability.
xiii. Develops and enforces a code of conduct for Non-executive Directors and a binding Statement of Standards of Business Conduct for compliance by all company employees
xiv. Ensures compliance with all relevant laws and regulations by the Company and its officers.

The Board was made up of Five Non-executive Directors, One being Independent Director and Three Executive Directors during the 2021 financial year. Mr. Segun Balogun retired on 29th of May, 2021.

At LASACO, the position of the Chairman is separate and distinct from that of the Managing Director/Chief Executive Officer. The Chairman is a Non-executive Director.

The Board of LASACO Assurance Plc met eight (8) times during the year. The following are the list of the Directors and their attendance records at the Board meetings:

BOARD OF DIRECTORS

	7/1/2021	24/3/2021	12/4/2021	6/7/2021	28/7/2021	2/9/2021	3/11/2021	13/11/2021
Mrs. Teju Phillips	P	P	P	P	P	P	P	p
Otunba Akin Doherty	P	P	P	P	P	P	P	P
Mr. Akin Odusami	P	P	P	P	P	P	P	P
Engr. Sani Ndanusa	P	P	P	P	P	P	P	P
Prince Jamiu Saka	P	P	P	P	P	P	P	P
Mr. Segun Balogun	P	P	P	N/A	N/A	N/A	N/A	N/A
Mr. Razzaq Abiodun	P	P	P	P	P	P	P	P
Mr. Rilwan Oshinusi	P	P	P	P	P	P	P	P
Mr. Ademoye Shobo	N/A	N/A	P	P	P	P	P	P

KEY: A = Absent P = Present E = Emergency N/A = Not Applicable
NOTE: Mr. Segun Balogun retired as the Managing Director on 29th May 2021
Mr. Ademoye Shobo's appointment was approved as Executive Director (Technical) by NAICOM on 22nd December 2021

COMMITTEES OF THE BOARD

The Board performs its various duties and responsibilities through Four (4) Committees: the Finance, General Purposes and Investment Committee, the Establishment and Corporate Governance Committee, the Audit, Risk Management and Compliance Committee and the Statutory Shareholders' Audit Committee. All Board Committees make recommendations for consideration and approval by the full Board. In the year 2021, Finance, General Purposes and Investment Committee held meetings more than previous years because of the ongoing recapitalization exercise in the Insurance industry.
At the management level, a Management Committee presided over by the Managing Director/Chief Executive Officer and comprising the Deputy Managing Directors, General Managers and a Principal Manager meet regularly once in a fortnight.

1) FINANCE, GENERAL PURPOSES AND INVESTMENT COMMITTEE

The Committee was chaired by a Non-executive Director and made up of Three other Non-executive Directors and the three Executive Directors for a total membership of six (6) members.

The following are the key terms of reference of the Finance and Investment Committee:
a) To review the Company's operational standards and performance.
b) To oversee financial reporting, policies and processes as well as compliance level.
c) To oversee internal controls and compliance within the company.
d) To oversee capital and operating expenditures, specific projects and their financing within the overall Business Plan and Budget approved by the Board.
e) To ensure that there are no conflicts of interest by Directors and Top Managers in the Company in the conduct of business.
f) To proffer suggestions on optimal use of the Company's resources.

Membership

1 Otunba Akin Doherty	- Chairman
2 Mr. Akinola Odusami	- Member (Resigned 7/2/2022)
3 Engineer Sani Ndanusa	- Member
4 Mr. Segun Balogun	- Managing Director (Retired 29/5/2021)
5 Mr. Razzaq Abiodun	- Deputy Managing Director (Technical) and MD/CEO in August, 2021
6 Mr. Riliwan Oshinusi	- Deputy Managing Director (Corporate Services)
7 Mr. Ademoye Shobo	- Executive Director (Technical) in December, 2021

The Board Finance, General Purposes and Investment Committee met seven (7) times during the period under review. The following table shows the meeting dates and the attendance of the Committee members at such meetings:

ATTENDANCE

DIRECTORS	10/2/2021	12/4/2021	18/5/2021	18/6/2021	9/7/2021	27/7/2021	20/10/2021
Otunba Akin Doherty	P	P	P	P	P	P	P
Engr. Sani Ndanusa	P	P	P	P	P	P	P
Mr. Akinola Odusami	P	P	P	P	P	P	P
Prince. Jamiu Saka	P	P	P	P	P	P	P
Mr. Segun Balogun	P	P	P	N/A	N/A	N/A	N/A
Mr. Razzaq Abiodun	P	P	P	P	P	P	P
Mr. Rilwan Oshinusi	P	P	P	P	P	P	P
Mr. Ademoye Shobo	N/A	P	P	P	P	P	P

KEY: A = Absent P = Present N/A= Not Applicable

2. THE BOARD ESTABLISHMENT AND CORPORATE GOVERNANCE COMMITTEE

The Board Establishment and Corporate Governance Committee was made up of Four Non-executive Directors, one of whom chaired the Committee and were joined by the three Executive Directors.

The Terms of reference of the Board Establishment Committee are as follows:

a) To define the criteria and the procedure for the appointments and promotion of key officers of the company from manager cadres and above.
b) To oversee proper administration of the Board approved Performance based Appraisal and Remuneration System.
c) To review from time to time the organizational structure and succession planning proposals of the group and make appropriate recommendations to the full Board
d) Oversees the implementation of Board approved Performance Goals and objectives for the Executive Directors and Top Management.

Membership

- Mr. Akinola Odusami - Chairman
- Otunba Akin-Doherty - Member
- Engineer Sani Ndanusa - Member
- Prince Jamiu Saka - Member
- Mr. Segun Balogun - Managing Director /Retired 29/5/2021
- Mr. Rilwan Oshinusi - Deputy Managing Director (Corporate Services)
- Mr. Razzaq Abiodun - Deputy Managing Director (Technical) and MD/CEO in August, 2021
- Mr. Ademoye Shobo - Executive Director (Technical) in December, 2021

The Board Establishment Committee met six times during the period under review.

The following table shows the meeting dates and the attendance of the Committee members at

DIRECTORS	12/4/2021	18/5/2021	9/6/2021	27/7/2021	20/10/2021
Mr. Akin Odusami	P	P	P	P	P
Otunba Akin Doherty	P	P	P	P	P
Engr. Sani Ndanusa	P	P	P	P	P
Prince Jamiu Saka	P	P	P	P	P
Mr. Segun Balogun	P	P	N/A	N/A	N/A
Mr. Razzaq Abiodun	P	P	P	P	P
Mr. Rilwan Oshinusi	P	P	P	P	P
Mr. Ademoye Shobo	P	P	P	P	P

KEY: A =Absent P = Present N/A= Not Applicable

3. AUDIT, RISK MANAGEMENT AND COMPLIANCE COMMITTEE

The Audit, Risk Management and Compliance Committee made up of four Non-Executive Directors, were joined by the Three Executive Directors.

The Terms of reference of the Audit, Risk Management and Compliance Committee are as follows:

a) The Committee shall be responsible for the review of the integrity of the data and information provided in the Audit and/or Financial Reports.
b) To provide oversight functions with regards to both the company's financial with regard to both the company's financial statement and its internal control, compliance and risk management functions.
c) To review the terms of engagement and recommend the appointment or reappointment and compensation of External Auditors to the Board and the Shareholders.

Membership
- Engineer Sani Ndanusa - Chairman
- Otunba Akin-Doherty - Member
- Mr. Akinola Odusami - Member(Resigned 7/2/2022)
- Prince Jamiu Saka - Member
- Mr. Segun Balogun - Managing Director/Retired 29/5/2021
- Mr. Riliwan Oshinusi - Deputy Managing Director (Corporate Services)
- Mr. Razzaq Abiodun - Deputy Managing Director (Technical) and MD/CEO in August, 2021
- Mr. Ademoye Shobo - Executive Director (Technical) in December, 2021

The Audit, Risk Management and Compliance Committee met four times during the year under review.
The table below shows the meeting dates and the attendance of the Committee members at the

ATTENDANCE

DIRECTOR	10/2/2021	18/5/2021	27/7/2021	20/10/2021
Engr. Sani Ndanusa	P	P	P	P
Otunba Akin Doherty	P	P	P	P
Mr. Akin Odusami	P	P	P	P
Prince Jamiu Saka	P	P	P	P
Mr. Segun Balogun	P	P	N/A	N/A
Mr. Razzaq Abiodun	P	P	P	P
Mr. Rilwan Oshinusi	P	P	P	P
Mr. Ademoye Shobo	N/A	P	P	P

KEY: A = Absent P = Present N/A= Not Applicable

4. THE STATUTORY SHAREHOLDERS' AUDIT COMMITTEE

The Statutory Shareholders Audit Committee was made up of five (5) members comprising three representatives of the shareholders who were re-elected at the 2021 Annual General Meeting held on 26th August, 2021 for a period of one year till the conclusion of the 2021 Annual General Meeting; and two representatives of the Board of Directors nominated by the Board. The Chairman of the Audit Committee for 2021 was Mr. Matthew Akinlade, FCA, a Shareholders' representative.

The meetings of the Committee were attended by the Company's Internal Audit representatives represented by BDO Professional Services., the Company's Independent External Auditors.
The Company Secretary is the Secretary of the Committee.
- Mr. Matthew Akinlade - Chairman – Shareholders' Representative
- Mrs. Abigail Olaaje - Member
- Mr. Samuel Olagoke - Member
- Otunba Akin-Doherty - Member
- Prince Jamiu Adio Saka - Member

The Statutory Shareholders Audit Committee met eight times during the period under review. The table below shows the meeting dates and the attendance of the Committee members at such meeting:

ATTENDANCE

MEMBERS	10/2/2021	24/3/2021	30/4/2021	18/5/2021	24/5/2021	30/7/2021	21/10/2021	15/12/20
Mr. Matthew Akinlade	P	P	P	P	P	P	P	P
Mr. Samuel Olagoke	P	P	P	P	P	P	P	P
Olaaje (Mrs.) Abigail	P	P	P	P	P	P	P	P
Otunba Akin-Doherty	P	P	P	P	P	P	P	P
Prince Jamiu Adio Saka	P	P	P	P	P	P	P	P

The Terms of Reference of the Committee

The following were the terms of reference of the Committee as provided in section 359(6) of the Companies and Allied Matters Act CAP C20 laws of the Federation of Nigeria, 2004:

a) Ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
b) Review the scope of planning of audit requirements.
c) Review the findings on management matters in conjunction with the External Auditors and departmental responses thereon;
d) Keep under review the effectiveness of the Company's system of accounting and internal control.
e) Make recommendations to the Board with regard to the appointment, removal and remuneration of the External Auditors of the Company.
f) Authorize the internal auditor to carry out investigation into activities of the Company which may be of interest or concern to the committee.

SOCIETY FOR CORPORATE GOVERNANCE NIGERIA
Leadership and Integrity

BOARD OF DIRECTORS

INDEPENDENT EVALUATION REPORT FOR LASACO ASSURANCE PLC

EXECUTIVE SUMMARY

The Society for Corporate Governance Nigeria was engaged to conduct an independent assessment of the performance of the Board and Directors of LASACO Assurance Plc for 2021 as part of stipulated regulatory requirement.

SCOPE

The scope of the evaluation covered the following areas:

- Composition, commitment, and alignment of the skills/qualifications of Directors to business requirement and performance
- Composition and effectiveness of the committees
- Compliance with existing regulatory requirement
- Effectiveness of Directors in delivery of their fiduciary responsibilities
- Effective transparency and disclosure channels

Below is a summary of our findings:

Leadership: The Board Chairman exhibits a leadership style that promotes an environment that encourages and supports the active participation and contribution of Board members at meetings. The position of the Chairman and Managing Director are held by separate individuals, which shows clear separation of powers between both offices. The Chairman is not a member of any Board Committee in line with regulatory requirements.

Board Meetings: The Board met several times in the year. Meetings held were constructive, aligned to the agenda and Directors made useful contributions. Board packs were circulated to Directors ahead of the meetings via email. We however recommend the reconstruction of Board meetings by establishing and implementing an annual meeting schedule.

Board Composition & Capacity: The Board has one (1) female director and seven (7) male Directors. The Board is composed of three (3) Executive Directors, one (1) Independent Non-Executive Director and four (4) Non-Executive Directors, whose knowledge and understanding span across their diversity, experience, and knowledge of the business, financial and economic environment. Nonetheless, we recommend the appointment of at least two (2) additional Independent Directors, preferably female for more gender diversity and also to meet the minimum requirement of three (3) Independent Directors for Public Companies in compliance with the Companies and Allied Matters Act, 2020.

Board Committees: The Board has three (3) established committees; Finance, General Purpose and Investment committee; Audit, Risk Management and Compliance Committee; and the Establishment and Corporate Governance Committee.

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SOCIETY FOR CORPORATE GOVERNANCE NIGERIA
Leadership and Integrity

Board Oversight Functions: All policy documents were sighted and assessed for content and relevance and were found to be detailed, comprehensive, and articulate in efficiently guiding the business processes and mitigating risk exposures.

Strategy & Planning: The Board takes its strategic oversight seriously, setting strategic initiatives and direction for the company.

Transparency and Accountability: The Company's communications are in plain language, readable, and understandable. Stakeholders have a true picture of the Company's financial position.

Director Appointment & Development: The Company has a formal induction programme for new Directors which familiarizes them with the Company's operations, plans and their fiduciary duties as Directors. Board members are encouraged to participate in regular and continuous learning programmes to keep abreast of trends in the business and regulatory environment.

Risk Management & Compliance: The Board has a Risk Management Framework for managing risk exposures and ensuring effective internal control systems.

Based on the analysis of the result, the Board of Directors of LASACO Assurance Plc has demonstrated dedication and commitment to the growth and success of the Company. This is demonstrated by their contributions, individual performance, attendance at board and committee meetings and the depth of discussions and resolutions arrived at, during meetings. There is also an alignment between the competencies of directors and the requirements and needs of the Company.

In line with the Nigerian Code of Corporate Governance (NCCG), and the Corporate Governance Guidelines for Insurance and Reinsurance Companies (NAICOM Guidelines), we have found LASACO Assurance Plc to a large extent to be compliant with regulatory requirements and recommended best practices.

In as much as there is still room for improvement and continuous drive for effectiveness, we are pleased to state that the Board of LASACO Assurance Plc conducted its affairs in an acceptable and satisfactory manner in 2021.

SOCIETY FOR CORPORATE GOVERNANCE NIGERIA

Chioma Mordi (Mrs.)
Chief Executive Officer
FRC/2014/NIM/00000007899

RISK MANAGEMENT DECLARATION

The Board Risk Management Committee of LASACO Assurance Plc hereby declares as follows:
The Company has systems in place for the purpose of ensuring compliance with NAICOM guideline;

The Board is satisfied with the efficacy of the processes and systems surrounding the production of financial information of the Company;

The Company has in place a Risk Management Strategy, developed in accordance with the requirements of NAICOM guideline on Enterprise Risk Management (ERM), setting out its approach to risk management; and

The systems that are in place for managing and monitoring risks, and the risk management framework, are appropriate to the Company, having regard to such factors as the size, business mix with complexity of the Company's operations.

Mr Razzaq Abiodun
Managing Director/CEO
FRC/2021/004/00000024290

Olateju Philips
Chairman
FRC/2013/IODN/00000002517

Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF LASACO ASSURANCE PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of LASACO Assurance Plc, which comprise, the statement of financial position for the year ended 31 December 2021, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company for the year ended 31 December 2021 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, issued by the International Accounting Standards Board and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria, Act No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and the Prudential Guidelines issued by National Insurance Commission.

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 Auditors' Responsibilities for the Audit of the Financial Statements paragraph of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were 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 these matters.

Revenue recognition

Due to the large number of policies underwritten by the Company and the flow of premium information from the underwriting department to the financial reporting ledger, there is a risk that the revenue recorded in the financial statements may not be completely accounted for.

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Response

We have tested the design and implementation of the key controls over revenue recognition, focusing on the flow of information from the underwriting department to the financial reporting ledger. In addition, we performed substantive analytical procedures on the gross and unearned premium balances amongst others.

Valuation of investment properties

The Directors have estimated the value of the Company's investment properties to be N3.6billion as at 31 December 2021. Independent external valuations carried out as at 31 December 2021 were obtained in order to support the value in the Company's financial statements. These valuations are based on certain key assumptions and significant judgments including capitalization rates and fair market rents.

Our response

We ascertained the following

- Evaluated the independent external valuers' competence, capabilities and objectivity
- Assessed the methodologies used and the appropriateness of the key assumptions.
- Checked the accuracy and relevance of the input data used.
-

We also reviewed and found the disclosures in note 9 to be appropriate based on the assumptions and available evidence.

Valuation of insurance contracts liabilities.

The Directors have estimated the value of insurance contract liabilities in the Company's financial statements to be N8.15billion for year ended 31 December 2021 based on the actuarial valuation and liability adequacy test carried out by the Actuary.

The valuation has been made on the following key assumptions which were determined by the Actuary:

- Reserves were calculated via a cash flow projection approach, taking into account future premiums, expenses and benefit payments including an allowance for benefits.
- The unexpired premium reserve for general business is calculated on the assumption that risk will occur evenly during the duration of the policy.
- The Company's claim payment approach will be sustained into the future.
- Weighted past average inflation will remain unchanged over the claim projection period.
- Gross claim amount includes all related claim expenses.
- An unexpired premium reserve was included for Group life business, after allowing for acquisition expenses at a ratio of 20% premium.
- An allowance was made for IBNR(Incurred But Not Reported) claims in Group Life to take care of the delay in reporting claims.

Our response

We:

- Evaluated and validated controls over insurance contract liabilities,
- Evaluated the independence, competence, capability, and objectivity of the Actuary.
- Assessed the methodologies used and the appropriateness of the key assumptions,
- Checked the accuracy and relevance of data provided to the Actuary
- Reviewed the result based on the assumptions.
- Obtain management representation of the value of insurance contracts liabilities included in the financial statements

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- Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's and Directors' statements, but does not include the financial statements and our auditors 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 during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this 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 issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria Act, No 6, 2011, the Companies and Allied Matters Act, 2020, Insurance Act, CAP I17 LFN 2004, and the Prudential Guidelines issued by National Insurance Commission, 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.

Auditors' responsibilities for the Audit of the 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 a 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
* Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to

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modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Contravention of laws and regulations

As stated in note 47 of these financial statements, the Company paid the sum of N15,250,000 (Fifteen Million, Two Hundred and Fifty Thousand Naira Only) to Securities and Exchange Commission and NGX Regulation Limited for late submission of both the audited financial statements for the year ended 31 December 2020 and the Company's first quarter unaudited financial statements during the year.

Report on other legal and regulatory requirements

The Companies and Allied Matters Act, 2020 and Insurance Act CAP I17 LFN 2004 require that in carrying out our audit we consider and report to you on the following matters.

We confirm that:

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

ii) in our opinion, proper books of account have been kept by the Company

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

Lagos, Nigeria
30 May 2022

Olusegun Agbana-Anibaba
FRC/2013/ICAN/00000003667

For: BDO Professional Services
Chartered Accountant

Statement of Significant Accounting Policy

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies adopted by the Company in the preparation of these financial statements. These accounting policies have been consistently applied for all years presented.

1.0 General Information

(a)LASACO Assurance Plc ("LASACO" or ''the Company") is a public limited liability Company domiciled in Nigeria. The Company's registered and Corporate Office is Plot 16, ACME Road, Ogba Industrial Estate, Ikeja Lagos.

The Company was incorporated on 20 December 1979 under the Company Decree of 1968. The Company then, known as Lagos State Assurance Company Limited obtained license as an insurer on 7 July 1980 and commenced business on 1 August 1980. It became a public limited liability Company in 1991 when the Company's shares were listed on the Nigerian Stock Exchange. The Company secured a life insurance business license from National Insurance Commission (NAICOM) in 2007. The Company then separated the life business and transferred the related assets and liabilities to its subsidiary, LASACO Life Assurance Company Limited . On 1 January 2009 LASACO Life Assurance Co. Ltd commenced business. The Company operates from its corporate office in Lagos and whilst it maintains branches in major cities of the Federation.

The purpose of the merger is to enable the Company operate as a composite Insurance Company as against the group structure in operation before the merger.
The merger process was concluded on 16 December 2014 with conclusion of the Court Ordered Meeting and final Court approval. This is in line with Section30(1)(b) of the Insurance Act.

All assets and liabilities of LASACO Life Assurance Ltd have been transferred to LASACO Assurance Plc, hence LASACO Life Assurance Co Ltd cease to operate as an Insurance Company and as a subsidiary of LASACO Assurance Plc with effect from 17 December 2014.

(b) Principal activity

The Company is principally engaged in the provision of various classes of insurance such as general accident, fire, motor, engineering, marine, bond insurances and life assurance businesses. The Company also transacts insurance business for aviation, oil & gas and other special risks.

These financial statements were authorized by the Board of Directors on 17 March 2022.

1.1 Summary of Significant Accounting Policies

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

1.2 Going Concern

These financial statements have been prepared on the going concern basis. The Company has no intention or need to reduce substantially its business operations, the management believes that the going concern assumption is appropriate for the Company due to sufficient capital adequacy ratio and projected liquidity, based on historical experience that short-term obligations will be refinanced in the normal course of the business. Liquidity ratio and continuous evaluation of current ratio of the Company is carried out by the Company to ensure that there are no going concern threats to the operations of the Company.

1.3 Basis of Preparation and Compliance with International Financial Reporting Standards

The Company's financial statements for the year ended 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and Prudential Guidelines issued by National insurance Commisson and Investment and Securities Act 2007.

1.3.1 Foreign currency translation

(a) 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 (₦ '000)

(b)Transactions and balances in foreign currencies

Transactions denominated in foreign currencies are recorded in Naira at the rate of exchange ruling at the date of each transaction. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at that date. Exchange gains arising from the revaluation of monetary assets and liabilities are recognized in the income statement while those on non-monetary items are recognized in other comprehensive income. For non-monetary financial assets fair value through other comprehensive income, unrealized exchange differences are recorded directly in equity until the asset is disposed or impaired.

1.3.2 Basis of measurement

The financial statements are prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss;
- Financial assets classified as FVOCI which are measured at fair value through other comprehensive income;
- Financial assets which are measured at amortised costs;
- Land and building (included in property and equipment) which are measured at fair value through comprehensive income; and
- Investment properties which are measured at fair value.
- In accordance with IFRS 4 Insurance contracts, the Company has applied existing accounting policies for its Life and Non-life Insurance contracts, modified as appropriate to comply with the IFRS framework.

1.4 Critical Accounting Estimates, Judgments and Assumptions

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial positions and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed.

(i) Business model assessment

For financial assets that are held for the purpose of collecting contractual cash flows, the Company has assessed whether the contractual terms of these assets are solely payments of principal and interest on the principal amount outstanding.

(ii) Allowances for credit losses

Judgment is required by management in the estimation of the amount and timing of future cash flows when determining an impairment loss for debt instruments measured at amortised cost and fair value through other comprehensive income. In estimating these cash flows, the Company makes judgments about the borrower's financial situation and value of other collateral (where applicable). These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance.
A collective assessment of impairment takes into account data from the debt portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), and concentrations of risk and economic data (including levels of unemployment, changes in foreign exchanges, real estate prices indices, country risk and the performance of different individual groups).
These critical assumptions have been applied consistently to all years presented, except as follows:

The Company applied the impairment requirements under IFRS 9 since 1 January 2018 and no changes to the assumptions used for the calculation for allowance for impairment in 2021 using the expected credit loss model.

(iii) Impairment of financial assets

The Company has applied some judgment in carrying out an assessment of whether credit risk on the financial asset has increased significantly since initial recognition and incorporating forward-looking information in the measurement of Expected Credit Losses (ECL).

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost. The determination of impairment loss and allowance moves from the incurred credit loss model whereby credit losses are recognised when a defined loss event occurs under IAS 39, to expected credit loss model under IFRS 9, where expected credit losses are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition.

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.

The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigants such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when: the Company considers the obligor is unlikely to pay its credit obligations to the Company. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Company is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio based parameters to individual financial assets in this portfolios by the Company's ECL model for homogenous portfolios.

1.5 Judgments, Estimates and Assumptions

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described below:

1.5.1 Income Taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions.

1.5.2 Retirement Benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of gratuity obligations. The assumptions used in determining the net cost (income) for gratuity include the discount rate, rate of return on assets, future salary increments and mortality rates.
The Company determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related gratuity liability. Other key assumptions for gratuity obligations are based in part on current market conditions.

In most cases, no explicit assumptions are made regarding the future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgment is used to assess the extent to which past trends may not apply in future, (e.g. to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Similar judgments, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgment is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than time apportionment.

1.5.3 Fair Valuation of Investment Properties

The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value is determined by reference to observable market prices. The fair value of investment property does not reflect the related future benefits from this future expenditure. These valuations are performed annually by external appraisers. Assumptions are made about expected future cash flows and the discounting rates.

1.6 New standards, interpretations and amendments not yet effective

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the Company has decided not to adopt early. The most significant of these are:

IFRS 17 Insurance Contracts	The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard 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 will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of options and guarantees. implementation of the Standard is likely to bring significant changes to an The processes and systems, and will require much greater co-ordination between many functions of the business, including finance, actuarial and Information Technology. • that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment. • that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and • that the judgments and estimates made must be reassessed whenever circumstance have changed or there is new information that affects the judgements. While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgments and estimates made in preparing the financial statements.	The Standard is effective for annual reporting periods beginning on or after 1 January 2022/2023, with early application
IAS 1 Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

Notes to Financial Statement

2.1 SIGNIFICANT ACCOUNTING POLICIES
Significant accounting policies are defined as those that are reflective of significant judgements and uncertainties and potentially give rise to different results under different assumptions and conditions.

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

2.2 CASH AND CASH EQUIVALENTS
Cash and cash equivalents include notes and coins on hand and highly liquid financial assets with original maturities of less than three months, 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. Due to their short-term nature, the carrying value of cash and cash equivalents approximates their fair value, hence they are carried at fair value in the statement of financial position.

2.3 FINANCIAL ASSETS
In 2018 financial year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

2.3.1 Recognition and initial measurement
Financial assets and liabilities, with the exception of other loans and receivables, are initially recognised on the trade date i.e. the date that the Company becomes a party to the contractual provisions of the instruments
This includes regular way trades: purchases or sales of financial assets that requires delivery of assets within the time frame generally established by regulation or conviction in the market place. Other loans and receivables are recognised when fund are transferred to the policy holder's accounts.
A financial assets or financial liability is measured initially at fair value or minus, for an item not at fair value through profit or loss, direct and incremental transactions costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition.

2.3.2 Classification and Measurement
Initial measurement of a financial asset or liability shall be at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs shall be recognized immediately in profit or loss. Financial assets include placement with banks, treasury bills and equity instruments.
The Company classifies its financial assets into the following categories in line with the provisions of IFRS 9:

(a) those to be measured at fair value through profit or loss (FVTPL)
(b) those to be measured at amortised cost ; and
(c) those to be measured at fair value through other comprehensive income (FVOCI)

The classification depends on the Company's business model (ie business model test) for managing financial assets and the contractual terms of the financial assets cash flows(i.e. solely payments of principal and interest - SPPI test.)

The Company also classify its financial liabilities as liabilities at fair value through profit or loss and liabilities at amortised cost. Management determines the classification of the financial instruments at initial recognition.

A. Classification of Financial Assets

a) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

• The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'Investment income'.
The amortised cost of a financial instrument is defined as the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the 'effective interest method' of any difference between that initial amount and the maturity amount, and minus any loss allowance. The effective interest method is a method of calculating the amortised cost of a financial instrument (or group of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's net carrying amount.

b) Financial assets measured at FVTPL

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. The gain or loss arising from changes in fair value of a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is included directly in the profit or loss and reported as 'Net fair value gain/(loss) in the period in which it arises. Interest income from these financial assets is recognised in profit or loss as 'Investment income'.

In addition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. This is done on initial recognition of the instrument.

c) Financial assets measured at FVOCI

The Company subsequently measures all equity investments at fair value. For equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis at the initial recognition of the instrument. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as dividend income when the Company's right to receive payments is established unless the dividend clearly represents a recovery of part of the cost of the investment. All other financial assets are classified as measured at FVTPL. Changes in the fair value of financial assets at fair value through profit or loss are recognised in Net fair value gain/(loss) in the profit or loss.

Business Model Assessment

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

1) The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

2) How the performance of the portfolio is evaluated and reported to management;

3) The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

4) How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

5) The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

   The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and interest on principal amount outstanding

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

B. Classification of Financial Liabilities

Financial liabilities shall be classified into one of the following measurement categories:
a) Fair Value through Profit or Loss (FVTPL)
b)Amortised cost

(a) Financial Liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories: Financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception.

Financial liabilities at fair value through profit or loss shall be financial liabilities held for trading. A financial liability shall be classified as held for trading if it shall be incurred principally for the purpose of repurchasing it in the near term or if it shall be part of a portfolio of identified financial instruments that shall be managed together and for which there shall be evidence of a recent actual pattern of profit-taking. Derivatives shall also be categorized as held for trading unless they shall be designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading shall be included in the income statement and shall be reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading shall be included in 'Net interest income'.

Financial Liabilities shall be designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value shall be recognized in the Consolidated Statement of Income, except for changes in fair value arising from changes in the Company's own credit risk which shall be recognized in OCI. Changes in fair value of liabilities due to changes in the Company's own credit risk, which are recognized in OCI, shall not be subsequently reclassified to the Consolidated Statement of Income upon derecognition/extinguishment of the liabilities.

(b) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and shall be measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost shall be debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

C. Reclassifications

The Company reclassifies financial assets when and only when its business model for managing those assets changes. The reclassifications takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and must be significant to the Company's operations.

When reclassification occurs, the Company reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognised are not restated when reclassification occurs. Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets that are debt instruments. A change in the objective of the Company's business occurs only when the Company either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

The following are not considered to be changes in the business model:

A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)

A temporary disappearance of a particular market for financial assets.

A transfer of financial assets between parts of the entity with different business models.

Financial liabilities are not reclassified after initial classification.

Financial assets under the amortised cost classification (i.e. business model whose objective is to collect the contractual cash flows) can still be held as such even when there are sales within the portfolio as long as the sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).

However, if more than an infrequent number of such sales are made out of a portfolio and those sales are more than insignificant in value (either individually or in aggregate), the Company will assess whether and how such sales are consistent with an objective of collecting contractual cash flows.

The Company has defined the following factors which will be considered in concluding on the significance and frequency of sale:

- Definition of Insignificance: The Company considers the sale of assets within the BM1 as insignificant if the total sales constitute a value that is less than or equal to 15% of the current amortised cost portfolio per annum or a 5% per quarter subject to a maximum of 15% per annum threshold.
- Definition of Infrequent: The Company has decided that any sale not more than once a quarter would be considered as an infrequent sale.
- Definition of closeness to maturity: The Company defines close to maturity as instruments with three months to maturity

2.3.3 Modifications of financial assets and financial liabilities

(1) Financial Assets

If the terms of a financial asset are modified, the Company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortized cost'.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognised as a modification gain or loss in profit or loss as part of impairment loss on financial assets for the year.

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Company will consider the following non-exhaustive criteria:

Qualitative criteria

Scenarios where modifications could lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, are:

- Change in frequency of repayments i.e. change of monthly repayments to quarterly or yearly repayments
- Reduction of financial asset's tenor
- Extension of financial asset's tenor
- Reduction in repayment of principals and interest
- Capitalisation of overdue repayments into a new principal amount

On occurrence of any of the above factors, the Company will perform a 10% test (see below) to determine whether or not the modification is substantial.

Scenarios where modification will not lead to derecognition of existing financial assets are:

- Change in interest rate

Quantitative criteria

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, if:

- The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

A modification would not lead to derecognition of existing financial asset if:

- the discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is less than 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised (see below) and ECL measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset

Modification gain or loss shall be included as part of impairment loss on financial assets for each financial year.

(2) Financial liabilities

The Company derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. This occurs when 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 interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.3.4 Impairment of financial assets

(a) Overview of the Expected Credit Losses (ECL) principles

The Company recognizes allowance for expected credit losses on the following financial instruments that are not measured at FVTPL:

- cash and cash equivalents.
- Debt instrument at amortised cost.
- Other receivables.
- Statutory deposit.

The instruments mentioned above are all referred to as 'financial instruments' or 'assets'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LT ECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL) as outlined.

The 12m ECL is the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LT ECLs and 12m ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECL. The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company groups its financial instruments into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- Stage 1: When financial assets are first recognised, the Company recognises an allowance based on 12m ECLs. Stage 1 asset also include facilities where the credit risk has improved and the asset has been reclassified from Stage 2.
- Stage 2: When a financial asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LT ECLs. Stage 2 asset also include facilities, where the credit risk has improved and the asset has been reclassified from Stage 3.
- Stage 3: Financial assets considered credit-impaired. The Company records an allowance for the LTECLs.

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime – stage 2 or stage 3 of the ECL bucket, the Company would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12-months ECL (Stage 1). In addition to the 90 days probationary period above, the Company will also observe a further probationary period of 90 days to upgrade from Stage 3 to 2. This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12-months ECL (Stage 1).
For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

(b) The calculation of ECLs

Expected credit losses are probability-weighted estimate of credit losses over the expected life of the financial Instrument. Credit losses are the present value of the expected cash shortfalls (B5.5.28). The measurement of the expected credit losses should reflect:

- An unbiased and probability weighted amount
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort.

IFRS 9 does not prescribe a single method for measuring expected credit losses. Rather, it acknowledges that the method used to measure expected credit loss may vary based on the type of the financial asset and the information available.

The Company calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.
The mechanics of the ECL calculations are outlined below and the key elements are as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted assets are expected to be recovered, including the probability that the assets will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.
The mechanics of the ECL method are summarized below:

- Stage 1: The 12m ECL is calculated as the portion of LT ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12m ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above.
- Stage 2: When an asset has shown a significant increase in credit risk since origination, the Company records an allowance for the LT ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3: For assets considered credit-impaired, the Company recognizes the lifetime expected credit losses for these assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Company only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.

(c) Debt instruments measured at fair through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

(d) Purchased or originated credit impaired financial assets (POCI)

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

An asset that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.
For POCI financial assets, the Company only recognises the cumulative changes in LT ECL since initial recognition in the loss allowance.

(e) Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms: salary/other terminal benefits for the staff loans etc. The Company's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same as it was under IAS 39. Collateral, unless repossessed, is not recorded on the Company's statement of financial position.
However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on periodic basis as deemed necessary.

(f) Presentation of allowance for ECL in the statement of Financial position

Loan allowances for ECL are presented in the statement of financial position as follows:
- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of the asset is its fair value. However, the loss allowance is disclosed and recognised in the fair value reserve in equity (through OCI).

(g.) Write - off

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):
- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- amount obtained from realization of credit collateral security leaves a balance of the debt; or
- it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs require endorsement by the Board Risk Management Committee, as defined by the Company. Credit write-off approval is documented in writing and properly initiated by the Board Risk Management Committee.

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

(h). Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as, GDP growth, Unemployment rates, Inflation rates and crude oil prices.

2.3.6 Fair value measurement - policy applicable for current and comparative periods

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

If a market for a financial instrument is not active, then the Company establishes fair value using a valuation technique. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price – i.e. the fair value of the consideration given or received. However, in some cases the initial estimate of fair value of a financial instrument on initial recognition may be different from its transaction price. If this estimated fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases, the fair value at initial recognition is considered to be the transaction price and the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Fair value of fixed income liabilities is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

2.3.7 Derecognition of financial assets

The Company derecognises a financial assets when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such derecognised asset financial asset that is created or retained by the Company is recognised as a separate asset or liability. Impaired debts are de-recognised when they are assessed as uncollectible.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.2.3.8Derecognition of financial liabilities

The Company de-recognises financial liabilities when, and only when its contractual obligations are discharged or cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

2.3.9 Write off - policy applicable for current and comparative periods

The Company writes off a financial asset (and any related allowances for impairment losses) when the Company's Credit determines that the assets are uncollectible. Financial assets are written off either partially or in their entirety. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment loss on financial assets.
However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

2.4 TRADE RECEIVABLES

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost less provision for impairment. A provision for impairment is made when there is an objective evidence (such as the probability of solvency or significant financial difficulties of the debtors) that the Company will not be able to collect all the amount due based on the original terms of the invoice. Allowances are made based on an impairment model which consider the loss given default for each customer, probability of default for the sectors in which the customer belongs and emergence period which serves as an impairment trigger based on the age of the debt. Impaired debts are derecognized when they are assessed as uncollectible. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previous recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortized cost at the reversed date. Any subsequent reversal of an impairment loss is recognized in the profit or loss.

2.5 REINSURANCE ASSETS

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company and that meet the classification requirements for the insurance contracts in accounting policy are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Insurance contracts entered in to by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts. Reinsurance assets consist of short-term balances due from reinsurers, as well as long term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in compliance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. The Group has the right to set-off re-insurance payables against amount due from re-insurance and brokers in line with the agreed arrangement between both parties.

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

(a) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders. If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at used for these financial assets. These processes are described in accounting policy.

2.6 DEFERRED ACQUISITION COSTS

Deferred Acquisition Cost (DAC) refers to direct and indirect costs incurred during the financial period arising from the writing or renewing of insurance contracts. These costs are deferred with the expectation that these costs are recoverable out of future premiums. All other acquisition costs are recognised as an expense when incurred. Subsequent to initial recognition, deferred acquisition costs for life insurance business are amortized over the expected life of the contracts as a constant percentage of expected premiums. DAC for general insurance business is amortized over the period in which the related revenues are earned. An impairment review is performed at each reporting date or more frequently when an indication of impairment arises. When the recoverable amount is less than the carrying value an impairment loss is recognised in the income statement. Deferred acquisition cost is also considered in the liability adequacy test for each reporting period. DAC is derecognised when the related contracts are either settled or disposed off.

2.7 OTHER RECEIVABLES AND PREPAYMENTS

2.7.1 Other receivables

Other receivables are made up of amounts due from parties which are not directly linked to insurance or investment contracts. Other receivables are stated after deductions of amount considered bad or doubtful of recovery. When a debt is deemed not collectible, it is written-off against the related provision or directly to the profit or loss to the extent not previously provided for. Any subsequent recovery of written-off debts is credited to the profit or loss.

2.7.2 Prepayments

Prepayments are carried at cost less amortisation and accumulated impairment losses.

2.8 INVESTMENT PROPERTIES

Investment properties comprises of properties held to earn rental income and/or for capital appreciation. Investment properties are initially measured at cost and subsequently carried at fair value based on valuers hired by the Company. Investment properties are revalued with sufficient regularity by external professional. The valuators value is determined by discounting expected future cash flows at appropriate market interest rates. Changes in fair value of investment properties are recognised in the statement of comprehensive income as investment surplus. When investment properties become owner-occupied, the Company reclassifies them to owner-occupied properties at a deemed cost equal to the fair value of properties at the date of reclassification. The difference between the carrying value and fair value of the properties at the date of reclassification to investment properties is recognised directly in equity as a revaluation surplus. Investment properties are derecognised when they have either been disposed off or when they are permanently withdrawn from use and no future benefit is expected from their disposal.

2.9 STATUTORY DEPOSIT

Statutory deposit represents 10% of the paid up capital of the Company deposited with the Central Bank of Nigeria (CBN) in pursuant to Section 10(3) of the Insurance Act of Nigeria CAP I17, 2004. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at cost and interest income earned on the deposit is included in investment income.

2.10 INTANGIBLE ASSETS

Intangible assets comprise computer software licenses, which are with finite lives and are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method for an intangible asset with finite useful life are reviewed at every financial year end. Changes in the expected useful life or the expected petter of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method as appropriate, and are treated as changes in accounting estimates. the amortisation expense on intangible assets is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

The Company chooses to use the cost model for the measurement after recognition. Amortisation is calculated on a straight line basis over the useful lives as follows:
IES-Online Software 33%

2.11 PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

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

All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Any increase in an asset's carrying amount, as a result of revaluation is credited to other comprehensive income and accumulated in Revaluation Surplus within Revaluation reserves in equity. The increase is recognized in profit or loss to the extent that it reverses a decrease of the same asset previously recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognized in Profit or Loss and is provided on a straight-line basis over the estimated useful life of the assets. Depreciation methods, estimated useful lives and residual values are reviewed annually and adjusted when necessary. No depreciation is charged on property, plant and equipment until they are available for use. The average useful lives per class of asset are as follows:

Assets class

Average useful life	
Land	-Nil
Building under Construction	-Nil
Buildings	-2%
Machinery and equipment	-20%
Motor vehicles	-20%
Furniture and fittings	-20%
Computer equipment	-20%

(iv) De-recognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset which is calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the year the asset is derecognized.

2.12 INSURANCE CONTRACT LIABILITIES

The Company issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts where a party (the policy holder) transfers significant insurance risk to another party (insurer) and the latter agrees to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder, or other beneficiary. Such contracts may also transfer financial risk when the insurer issues financial instruments with a discretionary participation feature.

(a) Types of Insurance Contracts

The Company classify insurance contracts into Life and Non – Life Insurance contracts

(I) Non – Life Insurance contracts

These are accident, property and casualty insurance contracts.
Accident and casualty insurance contracts protect the Company's customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers' liability) and for individual and business customers who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

Property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).
Non- life insurance contracts protect the Company's customers from the consequences of events (such as death or disability) that would affect the ability of the customer or his/her dependants 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 policyholder. There are no maturity or surrender benefits.

(2) Life insurance contracts
This contract insures event associated with human life.

(i) Non- life insurance contract premium and claims
For all these contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. Premiums are shown before deduction of commission.
Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders or third parties damaged by the contract holders. They include direct and indirect claims settlement costs and arise from events that have occurred up to the end of the reporting period even if they have not yet been reported to the Company. The Company does not discount its liabilities for unpaid claims. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Company and statistical analyses for the claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors (such as court decisions).

(ii) Life insurance contract premium and claims
Premiums are recognised as revenue when they become payable by the contract holders. Premium is shown before deduction of commission.
Claims and other benefits are recorded as an expense when they are incurred.

(iii) Salvage
Some non-life insurance contracts permit the Company to sell (usually damaged) property acquired in the process of settling a claim. The Company may also have the right to pursue third parties for payment of some or all costs of damages to its clients property (i.e. subrogation right). Salvage recoveries are used to reduce the claim expense when the claim is settled.

(iv) Subrogation
Subrogation is the right for an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of recovering the amount of the claim paid to the insured for the loss. A receivable for subrogation is recognized in other assets when the liability is settled and the Company has the right to receive future cash flow from the third party.

(v) Receivables and payables relating to insurance contracts
Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The Company gathers the objective evidence that an insurance receivable is impaired using the same methodology adopted for financial assets held at amortised cost. The impairment loss is calculated under the same method used for these financial assets.

2.13 INVESTMENT CONTRACT LIABILITIES

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Investment contracts can be classified into interest linked and unitised fund. Interest linked investment contracts are measured at amortised cost while unutilised funds are measured at fair value. Investment contracts with guaranteed returns (interest linked) and other business of a savings nature are recognized as liabilities. Interest accruing to the life assured from investment of the savings is recognized in the profit and loss account in the year it is earned while interest paid and due to depositors is recognized as an expense. The net result of the deposit administration revenue account is transferred to the income statement of the Company.

(a) Technical Reserves

These are computed in compliance with provision of Section 20,21 and 22 of the Insurance Act 2003 as follows:

Reserve for unearned premium

In compliance with Section 20 (1) (a) of Insurance Act 2003, the reserve for unearned premium is calculated on a time apportionment basis in respect of the risks accepted during the year.

Reserve for outstanding claims

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

Reserve for Unexpired risks

A provision for additional unexpired risk reserve (AURR) is recognized for an underwriting year where it is envisaged that the estimated cost of claims and expenses would exceed the unearned premium reserve (UPR)"

(b) Life Insurance Contract Life fund

This made up of net liabilities on policies in force as computed by the actuaries at the reporting date. Surplus or deficit arising from the periodic valuation of the life insurance contracts are recognised in the statement of profit or loss.
The reserves include Incurred But Not Reported (IBNR) and unearned premium.

(c) Liability Adequacy Test

At each end of the reporting period, liability adequacy tests are performed by an Actuary to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests "the unexpired risk provision".
The provisions of the Insurance Act 2003 requires an actuarial valuation for life reserves only however, IFRS 4 requires a liability adequacy test for both life and non-life insurance reserves.

d) Annuity contracts

These contracts insure customers from consequences of events that would affect the ability of the customers to maintain their current level of income. There are no maturity benefits. However, there is a death benefit payable to named beneficiary if death occurs within the ten years guaranteed period. The annuity contracts are fixed annuity plans. Policy holders make a lump sum payment recognised as part of premium in the period when the payment was made. Constant and regular payments are made to annuitants based on terms and conditions agreed at the inception of the contract and throughout the life of the annuitants. The annuity funds are invested in money market instruments to meet up with the payment of monthly/quarterly annuity payments. The annuity funds liability is actuarially determined based on assumptions as to mortality, persistence, maintenance expenses and investment income that are established at the time the contract is issued.

e) Recognition and Measurement of Annuity Premium and Claims

Annuity premiums relate to single premium payments and are recognised as earned premium income in the period in which payments are received.

Claims are made to annuitants in the form of monthly/quarterly payments based on the terms of the annuity contract and charged to income statement as incurred. Premiums are recognised as revenue when they become payable by the contract holders.

2.14 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year discounting is omitted. Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not, that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.15 RETIREMENT OBLIGATIONS AND EMPLOYEE BENEFITS

The Company operates the following contribution and benefit schemes for its employees:

(i) Defined contribution pension scheme

The Company operates a defined contribution scheme in line with Pension Reform Act, 2014. The employee and the Company contribute 8.5% and 10% of the employee total emoluments (basic, housing and transport allowances) respectively. The Company's contribution each year is charged against income and is included in staff cost. The Company has no further obligations once the contribution is paid to the respective employee Pension Fund Administrators.

(ii)Defined benefit gratuity scheme

A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position is respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognised actuarial gains or losses and past services cost. The defined benefit obligation is calculated annually by independent actuaries.

2.16 INCOME TAX LIABILITIES

Income tax expense comprises current and deferred tax

(i) Current income tax

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognized as an expense for the period except to the extent that current tax related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, current tax is charged or credited to other comprehensive income or to equity.

(ii) Deferred income tax

Deferred income tax is provided using liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the date of the consolidated statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from depreciation of property, plant and equipment, revaluation of certain financial assets and liabilities and in relation to acquisitions on the difference between the fair values of the net assets acquired and their tax base.

However, deferred income tax is not recognized for:

(a) Temporary differences arising on the initial recognition of goodwill

(b) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

(c) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognized when it is probable that future taxable profit will be available against which these temporary differences can be utilized.

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

2.17 SHARE CAPITAL AND PREMIUM

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Share premium accounts for the amount the Company raises in excess of par value.

2.18 CONTINGENCY RESERVE

(a) Non-Life Business

In accordance with section 20(1) of insurance Act 2003, the contingency reserve is credited with the higher of 3% of total premiums, or 20% of the profits. This shall be accumulated until it reaches the amount of the higher of minimum paid-up capital or 50 percent of net premium.

(b) Life Business

In accordance with section 22(1) (b) of Insurance Act 2003, the contingency reserve is credited with the higher of 1% of gross premiums or 10% of net profit.

2.19 RETAINED EARNINGS

Retained earnings are the carried forward recognised income net of expenses plus current period profit or loss attributable to owners of the Company.

2.20 FVOCI RESERVE

FVOCI reserve comprises the cumulative net change in the fair value of the Group's investments categorised as Fair Value Through Other Comprehensive Income (FVTOCI). Net fair value movements are recycled to income statement if an investment categorized as Amortised Cost is either derecognized or impaired.

2.21 OTHER RESERVES - EMPLOYEE BENEFIT ACTUARIAL SURPLUS

Actuarial surplus/deficit on employee benefits represent changes in benefit obligation due to changes in actuarial valuation assumptions or actual experience differing from experience. The gains/losses for the year, net of applicable deferred tax assets/liability on employee benefit obligation, are recognized in other comprehensive income.

2.22 ASSET REVALUATION RESERVES

Subsequent to initial recognition, an item of property and equipment and, in certain circumstances, may be revalued to fair value. However, if such an item is revalued, the whole class of asset to which that asset belongs has to be revalued. The revaluation surplus is recognised in equity, unless it reverses a decrease in the fair value of the same asset which was previously recognised as an expense, in which case it is recognised in income statement. A subsequent decrease in the fair value is charged against this reserve to the extent that there is a credit balance relating to the same asset, with the balance being recognised in profit or loss.

2.23 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.
Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

2.24 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Nigerian Naira (N), which is the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses relating to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or finance cost'. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income' or ' Other operating expenses'.

2.25 REVENUE RECOGNITION

Revenue comprises the fair value of services, net of value-added tax, after eliminating revenue within the Company. Revenue is recognized as follows:

(a) Rendering of services: Revenue arising from asset management and other related services offered by the Group are recognised in the accounting period in which the services are rendered.

Recognition and Measurement of Insurance Contracts

i. Gross premium written

Gross premiums on life and non-life are recognised as revenue when payable by the policy holder. For single premium business, revenue is recognised on the date on which the policy is effective. Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period. They are recognised on the date on which the component policy commences. Premiums include any adjustments arising in the accounting period for premiums receivable in respect of businesses written in prior accounting periods.

ii. Gross premium earned

Gross premium earned is stated at premium written on direct and indirect business after deducting premium relating to unexpired risks which is determined on time apportionment basis.

iii. Net premium earned

Net premium represents total amount invoiced to policy holders less reinsurance and is recognized as an income from the date of attachment of risk.

iv. Reinsurance premium

The Company cedes reinsurance in the normal course of business with retention limits varying by line of business for the purpose of limiting its net loss potential. Reinsurance arrangements however do not relieve the Company from its direct obligation to its policy holders. This is recognized as an expense or deduction from the gross premium and it relates to premium on business ceded on treaty and facultative and is recognized on part apportionment basis.

2.26 REINSURANCE EXPENSES

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

2.27 FEES AND COMMISSION INCOME

Reinsurers and other insurance companies are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees for services provided in future periods, then they are deferred and recognised over those future periods.

2.28 CLAIMS AND LOSS ADJUSTMENT EXPENSES

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

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

(a) Salvages
Some non-life insurance contracts permit the Company to sell (usually damaged) property acquired in the process of settling a claim.

The Company may also have the right to pursue third parties for payment of some or all costs of damages to its clients property (i.e. subrogation right).

Salvage recoveries are used to reduce the claim expenses when the claim is settled.

2.29 DEFICIT AND SURPLUS ON ACTURIAL VALUATION

Actuarial valuation of the life fund is conducted annually to determine the net liabilities on the existing policies and the adequacy of the assets representing the insurance fund as at the date of valuation. All deficits arising there from are charged to the profit or loss account while the surplus is appropriated to the shareholders and credited to the income statement.

2.30 UNDERWRITING EXPENSES

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

(a)Commission expenses
Commission expenses are brokerage fees paid to brokers and agents which are certain percentages based on the class of business underwritten.

(b)Maintenance expenses
Maintenance expenses are expenses incurred in servicing existing policies/contract. These expenses are charged to the revenue account in the accounting period in which they are incurred.

2.31 INVESTMENT INCOME

Investment income includes interest, rental and dividend income received. Interest income is accounted for on a time proportionate basis that takes into account the effective yield on the asset and includes the net income earned from short term investments. Rental income on operating lease is recognised on a straight-line basis over the lease term.

Dividend income
Dividend income is recognised in profit or loss when the right to receive the dividend is established.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.
The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product

life cycle (including prepayments, penalty interest and charges).
If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the income statement.

(a) Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018).
The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

(b) Calculation of interest income and expenses

The Company calculates interest income and expense by applying the effective interest rate to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial asset that have become credit-impaired subsequent to initial recognition and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, then the Company reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Company calculates interest income by calculating the credit-adjusted effective interest rate and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

(c) Presentation

Interest income and expenses presented in the profit or loss includes:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.
- interest on debt instruments measured at FVOCI calculated on an effective interest basis (if any).

Interest income and expense on all assets and liabilities measured at FVTPL are considered to be incidental to the Company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in "net fair value gains/(losses)".

2.32 SEGMENT REPORTING

An operating segment is a component of the Company that engages in business activities from which it can earn and incur expenses, including revenues and expenses that relate to transaction with any of the Company's other components, whose revenues and operating results are reviewed regularly by Executive Management to make decisions about the resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned while indirect costs are allocated based on the benefits derived from such costs.

2.33 CONTINGENT LIABILITIES

These are Possible obligations of the Company, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the

Company and present obligations of the Company where it is probable that an outflow of economic benefits will be required to settle the obligation or where the amount of the obligation cannot be measured reliably, which are not recognised in the Company's statement of financial position but are disclosed in the notes to the financial statements.

Possible assets of the Company, the existence of which will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control or the Company, are not recognised in the Company's statement of financial position and are only disclosed in the notes to the financial statements where an inflow of economic benefits is probable.

Statement of Financial Position as at 31 December, 2021

ASSETS	NOTES	2021 ₦'000	2020 ₦'000
Cash and cash equivalents	3	9,438,005	5,411,672
Financial Assets:			
- At fair value through profit or loss	4.1	993,044	943,972
- At fair value through other comprehensive income	4.2	290,777	311,535
- At amortised cost	4.3	3,622,309	4,338,180
Trade receivables	5	230,938	116,600
Reinsurance assets	6	2,494,570	2,920,493
Deferred acquisition costs	7	331,594	395,982
Other receivables and prepayments	8	300,013	295,615
Investment properties	9	3,604,045	3,192,700
Statutory deposit	10	535,150	535,150
Intangible asset	11	19	519
Property, plant and equipment	12	2,117,783	2,074,320
Total Assets		23,958,247	20,536,738
Liabilities And Shareholders' Funds			
Liabilities			
Insurance contract liabilities	13	8,154,136	8,272,556
Investment contract liabilities	14	1,076,506	926,561
Trade payables	15	775,104	847,083
Other payables and accruals	16	828,870	594,183
Retirement Benefit Obligations	17	1,456,211	1,606,020
Income tax liabilities	18(a)	253,427	388,993
Deferred tax liabilities	19	105,310	99,110
Total Liabilities		12,649,564	12,734,506
Equity			
Share capital	20	916,793	3,667,172
Share premium	21	3,690,991	940,612
Deposit for shares	21.1	3,500,000	400,000
Statutory contingency reserve	22	2,331,577	2,078,397
Retained earnings	23	669,705	844,860
Fair value through other comprehensive income reserve	24	437,340	458,098
Assets revaluation reserve	25(a)	55,801	-
Reserve on actuarial valuation of gratuity	25(b)	(293,524)	(586,907)
Shareholders' Funds		11,308,683	7,802,232
Total Liabilities And Shareholders' Funds		23,958,247	20,536,738

The financial statements were approved and authorised for issue by the Board of Directors on 17 March 2022 and signed on its behalf by:

Akinwale Sofile Chief Financial Officer FRC/2012/ICAN/00000000494	Mr Razzaq Abiodun Managing Director/CEO FRC/2021/004/00000024290	Olateju Phillips Chairman FRC/2013/IODN/00000002517

The accounting policies on pages 53 to 59 notes on pages 60 to 84 and other national disclosures on pages 142 to 146 form an integral part of these financial statements.

Auditors' report, pages 48 to 52

Statement of Profit or Loss and Other Comprehensive Income

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	2021 ₦'000	2020 ₦'000
Gross premium written	26	13,282,516	10,937,805
Unearned premium	26	(709,185)	27,662
Gross premium income		12,573,331	10,965,467
Reinsurance expenses	28	(4,386,806)	(3,952,248)
Net premium income		8,186,525	7,013,219
Fees and Commission income	29	1,083,076	1,034,914
Net underwriting income		9,269,601	8,048,133
Claims expenses (net)	30	4,367,771	3,246,047
Underwriting expenses	31	3,492,637	2,591,730
Changes in Life fund	13.2(d)	(9,990)	29,853
Changes in annuity fund	13.2(e)	(288,423)	204,574
Total underwriting expenses		7,561,995	6,072,204
Underwriting profit		1,707,606	1,975,929
Investment income	32	656,166	552,247
Fair value gains on assets	33	455,242	122,556
Impairment of other assets	8(e)	(46,578)	(50,207)
(Loss)/gain on investment contract liabilities	35	(134,565)	6,208
Other income	34	841,218	1,001,992
Management expenses	36	(3,190,632)	(2,900,391)
Allowance of expected credit losses	37	(5,806)	(11,898)
Profit before taxation	39	282,651	696,436
InformationTechnology Development Levy	18	(2,799)	(6,895)
Income tax	18	(18,468)	(10,184)
Profit for the year		261,384	679,357
Other comprehensive income			
Item that may be reclassified to profit or loss:			
Fair value loss on financial assets at FVOCI	24	(20,758)	-
Items that will not be classified to profit or loss:			
Revaluation surplus/(loss) on property,plant and equipment	25(a)	55,801	(695,812)
Actuarial gain/(loss) on gratuity	25(b)	293,383	(266,688)
Other comprehensive income/(loss)		328,426	(962,500)
Total comprehensive income/(loss) for the year		589,810	(283,143)
Earnings per share : Basic/diluted (kobo)	40	14.3	9.3

The accounting policies on pages 53 to 59, notes on pages 60 to 84 and other national disclosures on pages 142 to 146 form an integral part of these financial statements.

Auditors' report, pages 48 to 52

Statement of Change in Equity

Statement of Changes in Equity

	Share capital	Share premium	Deposit for shares	Contingency reserve	FVOCI Reserve	Asset revaluation reserve	Reserve on actuarial valuation of gratuity	Retained earnings	Total equity
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balance 1 January, 2021	3,667,172	940,612	400,000	2,078,397	458,098	-	(586,907)	844,860	7,802,232
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	-	-	261,384	261,384
Transfer to contingency reserve	-	-	-	253,180	-	-	-	(253,180)	-
Dividend paid during the year	-	-	-	-	-	-	-	(183,359)	(183,359)
Changes in valuation of gratuity	-	-	-	-	-	-	293,383	-	293,383
Changes in valuation of land and building	-	-	-	-	-	55,801	-	-	55,801
Fair value loss on FVOCI					(20,758)				(20,758)
Transfer on share reconstruction	(2,750,379)	2,750,379	-	-	-	-	-	-	-
Deposit for shares	-	-	3,100,000	-	-	-	-	-	3,100,000
Balance 31 December, 2021	916,793	3,690,991	3,500,000	2,331,577	437,340	55,801	(293,524)	669,705	11,308,683
Balance 1 January, 2020	3,667,172	940,612	-	1,872,909	458,098	623,061	(320,219)	737,708	7,979,341
Total comprehensive income for the year:									
Profit for the year	-	-	-	-	-	-	-	679,357	679,357
Transfer to contingency reserve	-	-	-	205,488	-	-	-	(205,488)	-
Dividend paid during the year	-	-	-	-	-	-	-	(366,717)	(366,717)
Changes in valuation of gratuity	-	-	-	-	-	-	(266,688)	-	(266,688)
Changes in valuation of land and building	-	-	-	-	-	(623,061)	-	-	(623,061)
Deposit for shares	-	-	400,000	-	-	-	-	-	400,000
Balance 31 December, 2020	3,667,172	940,612	400,000	2,078,397	458,098	-	(586,907)	844,860	7,802,232

The accounting policies on pages 53 to 59, notes on pages 60 to 84 and other national disclosures on pages 142 to 146 form an integral part of these financial statements.
Auditors' report, pages 48 to 52

Statement of Cashflows

STATEMENT OF CASH FLOWS

	Notes	2021 N'000	2020 N'000
Cash flows from Operating Activities:			
Premium received from policy holders		12,671,599	10,891,993
Premium received from deposit administration	14	324,249	308,058
Deposit premium	15	593,326	496,579
Reinsurance Premium Paid		(4,626,390)	(3,805,848)
Fees and Commission Received	29(a)	1,110,158	972,588
Direct Claims Paid	30	(8,987,537)	(4,289,616)
Deposit Administration withdrawals	14	(319,303)	(265,850)
Claims Received from Reinsurers	30(c)	4,675,536	1,674,727
Rental Income	34	19,151	7,073
Commission Paid	31(a)	(1,549,452)	(1,303,413)
Maintenance expenses Paid	31(c)	(1,878,797)	(1,498,574)
Cash paid to and on behalf of employees	36(a)	(1,392,314)	(1,429,702)
Other operating cash payments		(700,011)	(60,972)
Company income tax paid	18(a)	(156,833)	(44,285)
Net cash (absorbed)/ generated from operating activities	42	(216,618)	1,652,758
Cash flows from Investing Activities:			
Proceeds from Redemption of Bonds	4.3(a)	1,113,013	191,152
Proceeds from Redemption of other amortised cost	4.3(d)	880,521	2,960,557
Purchase of financial assets at amortised cost	4.3(a)(d)	(716,581)	(3,501,914)
Investment Income received	32	332,502	436,576
Acquisition of Investment properties	9	(5,175)	(14,500)
Acquisition of property, plant and equipment	12	(302,513)	(703,869)
Proceeds from disposal on PPE	38	24,543	1,873
Net cash inflow/(outflow) from investing activities		1,326,310	(630,125)
Cash flow from financing activities			
Deposit for shares	21.1	3,100,000	400,000
Dividends paid to equity holders of the parent	23	(183,359)	(366,717)
Net cash inflow from financing activities		2,916,641	33,283
Total cash inflow		4,026,333	1,055,916
Cash and cash equivalents at beginning of the year		5,411,672	4,355,756
Cash and cash equivalents at year end		9,438,005	5,411,672
Represented by:			
Cash and cash equivalents at year end	3	9,438,005	5,411,672

The accounting policies on pages 53 to 59, notes on pages 60 to 84 and other national disclosures on pages 142 to 146 form an integral part of these financial statements.

Auditors' report, pages 48 to 52

Notes to the Financial Statement (Others)

3. Cash and Cash Equivalents

	2021 N'000	2020 N'000
Cash - petty cash	117	119
Balances with Local banks	1,587,161	1,462,495
Placement with banks	7,871,068	3,969,034
	9,458,346	5,431,648
Allowance for credit losses (Note 3(a))	(20,341)	(19,976)
Total cash and cash equivalents	9,438,005	5,411,672
Current	9,438,005	5,411,672
Non-current	-	-

Short-term deposits are made for varying periods averaging between 1 - 90 days depending on the immediate cash requirements of the Company. All deposits are subject to an average interest rate of 6.72%. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

(a) Allowance for credit losses

	N'000	N'000
Balance at the beginning of the year	19,976	14,651
Allowance of credit losses (Note 37)	365	5,325
Balance at the end of the year	20,341	19,976

4. Financial Assets

The Company's financial assets are summarised by categories as follows:

	N'000	N'000
Fair value through profit or loss (Note 4.1)	993,044	943,972
Fair value through other comprehensive income (Note 4.2)	290,777	311,535
Financial assets at amortised cost (Note 4.3)	3,622,309	4,338,180
	4,906,130	5,593,687
Current	-	-
Non- current	4,906,130	5,593,687
	4,906,130	5,593,687

4.1 Financial assets at fair value through profit or loss

	N'000	N'000
Balance at the beginning of the year	943,972	769,116
Fair value gain during the year (Note 33)	49,072	174,856
Balance at the end of the year	993,044	943,972

(a) Fair value through profit or loss

Management valued the Company's quoted investments at market value which is a reasonable measurement of fair value since the prices of the shares are quoted in an active market.

The instruments are measured and evaluated on a fair value basis and fair value is determined by reference to published price quotations in an active market -classified as level 1 in the fair value hierarchy.

4.2 Fair value through other comprehensive income

Equity investments at FVOCI comprise the following individual investments:

	2021	2020
Equity securities		
Fair value	N'000	N'000
Energy & Allied Insurance Pool	119,153	119,153
Nigeria Liability Insurance Pool	18,761	39,519
WAICA Reinsurance Co. Limited	95,236	95,236
Health Care International	57,627	57,627
	290,777	311,535

(b) Equity instrument measured at fair value through other comprehensive income

	N'000	N'000
Balance at the beginning of the year	311,535	311,535
Fair value loss (Note 24)	(20,758)	-
Balance at the end of the year	290,777	311,535

(c) Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognise as FVOCI. These are strategic investments and the Company considers this classification to be more relevant.

The fair value gains in the carrying amount of financial assets at fair value through other comprehensive income (FVOCI) are recognized in other comprehensive income and accumulated under the heading of "Fair value through other comprehensive income reserve".

4.3 Financial assets at amortised cost

	N'000	N'000
Bonds (Note 4.3(a))	2,853,700	3,271,750
Fixed deposits and Treasury bills (Note 4.3(d))	768,609	1,066,430
	3,622,309	4,338,180

(a) Bonds

	N'000	N'000
Balance at the beginning of the year	3,271,750	456,904
Purchases during the year	449,818	2,908,088
Accrued interest capitalised (Note 32)	250,129	103,680
	3,971,697	3,468,672
Disposal during the year	(1,113,013)	(191,152)
Allowance for credit losses (Note 4.3(e))	(4,984)	(5,770)
Balance at the end of the year	2,853,700	3,271,750

(b) Breakdown of the bonds

	Maturity date	Coupon Rate	Frequency	N'000	N'000
Lagos State Bond	January 2030	12.25%	Half yearly	-	55,000
Federal Goverment Bond	January 2026	12.50%	Half yearly	979,938	1,044,007
Lagos State Bond	December 2031	13%	Half yearly	455,000	-
Federal Goverment Bond	April 2023	12.75%	Half yearly	1,414,179	1,833,331
Ondo State Bond	April 2022	15.54%	Half yearly	4,583	-
Federal Goverment savings Bond	July 2021	14.50%	Half yearly	-	132,752
Lagos State Bond	December 2023	16.50%	Half yearly	-	201,493
Ondo State Bond	February 2021	15.50%	Half yearly	-	5,167
				2,853,700	3,271,750

(c) The bonds were issued at par with no discount and they are redeemable at par on their respective due dates.
Based on all these facts, management is of the opinion that the fair values of these bonds are equal to their face values.

(d) Fixed deposits and Treasury bills	2021 N'000	2020 N'000
Balance at the beginning of the year	1,066,430	3,323,320
Additions during the year	266,763	593,826
Liquidation during the year	(880,521)	(2,960,557)
Interest earned (Note 32)	323,664	115,671
Allowance for credit losses (Note 4.3(e))	(7,727)	(5,830)
Balance at the end of the year	768,609	1,066,430

(e) Allowance for credit losses on financial assets at amortised cost:	Bond N'000	Fixed deposits and Treasury bills N'000	Total N'000
At 1 January 2020	(907)	(4,188)	(5,095)
Movement during the year(Note 37)	(4,863)	(1,642)	(6,505)
At 31 December 2020	(5,770)	(5,830)	(11,600)
Movement during the year(Note 37)	786	(1,897)	(1,111)
At 31 December 2021	(4,984)	(7,727)	(12,711)

5 Trade Receivables	2021 N'000	2020 N'000
Amount due from Insurance Brokers	95,607	116,600
Receivable from Coinsurance companies	135,331	-
	230,938	116,600

(a) Analysis of Trade Receivables	N'000	N'000
Current	230,938	116,600
Non-current	-	-

(b) The Company's policy in line with the provisions of "No Premium, No Cover" on impairment of trade receivables recognizes trade receivables from Brokers only.
Such receivables should not exceed a period of 30 days.

6 Reinsurance Assets	N'000	N'000
Reinsurance share of UPR (Note 6.1)	513,338	469,562
Reinsurance share of IBNR (Note 6.2)	848,980	1,053,836
Reinsurance share of Outstanding Claim recoverable (Note 6.3)	1,016,989	1,397,095
	2,379,307	2,920,493
Receivable from Reinsurance Brokers (Note 6.3(c))	115,263	-
	2,494,570	2,920,493
Current	2,494,570	2,920,493
Non-current	-	-

6.1 Reinsurance share of UPR	N'000	N'000
Balance at the beginning of the year	469,562	615,962
Reinsurance cost for the year (Note 28)	4,430,582	3,805,848
Movement during the year (Note 28)	(4,386,806)	(3,952,248)
Balance at the end of year	513,338	469,562

	2021 N'000	2020 N'000
6.2 Reinsurance share of IBNR		
Balance at the beginning of the year	1,053,836	1,120,597
Movement during the year (Note 30(c))	(204,856)	(66,761)
Balance at the end of year	848,980	1,053,836
6.3 Reinsurance share of Outstanding Claim recoverable	N'000	N'000
Balance at the beginning of the year	1,397,095	591,739
Movement during the year (Note 30(c))	(380,106)	805,356
Balance at the end of year	1,016,989	1,397,095
(a) Breakdown of Reinsurance assets:	N'000	N'000
Prepaid reinsurance assets	513,338	450,162
AURR	-	19,400
Total prepaid reinsurance assets	513,338	469,562
Outstanding claims recoverable	1,016,989	1,397,095
IBNR	848,980	1,053,836
Total Outstanding claims	1,865,969	2,450,931
Total Reinsurance assets	2,379,307	2,920,493

(b) There were no indicators of impairment for reinsurance assets.

Therefore, no impairment allowance is required in respect of these assets. The carrying amounts disclosed above is in respect of the reinsurance contracts which approximate the fair value at the reporting date.

	N'000	N'000
(c) Receivable from Reinsurance Brokers		
Balance at the beginning of the year	-	-
Movement during the year	115,263	-
Balance at the end of year	115,263	-

Receivable from Reinsurance Brokers represents reinsurance share of claims paid by the Company as at the end of the year.

	N'000	N'000
(d) Age Analysis of due from Rensurance Brokers		
No of days		
0 - 30 days	115,263	-
31 -60 days	-	-
	115,263	-

7 Deferred acquisition costs

	N'000	N'000
Balance at the beginning of the year	395,982	185,725
Commission paid during the year (Note 31(a))	1,549,452	1,303,413
Total Commission paid during the year	1,945,434	1,489,138
Amortised acquisition cost during the year (Note 31(a))	(1,613,840)	(1,093,156)
Balance at the end of the year (Note 7(a))	331,594	395,982

(a) Analysis of deferred acquisition per class:	N'000	N'000
Fire	68,336	63,871
Accident	7,235	37,398
Motor vehicle	33,985	57,551
Aviation	32,435	11,506
Oil & Gas	2,621	94,245
Marine	8,212	36,527
Bond	22,034	1,580
Engineering	46,267	27,604
Group Life	110,469	65,700
	331,594	395,982
Current	331,594	395,982
Non-current	-	-

8 Other receivables and prepayments

	2021 N'000	2020 N'000
Prepaid rent (Note 8(a))	13,756	10,260
Staff Loan (Note 8(b))	37,702	40,262
Policy Loan	11,143	16,625
Due from Media View Limited (Note 8(e))	232,889	232,889
Deposit for Land	30,000	30,000
Stock Brokers' current accounts	21,827	2,595
Other receivables (Note 8(c))	98,335	62,045
Impairment of other assets - receivables due from Media View Ltd (Note 8(e)	(145,639)	(99,061)
	300,013	295,615

	N'000	N'000
Current	212,763	161,787
Non-Current	87,250	133,828
	300,013	295,615

(a) Prepaid rent

	N'000	N'000
Balance at the beginning of the year	10,260	13,650
Rent paid during the year	26,876	22,157
Amortised rent during the year (Note 36(b))	(23,380)	(25,547)
Balance at the end of the year	13,756	10,260

(b) Staff loans

	N'000	N'000
Balance at the beginning of the year	40,289	49,363
Additions during the year	18,272	4,905
Repayment during the year	(16,502)	(13,979)
Balance at the end of the year	42,059	40,289
Expected credit loss (Note 8(d))	(4,357)	(27)
	37,702	40,262

(c) Other receivables

	N'000	N'000
Sundry debtors	39,235	13,103
Advance payment to vendors	17,820	25,000
Interest receivables	6,454	24,139
Lasaco holding expenses	21,500	-
Share issue expenses	13,523	-
Expected credit loss (Note 8(f))	(197)	(197)
	98,335	62,045

(d) Expected credit loss on staff loans

	N'000	N'000
Balance at the beginning of the year	27	21
Allowance of credit loss during the year (Note 37)	4,330	6
Balance at the end of the year	4,357	27

(e) Expected credit loss on other assets

	N'000	N'000
Balance at the beginning of the year	99,061	48,854
Additional allowance of credit loss during the year	46,578	50,207
Balance at the end of the year	145,639	99,061

Amount due from Media View Ltd. represent the outstanding balance of the amount invested in a project with Media View to build board. With effect from 1st May 2022 the full ownership and management of the Bill Board will be transferred to Lasaco Assurance Plc

(f) Expected credit loss on other receivables

	N'000	N'000
Balance at the beginning of the year	197	135
Allowance of credit loss during the year (Note 37)	-	62
Balance at the end of the year	197	197

9 Investment Properties

	N'000	N'000
Balance at the beginning of the year	3,192,700	3,230,500
Additions during the year	5,175	14,500
Fair value gain/(loss) (Note 33)	406,170	(52,300)
Balance at the end of the year	3,604,045	3,192,700

(a) Carrying amount of investment properties

	Status of Title	Balance at the begining of the year	Additions	Fair value changes	Carrying amount
		N'000	N'000	N'000	N'000
Building At Custom Street Kakawa/Marina CBD Lagos Island	Certificate of Occupancy	1,760,000	5,175	116,825	1,882,000
Plot A1, Block G, CBD CIPM Road Alausa Lagos	Perfected	950,000	-	191,000	1,141,000
2 Plots of Land at Aponloju Close Off Engr. Adetoro Road Lekki (Ojomu Family Land)	Deed of Assignment	50,000	-	-	50,000
Block 8 Plot 2 & 3 River View Devt Scheme Ii Isheri, Ogun State	Deed of Assignment	24,000	-	16,000	40,000
Landed Property At Chume Nwosu Street, Off Badore Ajah, Lagos	Deed of Assignment	23,000	-	17,000	40,000
3 Plots Of Land At Okun Alfa Beach, Lekki Peninsula, Lekki Phase 1	Deed of Assignment	60,000	-	12,000	72,000
		-			
Block 24, Flats 1, 2 & 5 MKO Abiola Gardens, Alausa Ikeja, Lagos	LSDDC Letter of Allocation	79,000	-	26,000	105,000
Plot 122, Association Avenue, Dolphin Estate, Ikoyi, Lagos	Title Deed	80,000	-	20,000	100,000
4 Plots Of Land And 5 Blocks Of Flat At Next Estate, Mowe Ogun State	Deed of Assignment	78,700	-	(18,655)	60,045
Flat 1, 2, 3, 4, 7 & 8 Cluster 2 Choice Estate Abijo, GRA Ibeju Lekki, Lagos	Letter of Allocation	88,000	-	26,000	114,000
		3,192,700	5,175	406,170	3,604,045

(b)Investment properties are held at fair value which has been determined based on valuations performed by independent valuation experts, Fola Oyekan & Associates and Oletubo & Co (Estate Surveyors & Valuers) as at 31 December 2021.

The Valuers Fola Oyekan and Oletubo are registered with Financial reporting Council of Nigeria with registration Number FRC/2012/NIESV/00000000450 and FRC/2013/NIESV/00000001693 respectively.

(c)The valuers are the industry specialists in valuing these types of investment properties.

The fair value is supported by market evidence and represents the amount at which the assets could be exchanged between knowledgeable, willing buyers and knowledgeable, willing seller in an arm's length transaction at the date of valuation, in accordance with standards issued by International Valuation Standards Committee. Valuations are performed on an annual basis and the fair value gains and losses are recorded within the statement of comprehensive income.

10 Statutory deposit

	2021 N'000	2020 N'000
Non life Business	320,150	320,150
Life Business	215,000	215,000
	535,150	535,150
Current	-	-
Non-Current	535,150	535,150

Statutory deposit represents the amount deposited with the Central Bank of Nigeria in accordance with Section 9(1) and Section 10(3) of the Insurance Act 2003. This is restricted cash as management does not have access to the balances in its day to day activities. Statutory deposits are measured at amortised cost.

11 Intangible asset

	N'000	N'000
Cost		
At 1 January	14,128	14,128
Addition	-	-
31 December	14,128	14,128
Amortisation		
At 1 January	13,609	13,109
Amortisation during the year	500	500
31 December	14,109	13,609
Carrying amount:		
31 December	19	519

The only intangible asset of the Company was a software named "IES' used in posting the business transactions of the Company.The cost is amortized over the period of three years which is in line with the Company's policy.

12 Property, plant and equipment

Cost/Valuation	Building under Construction	Land	Building	Furniture fittings & Equipment	Motor Vehicles	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2020	1,392,120	190,000	310,000	492,681	932,578	3,317,379
Additions	186,416	-	-	285,329	232,124	703,869
Reclassification	(1,578,536)	-	1,493,233	85,303	-	-
Disposals	-	-	-	-	(29,000)	(29,000)
Revaluation surplus/(loss) (Note 25(a))	-	15,997	(800,233)	-	-	(784,236)
At 31 December 2020	-	205,997	1,003,000	863,313	1,135,702	3,208,012
At 1 January 2021	-	205,997	1,003,000	863,313	1,135,702	3,208,012
Additions	-	-	41,528	77,985	183,000	302,513
Disposals	-	-	-	(16,701)	(79,935)	(96,636)
Revaluation surplus (Note 25(a))	-	36,243	5,472	-	-	41,715
At 31 December 2021	-	242,240	1,050,000	924,597	1,238,767	3,455,604
Accumulated depreciation						
At 1 January 2020	-	-	-	401,086	549,692	950,778
Charge for the year	-	-	10,000	79,381	132,533	221,914
Revaluation Surplus	-	-	-	-	(29,000)	(29,000)
Asset revaluation (Note 25(a))	-	-	(10,000)	-	-	(10,000)
At 31 December 2020	-	-	-	480,467	653,225	1,133,692
At 1 January 2021	-	-	-	480,467	653,225	1,133,692
Charge for the year	-	-	20,286	125,769	158,018	304,073
Disposals	-	-	-	(16,169)	(63,489)	(79,658)
Asset revaluation (Note 25(a))	-	-	(20,286)	-	-	(20,286)
At 31 December 2021	-	-	-	590,067	747,754	1,337,821
Carrying amounts at:						
31 December 2021	-	242,240	1,050,000	334,530	491,013	2,117,783
31 December 2020	-	205,997	1,003,000	382,846	482,477	2,074,320

(i) Land and building were professionally valued as at 31 December 2021 by Messrs Fola Oyekan & Associates (Estate Surveyors and Valuers) under the signature of ESV Eniola Adediran FRC/2012/NIESV/00000000450 on the basis of their open market values. The revised value of the land and building were N242,239,619 and N1,050,000 respectively resulting in a gain on revaluation of N62,001,000 which has been credited to the property, plant and equipment revaluation account.

(ii) The re-valued property is the Company's Head Office building located at Plot 16, Acme Road, Ogba Industrial Estate, Ikeja, Lagos.

(iii) The Company had no capital commitments as at the statement of financial position date (2020: Nil). As at the reporting date land is being carried at revalued amount.

(iv) No impairment loss was recognised on the Company's property plant and equipment at the end of the year (31 December 2020:Nil).

13 Insurance Contract Liabilities

	2021 N'000	2020 N'000
General Business(Note 13.1)	3,567,734	3,557,654
Life Business(Note 13.2)	4,586,402	4,714,902
	8,154,136	8,272,556

The firm Ernst & Young (Formally HR Nigeria Limited), an actuarial service organisation did the valuation of Insurance Contract Liabilities for the reporting year. The actuarial valuation reports were authorised by Mr. Okpaise Olurotimi, a professional actuary registered with the Financial Reporting Council of Nigeria with registration number FRC/2012/NAS/00000000738.

13.1 General Business insurance contract liabilities

	N'000	N'000
Outstanding claims provisions(Note 13.1(a))	1,037,328	1,623,216
Claims incurred but not reported(IBNR) (Note 13.1(b))	1,017,545	905,661
Unearned premium(Note 13.1(c))	1,512,861	1,028,777
	3,567,734	3,557,654

(a) Outstanding claims provisions

Movement in outstanding claims provision	N'000	N'000
Balance at the beginning of the year	1,623,216	1,136,648
Claims incurred in the year	4,054,936	2,547,170
Claims paid during the year	(4,640,824)	(2,060,602)
Balance at the end of the year	1,037,328	1,623,216

(b) Claims incurred but not reported(IBNR)

Movement in IBNR provision	N'000	N'000
Balance at the beginning of the year	905,661	768,426
Movement during the year	111,884	137,235
Balance at the end of the year	1,017,545	905,661

(c) Unearned premium -General Business

	1 January 2021 N'000	Movement N'000	31 December 2021 N'000
Fire	148,207	34,821	183,028
Accident	201,270	(17,408)	183,862
Motor vehicle	190,781	359,585	550,366
Marine	55,054	(9,875)	45,179
Aviation	21,491	27,490	48,981
Bond	177,256	66,027	243,283
Engineering	151,391	1,763	153,154
Oil and gas	83,327	21,681	105,008
	1,028,777	484,084	1,512,861

These provisions represent the liability for general business insurance contracts for which the Company's obligations have not expired at year end.The unearned premuim provision relates to the casuality insurance contracts for which the Company expects to pay claims in excess of the related unearned premium provision.

(d) Age Analysis of outstanding claims

The Age Analysis of Outstanding Claims for Non Life in thousands of Nigerian Naira as at 31 December 2021 is as follows:

	Pending substantiating documents N'000	Related to awaiting adjusters' report N'000	Number of outstanding claims pending substantiating documents Number	Number of outstanding claims awaiting adjusters' report Number	2021 'Total N'000	2020 'Total N'000
0 - 90 days	281,745	-	304	-	282,049	476,173
91 - 180 days	148,874	-	150	-	149,024	3,449
181 - 270 days	145,782	373,439	25	8	519,254	143,868
270 - 365 days	21,458	21,450	22	3	42,933	42,684
365 days and above	-	44,580	-	2	44,582	957,042
	597,859	439,469	501	13	1,037,328	1,623,216

There are total number of 514 outstanding claims for Non Life as at the year ended 31 December 2021. 501 outstanding claims are pending substantiating documents while 13 outstanding claims are awaiting adjusters' report.

13.2 Life Business- Insurance contract liabilities	2021 N'000	2020 N'000
Group Life Fund(Note 13.2(a))	3,716,668	3,546,755
Individual Life Fund (Note 13.2(d)	69,931	79,921
	3,786,599	3,626,676
Annuity Life Fund (Note 13.2(e)	799,803	1,088,226
	4,586,402	4,714,902

(a) Group Life Fund	N'000	N'000
Unearned premium	879,494	650,464
AURR	20,984	24,913
Total unearned premium	900,478	675,377
Outstanding claims	1,317,187	1,029,541
Incurred But not Reported(IBNR)	1,499,003	1,841,837
	2,816,190	2,871,378
	3,716,668	3,546,755

(b) Movement in Group Life Fund	Unearned premium N'000	Outstanding claims N'000	IBNR N'000	Total N'000
Balance at the beginning of the year	675,377	1,029,541	1,841,837	3,546,755
Movement during the year	225,101	287,646	(342,834)	169,913
Balance at the end of the year	900,478	1,317,187	1,499,003	3,716,668

(c) The Age Analysis of Outstanding Claims for Life in thousands of Nigerian Naira as at 31 December 2021 is as follows:

	Pending substantiating documents N'000	Related to awaiting adjusters' report N'000	Number of outstanding claims pending substantiating Number	Number of outstanding claims awaiting adjusters' Number	2021 'Total N'000	2020 'Total N'000
0 - 90 days	415,789	-	207	-	415,996	417,893
91 - 180 days	215,444	-	171	-	215,615	1,928
181 - 270 days	560,075	-	50	-	560,125	361,376
270 - 365 days	125,879	-	15	-	125,894	-
365 days and above	-	-	-	-	-	248,344
	1,317,187	-	443	-	1,317,187	1,029,541

There are total number of 443 outstanding claims for Life business as at the year ended 31 December 2021. All the 443 outstanding claims are pending substantiating documents.

	2021 N'000	2020 N'000
Balance at the beginning of the year	79,921	50,068
Movement during the year	(9,990)	29,853
Balance at the end of the year	69,931	79,921
	N'000	**N'000**
Balance at the beginning of the year	1,088,226	883,652
Changes in annuity fund	(288,423)	204,574
Balance at the end of the year	799,803	1,088,226
	N'000	**N'000**
Current Annuity	799,803	1,088,226
Deferred Annuity	-	-

14 Investment Contract Liabilities

	N'000	N'000
Balance at the beginning of the year	926,561	854,888
Deposit during the year	324,249	308,058
Withdrawal during the year	(319,303)	(265,850)
	931,507	897,096
Guaranteed interest (Note 35)	17,938	17,275
Actuarial adjustment on investment contract liabilities (Note 35)	127,061	12,190
Balance at the end of the year	1,076,506	926,561
	N'000	**N'000**
Current	1,076,506	926,561
Non-current	-	-

15 Trade Payables

	N'000	N'000
Reinsurance premium payable	44,947	65,726
Co-Insurance premium payable	13,742	188,771
Premium Deposit (Note 15(b))	593,326	496,579
Deferred Commission (Note 15(c) and Note 29(a))	123,089	96,007
	775,104	847,083
Current	775,104	847,083
Non - current	-	-

(a) Trade payable represents premium payable to both Coinsurance and Reinsurance companies.
The carrying amounts disclosed above approximate fair value at the reporting date. The carrying amount disclosed above reasonably approximates fair value at the reporting date. All amounts are payable within one year.

(b) Premium deposit represents payment received in advance from clients in respect of future insurance contracts.

(c) Deferred commission income	2021 N'000	2020 N'000
General Accident	9,938	16,968
Engineering	20,791	17,877
Fire	22,546	16,224
Marine	5,468	5,298
Motor	7,681	4,654
Bond	29,804	17,330
Oil and Gas	9,405	3,238
Group Life	17,456	14,418
	123,089	96,007

Deferred commission relates to the unearned portion of commission income from reinsurance transactions.

16 Other Payables

	N'000	N'000
16.1 Accruals (Note 16(a))	244,461	167,338
Unclaimed Dividend payable (Note 16(b))	486,976	268,626
Other creditors (Note 16(c))	78,573	142,266
Payable on Cooperative scheme	18,860	15,953
	828,870	594,183

The carrying amount disclosed above reasonably approximates fair value at the reporting date. All amounts are payable within one year.

(a) Accruals	N'000	N'000
Audit fees	7,800	6,338
NAICOM Levy	132,528	115,000
Other Consultancy fees	10,566	6,000
Payable for acquision of motor vehicle	83,000	-
Payable for corporate gifts	10,567	40,000
	244,461	167,338

(b) Unclaimed Dividend Payable

This represents Unclaimed Dividend returned to the Company by Apel Capital & Trust Limited for investment as required by Securities and Exchange Commission.

	2021 N'000	2020 N'000
Balance at the beginning of the year	268,626	268,626
Refund from Registrar	218,350	-
Balance at the end of the year	486,976	268,626

(c) Other creditors include the following:	N'000	N'000
Paye-As-You-Earn (PAYE)	11,451	4,668
Witholding tax	10,304	18,481
Value added tax	775	16,202
National Housing Fund	6,982	5,980
Pension payable	13,990	29,827
Others	35,071	67,108
	78,573	142,266

17 Retirement Benefit Obligations

The Company has a defined benefit gratuity scheme covering its entire employees who have spent a minimum number of five years continuous service. The scheme is funded, therefore, no contribution is made to any fund.

(a) The amounts recognised in the income statement as Management expenses are as follows:

	2021 N'000	2020 N'000
Current service cost	145,702	111,902
Interest cost on benefit obligations	114,265	163,894
Total gratuity (Note 36(a))	259,967	275,796

(b)The amounts recognised in the statement of financial position at the reporting date representing the present value of the defined benefit obligations are as follows:

	N'000	N'000
Total defined benefit obligations	1,456,211	1,606,020

(c) Reconciliation of change in benefit obligation

The movement in the defined benefit obligations is as follows:	N'000	N'000
Balance at the beginning of the year	1,606,020	1,143,649
Current service cost	145,702	111,902
Interest cost	114,265	163,894
Benefits paid	(116,393)	(80,113)
Amount recognised in other comprehensive income(Note 17(d))	(293,383)	266,688
Balance at the end of the year	1,456,211	1,606,020

	N'000	N'000
Current	-	-
Non - Current	1,456,211	1,606,020

(d) Statement of other comprehensive income (OCI)

Actuarial gain/(loss) on liability during the year due to:	N'000	N'000
- Changes in assumptions	(114,442)	375,892
- Experience adjustment	(178,941)	(109,204)
Amount recognized in other comprehensive income (Note 25(b))	(293,383)	266,688

18 Taxation

(a) Per Statement of Financial Position

	N'000	N'000
Balance at the beginning of the year	388,993	416,199
Income tax for the year	18,454	10,149
Information Technology Development Levy (Note 18(b))	2,799	6,895
Police Fund Levy	14	35
Payment during the year	(156,833)	(44,285)
Balance at the end of the year	253,427	388,993

(b) Per Income Statement

	N'000	N'000
Income tax	-	8,324
Minumum tax	18,454	1,825
Police Fund Levy	14	35
Deferred tax (Note 19 (i))	-	-
	18,468	10,184
Information Technology Levy	2,799	6,895
	21,267	17,079

(c) Profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2021 N'000	2020 N'000
Profit before income tax	282,651	696,436
Tax calculated at the corporate tax rate	84,795	208,931
Effect of:		
Effect of other income not exempted from taxation	(2,468,566)	(2,245,500)
Effect of expenses that are not deductible in determining taxation profit	2,227,863	1,664,592
Effect of other expenses that are tax deductible in determining taxable profit	-	-
Total loss as per income tax computations	152,317	385,479
Effect of Information technology tax levy	2,799	6,896
National Information Tech Dev Fund Levy paid	(2,069)	(1,130)
Tertiary education tax	-	1,294
Minimum tax	18,454	8,727
Balancing Charge	5,660	562
Effect of Capital allowance on income tax	-	(12,937)
Effect of Deferred tax	-	-
Police Fund Levy	14	35
Total income tax expense in income statement	21,267	16,949
Effective tax rate	0.08	0.02

(i) The tax rate used for 2021 and 2020 reconciliation above is the corporate tax rate of 30% and 2.5% (2% in 2020) for tertiary education tax payable by corporate entities in Nigeria on taxable profits under tax laws in the Country, for the year ended 31 December 2021.

(ii) Tax charge for the year is based on minimum tax determined in accordance with the provisions of Companies Income Tax Act (CITA), CAP C21 LFN 2004 (as amended).

(d)Information Technology Development Levy

The Nigeria Information Technology Development Agency (NITDA) Act was signed into Law on 24 April, 2007. Section 12 (2a) of the Act stipulates that, specified Companies contribute 1% of their profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the Company has provided for NITDA levy at the specified rate.

19 Deferred Taxation

i) Deferred tax Liabilities

	N'000	N'000
Balance at the beginning of the year	99,110	177,534
Charge for the year (Note 18(b))	-	-
Assets revaluation reserve (Note 25(a))	6,200	(78,424)
Balance at the end of the year	105,310	99,110

As a result of accelerated rate of capital allowance, the carrying amount of the Company's property, plant and equipment at the statement of financial position date exceeded their corresponding tax written down value by N518,357,926(2020: N343,271,695) resulting to deferred tax liabilities of N155,507,378 (2020: N102,981,506) and deferred tax assets of N1,847,290,304 (2020: N1,602,363,189) resulting from capital allowance and fiscal loss. Movement of deferred tax assets of N1,683,691,000(2020: N1,570,828,000) was not recognised in the financial statements because there is no probability that the Company will be able to utilise it in the foreseable future. However, the defered tax on revaluation surplus on property, plant and equipment of N6.2million is recognised in other comprehensive income accordingly.

	Opening balance as at 1 January 2021	Recognized in net income	Recognized in OCI	Recognised directly in equity	Closing Balance at 31 December 2021
Deferred Tax Liabilities	N'000	N'000	N'000	N'000	N'000
Defered tax on revaluation surplus on property, plant and equipment	(73,424)	-	6,200	-	(67,224)
Difference between Carrying Value of PPE and TWDV	105,908	155,507	-	-	261,415
Unrealised Foreign Exchange Gains	109,436	131,221	-	-	240,657
Total	141,920	286,728	6,200	-	434,848
Deferred tax assets					
Loss on valuation of investment properties	8,348	-	-	-	8,348
Unutilised capital allowances	222,837	359,788	-	-	582,625
Increase in gratuity provision	-	75,097	-	-	75,097
Fiscal Losses C/fwd	1,383,217	1,535,534	-	-	2,918,751
Sub total	1,614,402	1,970,419	-	-	3,584,821
Deferred tax liabilities	(1,472,482)	(1,683,691)	6,200	-	(3,149,973)

20 Share Capital

	2021	2020
	000	000
Authorised		
Value		
Ordinary shares of 50k each	N10,000,000	N10,000,000
Number		
Ordinary shares of 50k each	20,000,000	20,000,000
(a) Issued and fully paid	000	000
Value		
Ordinary shares of 50k each (Note 20(b))	N916,793	N3,667,172
Number		
Ordinary shares of 50k each (Note 20(b))	1,833,586	7,334,344
Balance at the beginning of the year	3,667,172	3,667,172
Transfer to share premium upon share reconstruction (Note 21)	(2,750,379)	-
Balance at the end of the year	916,793	3,667,172

(b) At the Company's 39th Annual General Meeting held on 8 October 2019, the Company resolved that its issued and fully paid-up Share Capital of 7,334,343,421 Ordinary shares of 50kobo each be reconstructed in the ratio of One (1) new Ordinary share for every Four (4) Ordinary shares previously held by the shareholders of the Company. Upon regulatory approvals and consequent to the completion of the reconstruction exercise during the year, the Company's entire issued Share Capital of 7,334,343,421 Ordinary share of 50kobo each was delisted from the Nigeria Stock Exchange's official list and the 1,833,585,855 Ordinary share of 50kobo arising from the share capital reconstruction were listed.

With the completion of the Company's share capital reconstruction, the total issued and fully paid up share of the Company has now reduced from 7,334,343,421 to 1,833,585,855 ordinary shares of 50kobo each.

Subject to the restrictions imposed by the Companies and Allied Matters Act, 2020 the unissued shares are under the control of Directors.

21 Share Premium

	2021 N'000	2020 N'000
Balance at the beginning of the year	940,612	940,612
Transfer from share capital upon share reconstruction (Note 20(a))	2,750,379	-
Balance at the end of the year	3,690,991	940,612

Premium from the issue of shares are reported in share premium.

21.1 Deposit for shares

	N'000	N'000
	400,000	400,000
Additions during the year	3,100,000	-
Balance at the end of the year	3,500,000	400,000

The Company received a total sum of N3.5billion from her core Shareholders, Lagos State Government, towards the recapitalisation plan of the Company. N400million of the deposit for share was received in 2020 while the balance of N3.1billion was received during the year on 4 January 2021. This was included in the equity as a result of the commitment by the Lagos State Government that the deposit is strictly for the purchase of shares.

22 Statutory contingency reserve

	2021 N'000	2020 N'000
Balance at the beginning of the year	2,078,397	1,872,909
Transfer from revenue reserve (Note 23)	253,180	205,488
Balance at the end of the year	2,331,577	2,078,397

Statutory contingency reserve is calculated in accordance with the Insurance Act, a contingency reserve is credited with the greater of 3% of total premiums or 20% of profits for general business and 1% of total premiums or 10% of profits for life business. This shall accumulate until it reaches the amount of greater of minimum paid- up capital or 50 percent of net premium.

23 Retained earnings

	2021 N'000	2020 N'000
Balance at the beginning of the year	844,860	737,708
Profit for the year	261,384	679,357
Transfer to contingency reserve (Note 22)	(253,180)	(205,488)
Dividend paid	(183,359)	(366,717)
Balance at the end of the year	669,705	844,860

(a) On 26 August 2021, the shareholders declared a dividend of 10kobo per 50kobo share amounting to N183,359,000 during the Annual General Meeting.
The sum of N183,359,000 has been paid to the share holders whose names were registered in the Company's register of members at close of business on Thursday, 5 August, 2021.

(b) The Directors did not recommend dividend for the financial year ended 31 December 2021.

24 Fair value through other comprehensive income reserve

	2021 N'000	2020 N'000
Balance at the beginning of the year	458,098	458,098
Fair value loss during the year (Note 4.2(b))	(20,758)	-
Balance at the end of the year	437,340	458,098

(a) The fair value reserve shows the effect from the fair value measurement of financial instruments of the category available for sale.

Any gains or losses are not recognised in the comprehensive income statement until the asset has been sold or impaired.

25(a) Asset revaluation reserve	2021 N'000	2020 N'000
Balance at the beginning of the year	-	623,061
-accumulated depreciation (Note 12)	20,286	10,000
Revaluation surplus/(loss) (Note 12)	41,715	(784,236)
Revaluation surplus/(loss)	62,001	(151,175)
Transferred to deferred tax (Note 19)	(6,200)	78,424
Asset revaluation loss recognised in management expenses (Note 36)	-	72,751
Balance at the end of the year	55,801	-

(I) This represents change in depreciation of revalued property in line with International Accounting Standard (IAS 16).

(ii) This comprise cumulative fair value changes on valuation of leasehold land and building net of deferred tax liabilities.

25(b) Reserve on actuarial valuation of gratuity	2021 N'000	2020 N'000
Balance at the beginning of the year	586,907	320,219
Actuarial (gain)/loss (Note 17(d))	(293,383)	266,688
Balance at the end of the year	293,524	586,907

	Non Life Business								Life Business			2021	2020
26 Gross premium income	**Aviation N'000**	**Bonds N'000**	**Engineering N'000**	**Fire N'000**	**General Accident N'000**	**Marine N'000**	**Motor Accident N'000**	**Oil & Gas N'000**	**Group Life N'000**	**Individual life N'000**	**Annuity N'000**	**TOTAL N'000**	**TOTAL N'000**
Premium written	265,396	453,982	470,038	715,622	1,195,115	298,667	1,370,636	1,248,289	7,235,128	29,643	-	13,282,516	10,937,805
Movements in unexpired risks (Note 27)	(27,490)	(66,027)	(1,763)	(34,821)	17,408	9,875	(359,585)	(21,681)	(225,101)	-	-	(709,185)	27,662
Gross premium income	237,906	387,955	468,275	680,801	1,212,523	308,542	1,011,051	1,226,608	7,010,027	29,643	-	12,573,331	10,965,467
27 Movement in Unexpired risks													
Unexpired risk At 1 January	21,490	177,256	151,391	148,206	201,270	55,054	190,783	83,327	675,377	-	-	1,704,154	1,731,817
Unexpired risk At 31 December	(48,980)	(243,283)	(153,154)	(183,027)	(183,862)	(45,179)	(550,368)	(105,008)	(900,478)	-	-	(2,413,339)	(1,704,155)
Movement during the year	(27,490)	(66,027)	(1,763)	(34,821)	17,408	9,875	(359,585)	(21,681)	(225,101)	-	-	(709,185)	27,662

28 Reinsurance premium expenses	Aviation N'000	Bonds N'000	Engineering N'000	Fire N'000	General Accident N'000	Marine N'000	Motor Accident N'000	Oil & Gas N'000	Group Life N'000	Individual life N'000	Annuity N'000	TOTAL N'000	TOTAL N'000
Paid to reinsurance during the year	-	227,650	241,291	529,441	231,075	146,856	127,637	635,331	2,291,301	-	-	4,430,582	3,805,848
Changes in reinsurer's share of UPR	-	(49,754)	(12,544)	(18,818)	19,269	832	(12,747)	(7,677)	37,663	-	-	(43,776)	146,400
	-	177,896	228,747	510,623	250,344	147,688	114,890	627,654	2,328,964	-	-	4,386,806	3,952,248

(b) Reinsurance expenses of N4,430,582,000 was paid during the year, N1,406,709,785.00 was paid to the foreign insurers while N3,023,872,215.00 was paid to local insurers. In 2020 reinsurance expense stood at N3,805,848,000 (Foreign N1,221,373,000 - Local N2,586,098,000).

29 Fees and commission income

	2021 N'000	2020 N'000
Fees income arising from Reinsurance contracts (Note 29(a))	1,083,076	1,034,914

(a) Movement in Fees and Commission income

	2021 N'000	2020 N'000
Deferred commission at the beginning of the year	96,007	158,333
Fees and Commission Income received during the year	1,110,158	972,588
Fees and Commission Income earned during the year (Note 29)	(1,083,076)	(1,034,914)
Deferred commission at the end of the year (Note 15)	123,089	96,007

(b) Commission income on reinsurance premium is earned on premium ceded out, rate of which varies per product in line with the reinsurance agreement with respective reinsurers

30 Claims Expenses

	N'000	N'000
Gross Claims paid (Note 30(a))	8,987,537	4,289,616
(Decrease)/increase in outstanding claims (Notes 13.1(a) & 13.2(b))	(298,242)	1,078,935
Changes in IBNR (Notes 13.1(b) & 13.2(b))	(230,950)	290,818
Gross claims incurred during the year	8,458,345	5,659,369
Recoveries from Reinsurance (Note 30(c))	(4,090,574)	(2,413,322)
Net Claims expenses	4,367,771	3,246,047

(a) Claims Paid

Classes	N'000	N'000
Motor	137,366	91,171
Marine	28,059	58,758
Aviation	1,129	207
Fire	3,514,561	300,686
General Accident	328,099	564,185
Oil and Gas	175,803	945,848
Engineering	426,285	99,747
Bond	29,522	-
Individual Life business	-	5,084
Group Life business	4,346,713	2,223,930
	8,987,537	4,289,616

(b) Claims expenses consist of claims paid during the financial year together with the movement in the provision for outstanding claims.

(c) Recoveries from Reinsurance

	N'000	N'000
Receipt from reinsurance during the year	4,675,536	1,674,727
Changes in Reinsurance share of IBNR (Note 6.2)	(204,856)	(66,761)
Changes in Reinsurance share of Outstanding Claims (Note 6.3)	(380,106)	805,356
	4,090,574	2,413,322

31 Underwriting Expenses

	2021 N'000	2020 N'000
Commission expenses (Note 31(a) and Note 7)	1,613,840	1,093,156
Maintenance expenses (Note 31(c))	1,878,797	1,498,574
	3,492,637	2,591,730

(a) Commission expenses

	N'000	N'000
Commission paid during the year (Note 31(b) & Note 7)	1,549,452	1,303,413
Changes in deferred acquisition cost (Note 7)	64,388	(210,257)
	1,613,840	1,093,156

(b) Commission expenses

The analysis of commission expenses by business class is as follows:	N'000	N'000
Fire	142,115	133,462
General Accident	240,909	246,433
Motor	171,485	69,367
Oil & Gas	40,654	36,990
Marine	59,295	62,738
Aviation	25,647	9,892
Bond	85,221	57,631
Engineering	67,933	68,089
Group Life	716,193	618,811
	1,549,452	1,303,413

(c) Maintenance expenses

	N'000	N'000
Marketing expenses	1,220,251	909,682
Printing and stationery	109,415	106,904
Performance Bonus	-	4,275
Wages & salaries of Technical staff	352,757	269,990
Bond supervision fees	7,499	16,720
Superintendent fees	1,549	868
Tracking device	778	1,028
Engineering survey fees	18,706	9,211
Adminstrative charges	14,828	10,187
Medical expenses	-	68
Life agency expenses	45,106	49,571
Annuity expenses	107,908	120,070
	1,878,797	1,498,574

(d) Underwriting expenses consist of acquisition and maintenance expenses which include commission and policy expenses, proportion of staff cost.

Underwriting expenses for insurance contracts are recognised as expense when incurred.

32 Investment Income

	N'000	N'000
Dividend income	45,513	81,218
Interest from fixed deposit - annuity investments	16,804	162,517
Accrued interest capitalised on bonds (Note 4.3(a))	250,129	103,680
Interest from statutory deposit	20,056	89,161
	332,502	436,576
Interest earned on fixed deposits and treasury bills (Note 4.3(d))	323,664	115,671
	656,166	552,247

	2021	2020
(a) Investment Income	**N'000**	**N'000**
Attributable to Annuity fund holders	62,332	52,460
Attributable to Policy holders	362,082	304,738
Attributable to Share holders	231,752	195,049
	656,166	552,247

33 Fair Value gains

Investment properties	**N'000**	**N'000**
Fair Value gain/(loss) (Note 9)	406,170	(52,300)
Fair Value through Profit or Loss:		
Fair value gain (Note 4.1)	49,072	174,856
	455,242	122,556

34 Other Income

	N'000	N'000
Profit on sale of property,plant and equipment (Note 38)	7,565	1,873
Foreign exchange gains (Note 39)	618,064	865,453
Rental Income	19,151	7,073
Other sundry income	196,438	127,593
	841,218	1,001,992

(a) The foreign exchange gains was as a result of the revaluation of the currency in 2021.
The Company revalued its deposits and domiciliary account balances hence the exchange gain of N618million (2020 :N865million).

35 Gain on investment contract liabilities

	N'000	**N'000**
Investment income	55,540	85,244
Commission paid	(45,106)	(49,571)
Actuarial adjustment on Investment contract liabilities (Note 14)	(127,061)	(12,190)
Guaranteed interest (Note 14)	(17,938)	(17,275)
	(134,565)	6,208

36 Management Expenses

	N'000	N'000
Employee benefit expenses (Note 36(a))	1,392,314	1,429,702
Other management expenses (Note 36(b))	827,725	667,410
Directors expenses (Note 39)	454,485	330,110
AGM expenses	28,850	23,553
Auditors' fees (Note 39)	14,300	13,000
Share issued expenses	-	31,451
Reconstruction expenses	32,860	-
Insurance levy	135,525	110,000
Asset revaluation loss (Note 25(a))	-	72,751
Amortisation (Note 11)	500	500
Depreciation (Note 12)	304,073	221,914
	3,190,632	2,900,391

(a) Employee benefit expenses	N'000	N'000
Salaries and Wages	988,524	1,029,755
Medical Expenses	24,787	9,048
Staff Training	10,281	6,736
Nigeria Social Insurance Trust Fund & ITF	24,372	20,645
Employers' Pension Contribution	84,383	87,722
	1,132,347	1,153,906
Gratuity (Note 17(a))	259,967	275,796
	1,392,314	1,429,702

	2021 N'000	2020 N'000
(b) Other Management Expenses		
Travelling expenses	5,331	24,368
Asset maintenance	129,761	133,534
Levies and Subscriptions	69,115	41,941
Bank charges	33,405	22,696
Advertising	106,398	92,185
Office expenses	149,594	149,833
Professional fees	170,065	114,352
Office rent (Note 8(a))	23,380	25,547
Fines and Penalties	15,250	14,875
Back duty assessments	-	28,079
Donation	-	20,000
Other	125,426	-
	827,725	667,410

37 Allowance of expected credit losses	N'000	N'000
Allowance of credit losses - Cash (Note 3(a))	(365)	(5,325)
Allowance of credit losses - Fixed deposits and treasury bills (Note 4.3(e))	(1,897)	(1,642)
Write back/(allowance) of credit losses - Bonds (Note 4.3(e))	786	(4,863)
Allowance of credit losses - Staff loan (Note 8(d))	(4,330)	(6)
Allowance of credit losses - Other receivables (Note 8(f))	-	(62)
	(5,806)	(11,898)

38 Profit on disposal of Property, plant and Equipment	N'000	N'000
Cost (Note 12)	96,636	29,000
Accumulated depreciation (Note 12)	(79,658)	(29,000)
Carrying amount	16,978	-
Sale proceeds	24,543	1,873
Carrying amount (as above)	(16,978)	-
	7,565	1,873

39 Supplementary profit and loss information	N'000	N'000
(a) Profit before taxation is arrived at after charging:		
Amortisation of intangible asset (Note 11)	500	500
Depreciation of property, plant and equipment (Note 12)	304,073	221,914
Auditors' fees (Note 36)	14,300	13,000
Directors' expenses (Note 36)	454,485	330,110
and after crediting/charging:	N'000	N'000
Profit on disposal of property,plant and equipment (Note 34)	7,565	1,873
Gain/(loss) on investment properties (Note 33)	406,170	(52,300)
Foreign exchange gain (Note 34)	618,064	865,453

(b) BDO Professional Services was appointed to carry out only the Statutory audit of financial statements of the Company.

(c) Staff Costs

The average number of persons employed (excluding Directors) in the financial year and staff costs were as follows:

	Number	Number
Managerial	52	54
Senior	69	65
Junior	38	38
	159	157

(d) Employees Remunerated at Higher Rates

The number of employees in receipt of emoluments excluding allowance and pension within the following ranges were:

			2021 Number	2020 Number
N		N		
500,001	-	1,000,000	10	10
1,000,001	-	2,000,000	33	33
2,000,001	-	3,000,000	60	60
3,000,001	-	4,000,000	25	25
4,000,001	-	5,000,000	14	14
5,000,001	-	Above	17	15
			159	157

(e) Chairman's and Directors' Emoluments

	N'000	N'000
i Aggregate emoluments of the directors were:		
Directors Fees	13,091	10,233
Executive compensation	180,532	194,535
Other directors expenses	260,862	125,342
	454,485	330,110

ii The number of Directors excluding the Chairman whose emoluments were within the following ranges were:

			Number	Number
N		N		
Below	-	10,000,000	-	-
10,000,001	-	20,000,000	5	5
20,000,001	and	Above	3	3
			8	8

The Highest paid Director earned N64million in 2021 (2019:N81m)
Basic/Diluted earnings per share is calculated by dividing the results attributable to shareholders by the weighted average number of ordinary shares in issue and ranking for dividend.

40 Basic/Diluted earnings per ordinary share

	000	000
Net profit attributable to ordinary shareholders for basic and diluted EPS	N261,384	N679,357
Weighted average number of ordinary shares for EPS	1,833,586	7,334,344
Basic Earnings Per Share (kobo)	14.3	9.3
Diluted Basic Earnings Per Share (kobo)	14.3	9.3

(a)There have been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and date of completion of these financial statements.

41. Related party disclosures

(a)Related parties include the Board of Directors, the Managing Director, Deputy Managing Director, Finance Director, close family members and companies which are controlled by these individuals

(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 and entity over which control can be exercised. The key management personnel have been identified as the executive directors of the Company. Close members of family are those members who may be expected to influence or be influenced by that individual in their dealings with Lasaco Assurance Plc.

(c) Other related party

	Premium N'000	Claims N'000	Relationship
Lagos State Government	702,111	1,862,471	Indirect shareholding

42 Cash flow from Operating activities

	Notes	N'000	N'000
Operating profit before tax		282,651	696,436
Adjustment for non-operating items:			
Depreciation - Property, plant & equipment	12	304,073	221,914
Amortisation - Intangible assets	11	500	500
Profit on disposal of property and equipment	34	(7,565)	(1,873)
Fair value (gain)/loss on investment properties	9	(406,170)	52,300
Fair value loss on quoted investment	33	(49,072)	(174,856)
Accrued interest capitalised on bonds	32	(250,129)	(103,680)
Interest earned on fixed deposits and treasury bills	32	(323,664)	(115,671)
Write back of expected credit losses	4.3(e)	12,711	11,600
Asset revaluation loss	25(a)	-	72,751
Service & Interest cost on retirement benefit	17(a)	259,967	275,796
Investment Income	32	(332,502)	(436,576)
Cash flow before changes in working capital		(509,200)	498,641
Changes in operating assets and liabilities			
Decrease/(increase) in amount due from Insurance Brokers		20,993	(45,812)
Increase in receivable from Coinsurance companies		(135,331)	-
Decrease/(increase) in Reinsurance assets		425,923	(592,195)
Decrease/(increase) in Deferred acquisition cost		64,388	(210,257)
(Increase)/decrease in Other receivables and prepayments		(4,398)	279,952
Increase in Insurance contract liabilities		(118,420)	1,576,518
Increase in investment contract liabilities		149,945	71,673
(Decrease)/increase in Trade payables		(71,979)	25,813
Increase in Other payables		234,687	172,823
Net cash inflow from operating activities		56,608	1,777,156
Gratuity benefit to employees		(116,393)	(80,113)
Tax paid		(156,833)	(44,285)
Cash flow generated from in operating activities		(216,618)	1,652,758

43 Capital Commitments

The were no capital commiments at 31 December 2021 (2020: Nil)

44 Contingent liabilities

There were no material contingent liabilities as at 31 December 2021 (2020: Nil).

45 Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in the presentation of the current year financial statements.

46 Contingencies and commitments

(a)Legal Proceedings

The Company operates in the insurance industry and is subject to legal proceeding in the normal course of business. While it is not practicable to forecast or determine the final results of all pending or threatened legal proceedings, management does not believe that such proceedings (including litigation) will have a material effect on its results and financial position.

(b)Regulations

The Company is also subject to insurance solvency regulations in all the territories where it operates and has complied with all these solvency regulations. There are no contingencies associated with the Company's compliance or lack of compliance with such regulations.

(c)The directors are of the opinion that the Company will not incur any significant loss with respect to these claims and accordingly, no provision has been made in these financial statements.

47 Contravention of laws and regulations

The Company contravened certain laws and regulations during the year ended 31 December 2021. Details of the contraventions and the appropriate penalties are as follows:

Regulators	Description of penalty	Number of times	Year of contravention	Amount of penalty N'000
Securities and Exchange Commission	Late submission of 2020 Audited Financial Statements	1	2021	3,200
NGX Regulation Limited	Default in filing of the 2020 Audited Financial Statements (AFS) and Q1 Unaudited Financials Statements	1	2021	12,050
				15,250

48 Events after the reporting year

(i) No events or transactions have occurred since the financial position date, which would have a material effect on the financial statements at that date or which need to be mentioned in the financial statements.

(ii)In compliance with the requirements of Financial Reporting Council of Nigeria(FRC) and the Institute of Chartered Accountants of Nigeria (ICAN) in respect of COVID-19, the Directors have assessed the impact of COVID-19 on the financial statements as a whole and are of the opinion that it has no material effect.

49 Segment information

The Company is organised into two operating segments. These segments distribute their products through various forms of brokers, agencies and direct marketing programs. These segments and their respective operations are as follows:

Non-Life: This segments covers the protection of customers' assets (particularly their properties, both for personal and commercial business) and indemnification of other parties that have suffered damage as a result of customers' accidents. All contracts in this segment are short-term in nature. Revenue in this segment is derived primarily from insurance premium, investment income, net realized gains on financial assets, and net fair value gains on financial assets at fair value through profit or loss.

49.1 Segment profit or loss and other comprehensive income

	Non-Life	Life	2021	Non-Life	Life	2020
	N'000	N'000	N'000	N'000	N'000	N'000
Gross premium written	6,017,745	7,264,771	13,282,516	4,691,566	6,246,239	10,937,805
Unearned premium	(484,084)	(225,101)	(709,185)	100,081	(72,419)	27,662
Gross premium income	5,533,661	7,039,670	12,573,331	4,791,647	6,173,820	10,965,467
Reinsurance expenses	(2,057,842)	(2,328,964)	(4,386,806)	(2,030,890)	(1,921,358)	(3,952,248)
Net premium income	3,475,819	4,710,706	8,186,525	2,760,757	4,252,462	7,013,219
Commission income	463,468	619,608	1,083,076	436,647	598,267	1,034,914
Net underwriting income	3,939,287	5,330,314	9,269,601	3,197,404	4,850,729	8,048,133
Claims expenses (net)	1,469,687	2,898,084	4,367,771	1,239,797	2,006,250	3,246,047
Underwriting expenses	1,727,456	1,765,181	3,492,637	977,939	1,613,791	2,591,730
Changes in Life fund	-	(9,990)	(9,990)	-	29,853	29,853
Changes in Annuity fund	-	(288,423)	(288,423)	-	204,574	204,574
Total underwriting expenses	3,197,143	4,364,852	7,561,995	2,217,736	3,854,468	6,072,204
Underwriting profit	742,144	965,462	1,707,606	979,668	996,261	1,975,929
(Loss)/gain on investment contract liabilities	-	(134,565)	(134,565)	-	6,208	6,208
Fair value gain on assets	451,073	4,169	455,242	146,948	(24,392)	122,556
Investment income	430,180	225,986	656,166	293,225	259,022	552,247
Other income	623,246	217,972	841,218	659,026	342,966	1,001,992
Management expenses	(2,093,202)	(1,097,430)	(3,190,632)	(1,831,809)	(1,068,582)	(2,900,391)
Impairment of assets	-	(46,578)	(46,578)	(3,629)	(46,578)	(50,207)
(Allowance)/write back of expected credit losses	(6,837)	1,031	(5,806)	(7,460)	(4,438)	(11,898)
Profit before taxation	146,604	136,047	282,651	235,969	460,467	696,436
Information Technology	(1,452)	(1,347)	(2,799)	(3,112)	(3,783)	(6,895)
Income tax	(16,616)	(1,852)	(18,468)	(8,340)	(1,844)	(10,184)
Profit for the year	128,536	132,848	261,384	224,517	454,840	679,357

49.2 Segment Statement of financial Position

	2021 Non-Life	2021 Life	2021 Elimination of Inter business balances	2021 Total	2020 Non-Life	2020 Life	2020 Elimination of Inter Company balances	2020 Total
Assets	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and cash equivalents	6,694,820	2,743,185		9,438,005	2,773,114	2,638,558		5,411,672
Financial Assets:								
- At fair value through profit or loss	905,150	87,894		993,044	852,901	91,071		943,972
- At amortised cost	1,527,509	2,094,800		3,622,309	1,622,922	2,715,258		4,338,180
- At fair value through other comprehensive income	227,340	63,437		290,777	248,100	63,435		311,535
Trade receivables	86,024	144,914		230,938	33,713	82,887		116,600
Reinsurance assets	1,410,346	1,084,224		2,494,570	1,489,447	1,431,046		2,920,493
Deferred acquisition costs	221,125	110,469		331,594	330,282	65,700		395,982
Other receivables and prepayments	162,951	2,740,695	(2,603,633)	300,013	91,794	2,412,924	(2,209,103)	295,615
Investment property	3,430,000	174,045		3,604,045	3,026,001	166,699		3,192,700
Investment in subsidary	2,000,000	-	(2,000,000)	-	2,000,000	-	(2,000,000)	-
Statutory deposit	320,150	215,000		535,150	320,150	215,000		535,150
Intangible assets	19	-		19	519	-	-	519
Property, plant and equipment	2,080,936	36,847		2,117,783	2,024,688	49,632		2,074,320
Total Assets	19,066,370	9,495,510	(4,603,633)	23,958,247	14,813,631	9,932,210	(4,209,103)	20,536,738
Liabilities And Shareholders' Equity								
Liabilities								
Insurance contract liabilities	3,567,734	4,586,402		8,154,136	3,557,654	4,714,902		8,272,556
Investment contract liabilities	-	1,076,506		1,076,506	-	926,561		926,561
Trade payables	637,957	137,147		775,104	290,129	556,954		847,083
Other payables and accruals	3,358,237	74,266	2,603,633	828,870	2,713,728	89,558	2,209,103	594,183
Retirement Benefit Obligations	1,283,394	172,817		1,456,211	1,434,766	171,254		1,606,020
Income tax liabilities	135,134	118,293		253,427	272,874	116,119		388,993
Deferred tax liabilities	89,734	15,576		105,310	83,534	15,576		99,110
Total Liabilities	9,072,190	6,181,007	2,603,633	12,649,564	8,352,685	6,590,924	2,209,103	12,734,506
Shareholders' Equity								
Share capital	916,793	2,000,000	2,000,000	916,793	3,667,172	2,000,000	2,000,000	3,667,172
Share premium	3,690,991	-	-	3,690,991	940,612	-	-	940,612
Deposit for shares	3,500,000			3,500,000	400,000	-		400,000
Contingency reserves	1,902,079	429,498		2,331,577	1,721,548	356,849		2,078,397
Retained earnings	(91,643)	761,348		669,705	(39,646)	884,506		844,860
FVOCI reserves	309,257	128,083		437,340	330,015	128,083		458,098
Revaluation reserves	55,801	-		55,801	-	-		-
Reserve on actuarial valuation of gratuity	(289,098)	(4,426)		(293,524)	(558,755)	(28,152)		(586,907)
Total Equity	9,994,180	3,314,503	2,000,000	11,308,683	6,460,946	3,341,286	2,000,000	7,802,232
Total Liabilities And Shareholders' Equity	19,066,370	9,495,510	4,603,633	23,958,247	14,813,631	9,932,210	4,209,103	20,536,738

50 Hypothecation

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

	Policy Holders' Fund					Shareholders' Fund	
	Non-Life	Life				TOTAL	TOTAL FUNDS
AS AT DECEMBER 2021		Life	Annuity	DA	Total		
	N'000	N'000	N'000	N'000		N'000	
COMPANY							
Cash and cash equivalents	4,346,710	2,509,347	394,392	168,325	7,418,774	2,019,231	9,438,005
Financial Assets:	-				-		-
- At fair value through profit or loss	-	-	-	-	-	993,044	993,044
- At amortised cost	986,711	580,492	429,327	1,084,981	3,081,511	540,798	3,622,309
- At fair value through other comprehensive income	-	-	-		-	290,777	290,777
Trade receivables	86,024	144,914			230,938		230,938
Reinsurance assets	1,410,346	1,084,224			2,494,570		2,494,570
Other receivables and prepayments	-	-			-	300,013	300,013
Investment property	407,000	174,045			581,045	3,023,000	3,604,045
Statutory deposit	-				-	535,150	535,150
Intangible assets	-				-	19	19
Property, plant and equipment	-				-	2,117,783	2,117,783
Total Assets	7,236,791	4,493,022	823,719	1,253,306	13,806,838	9,819,815	23,626,653
Liabilities:							
Insurance contract liabilities	3,567,734	3,786,599	799,803	-	8,154,136	-	8,154,136
Investment contract liabilities	-	-	-	1,076,506	1,076,506	-	1,076,506
Trade payables	-	-	-	-	-	775,104	775,104
Other payables and accruals	-	-	-	-	-	828,870	828,870
Retirement Benefit Obligations	-	-	-	-	-	1,456,211	1,456,211
Income tax liabilities	-	-	-	-	-	253,427	253,427
Deferred tax liabilities	-	-	-	-	-	105,310	105,310
Related Companies Loans	-	-	-	-	-	-	-
Total Liabilities	3,567,734	3,786,599	799,803	1,076,506	9,230,642	3,418,922	12,649,564
Related Companies Loans							
Assets Cover	3,669,057	706,423	23,916	176,800	4,576,196	6,400,893	10,977,089

51 Capital Management Policy

The Company's objectives with respect to capital management are to maintain a capital base that is structured to exceed regulatory stipulations and to best utilize capital allocations.

Insurance industry regulator measures the financial strength of Composite insurers using a solvency margin model, NAICOM generally expect composite insurers to comply with this capital adequacy requirement. This test compares insurers' capital against the risk profile. The regulator stipulates that insurers should produce a minimum solvency margin of 100%. During the year, the Company has consistently exceeded this minimum. The regulator has the authority to request more extensive reporting and can place restrictions on the Company's operations if the Company falls below this requirement as deemed necessary.

The Company further developed an internal capital adequacy model that assesses the risk of assets, policy liabilities and other exposures by applying various factors. The model calculates the capital required for each class of the broad risks identified by the Company and aggregates through co-variance methodology that considers the relationship between these risk categories.

The Company's objectives when managing capital are as follows:

- To ensure that capital is, and will continue to be, adequate for the safety, soundness and stability of the Company;
- To generate sufficient capital to support the Company's overall business strategy;
- To ensure that the Company meets all regulatory capital ratios and the prudent buffer required by the Board;
- To ensure that the average return on capital over a 3 -5 years performance cycle is sufficient to satisfy the expectations of investors;
- To maintain a strong risk rating;
- To ensure that capital allocation decisions are optimal, considering the return on economic and regulatory capital;
- To determine the capital required to support each business activity based on returns generated on capital to facilitate growth/expansion of existing businesses (i.e. capital allocation);
- To establish the efficiency of capital utilization.

(a) Minimum Capital Requirement

The Company complied with the minimum capital requirement of N5billion for Composite operations. This is shown under Shareholders' Fund in the Statement of Financial Position.

(b) Solvency Status

The Company met the criteria for solvency margin as stated in section 24(1) of the Insurance Act, CAP I17, LFN 2004, the solvency margin maintained is N8,651,914,000.

(c) Capital Adequacy Test

Based on the capital adequacy calculation below, LASACO Assurance Plc has a surplus of N6.20 billion.

	2021	
	N'000	N'000
Shareholders' fund as per Statement of Financial Position		11,308,683
Less:		
Intangible Assets	(19)	
Deferred tax liability	(105,310)	
		(105,329)
Capital base		11,203,354

Management uses regulatory capital ratios to monitor its capital base. Based on the capital base computed above, the Company's capital base is above the minimum capital requirement of N5 billion specified by NAICOM.

(d) DETERMINATION OF SOLVENCY MARGIN	2021 N'000	Inadmissible N'000	Admissible N'000	2020 N'000
ASSETS				
Cash and cash equivalents	9,438,005	-	9,438,005	5,411,672
Financial assets				
-FVTPL	993,044	-	993,044	943,972
-FVOCI	290,777	-	290,777	311,535
-Amortised Cost	3,622,309	-	3,622,309	4,338,180
Trade receivables	230,938	-	230,938	116,600
Reinsurance assets	2,494,570	-	2,494,570	2,920,493
Deferred acquisition costs	331,594	-	331,594	395,982
Other receivables	300,013	(262,311)	37,702	40,262
Investment in Properties	3,604,045	(1,937,378)	1,666,666	2,149,366
Statutory deposit	535,150	-	535,150	535,150
Property, plant and equipment	2,117,783	(1,292,240)	825,543	865,323
Intangible assets	19	-	19	-
Admissable assets	23,958,247	(3,491,929)	20,466,317	18,028,535
LIABILITIES				
Insurance contract liabilities	8,154,136	-	8,154,136	8,272,556
Investment contract liabilities	1,076,506	-	1,076,506	926,561
Trade payables	775,104	-	775,104	847,083
Other payables and accruals	828,870	-	828,870	594,183
Retirement benefits obligations	1,456,211	-	1,456,211	1,606,020
Income tax liabilities	253,427	-	253,427	388,993
Deferred tax liabilities	105,310	(105,310)	-	-
Admissible liabilities	12,649,564	(105,310)	12,544,254	12,635,396
Solvency margin		(3,386,619)	7,922,063	5,393,139
Minimum share capital		-	5,000,000	5,000,000
Surplus in solvency margin		3,386,619	2,922,063	393,139
Percentage of solvency			37%	7%

The Company's capital requirement ratio and Solvency margin is above the requirements of the Insurance Act CAP I17, LFN 2004.

52 Financial Risk Management

Credit risk

The Company is exposed to the following categories of credit risk:
Direct Default Risk – the risk of non- receipt of the cash flows or assets to which it is entitled because brokers, clients and other debtors default on their obligations

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

Counterparty Risk – this is the risk that a counterparty is not able or willing to meet its financial obligations as they fall due.

The Company therefore ensures the establishment of principles, policies and processes and structure for the management of credit risk.

The credit risk appetite is in line with the Company's strategic objectives, available resources and the provisions of NAICOM Operational Guidelines. In setting this appetite/tolerance limits, the corporate solvency level, risk capital and liquidity level , credit ratings, level of investments, reinsurance and coinsurance arrangements, and nature and categories of its clients, are taken into consideration.

The credit risk management governance structure comprises the board of Directors, Executive Risk Management ERM Committee, management risk committee, technical operations department, risk management department and the internal audit department.

The Board risk Committee has the responsibility of ensuring that an appropriate, adequate and effective system of risk management and internal control which addresses credit control is established and maintained.

RISK MANAGEMENT FRAMEWORK

The Credit Risk Management process involves the identification, measurement, mitigation and control, monitoring and reporting credit risk.

The credit control unit identifies the credit risk by, amongst other functions assessing/evaluating the repayment capacity of clients/counterparties, credit policyholders, insurance brokers, etc. The evaluation entails the analysis of counterparties' financial statements cash flow, management experience and other client risk factors.

An internal credit rating scale is in place to measure the counterparty credit risk. All clients and counterparties that are to be granted credit shall be rated using the Company's risk-rating model.

The risk model comprises :

Client/counterparty risk rating: This evaluates a client's ability to meet its credit obligations, through analysis of its financial statements, cash flow statement, management capabilities and other client related risk factors.

Transaction risk rating: This defines the risk of a specific credit line by overlaying the counterparty risk rating with an analysis of factors such as credit structure and collaterals (e.g. guarantees, and equitable and legal mortgages).
The following risk mitigation and control activities are in place to effectively manage exposures to default risk: client evaluation, credit analysis, credit limit setting, credit approval, Security management and provision for impairment.

The quality and performance of credit portfolios is monitored to identify early signs of decline in credit quality. Such activities include the review of ageing report, credit portfolio quality and delinquency management.

A Company credit risk policy which sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Net exposure limits are set for each counterparty or Company of counterparties, geographical and industry (i.e., limits are set for investments and cash deposits).

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy, ascertaining suitable allowance
for impairment.

The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long–term credit ratings.

The credit risk in respect of customer balances incurred on non–payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.

Impairment assessment (Policy applicable from 1 January 2018)
The Company's ECL assessment and measurement method is set out below.
Significant increase in credit risk, default and cure

Financial Risk Management continued

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due, In addition, the Company also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:
The Company's process to assess changes in credit risk is multi-factor and has three main elements (or 'pillars'):
• quantitative element (i.e. reflecting a quantitative comparison of PD at the reporting date and PD at initial recognition);
• a qualitative element; and
• 'backstop' indicators

Quantitative elements

The quantitative element is the primary indicator of significant increases in credit risk, with the qualitative element playing a secondary role. The quantitative element is calculated based on the change in lifetime PDs by comparing:
• the remaining lifetime PD as at the reporting date; with
• the remaining lifetime PD for this point in time that was estimated based on facts and circumstances at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations)

Definition of default

A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place.
• The Company considers that the obligor is unlikely to pay its credit obligations to the Company in full, without recourse by the insurer to actions such as realising security (if held).
• The obligor is past due more than 90 days on any material credit obligation to the Company.

The elements to be taken as indications of unlikeliness to pay include:
- The insurer puts the credit obligation on non-accrued status.
- The insurer makes a charge-off or account-specific provision resulting from a significant perceived decline in credit quality subsequent to the bank taking on the exposure.
- The insurer sells the credit obligation at a material credit-related economic loss.
- The insurer consents to a distressed restructuring of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness, or postponement, of principal, interest or (where relevant) fees

Qualitative elements

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

Backstop indicators

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

Expected credit losses

The Company assesses the possible default events within 12 months for the calculation of the 12mECL and lifetime for the calculation of LTECL. 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 varies for different instruments. In cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

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 using days past due and assessing other information obtained externally.
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 Company also reviews changes in Bond yields together with available press and

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

The Company has assumed that the credit risk of a financial asset has not increased significantly since the initial recognition if the financial asset has low credit risk at reporting date. The Company considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

Financial Risk Management continued

As a back stop, the Company considers that a significant increase in credit risk occurs no later than when the asset is more than 30 days past due. Days past due are determined by counting the numbers of days since the earliest elapsed due date in respect of which full payments has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

The Company monitors the effectiveness of the criteria used to identify significant increase in credit risk by regular reviews to confirm that:

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

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

53 Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.3 Summary of significant accounting policies in Note 1.4 ,Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Trading Economies). 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 as at 31 December 2019 and 31 December 2020.

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.

Key drivers	ECL scenario	Assigned probability	2022	2023	2024	2025
31-Dec-21						
Inflation Rate	Upturn	81%	38.6	39.1	40.26	39.4
	Base-case	77%	41.97	42.5	43.63	42.88
	Downturn	9%	45.1	45.63	46.76	45.97
Unemployment Rate	Upturn	10%	30.98	31	32	38
	Base-case	81%	33	34.2	34.75	37.94
	Downturn	9%	33.23	34.75	36.08	33.23
Crude oil Price (USD per barrel)	Upturn	10%	59.2	63.59	65.93	65.93
	Base-case	81%	55.77	60.16	62.5	62.5
	Downturn	9%	50.56	54.95	57.3	57.3
1-Jan-20	ECL scenario	Assigned probability	2021	2022	2023	2024
Inflation Rate	Upturn	10%	15.5	15.8	15.76	15.77
	Base-case	77%	11.31	10	11	10.85
	Downturn	13%	12.1	10.79	11.79	11.64
Unemployment Rate	Upturn	10%	30.98	30.98	30.98	30.98
	Base-case	77%	33	33	33	33
	Downturn	13%	33.23	33.23	33.23	33.23
Crude oil Price (USD per barrel)	Upturn	10%	58.39	59.68	65.93	65.93
	Base-case	77%	54.96	56.25	62.5	62.5
	Downturn	13%	49.8	51.05	57.3	57.3

The following tables outline the impact of multiple scenarios on the allowance:

31 December 2021 In thousand of Nigerian Naira		Cash and cash equivalents	Debt Instruments at amortised cost	Other receivables
Upside	10%	4,215	2,115	74
Base	80%	28,754	19,442	328
Downside	11%	3,458	3,258	75
Total		36,427	24,815	477

1 January 2021 In thousand of Nigerian Naira	Cash and cash equivalents	Debt Instruments at amortised cost	Other receivables
Upside	2,193	1,943	56
Base	19,190	17,002	488
Downside	2,787	2,469	70
Total	24,170	21,414	614

Exposure to credit risk

The tables below show the maximum exposure to credit risk by class of financial assets.

In thousand of Nigerian Naira	Note	**2021**	**2020**
Cash and cash equivalents	3	9,438,005	5,411,672
Debt instrument at amortised cost	4.3	3,622,309	4,338,180
Other receivable(excluding prepayment)	8	286,257	285,355
		13,346,571	10,035,207

The amount reported above is gross exposure recognised on cash and cash equivalents, debt instruments at amortised cost and other receivables.

Other receivables excluding prepayment N286million (2020:N285million) out of which N30 million relate to deposit for land as these are not financial instruments.

In measuring credit risk of other receivables to various counterparties, the Company considers the character and capacity of the obligor to pay or meet contractual obligations, current exposures to the counter party/obligor and its likely future developments, credit history of the counterparty/obligor; and the likely recovery ratio in case of default obligations. The Company's policy is to lend principally on the basis of staff's repayment capacity through quantitative and qualitative evaluation.

Analysis of risk Concentration
The Company's concentrations of risk are managed by client/counterparty, and industry sector. The maximum credit exposure to any client or counterparty as of 31 December 2020 was N6.45bn (2019: N8.4 Billion).
The following table shows the risk concentration by industry for the components of the statement of

Industry analysis

31 December 2021 In thousand of Nigerian Naira	Financial services	Government	Others	Total
Cash and cash equivalents	9,438,005	-	-	9,438,005
Debt instruments at amortised cost	768,609	2,853,700	-	3,622,309
Other receivable(excluding prepayment)	-	-	286,257	286,257
	10,206,614	2,853,700	286,257	13,346,571

31 December 2020 In thousand of Nigerian Naira	Financial services	Government	Others	Total
Cash and cash equivalents	5,411,672	-	-	5,411,672
Debt instruments at amortised cost	1,066,430	3,271,750	-	4,338,180
Other receivable(excluding prepayment)	-	-	285,355	285,355
	6,478,102	3,271,750	285,355	10,035,207

54 RISK MANAGEMENT FRAMEWORK

The operations of the Company are subject to regulatory requirements within Nigeria. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive reserves (e.g., contingency reserve, limits on recognition of revaluation reserves for solvency purposes and distribution to shareholders of actuarial surpluses) to minimise the risk of default and insolvency on the part of insurance companies and to meet unforeseen liabilities as they arise.

The principal technique of the Company's Assets and Liabilities matching ALM is to match assets to the liabilities arising from insurance and investment contracts by reference to the type of benefits payable to contract holders. For each distinct category of liabilities, a separate portfolio of assets is maintained.

The Company's ALM is integrated with the management of the financial risks associated with the Company's other financial assets and liabilities not directly associated with insurance and investment liabilities. An integral part of the insurance risk management policy is to ensure, in each year, sufficient cash flow is available to meet liabilities arising from insurance and investment contracts.

Insurance Risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

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

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. The Company's retention limit is presently ₦10million on any one life (Subject to change from time to time).

Underwriting risk appetite is defined based on underwriting objectives, business acceptance guidelines, retention guidelines, net retention capacity, annual treaty capacity, regulatory guidelines, other operational considerations and the judgement of the board and senior management.

Each year, as part of the planning process, the Executive Risk Management (ERM) committee and senior management review the underwriting strategy of core insurance businesses taking into account profit, growth and risk appetite considerations. The review is carried out for each major class of business and approved by the committee.

55. RISK MANAGEMENT FRAMEWORK

Life Insurance Contracts

Life insurance contracts offered by the Company include: whole life and term assurance; Whole life and term assurance are conventional regular premium products whereas lump sum benefits are payable in the event of death or permanent disability.

Death benefits of endowment products are subject to a guaranteed minimum amount. The maturity value usually depends on the investment performance of the underlying assets.

Mortality risk – risk of loss arising due to policyholders' death experience being different from expected;
Morbidity risk – risk of loss arising due to policyholder health experience being different from expected;
Longevity risk – risk of loss arising due to the annuitant living longer from expected;
Investment return risk – risk of loss arising from actual returns being different from expected;
Expense risk – risk of loss arising from expense experience being different from expected
Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different from expected.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured or by industry.

The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Company has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs. The Company further enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

For contracts when death or disability is the insured risk, the significant factors that could increase the overall frequency of claims are epidemics, widespread changes in lifestyle and natural disasters, resulting in earlier or more claims than expected. Company's wide reinsurance limit of N10,000,000 (ten million naira) on any single life insured is in place.

The insurance risk described above is also affected by the contract holder's right to pay reduced premiums or no future premiums, to terminate the contract completely or to exercise guaranteed annuity options. As a result, the amount of insurance risk is also subject to contract holders' behaviour.

Key Assumptions

Material judgment is required in determining the liabilities and in the choice of assumptions. Assumptions in use are based on past experience, current internal data, external market indices and benchmarks which reflect current observable market prices and other published information. Assumptions and prudent estimates are determined at the date of valuation and no credit is taken for possible beneficial effects of voluntary withdrawals. Assumptions are further evaluated on a continuous basis in order to ensure realistic and reasonable valuations.

The key assumptions to which the estimation of liabilities is particularly sensitive are as follows:

Mortality and morbidity rates

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the expenditure and reduce profits for the shareholders.

Longevity

Assumptions are based on standard industry and national tables, adjusted when appropriate to reflect the Company's own risk experience. An appropriate but not excessive prudent allowance is made for expected future improvements. Assumptions are differentiated by sex, underwriting class and contract type.

An increase in longevity rates will lead to an increase in the number of annuity payments made, which will increase the expenditure and reduce profits for the shareholders.

Investment return

The weighted average rate of return is derived based on a model portfolio that assumed to back liabilities, consistent with the long–term asset allocation strategy. These estimates are based on current market returns as well as expectations about future economic and financial developments.An increase in investment return would lead to a reduction in expenditure and an increase in profits for the shareholders.

Expenses

Operating expenses assumptions reflect the projected costs of maintaining and servicing in–force policies and associated overhead expenses. The current level of expenses is taken as an appropriate expense base, adjusted for expected expense inflation if appropriate.

An increase in the level of expenses would result in an increase in expenditure thereby reducing profits for the shareholders.

Lapse and surrender rates

Lapses relate to the termination of policies due to non–payment of premiums. Surrenders relate to the voluntary termination of policies by policyholders. Policy termination assumptions are determined using statistical measures based on the Company's experience and vary by product type, policy duration and sales trends. An increase in lapse rates early in the life of the policy would tend to reduce profits for shareholders, but later increases are broadly neutral in effect.Life insurance liabilities are determined as the sum of the discounted value of the expected benefits and future administration expenses directly related to the contract, less the discounted value of the expected theoretical premiums that would be required to meet these future cash outflows. Discount rates are based on current industry risk rates, adjusted for the Company's own risk exposure.

A decrease in the discount rate will increase the value of the insurance liability and therefore reduce profits for the shareholders.

Non–life insurance contracts (which comprise general insurance)

The Company principally issues the following types of general insurance contracts: motor, fire, marine and aviation, Oil and Gas, General Accidents, bonds etc.

Risks under non–life insurance policies usually cover twelve months duration.

For general insurance contracts, the most significant risks arise from climate changes, natural disasters and terrorist activities. For longer term claims that take some years to settle, there is also inflation risk. For healthcare contracts the most significant risks arise from lifestyle changes, epidemics and medical science and technology improvements.

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured and by industry.

The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography.

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

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

The purpose of these underwriting and reinsurance strategies is to limit exposure to catastrophies based on the Company's risk appetite as decided by the Board. The overall aim is currently to restrict the impact of a single catastrophic event to approximately 40% of shareholders' equity on a gross basis and 10% on a net basis. In the event of such a catastrophe, counterparty exposure to a single reinsurer is estimated not to exceed 2% of shareholders' equity. The Board may decide to increase or decrease the maximum tolerances based on market conditions and other factors.

TABLE 1

The table below sets out the concentration of non–life insurance contract liabilities by type of contract:

	30-Dec-21			31-Dec-20		
	Gross liabilities	Reinsurance liabilities	Net liabilities	Gross liabilities	Reinsurance liabilities	Net liabilities
	N'000	N'000	N'000	N'000	N'000	N'000
Motor	765,911	688,718	77,193	297,672	36,060	261,612
Fire	733,155	357,201	375,954	456,550	298,673	157,877
General accident	484,129	326,287	157,842	694,374	170,429	523,945
Marine and aviation	293,459	206,803	86,656	281,076	96,986	184,090
Engineering	257,085	114,507	142,578			
Bond	285,812	145,304	140,508			
Oil and gas	748,109	433,827	314,282	1,195,415	577,563	617,852
Total	3,567,731	2,272,647	1,295,013	2,925,087	1,179,711	1,745,376

Key assumptions

The principal assumption underlying the liability estimates is that the Company's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example: one–off occurrence, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement.

Sensitivities

The non–life insurance claim liabilities are sensitive to the key assumptions that follow. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear.

RISK MANAGEMENT FRAMEWORK

Claims development table

The following tables show the estimates of cumulative incurred claims, including both claims notified and incurred but not reported IBNR for each successive accident year at each reporting date, together with cumulative payments to date.

Incremental Chain Ladder (Table of claims paid (Attritional and Large Loss))

General Accident

	Incremental Chain ladder-Yearly Projections (₦'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2007	51,680	20,097	28,872	3,949	1,152	510	23	-	-	-	-	-
2008	37,890	86,934	24,905	8,205	1,452	335	121	-	309	-	-	-
2009	7,682	41,592	12,565	16,820	3,025	331	949	359	-	-	-	-
2010	53,634	32,424	37,707	4,326	4,198	3,937	1,098	-	-	11	-	-
2011	7,543	83,732	9,051	1,742	1,521	2,359	323	524	-	12	-	-
2012	14,973	35,452	12,670	5,089	5,418	93	745	8	-	-	-	-
2013	29,394	59,900	13,072	6,160	2,221	4,378	2,823	472	429	-	-	-
2014	13,081	38,651	14,986	9,175	1,164	1,327	1	1	-	-	-	-
2015	27,147	50,969	5,873	4,693	860	93	1	-	-	-	-	-
2016	26,889	52,538	13,609	754	9,176	1,082	-	-	-	-	-	-
2017	35,731	112,105	29,351	66,043	26,776	-	-	-	-	-	-	-
2018	99,035	62,839	102,910	51,303	-	-	-	-	-	-	-	-
2019	83,784	223,710	58,888	-	-	-	-	-	-	-	-	-
2020	137,189	115,502	-	-	-	-	-	-	-	-	-	-
2021	74,116	-	-	-	-	-	-	-	-	-	-	-

Fire

	Incremental Chain ladder-Yearly Projections (₦'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2007	7,151	10,345	-	-	486	-	-	-	-	-	-	-
2008	18,226	22,885	4,198	30	120	-	-	-	-	-	-	-
2009	371	2,426	2,254	-	-	-	-	-	-	-	-	-
2010	20,216	3,804	6,026	-	-	-	-	-	-	-	-	-
2011	3,068	7,547	22,065	643	-	32	-	-	-	-	-	-
2012	3,271	81,229	26,436	-	8	-	-	-	-	-	-	-
2013	66,259	36,758	20,556	7,027	65	-	-	-	-	-	-	-
2014	3,800	27,094	18,987	3,372	123	-	-	-	-	-	-	-
2015	11,748	65,749	347	-	-	-	-	-	-	-	-	-
2016	28,566	7,249	900	1,150	12	-	-	-	-	-	-	-
2017	19,369	14,333	1,024	1,029	-	-	-	-	-	-	-	-
2018	20,856	7,272	3,523	457	-	-	-	-	-	-	-	-
2019	54,521	47,904	43,036	-	-	-	-	-	-	-	-	-
2020	56,007	215,437	-	-	-	-	-	-	-	-	-	-
2021	75,112	-	-	-	-	-	-	-	-	-	-	-

Motor

	Incremental Chain ladder-Yearly Projections (₦'000)											
Accident year	1	2	3	4	5	6	7	8	9	10	11	12
2007	20,122	42,854	3,188	89	-	-	-	-	-	-	-	-
2008	52,955	31,062	4,449	-	-	-	-	-	-	-	-	-
2009	39,320	24,510	4,282	9	-	-	-	-	-	-	-	-
2010	26,865	22,437	1,025	-	-	-	-	-	-	-	-	-
2011	30,697	13,078	85	-	-	20	-	-	-	-	-	-
2012	28,314	18,949	38	-	20	-	-	-	-	-	-	-
2013	26,216	12,399	1,642	1,011	826	-	-	-	-	-	-	-
2014	32,065	12,265	980	320	-	-	-	-	-	-	-	-
2015	23,700	5,959	237	-	455	-	-	-	-	-	-	-
2016	34,675	11,519	314	-	-	-	-	-	-	-	-	-
2017	40,501	13,619	-	-	-	-	-	-	-	-	-	-
2018	60,413	14,310	342	-	-	-	-	-	-	-	-	-
2019	51,660	18,027	899	-	-	-	-	-	-	-	-	-
2020	48,309	21,610	-	-	-	-	-	-	-	-	-	-
2021	73,264	-	-	-	-	-	-	-	-	-	-	-

RISK MANAGEMENT FRAMEWORK

Oil & Gas

Expected Loss Ratio Method Table

Accident Year	Gross Earned Premium (N' 000)	Claims Paid till date (N' 000)	Total O/s as at 31 Dec 2020 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	Outstanding Claim Reserves (N'000)
2007	9	5,216	-	5,216	55606%	55606%	5,216	-
2008	1,840	596	-	596	32%	32%	596	-
2009	205	19,323	-	19,323	9429%	9429%	19,323	-
2010	511,507	280,832	16,200	297,032	58%	58%	297,032	16,200
2011	942,027	551,493	-	551,493	59%	59%	551,493	-
2012	1,257,612	467,604	-	467,604	37%	37%	467,604	-
2013	2,045,285	129,670	51,336	181,006	9%	9%	181,006	51,336
2014	1,266,128	44,567	205,024	249,591	20%	20%	249,591	205,024
2015	2,401,711	10,162	248,025	258,187	11%	11%	258,187	248,025
2016	1,949,639	288,933	-	288,933	15%	15%	288,933	-
2017	2,213,034	1,494,858	-	1,494,858	68%	68%	1,494,858	-
2018	2,509,444	518,067	-	518,067	21%	21%	518,067	-
2019	1,854,728	48,314	-	48,314	3%	3%	48,314	-
2020	1,494,696	6,294	-	6,294	0%	5%	68,602	62,308
2021	1,226,608	-	-	-	0%	10%	122,661	122,661
Total			520,585					705,553
							Discounted	643,101

Bond

Expected Loss Ratio Method Table

Accident Year	Gross Earned Premium (N' 000)	Claims Paid till date (N' 000)	Total O/s as at 31 Dec 2020 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	Outstanding Claim Reserves (N'000)
2007	0	-	-	-			-	-
2008	0	-	-	-			-	-
2009	0	-	-	-			-	-
2010	47,341	-	-	-	0%	0%	-	-
2011	101,429	-	-	-	0%	0%	-	-
2012	107,035	3,546	-	3,546	3%	3%	3,546	-
2013	178,832	27,913	11,524	39,437	22%	22%	39,437	11,524
2014	107,922	-	-	-	0%	0%	-	-
2015	75,570	-	10,253	10,253	14%	14%	10,253	10,253
2016	94,924	-	-	-	0%	0%	-	-
2017	143,416	-	-	-	0%	0%	-	-
2018	285,542	-	-	-	0%	0%	-	-
2019	245,178	-	-	-	0%	0%	-	-
2020	196,067	29,522	-	29,522	15%	17%	33,444	3,921
2021	387,954	-	-	-	0%	5%	19,398	19,398
Total			21,776					45,096
							Discounted	42,530

Engineering

Expected Loss Ratio Method Table

Accident Year	Gross Earned Premium (N' 000)	Claims Paid till date (N' 000)	Total O/s as at 31 Dec 2021 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	Outstanding Claim Reserves (N'000)
2007	11,709	-	-	-	0%	0%	-	-
2008	25,746	-	-	-	0%	0%	-	-
2009	27,818	12,762	-	12,762	46%	46%	12,762	-
2010	55,856	375	-	375	1%	1%	375	-
2011	89,959	633	45	678	1%	1%	678	45
2012	82,083	1,885	-	1,885	2%	2%	1,885	-
2013	120,852	8,596	47	8,642	7%	7%	8,642	47
2014	96,181	64,871	1,346	66,217	69%	69%	66,217	1,346
2015	120,525	7,602	260	7,862	7%	7%	7,862	260
2016	90,738	11,638	10,323	21,961	24%	24%	21,961	10,323
2017	182,828	41,306	2,176	43,481	24%	24%	43,481	2,176
2018	277,618	47,242	242	47,485	17%	17%	47,485	242
2019	260,549	96,374	-	96,374	37%	37%	96,374	-
2020	405,738	474,723	-	474,723	117%	119%	482,837	8,115
2021	474,989	8,413	-	8,413	2%	22%	103,168	94,755
Total			14,439					117,309
							Discounted	103,932

RISK MANAGEMENT FRAMEWORK

Marine

Expected Loss Ratio Method Table

Accident Year	Gross Earned Premium (N' 000)	Claims Paid till date (N' 000)	Total O/s as at 31 Dec 2019 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	Outstanding Claim Reserves (N'000)
2007	21,500	21,301	-	21,301	99%	99%	21,301	-
2008	31,178	7,347	-	7,347	24%	24%	7,347	-
2009	5,260	4,878	-	4,878	93%	93%	4,878	-
2010	18,272	16,416	-	16,416	90%	90%	16,416	-
2011	59,004	-	-	-	0%	0%	-	-
2012	92,403	5,389	98	5,488	6%	6%	5,488	98
2013	90,457	4,118	659	4,778	5%	5%	4,778	659
2014	114,940	15,174	-	15,174	13%	13%	15,174	-
2015	59,303	9,646	252	9,898	17%	17%	9,898	252
2016	77,922	8,807	-	8,807	11%	11%	8,807	-
2017	114,979	10,944	541	11,485	10%	10%	11,485	541
2018	136,898	85,458	11,482	96,940	71%	71%	96,940	11,482
2019	193,496	65,274	11,640	76,914	40%	40%	76,914	11,640
2020	299,958	21,328	24,486	45,814	15%	20%	61,032	39,704
2021	302,573	9,331	11,050	20,381	7%	27%	81,566	72,235
Total			60,210					136,613
							Discounted	123,517

Aviation

Expected Loss Ratio Method Table

Accident Year	Gross Earned Premium (N' 000)	Claims Paid till date (N' 000)	Total O/s as at 31 Dec 2021 (N'000)	Current Incurred (N'000)	Current Loss Ratio	Ultimate Loss Ratio	Ultimate Losses (N'000)	Outstanding Claim Reserves (N'000)
2007	-	-	-	-	0%	0%	-	-
2008	-	-	-	-	0%	0%	-	-
2009	8,451	-	-	-	0%	0%	-	-
2010	14,147	-	-	-	0%	0%	-	-
2011	13,109	8,843	-	8,843	67%	67%	8,843	-
2012	17,365	1,128	-	1,128	6%	6%	1,128	-
2013	19,582	12,916	-	12,916	66%	66%	12,916	-
2014	20,668	11,198	499	11,697	57%	57%	11,697	499
2015	14,599	5,778	31,912	37,690	258%	258%	37,690	31,912
2016	18,982	29,820	164	29,984	158%	158%	29,984	164
2017	26,292	2,176	163	2,339	9%	9%	2,339	163
2018	18,712	9,351	-	9,351	50%	50%	9,351	-
2019	36,995	10,399	-	10,399	28%	28%	10,399	-
2020	61,666	54	-	54	0%	5%	3,243	3,189
2021	237,907	904	-	904	0%	20%	48,038	47,134
Total			32,738					83,061
							Discounted	75,854

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

A Company market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policy holders' liabilities and that assets are held to deliver income and gains for policy holders which are in line with expectations of the policy holders.
The Company is active in money and capital market instruments, and investments in these instruments are basically for liquidity and held-to-maturity purposes. Therefore, the values of assets in the investment portfolio are at risk due to volatility in security prices, interest rates, and other market and economic variables.
There is a very strict control over hedging activities (e.g., equity derivatives are only permitted to be held to facilitate portfolio management or to reduce investment risk).

A sound market/investment risk management framework is implemented in order to minimize possible losses to capital and earnings arising from volatilities in market factors. The Company stipulates diversification benchmarks by type of instrument and geographical area.

Investment risk is the risk of loss (partial or full) of the principal amount and/or expected returns due to changes in the market variables. Investment risk is managed effectively and on a proactive basis by developing and implementing investment risk management strategies, policies and processes. Investment in money, capital and other markets would expose a Company to the following sources of Investment risks:

Capital Risk
This is the risk that the Company will lose all or part of the principal amount invested. For example, if the Company invests ₦10 million into the stock market, it faces a capital risk on the entire ₦10 million or part of it.

Portfolio Risk:
This is the risk that the investment portfolio will perform "poorly" because of poor choice of investments in the portfolio.

Inflation risk:
The risk that inflation will outpace investment returns over time and erode the purchasing power of invested funds.

Liquidity Risk:
It is the risk that an investment asset cannot be sold when the need arises. The Company will be exposed to liquidity risk, when there is the need to sell an investment, and the investment cannot be liquidated due to insufficient secondary market or lack of sufficients demand for such a security.
Liquidity risk is the current and future risk arising from the inability to meet our financial obligations when they become due.

Credit or Default Risk
Credit risk is created by the possibility of loss due to a counter party's or issuer's default, or inability to meet contractual payment terms. Higher quality bonds, including government bonds face the lowest credit risk.

Event Risk:

Event Risk is the risk of regulatory changes or other external occurrences that are significant, unanticipated and external, which impact negatively on the value of a security.

Market Risk:

This is the risk that the value of an investment will diminish due to unfavourable changing market conditions. A stock will rise or fall in price in response to investors' sentiments or changes in the fortunes of the Company or its industry

Interest rate risk:

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

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk. The Company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities.

The Company has no significant concentration of interest rate risk.

The Company's exposure to interest rate risk and a sensitivity analysis for financial liabilities is disclosed in the financial statements.

Currency risk:

This is the risk of the fair value of financial instruments being affected by changes in foreign exchange rates.

The Company's principal transactions are carried out in naira and its exposure to foreign exchange risk is minimal. The Company's financial assets are primarily denominated in the same currencies as its insurance and investment contract liabilities. This mitigates the foreign currency exchange rate risk. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance and investment contract liabilities are expected to be settled.

The Company has no significant concentration of currency risk.

Price risk

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

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit–linked business.

The Company has no significant concentration of price risk.

The Company will adopt a top down approach for defining its investment appetite. This is reviewed by senior management and approved by the Board Investment Committee (BIC) to ensure amongst other things that the investment risk assumed is commensurate with its strategy.
The following investment risk appetite statements guide the Company:

- Except as waived by BIC after proper feasibility study, investment/trading transactions that do not fall within our target market and defined risk appetite are not undertaken, no matter how profitable the transactions may be.

- The Company does not enter into any transaction that is illegal, unethical or contravenes any applicable laws, regulations, or professional code of conduct, or is capable of damaging our corporate image or that of our key officers.
- Business is not transacted with any organisation with perceived likelihood of failure or that shows signs of going concern challenges.

A cautious and prudent approach is adopted in engaging in investment and trading activities.

- The strategic management of the Company's investment portfolio is the fundamental responsibility of the Board Investment Committee (BIC) and senior management. The investment management team is responsible for implementing our policies by executing trade and investment decisions.
  In accordance with section 6(2) of the NAICOM guidelines (which is subject to future amendments), the Company shall invest in any of the following categories of investment assets:
- Bonds, bills and other securities issued or guaranteed by the Federal Government of Nigeria and the Central Bank of Nigeria.
- Bankers acceptance and commercial papers guaranteed by issuing bank.
- Quoted equities of not more than 50% of shareholders's fund.
- Unquoted equities not more than 20% of shareholders' fund.
- Property for Non-life insurance, not more than 35% of shareholders' fund.

In measuring investment risk, the following approaches, which are detailed in the Risk Management Framework, are used:

- Volatility
- Value at risk (VAR)
- Sensitivity analysis
- Stress testing
- Scenario testing

Investment risk exposures are mitigated by:

- Setting internal investment risk control limits
- Complying with legal investment limits
- Establishing Investment Approval Limits
- Diversification, in order to smoothen out unsystematic risk events in our portfolios
- Clear separation of duties between the unit that initiates and executes trade, and the units that accounts for trade transactions and handles transaction settlement.

The risk management department is responsible for monitoring investment risk exposures while the financial control department provides relevant information to the risk management department for investment risk monitoring.

Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

56 FINANCIAL ASSETS AND LIABILITIES

Accounting classification measurement basis and fair values

The table below sets out the Company's classification of each class of financial assets and liabilities, and their fair values.

Notes	Amortised cost N'000	FVTPL assets N'000	FVOCI assets N'000	Other assets N'000	Other financial liabilities at amortised cost N'000	Total carrying amount N'000	Fair value amount N'000
31 December 2021							
Cash and cash equivalents	9,438,005	-	-	-	-	9,438,005	9,438,005
Financial assets	3,622,309	993,044	290,777	-	-	4,906,130	4,906,130
Trade receivables	-	-	-	230,938	-	230,938	230,938
Other receivables excluding prepayments	-	-	-	286,257	-	286,257	286,257
	13,060,314	993,044	290,777	517,195	-	14,861,330	14,861,330
Insurance contract liabilities	-	-	-	-	8,154,136	8,154,136	8,154,136
Investment contract liabilities	-	-	-	-	1,076,506	1,076,506	1,076,506
Trade and other payables	-	-	-	-	6,918,922	6,918,922	6,918,922
	-	-	-	-	16,149,564	16,149,564	16,149,564
31 December 2020							
Cash and cash equivalents	5,411,672	-	-	-	-	5,411,672	5,411,672
Financial assets	4,338,180	943,972	311,535	-	-	5,593,687	5,593,687
Trade receivables	-	-	-	116,600	-	116,600	116,600
Other receivables excluding prepayments	-	-	-	285,355	-	285,355	285,355
	9,749,852	943,972	311,535	401,955	-	11,407,314	11,407,314
Insurance contract liabilities	-	-	-	-	8,272,556	8,272,556	8,272,556
Investment contract liabilities	-	-	-	-	926,561	926,561	926,561
Trade and other payables	-	-	-	-	3,535,389	3,535,389	3,535,389
	-	-	-	-	12,734,506	12,734,506	12,734,506

Other National Disclosure

STATEMENT OF VALUE ADDED

	2021 N'000	%	2020 N'000	%
Premium, Investment and Other Income	11,087,662		9,731,136	
Premiums,Commissions, Claims paid and other operational costs	(9,108,124)		(7,382,584)	
Value Added	1,979,538	100	2,348,552	100
DISTRIBUTED AS FOLLOWS:				
EMPLOYEES				
Staff costs	1,392,314	70	1,429,702	61
GOVERNMENT				
Taxation	21,267	1	17,079	1
ASSET REPLACEMENT				
Depreciation and amortisation	304,573	15	222,414	9
CONTRACTION/EXPANSION - Shareholder's interest				
Profit for the year after taxation	261,384	14	679,357	29
VALUE ADDED	1,979,538	100	2,348,552	100

The value added statement represents the distribution of the wealth created by the Company through the use of its assets and the efforts of the employees. This statement shows the allocation of the wealth between employees, shareholders, government and that retained for the future creation of more wealth.

FIVE YEAR FINANCIAL SUMMARY FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
Assets					
Cash and cash equivalents	9,438,005	5,411,672	4,355,756	3,047,653	6,825,370
Financial assets	4,906,130	5,593,687	4,860,875	5,064,661	4,433,499
Trade receivables	230,938	116,600	70,788	402,690	105,812
Reinsurance assets	2,494,570	2,920,493	2,328,298	2,290,334	1,785,471
Deferred acquisition cost	331,594	395,982	185,725	128,579	143,269
Other receivables & Prepayments	300,013	295,615	575,567	565,098	592,299
Investment properties	3,604,045	3,192,700	3,230,500	3,306,500	3,311,000
Statutory deposit	535,150	535,150	535,150	505,253	500,000
Intangible asset	19	519	1,019	1,500	4,981
Property, plant and equipment	2,117,783	2,074,320	2,366,601	1,740,211	869,351
Total Assets	23,958,247	20,536,738	18,510,279	17,052,479	18,571,052
Liabilities And Equity					
Insurance contract liabilities	8,154,136	8,272,556	6,696,038	6,060,419	5,187,891
Investment contract liabilities	1,076,506	926,561	854,888	790,984	686,560
Trade payables	775,104	847,083	821,270	421,903	3,537,782
Other payables and accruals	828,870	594,183	421,360	207,227	106,990
Retirement Benefit Obligations	1,456,211	1,606,020	1,143,649	665,149	165,593
Income tax liabilities	253,427	388,993	416,199	256,485	122,027
Deferred tax liabilities	105,310	99,110	177,534	166,740	607,883
Total liabilities	12,649,564	12,734,506	10,530,938	8,568,907	10,414,726
Equity					
Issued share capital	916,793	3,667,172	3,667,172	3,667,172	3,667,172
Share premium	3,690,991	940,612	940,612	940,612	940,612
Deposit for shares	3,500,000	400,000	-	-	-
Contingency reserve	2,331,577	2,078,397	1,872,909	1,652,502	1,426,722
Retained earnings	669,705	844,860	737,708	1,203,559	1,111,955
FVOCI reserves	437,340	458,098	458,098	450,533	440,671
Revaluation reserve	55,801	-	623,061	569,194	569,194
Reserve on actuarial valuation of gratuity	(293,524)	(586,907)	(320,219)	-	-
Total equity	11,308,683	7,802,232	7,979,341	8,483,572	8,156,326
Total Liabilities And Equity	23,958,247	20,536,738	18,510,279	17,052,479	18,571,052
Gross premiums written	13,282,516	10,937,805	9,341,928	9,014,060	6,673,652
Net Underwriting Income	9,269,601	8,048,133	6,711,326	5,221,815	3,992,444
Net claims and underwriting expenses	7,561,995	6,072,204	4,412,642	3,100,204	2,738,845
Underwriting profit	1,707,606	1,975,929	2,298,684	2,121,611	1,253,599
Realised gain on financial assets	455,242	122,556	(181,960)	16,773	19,283
Investment and other income	1,497,384	1,554,239	955,672	986,015	1,451,099
Net income	3,660,232	3,652,724	3,072,396	3,124,399	2,723,981
Other expenses	(3,377,581)	(2,956,288)	(2,724,626)	(2,166,200)	(1,741,701)
Profit before taxation	282,651	696,436	347,770	958,199	982,280
Taxation	(21,267)	(17,079)	(32,025)	(221,920)	(192,395)
Profit after taxation	261,384	679,357	315,745	736,279	789,885
Net fair value (loss)/gain on financial assets FVOCI	(20,758)	-	7,565	9,862	(165,278)
Gain/(loss) on revaluation reserve	55,801	(695,812)	53,867	27,816	-
Actuarial gain/(loss) on gratuity	293,383	(266,688)	(320,219)	-	-
Total comprehensive income/(loss) for the year	589,810	(283,143)	56,958	773,957	624,607
Earnings per share(kobo):					
- Actual and Adjusted	14.3	9.3	4.3	10	12

LIFE REVENUE ACCOUNT

	GROUP LIFE	INDIVIDUAL	ANNUITY	2021 TOTAL	2020 TOTAL
	₦'000	₦'000	₦ '000	₦'000	₦'000
Income					
Gross premium	7,235,128	29,643	-	7,264,771	6,246,239
Unearned premium	(225,101)	-	-	(225,101)	(72,419)
Gross premium earned	7,010,027	29,643	-	7,039,670	6,173,820
Reinsurance expenses (Local)	922,254	-	-	922,254	1,921,358
Reinsurance expenses (foreign)	1,406,710	-	-	1,406,710	-
	2,328,964	-	-	2,328,964	1,921,358
Net premium earned	4,681,063	29,643	-	4,710,706	4,252,462
Fees and commission	619,608	-	-	619,608	598,267
Total income	5,300,671	29,643	-	5,330,314	4,850,729
Claim expenses					
Claims paid	4,346,713	-	-	4,346,713	2,229,012
Changes in outstanding claims	(55,188)		-	(55,188)	745,951
Received from reinsurance	(1,393,441)	-	-	(1,393,441)	(968,713)
Net claims paid	2,898,084	-	-	2,898,084	2,006,250
Underwriting expenses					
Acquisition cost	671,424	-	-	671,424	612,230
Increase in fund balances	-	(9,990)	(288,423)	(298,413)	234,427
Maintenance expenses	1,093,757	-	-	1,093,757	1,001,561
	1,765,181	(9,990)	(288,423)	1,466,768	1,848,218
Underwriting profit	637,406	39,633	288,423	965,462	996,261

NON - LIFE REVENUE ACCOUNT

Income	FIRE N'000	GENERAL ACCIDENT N'000	MOTOR N'000	OIL AND GAS N'000	MARINE N'000	AVIATION N'000	BOND N'000	ENGINEERING N'000	2021 N'000	2020 N'000
Premiums (direct)	705,789	1,130,336	1,362,473	1,246,655	291,194	265,396	453,732	464,364	5,919,939	4,604,357
Inward reinsurance premiums	9,833	64,779	8,163	1,634	7,473	-	250	5,674	97,806	87,209
Gross premiums written	715,622	1,195,115	1,370,636	1,248,289	298,667	265,396	453,982	470,038	6,017,745	4,691,566
Changes in unearned premium	(34,821)	17,408	(359,585)	(21,681)	9,875	(27,490)	(66,027)	(1,763)	(484,084)	100,081
Gross premiums earned	680,801	1,212,523	1,011,051	1,226,608	308,542	237,906	387,955	468,275	5,533,661	4,791,647
Outward reinsurance premiums (local)	529,441	231,075	127,637	635,331	146,856	-	227,650	241,291	2,139,281	1,871,983
Changes in reinsurer's share of UPR	(18,818)	19,269	(12,747)	(7,677)	832	-	(49,754)	(12,544)	(81,439)	158,907
	510,623	250,344	114,890	627,654	147,688	-	177,896	228,747	2,057,842	2,030,890
Net premiums earned	170,178	962,179	896,161	598,954	160,854	237,906	210,059	239,528	3,475,819	2,760,757
Fees and commission	117,745	79,885	13,371	104,288	41,435	-	57,041	49,703	463,468	436,647
Total Income	287,923	1,042,064	909,532	703,242	202,289	237,906	267,100	289,231	3,939,287	3,197,404
Claims expenses										
Claims paid	3,514,561	328,099	137,366	175,803	28,059	1,129	29,522	426,285	4,640,824	2,060,602
Changes in Outstanding claims	(235,362)	(152,121)	94,792	(175,209)	(77,438)	25,133	(9,639)	55,840	(474,004)	623,804
Received from reinsurance	(1,949,800)	(192,945)	(181,721)	643,421	132,429	-	(60,276)	(1,088,241)	(2,697,133)	(1,444,609)
Net claims paid	1,329,399	(16,967)	50,437	644,015	83,050	26,262	(40,393)	(606,116)	1,469,687	1,239,797
Underwriting expenses										
Acquistion cost	134,541	243,693	110,877	233,441	62,486	14,875	64,671	77,832	942,416	480,927
Maintenance expenses	93,356	155,908	178,805	162,845	38,962	34,622	59,224	61,318	785,040	497,012
	227,897	399,601	289,682	396,286	101,448	49,497	123,895	139,150	1,727,456	977,939
Underwriting profit	(1,269,373)	659,430	569,413	(337,059)	17,791	162,147	183,598	756,197	742,144	979,668

RANGE ANALYSIS AS AT 31/12/2021

RANGE		HOLDERS	%	VOLUME	%
1-	1000	3,282	7.15	2,225,034	0.03
1001-	5000	10,789	23.49	36,485,160	0.50
5001-	10000	8,602	18.73	73,092,046	1.00
10001-	50000	15,354	33.43	394,310,306	5.38
50001-	100000	4,053	8.83	325,615,759	4.44
100001-	500000	3,104	6.76	684,341,000	9.33
500001-	1000000	365	0.79	285,497,186	3.89
1000001-	5000000	297	0.65	623,286,767	8.50
5000001-	10000000	44	0.10	316,330,816	4.31
10000001-	50000000	22	0.05	537,097,615	7.32
50000001-	100000000	5	0.01	356,893,573	4.87
100000001-	AND ABOVE	7	0.02	3,699,168,159	50.44
TOTALS		**45,924**	**100.00**	**7,334,343,421**	**100.00**

	AUTHORISED		ISSUED & FULLY PAID		CONSIDERATION
	FROM UNITS	TO UNITS	FROM NAIRA	TO NAIRA	
31.12.79	-	500,000	-	2,000	CASH
31.12.80	500,000	500,000	2,000	475,535	CASH
31.12.81	500,000	500,000	475,535	500,000	
31.12.84	500,000	2,000,000	500,000	1,000,000	SCRIPT (1 FOR 1)
31.12.87	2,000,000	2, 000,000	1, 000,000	2,000,000	CASH
31.12.89	2,000,000	10, 000,000	2, 000,000	5,000,000	SCRIPT (3 FOR 3)
31.12.90	-	-	5,000,000	9,442,000	CASH
13.12.91	-	-	9, 442,000	10,000,000	CASH
13.12.92	10,000,000	25, 000,000	-	-	
31.12.93	-	-	10,000,000	25,000,000	RIGHTS
31.12.96	25,000,000	75, 000,000	25,000,000	30,000,000	BONUA (1 FOR 5)
31.12.97	75,000,000	100, 000,000	30,000,000	50,000,000	BONUS (2 FOR 3)
31.12.98	100,000,000	100, 000,000	50,000,000	50,000,000	
31.12.99	100,000,000	200, 000,000	50,000,000	90,000,000	BONUS (1 FOR 6) RIGHTS (4 FOR 5)
31.12.00	200,000,000	200, 000,000	90, 000,000	90,000,000	
31.12.21	200,000,000	200, 000,000	90, 000,000	90,000,000	
31.12.02	200,000,000	500, 000,000	90, 000,000	105,000,000	BONUS (1 FOR 6)
31.12.03	500,000,000	500, 000,000	105, 000,000	210,000,000	BONUS (1 FOR 1)
31.12.04	500,000,000	500, 000,000	210, 000,000	360,065,072.50	RIGHTS (1 FOR 1)
31.12.05	500,000,000	1,500, 000,000	360,065,072.50	500,000,000	BONUS (2 FOR 5)
31.12.06	500,000,000	5,000, 000,000	500,000,000	604,909,384.50	BONUS (1 FOR 5)
31.12.07	5,000,000,000	10,000,000,000	604,909,384.50	3,661,716,710.50	RIGHTS/PUBLIC OFFER

Lasaco
Assurance Plc

Shareholders' Information

FOR THE YEAR ENDED
DECEMBER 31, 2021

I/We*……………………………………………………………………………………

Being a member(s) of LASACO ASSURANCE PLC hereby Appoint**…………………………………………………………………… Or failing him/her, Mrs. Olateju Phillips or failing him, Mr. Razzaq Abiodun as my/our Proxy to vote for me/ us at the General Meeting of the Company to be held on August, 2022 at 11.00 a.m. and at any adjournment thereof.
Unless otherwise instructed, the proxy will vote or abstain from voting as he/she thinks?

Dated this ……………………………… Day of ……………………….. 2022

Signature:……………………………………………………………………

NOTE

* In the case of joint shareholders, anyone of such may complete the card, but the names of all joint holders must be stated.

To be effective, this proxy form should be duly completed and stamped by

The Commissioner for Stamp Duties in accordance with the Stamp Duties Act Before posting it to reach the address below not later than 48 hours before the time for holding the meeting.

NUMBER OF SHARES HELD:

Resolutions	For	Against
To present the Audited Financial Statements of the company for the year ended 31st December, 2021 and Reports of the Directors, the Auditors Report and Report of Audit Committee thereon.		
To re-elect Directors Retiring by rotation Engr. S. Ndanusa Otunba Akin Doherty		
To elect a director by special Notice- Prince Jamiu Saka who is over 70yrs and eligible for re-election pursuant to section 282 CAMA		
To authorize the Directors to Fix the remuneration of the External Auditors.		
To elect members of the Statutory Shareholders Audit Committee.		
To disclose the Remuneration of managers of the company in line with section 257 of the companies and Allied matters Act 2020		

BEFORE POSTING THE ABOVE FORM, PLEASE CUT OFF THIS PART AND RETAIN IT

LASACO
ASSURANCE PLC
PLOT 16, ACME ROAD, OGBA, LAGOS, P. O. BOX 3724, MARINA, LAGOS

ADMISSION FORM

Name of Shareholder *……………………………………………………………………If you are unable to attend the Meeting, please note that:
A member (Shareholder) who is unable to attend the Company's General Meeting is allowed by Law to vote on a poll by proxy. The representative of the Corporation, which is a member, may also vote on a show of hands. The above proxy form has been prepared to enable you to exercise your right to vote, in case you cannot personally attend the above Annual General Meeting.
Following the normal practice, the names of the two directors of the Company have been entered on the form to ensure that someone will be at the Meeting to act as your proxy, but if you wish, you may insert in the blank space on the form (marked **) the name of any person, whether a member of the Company or not, who will attend and vote on your behalf instead of one of the directors. Please sign the above proxy form, have it stamped by the Commissioner for Stamp Duties and then post it so as to reach the address on the reverse side of the proxy not later than 48 hours before the time for holding the Meeting.

Affix Current Passport

(To be stamped by Bankers)

Write your name at the back of your passport photograph

APEL CAPITAL REGISTRARS LIMITED

E-DIVIDEND MANDATE ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

Please complete all section of this form to make it eligible for processing and return to the address below

The Registrar,

Apel Capital & Trust Ltd.
8, Alhaji Bashorun Street
Off Norman Williams Str, S.W Ikoyi Lagos.

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my \ our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname / Company's Name First Name Other Names

Address :

City State Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint\Company's Signatories

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	AIICO BALANCED FUND	
	ANINO INT'L PLC	
	ARBICO PLC	
	CHAPEL HILL DENHAM MONEY MARKET FUND	
	INTERLINKED TECHNOLOGIES PLC	
	INTERNATIONAL BREWERIES PLC	
	LASACO ASSURANCE PLC	
	LEAD UNIT TRUST SCHEME	
	MASS TELECOM INNOVATION PLC	
	MUTUAL TRUST MICROFINANCE BANK LTD	
	NCR (NIGERIA PLC	
	NEM INSURANCE PLC	
	PARAMOUNT EQUITY	
	PHARMA DEKO PLC	
	THE INITIATES PLC	

"This service costs N150.00 per approved mandate per company"

Lasaco
Assurance plc

Lasaco Assurance Plc
Lasaco House
Plot 16, Acme Road, Ogba
Ikeja Lagos.

lasacoassurance.com