LASACO ASSURANCE PLC
UN AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH SEPTEMBER, 2022

LASACO ASSURANCE PLC

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH SEPTEMBER, 2022

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CORPORATE INFORMATION
FOR THE PERIOD ENDED 30TH SEPTEMBER, 2022

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Ikeja
Lagos State.
Tel: (234) 01 – 2120557
E-mail: info@lasacoassurance.com
Website: www.lasacoassurance.com
Incorporation Certificate: RC 31126 of 20th December, 1979

DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS:

Mrs. Teju Phillips	Chairman
Mr. Razzaq Abiodun	Managing Director/CEO
Engr. Sani Ndanusa	Independent Director
Otunba Akin Doherty	Non - Executive Director
Adeniyi Saliu	Non - Executive Director
Mr. Rilwan Oshinusi	Deputy Managing Director(Corporate Services)

AUDITORS	BDO Professional Services. (Chartered Accountants) 15, CIPM Avenue Central Business District Alausa , Ikeja Lagos
REGISTRARS	Apel Capital & Trust Ltd 8, Alhaji Bashorun Street, Off Norman Williams Street Ikoyi - Lagos Telephone: 01- 873928, 7401444-5 Contact Person: Oluwafunmilola Babalola Email: obabalola@apel.com.ng
BANKERS	Polaris Bank Ltd Zenith Bank Plc First Bank of Nigeria Plc Ecobank Nig. Ltd United Bank For Africa Plc Guaranty Trust Bank Plc Sterling Bank Plc
ACTUARY	EY Actuaries
ESTATE VALUER	Oletubo & Co Estate Surveyors & Valuers Fola Oyekan & Associates Estate Surveyors & Valuers

LASACO ASSURANCE PLC

FINANCIAL HIGHLIGHTS FOR THE PERIOD ENDED 30TH SEPTEMBER , 2022

	30-Sep-22 N'000	**30-Sep-21 N'000**
Gross premium	11,643,330	11,959,689
Underwriting expenses	2,651,961	2,686,809
Underwriting profit	2,402,758	1,638,646
Profit before tax	421,648	525,381
Income tax	(140,479)	(66,405)
Profit after tax	281,169	458,976
Earning per share (N)	0.15	0.06
Net asset per share (N)	6.32	1.54

CORPORATE GOVERNANCE REPORT

In accordance with the general requirements of the Code of Best Practices and Principles of Corporate Governance in Nigeria, 2011 ("the code"), 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.

The Matters Reserved For the Board

The Board of Director's 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's committees and determines the scope of delegated authority to Board Committees and the Manangement 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.

Governance Structure

The Company is committed to high standards of corporate governance. Corporate governance practice in the Company is drawn from various applicable codes of corporate governance issued by National Insurance Commission (NAICOM) and Securities and Exchange Commission (SEC). This ensures compliance with regulatory requirement as well as the core value which the Company upholds.

The provision of the codes is geared towards ensuring transparency and accountability of the Board and Management to shareholders of the Company.

The Board of Directors

Presently, The Board is made up of four Non-Executive Directors, one being Independent Director and three Executive Directors for the period ended 30th June, 2022. At LASACO, the position of the Chairman is separated and distinct from that of the Managing Director/Chief Executive Officer. The Chairman is Non-Executive Director.

CORPORATE GOVERNANCE REPORT (Continued)

Securiy Trading Policy

The Company has a share trading policy which is being adhered to in compliance with the reqiurements of the Nigerian Stock Exchange.

The Company has made specific enquiry of all directors as to whether they have complied with the required standard set out in the listing rules and the Company's securities trading policy and the Company is not aware of any non - compliance.

Complaint Management Framework Policy

The Company ensures that communication and dissemination of information regarding the operations of the Company to shareholders, potential investors and general public is timely, accurate and continuous.

In compliance with the requirements of Securities and Exchange Commission's rules relating to the Complaints Management Framework of the Nigerian Capital Market issued in 2015 and the directive of the Nigerian Stock Exchange issued in 2015. Also, the Company has put in place a Compalaints Management Framework Policy.

The Complaint Management Framework Policy sets out the Board framework by which LASACO Assurance Plc and its Registrar will provde assistance regarding Shareholders issues and concerns. It also provides feedback mechanism n matters that affect shareholders.

Code of Professional Conduct for Employees

We have an internal Code of Professional Conduct, which all members of staff are expected to subscribe to upon assumption of duties. Staff is also required to reaffirm their commitment to the Code annually. All members of staff are expected to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life as contained in the Code of Professional Conduct which prescribes the common ethical standards, culture and policies of the Company to employee values.

Whistle Blowing Procudures

In line with the Company's commitment to instill the best corporate governance practices, a Whistle Blowing procedure was established that ensures anonymity on any reported incidence(s). The Company has a dedicated number for whistle-blowing procedure and Whistle Blowing Form on our website.

Shareholding Structure/Free Float Status

Description	30-Sep-22		30-Sep-21	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	1,833,585,855	100%	7,334,343,421	100%
Substantial Shareholdings (5% and above)				
Ibile Holdings Ltd	506,949,191	27.65%	2,027,796,764	27.65%
Canon Properties & Investments Ltd	232,941,185	12.70%	931,764,739	12.70%
Total Substantial Shareholdings	**739,890,376**	**40.35%**	**2,959,561,503**	**40.35%**
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Mrs. Teju Phillips (representing Ibile Holdings Ltd)	--	--	--	--
Otunba Akin Doherty (representing Canon Properties & Investment Ltd)	-	-	-	-
Otunba Akin Doherty (Direct)	737,411	0.04%	2,949,645	0.04%
Mr. Akinola Odusami (Direct)	492,874	0.03%	1,971,496	0.03%
Total Directors' Shareholdings	**1,230,285**	**0.07%**	**4,921,141**	**0.07%**
Other Influential Shareholdings				
STANBIC NOM./ AMCON / STERLING BANK PLC	66,865,000	3.65%	267,460,000	3.65%
SNNL/ASSET MGT CORPORATION OF NIG - TRAD	36,799,139	2.01%	147,196,555	2.01%
FIRST PENSION CUSTODIAN	29,188,213	1.59%	116,752,851	1.59%
JOINT HIERS RESOURCES	25,000,000	1.36%	100,000,000	1.36%
CALYX SECURITIES LTD.	22,709,327	1.24%	90,837,308	1.24%
OCEANIC TRUSTEES NOMINEE ACCOUNT	20,693,773	1.13%	82,775,092	1.13%
PYRAMID SECURITIES LIMITED	19,833,571	1.08%	79,334,284	1.08%
Total Other Influential Shareholdings	221,089,023	12.06%	884,356,090	12.06%
Free Float in Units and Percentage	**871,376,172**	**47.52%**	**3,485,504,687**	**47.52%**
Free Float in Value	₦ 6,535,321,286.25		₦ 37,992,001,088.30	

Declaration:

LASACO Assurance Plc with a free float percentage of 47.39% as at 30th September 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

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 October 28, 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 period ended 30th September 2022 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, CAP C20 LFN 2004, 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
- Financial assets which are measured at amortised costs;
- Land and building (included in property and equipment) which are measured at fair value through other 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/year in which the estimate is revised, if the revision affects only that year or if the revision affects both current and future years.

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 policyholders' options and guarantees. The implementation of the Standard is likely to bring significant changes to an entity's processes and systems, and will require much greater co-ordination between many functions of the business, including finance, actuarial and IT. • 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 2021/2022, with early application

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 the prior 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: purcahses 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 transanctions 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 0r 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) Amortised cost
b) Fair Value through Profit or Loss (FVTPL)

(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 asstes 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, Infaltion 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 asset

The Company derecognises a financial asset 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.

2.3.8 Derecognition 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 livesand 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 lif or the expected petter of consumption of future economicbenefits 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 period.

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 unitised 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. Employees are entitled to join the scheme on confirmation of their employment. The enmployee and the Company contribute 8.5% and 10% of the employee total emoluments (basic, housing and transport aloowances) 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 positionis respect of defined benfit pension plans is the present value of the defined benefit obligation at the reporting date.together with adjustments for unrecognised acturial 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 intial 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.

(a) 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.

LASACO ASSURANCE PLC
STATEMENT OF FINANCIAL POSITION AS AT 30TH SEPTEMBER, 2022

		30 September 2022	31 December 2021
ASSETS	**Note**	**N'000**	**N'000**
Cash and cash equivalents	**1**	8,713,370	9,438,005
Financial assets	**2**	5,662,027	4,906,130
Trade receivables	**3**	529,109	346,201
Reinsurance assets	**4**	2,394,711	2,379,307
Other receivables	**5**	265,343	300,013
Deferred acquisition cost	**6**	477,156	331,594
Investment in Subsidiaries	**7**	592,102	-
Investment properties	**8**	3,851,984	3,604,045
Intangible assets	**9**	-	19
Property and equipment	**10**	2,351,234	2,117,783
Statutory deposit	**11**	535,150	535,150
Total Assets		**25,372,186**	**23,958,247**
LIABILITIES			
Investment contract liabilities	**11**	1,087,810	1,076,506
Insurance contract liabilities	**12**	9,206,852	8,154,136
Trade payables	**13**	1,420,309	703,826
Other payables	**15**	1,344,056	900,148
Employee benefit liabilities	**16**	268,810	1,456,211
Deferred tax liabilities	**17**	99,110	105,310
Current income tax liabilities	**18**	355,387	253,427
Total liabilities		**13,782,334**	**12,649,564**
EQUITY			
Issued share capital	**19**	916,793	916,793
Share premium	**19**	3,690,991	3,690,991
Deposit for shares	**19**	3,500,000	3,500,000
Contingency reserve	**20**	2,567,984	2,314,804
Other reserves	**21**	493,141	493,141
Reserve on actuarial valuation of gratuity	**22**	(293,524)	(293,524)
Retained earnings	**23**	714,466	686,478
Shareholders' Funds		**11,589,851**	**11,308,683**
Non controlling interest			-
Total Liabilities and Equity		**25,372,186**	**23,958,247**
		-	**-**

These un audited Financial Statements were approved by the Board of Directors on October 28, 2022 and signed on its behalf by:

Akinwale Sofile
Chief Financial Officer
FRC/2012/ICAN/000000000494

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

LASACO ASSURANCE PLC
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30TH SEPTEMBER, 2022

	Note	June - Sept 2022 N'000	Jan - Sept 2022 N'000	June - Sept 2021 N'000	Jan - Sept 2021 N'000
Gross premiums written		2,753,781	11,643,330	2,282,966	11,959,689
Changes in unearned premium		401,728	(1,522,554)	1,700,009	(1,934,731)
Gross insurance premium earned		3,155,509	10,120,776	3,982,975	10,024,958
Reinsurance expenses		(795,347)	(3,055,768)	(992,824)	(3,244,286)
Net insurance premium earned	23	2,360,162	7,065,008	2,990,151	6,780,672
Fees and commission income	24	211,671	763,456	156,941	823,329
Net underwriting income		2,571,833	7,828,464	3,147,092	7,604,001
Net claims paid	25	970,815	2,773,745	1,678,507	3,278,546
Underwriting expenses	26	853,375	2,651,961	793,959	2,686,809
		1,824,190	5,425,706	2,472,466	5,965,355
Underwriting profit		**747,643**	**2,402,758**	**674,626**	**1,638,646**
Investment income	28	127,973	474,101	148,529	423,906
Gain on Financial assets	29	(76,991)	6,445	-	42,250
Investment contracts	30	(6,638)	(16,428)	6,345	18,413
Other income	31	255,808	630,188	(941)	416,073
Expected credit losses		(9,451)	(9,451)	(10,452)	(10,452)
Operating expenses	33	(1,023,962)	(3,065,965)	(646,760)	(2,003,455)
Profit before taxation		**14,382**	**421,648**	**171,347**	**525,381**
Taxation	18	(105,551)	(140,479)	(6,951)	(66,405)
Profit after taxation		**(91,169)**	**281,169**	**164,396**	**458,976**
Profit attributable to:					
Owner of equity		(91,169)	281,169	458,976	458,976
Non controlling interest		-	-	-	-
		(91,169)	281,169	458,976	458,976
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss		-	-	-	-
items that will not be classified to profit or loss		-	-	-	-
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**(91,169)**	**281,169**	**458,976**	**458,976**
Profit attributable to:					
Owner of equity		(91,169)	281,169	458,976	458,976
Non controlling interest		-	-		-
		(91,169)	**281,169**	**458,976**	**458,976**

LASACO ASSURANCE PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30TH SEPTEMBER, 2022

	SHARE CAPITAL N'000	SHARE PREMIUM N'000	DEPOSIT FOR SHARES N'000	FAIR VALUE RESERVE N'000	CONTIGENCY RESERVE N'000	ACTUARIAL VALUATION OF GRATUITY N'000	RETAINED EARNINGS N'000	TOTAL EQUITY N'000
Balance as at 1 January, 2022	916,793	3,690,991	3,500,000	493,141	2,314,804	(293,524)	686,478	11,308,683
- Issue of share capital	-	-		-	-		-	-
- Transfer from (to) retained earnings	-	-		-	-		281,169	281,169
- Changes in Valuation of Gratuity	-	-		-	-	-	-	-
- Transfer to contigency reserve					253,180	-	(253,180)	-
Transaction with owner of business	-	-		-	-	-	-	-
Dividend						-	-	-
Reconstruction of shares	-	-		-	-			-
Deposit for shares	-	-	-	-	-	-	-	-
Balance as at 30th June, 2022	**916,793**	**3,690,991**	**3,500,000**	**493,141**	**2,567,984**	**(293,524)**	**714,467**	**11,589,852**

	SHARE CAPITAL N'000	SHARE PREMIUM N'000	SHARE RECONSTRUCTION RESERVE N'000	DEPOSIT FOR SHARES N'000	FAIR VALUE RESERVE N'000	CONTIGENCY RESERVE N'000	ACTUARIAL VALUATION OF GRATUITY N'000	RETAINED EARNINGS N'000	TOTAL EQUITY N'000
Balance as at 1 January 2021	3,667,172	940,612	-	400,000	458,098	2,078,397	(586,907)	844,860	7,802,232
Profit for the year	-	-		-	-	-		458,976	458,976
Transfer to revaluation reserve	-	-		-	-	-		-	-
Transfer to fair value reserve						-			-
Changes in valuation of gratuity	-	-		-	-	-	56,304	-	56,304
Transfer to contigency reserve	-	-		-	-	223,168		(223,168)	-
Dividend paid								(183,358)	(183,358)
Deposit for shares				3,100,000					3,100,000
Recontruction of shares	(2,750,379)	-	2,750,379	-	-	-		-	-
	-	-		-	-	-		-	-
Balance as at 30th September, 2021	**916,793**	**940,612**	**2,750,379**	**3,500,000**	**458,098**	**2,301,565**	**(530,603)**	**897,310**	**11,234,154**

LASACO ASSURANCE PLC
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30TH SEPTEMBER, 2022

	Note	30-Sep 2022 N'000	30-Sep 2021 N'000
Cash flow from operating activities			
Premium received from policy holders		10,382,434	11,368,018
Reinsurance receipts in respect of claims	25	2,147,891	3,111,525
Reinsurance cost		(3,738,405)	(4,296,731)
Deposit Admin receipts		266,250	239,110
Premium deposits		1,109,872	1,146,782
Deposit admin payment	11	(298,832)	(197,054)
Cash paid to and on behalf of employees	31	(1,140,458)	(963,593)
Fess and commission received		815,992	837,445
Commission paid		(1,521,666)	(1,393,557)
Coinsurance premium paid		(478,556)	(278,082)
Maintenance expenses		(1,294,205)	(1,548,764)
Other operating cash payments/receipts		(1,388,826)	(473,253)
Claims paid	25	(5,309,324)	(7,026,598)
Tax paid		(38,519)	(18,738)
Net cash provided by operating activities		**(486,352)**	**506,510**
Cash flow from investing activities			
Purchase of property and equipment	9	(479,825)	(161,416)
Proceeds form the sale of property & equipment		-	7,565
Rental income	30	15,380	7,808
Additions to Investment properties		(247,939)	-
Purchase of Amortised Financial assets		-	-
Redemption of amortised financial assets		-	954,883
Dividend received		23,140	14,450
Interest received		450,961	416,456
Net cash provided by investing activities		**(238,283)**	**1,239,746**
Cash flow from financing activities			
Dividend paid		-	(183,358)
Interest on overdraft		-	
Deposit for shares		-	3,100,000
Net cash used in financing activities		-	**2,916,642**
Net increase/(decrease) in cash and cash equivalents			
		(724,635)	4,662,898
Cash and cash equivalents at the beginning of the year		9,438,005	5,411,672
Cash and cash equivalents at the end of the year		**8,713,370**	**10,074,570**
Represented by:			
Cash and cash equivalents	1	**8,713,370**	**10,074,570**

LASACO Assurance Plc.
Notes to the financial Statements
For the period ended 30th September, 2022

		30-Sep 2022 N'000	31-Dec 2021 N'000
1	**Cash and cash equivalents**		
	Cash in hand and in banks	4,837,005	1,587,278
	Short term bank deposits	3,896,706	7,871,068
	Allowance for credit loss	(20,341)	(20,341)
		8,713,370	**9,438,005**

For the purpose of cash flow statement, cash and cash equivalent comprise the balances with less than three months maturity from the date of acquisitipon

2 Financial assets

The Company financial assets are summarised below by measurement category :

Financial assets at fair value through profit or Loss	519,568	993,044
Financial assets at fair value through OCI	290,778	290,777
Financial assets at amortised cost	4,851,681	3,622,309
	5,662,027	**4,906,130**

2.1 ***Financial assets at fair value through Profit or loss***

These securities represent the Company interest in entities

Listed securities

Balance , beginning of year	984,631	943,972
Fair value gain	91,847	49,072
Balance, end of period	1,076,478	993,044

2.2 ***Financial assets at fair value through OCI - Available for Sale***

Un- listed securities

Balance , beginning of year	345,094	311,535
Fair value adjustment	174,474	(20,758)
	-	-
Balance, end of period	519,568	290,777

2.3 ***Financial assets at amortised cost - Held to maturity***

Government bonds	2,834,861	2,858,684
Fixed deposit & Treasury Bills	2,029,727	768,609
Allowance for credit losses	(12,907)	(4,984)
	4,851,681	**3,622,309**

LASACO Assurance Plc.
Notes to the financial Satements
for the period ended 30th September, 2022

		30-Sep 2022 N'000	31-Dec 2021 N'000
3	**Trade receivables**		
	Due from brokers	319,642	95,607
	Due from Insurance Companies	209,467	250,594
		529,109	346,201
	Allowance for impairment	-	-
		529,109	**346,201**
4	**Reinsurance assets**		
	Prepaid reinsurance	682,637	513,338
	Reinsurance recoverable	980,010	1,016,989
	Reinsurance projection on IBNR	732,064	848,980
		2,394,711	**2,379,307**
	Due within 12 months	2,394,711	2,379,307
	Due after 12months	-	-
		2,394,711	**2,379,307**
4.1	***Movement in prepaid reinsurance premium***		
	Balance, beginning of year	513,339	469,562
	Additions during the year	3,225,066	4,430,582
	Amortisation during the year	(3,055,768)	(4,386,806)
	Balance, end of year	**682,637**	**513,338**

There were no indicators of impairment for re-insurance 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.

		30-Sep 2022 N'000	31-Dec 2021 N'000	
5	**Other receivables**			
	Prepaid rent	24,477	13,756	
	Staff loan	60,359	37,702	
	Policy loan	10,890	11,143	
	Sundry debtors	315,283	383,051	
	Provision for other debtors	(145,639)	(145,639)	
	ECL on Staff loan	(27)		125,859
		265,343	**300,013**	**391,202**

LASACO Assurance Plc.
Notes to the financial statements
for the period ended 30th September, 2022

		30-Sep 2022 N'000	31- Dec 2021 N'000
5.1	**Breakdown of sundry debtors**		
	Deposit for land	30,000	30,000
	Due from Media View Ltd	232,889	232,889
	Stock trading balance - Apel Asset Ltd	21,493	21,827
	Others	30,901	98,335
		315,283	**383,051**
	Due within 12 months	113,833	120,162
	Due after 12months	201,450	262,889
		315,283	**383,051**

6 **Deferred acquisition costs**

Deferred acquisition costs represent commissions on unearned premium relating to the unexpired period of risks and comprise:

	Fire	30,552	68,336
	Accident	91,147	7,235
	Motor vehicle	27,445	33,985
	Aviation	9,132	32,435
	Oil and Gas	42,115	2,621
	Marine	23,752	8,212
	Bond	9,458	22,034
	Engineering	24,785	46,267
	Group life	218,770	110,469
		477,156	**331,594**
6.1	**Movement in deferred acquisition cost**		
	Balance, beginning of year	331,594	395,982
	Additions during the year:		
	General business	951,985	833,259
	Life business	569,681	716,193
	Charged during the year	(1,376,104)	(1,613,840)
	Balance, end of period/year	**477,156**	**331,594**
	Due within 12 months	477,156	331,594
	Due after 12months	-	-
		477,156	**331,594**
7	**Investment in Subsidiaries**		
	Lasaco Properties Ltd	296,051	**-**
	Lasaco Trading & Investment Ltd	296,051	**-**
		592,102	

Lasaco Trading & Investment Ltd was incorporated on 12th May 2022. The Company commenced operation as a subsidiary on 1st of June 2022. Lasaco Properties also commenced operations same day.

8	**Investment properties**		
	Balance, beginning of year	3,604,045	3,192,700
	Addition during the year	247,939	5,175
	Disposal	-	-
	Revaluation gain	-	406,170
	Balance, end of period/ year	**3,851,984**	**3,604,045**
9	**Intangible asset**		
	Cost	14,128	14,128
	Additions	-	-
	Amortisation	(14,128)	(14,109)
		-	**19**
9.1	**Amortisation of intangible assets**		
	Balance, beginning of year	13,609	13,609
	Charge for the year	519	500
	Balance, end of period/year	**14,128**	**14,109**

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LASACO Assurance Plc.
Notes to the financial Ssatements
for the half year ended 30th June, 2022

9 Property and equipments

	Building	Land	Furniture Fittings & equipment	Motor Vehicle	Total
	N'000	N'000	N'000	N'000	N'000
Cost					
At 1 January 2022	1,050,000	242,240	924,597	1,238,767	3,455,604
Additions	72,783	-	89,212	317,830	479,825
Disposal	-	-	-	(61,215)	(61,215)
At 30th Sept, 2022	**1,122,783**	**242,240**	**1,013,809**	**1,495,382**	**3,874,214**
Accumulated depreciation					
At 1 January 2022	-	-	590,067	747,754	1,337,821
Charge for the year	16,746	-	87,832	125,780	230,358
Disposal	-	-	-	(45,199)	(45,199)
At 30th Sept, 2022	**16,746**		**677,899**	**828,335**	**1,522,980**
		-			
Carrying value		-			
At 30th Sept, 2022	**1,106,037**	**242,240**	**335,910**	**667,047**	**2,351,234**
At 31 Dec. 2021	**1,050,000**	**242,240**	**334,530**	**491,013**	**2,117,783**

10 Statutory deposit

This represents amount deposited with Central Bank of Nigeria (CBN) in accordance with section 10(3) of the Insurance Act, 2003

	30-Sep 2022	31-Dec 2021
	N'000	N'000
Non Life Business	320,150	320,150
Life Business	215,000	215,000
Balance as at 30th June	**535,150**	**535,150**

		30-Sep 2022 N'000	31- Dec 2021 N'000
11	**Investment contract liabilities**		
	Balance, beginning of year	1,076,506	926,561
	Deposits received during the year	266,250	324,249
	Guarantee Interest	43,886	17,938
		1,386,642	1,268,748
	Withdrawals	(298,832)	(319,303)
	Actuarial Adjustment	-	127,061
		1,087,810	**1,076,506**
12	**Insurance contract liabilities**		
	General business	4,811,910	3,567,734
	Life business	4,394,942	4,586,402
		9,206,852	**8,154,136**
12.1	***General Business Insurance Contract Liabilities***		
	Outstanding claims	1,417,094	1,037,328
	Claims Incurred But Not Reported (IBNR)	903,847	1,017,545
	Unearned premium	2,490,969	1,512,861
		4,811,910	**3,567,734**
12.2	***Age analaysis of Outstanding claims - General Business***		
	0 - 90 days	582,456	281,745
	91 - 180 days	411,547	148,874
	181 - 270 days	193,555	519,221
	271 - 365 days	194,920	42,908
	Above 365 days	34,616	44,580
		1,417,094	**1,037,328**
12.3	**Unearned premium - General Business**		
	Balance, 1st January	1,512,860	1,028,777
	Movement during the period	978,109	484,084
	Balance, end of period/year	**2,490,969**	**1,512,861**
12.4	***Life Business Insurance Contract Liabilities***		
	Group life fund	3,497,347	3,716,668
	Individual Life fund	85,882	69,931
	Annuity fund	811,713	799,803
		4,394,942	**4,586,402**
	Due within 12 month	-	4,586,402
	Due after 12 months	4,394,942	-
		4,394,942	**4,586,402**
12.5	**Group Life fund**		
	Unearned premium	1,444,924	900,478
	Outstanding claims	1,034,116	1,317,187
	Incurred But Not Reported (IBNR)	1,018,307	1,499,003
		3,497,347	**3,716,668**
12.6	***Unearned premium - Life Business***		
	Balance, 1st January	900,478	675,377
	Movement during the period	544,446	225,101
	Balance, end of period/year	**1,444,924**	**900,478**

		30-Sep 2022 N'000	31- Dec 2021 N'000
12.7	**Age analysis of Outstanding claims - Life business**		
	0 - 90 days	584,559	417,893
	91 - 180 days	193,780	1,928
	181 - 270 days	168,726	361,376
	271 - 365 days	87,051	-
	Above 365 days	-	248,344
		1,034,116	**1,029,541**
13	**Trade payables**		
	Reinsurance premium payable	51,670	44,947
	Co - Insurance Premium payable	19,718	13,742
	Commission payable	63,423	-
	Deferred commission income (note 14)	175,626	123,089
	Premium deposits	1,109,872	522,048
		1,420,309	**703,826**
	Due within 12 months	1,420,309	703,826
	Due after 12 months	-	-
		1,420,309	**703,826**
14	**Deferred commission income**		
	Fire	42,454	22,546
	General Accident	25,445	9,938
	Motor vehicle	4,845	7,681
	Marine	501	5,468
	Engineering	9,870	20,791
	Bond	8,250	29,804
	Oil and Gas	9,458	9,405
	Group Life	71,115	17,456
		171,938	**123,089**

This relates to unearned portion of the commission from reinsurance transactions

		30-Sep 2022 N'000	31- Dec 2021 N'000
15	**Other payables**		
	Accruals	773,592	150,894
	Outstanding dividend	486,788	486,976
	Withholding tax payable	9,409	34,750
	Other creditors	28,115	180,193
	Pension Contributions	34,214	28,475
	Lascom Cooperatives	11,938	18,860
		1,344,056	**900,148**

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

		30-Sep 2022 N'000	31- Dec 2021 N'000
	Due within 12 months	1,344,056	900,148
	Due after 12 months	-	-
		1,344,056	**900,148**
16	**Employee benefit liabilities**		
	Balance, beginning of year	1,456,211	1,606,020
	Current service cost		145,702
	Interest cost		114,265
	Service cost paid during the year	(1,187,401)	(116,393)
	Recognition in OCI		(293,383)
	Balance, end of year	**268,810**	**1,456,211**

The company has a post emploment benefit scheme. The movement in the defined benefit obligation over the years is as shown above

		30-Sep 2022 N'000	31- Dec 2021 N'000
	Due within 12 months	-	-
	Due after 12 months	268,810	1,456,211
		268,810	**1,456,211**
17	**Deferred tax liabilities/ Asset**		
	Balance, beginning of year	105,310	99,110
	Debit/(credit) for the year	(6,200)	-
	Asset reveluation	-	6,200
	Balance, end of period/year	**99,110**	**105,310**

		30-Sep 2022 N'000	31-Dec 2021 N'000
18	**Current income tax liabilities**		
(a)	The movement in this account during the period was as follows:		
	Balance, beginning of year	253,427	388,993
	Charged for the year	140,479	21,267
	Payment during the year	(38,519)	(156,833)
	Balance, end of period/year	**355,387**	**253,427**
b	The tax charge for the period comprises :		
	Corporate income tax	133,866	18,454
	Police fund levy	52	14
	Education levy	2,345	-
	Information technology tax	4,216	2,799
		140,479	21,267
		140,479	**21,267**
19	**Share capital**		
(a)	Authorised		
	20,000,000,000 ordinary shares of 50k each	10,000,000	10,000,000
(b)	Issued and fully paid		
	7,334,343,421 units at 50kobo each	916,793	3,667,172
	Transfer to share premium	-	(2,750,379)
		916,793	**916,793**

The fully paid shares was reduced through share reconstruction in the ratio of 1:4 thereby reducing the units of from 7,334,343,421 units of fully paid shares to 1,833,585,855 units of 50k each.

(c) Share premium

Share premium comprises additional paid in capital in excess of the par value . This is not ordinarily available for distribution.

	Balance, beginning of year	3,690,991	940,612
	Transfer from paid up capital due to Reconstruction	-	2,750,379
		3,690,991	**3,690,991**
(d)	**Deposit for shares**		
	Balance, beginning of year	3,500,000	400,000
	Additions during the period	-	3,100,000
	Balance, end of period/year	**3,500,000**	**3,500,000**

20 Contingency reserves

In accordance with the Insurance act, a contigency 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.

	Balance, beginning of year	2,314,804	2,078,397
	Transfer from retained earnings	253,180	236,407
	Balance, at end of period/year	**2,567,984**	**2,314,804**
21	**Other reserves**		
(a)	**Asset revaluation reserves**		
	Balance, beginning of year	55,801	-
	Accummulated depreciation on building	-	20,286
	Revaluation surplus	-	41,715
	Transfer to deferred tax	-	(6,200)
	Balance, end of period/year	**55,801**	**55,801**

Under current regulations, assets revaluation reserve is not available for distribution to shareholders either as dividend or bonus shares.

No provision was made for deferred capital gain tax as the property is not meant for sale in the foreseable future

(b)	**Fair value reserves**		
	Balance, beginning of year	437,340	458,098
	Fair value loss	-	(20,758)
	Balance, end of year	**437,340**	**437,340**
	Total other reserves	**493,141**	**493,141**
22	**Reserve on Actuarial valuation of gratuity**		
	Balance at the beginning of the year	293,524	586,907
	Actuarial (gain) loss	-	(293,383)
	Balance end of period/year	**293,524**	**293,524**
23	**Retained earnings**		
	Balance, beginning of year	686,478	844,860
	Dividend paid	-	(183,359)
	Transfer from profit or loss	281,168	261,384
	Transfer to contingency reserves	(253,180)	(236,407)
	Balance, end of period/year	**714,466**	**686,478**

		30-Sep 2022 N'000	30-Sep 2021 N'000
24	**Net premium**		
	Gross premium written (24a)	11,643,330	11,959,689
	Changes in unearned premium	(1,522,554)	(1,934,731)
	Gross premium income	**10,120,776**	**10,024,958**
	Reinsurance cost:		
	Gross reinsurance premium	3,738,405	4,296,731
	Changes in reinsurance contract	(682,637)	(1,052,445)
	Reinsurance expenses for the period	3,055,768	3,244,286
	Net premium income	**7,065,008**	**6,780,672**
24 a	***Gross premium income***		
	Fire	864,474	655,890
	General Accident	1,243,750	1,003,389
	Motor vehicle	1,363,101	1,220,509
	Marine	326,845	245,192
	Aviation	197,733	242,986
	Oil and Gas	1,268,952	1,181,188
	Engineering	593,484	312,974
	Bond	386,782	316,447
	Group life	5,380,929	6,757,667
	Individual life premium	17,281	23,447
		11,643,331	**11,959,689**

25 Fees and commission income

Fees income represents commission received on direct business and transactions ceded to reinsurance during year under review.

	30-Sep 2022 N'000	30-Sep 2021 N'000
Fees and commission on insurance contract	**763,456**	**823,329**
Movement in Fess and Commission		
Deferred commission as at January 01	123,090	96,007
Fees and commission income for the year	815,992	947,418
Balance carried forward	(175,626)	(220,096)
Earned for the period	**763,456**	**823,329**

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26 Net Claims paid

	30-Sep 2022 N'000	30-Sep 2021 N'000
Current year claims and loss adjuster expenses	5,309,324	7,026,598
Changes in Outstanding claims	(387,688)	(636,527)
Total claims expenses	4,921,636	6,390,071
Reinsurance recoveries	(2,147,891)	(3,111,525)
Net claims expenses	**2,773,745**	**3,278,546**

		30-Sep 2022 N'000	30-Sep 2021 N'000
27	**Underwriting expenses**		
	Acquisition cost	1,329,895	1,340,557
	Maintenance expenses	1,294,205	1,548,764
	Increase in life fund	11,910	13,255
	(Decrease)/Increase in Annuiy fund	15,951	(215,767)
		2,651,961	**2,686,809**
28	**Investment income**		
	Investment income comprises the following;		
	Investment income attributable to Shareholders' fund	243,323	194,748
	Investment income attributable to Insurance funds	230,778	229,158
		474,101	**423,906**
29	**Gain on Financial Assets**		
	Fair value loss on Investment properties	-	-
	Realized gain on Financial assets	6,445	42,250
		6,445	**42,250**
30	**Investment contracts**		
	Interest income	27,458	27,458
	Commission paid	-	-
	Guaranteed interest	(43,886)	(9,045)
	Acturial valuation adjustment	-	-
	Profit or loss	**(16,428)**	**18,413**
31	**Other operating income**		
	Gain on foreign exchange	628,588	399,475
	Rental income	15,380	7,808
	(Loss)/Profit on sale of fixed assets	(14,450)	7,565
	Other sundry income	670	1,225
		630,188	**416,073**
32	**Employee benefit expenses**		
	Salaries	633,670	882,360
	Medicals	13,752	15,475
	Training cost	31,492	2,735
	Post empoyment benefits	734,296	63,023
		1,413,210	**963,593**
33	**Operating expenses**		
	Employee benefits expense (note 32)	1,413,210	963,593
	Depreciation	230,358	220,348
	Amortization -Intangible assets	19	333
	Auditors remuneration	10,800	6,500
	Directors' emolument	384,810	186,721
	Impairment of other assets	33,552	24,129
	Other operating expenses	993,216	601,831
		3,065,965	**2,003,455**

LASACO ASSURANCE PLC

Notes to the Financial Statement

For the period ended 30th September , 2022

34 HYPOTHECATION

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

			Insurance contract			
	Investment Contract	Annuity Fund	Gen. Business	Life Business	Shareholders' fund	Total
	N'000	N'000	N'000	N'000	N'000	N'000
ASSETS						
Cash and cash equivalents	1,104,587	520,120	3,215,879	2,740,115	1,132,669	**8,713,370**
Financial assets	307,856	372,405	1,047,784	1,025,458	2,908,524	**5,662,027**
Trade receivables	-	-	214,162	314,948	-	**529,109**
Reinsurance assets	-	-	1,234,344	1,160,368	-	**2,394,711**
Other receivables	-	-	-	-	265,343	**265,343**
Deferred acquisition Cost	-	-	-	-	477,156	**477,156**
Investment properties	-	-	-	333,090	3,518,894	**3,851,984**
Intangible Assets	-	-	-	-	-	**-**
Property and equipment	-	-	-	-	2,351,234	**2,351,234**
Statutory deposit	-	-	-	-	535,150	**535,150**
Total assets	**1,412,443**	**892,525**	**5,712,169**	**5,573,979**	**11,188,970**	**24,780,084**
LIABILITIES						
Investment contract liabilities	1,087,810	-	**-**	-	-	**1,087,810**
Insurance contract liabilities	-	811,713	4,811,910	3,583,229	-	**9,206,852**
Trade payables					1,420,309	**1,420,309**
Other payables					1,344,056	**1,344,056**
Deferred tax liabilities					99,110	**99,110**
Employee benefit liability					268,810	**268,810**
Taxation					355,387	**355,387**
Total liabilities	1,087,810	811,713	4,811,910	3,583,229	3,487,672	**13,782,334**
Assets Cover	**324,633**	**80,812**	**900,259**	**1,990,750**	**7,701,298**	**10,997,750**

Notes to the Financial Statement
For the period ended 30th September, 2022

35 CAPITAL MANAGEMENT

The solvency margin for the Company as at 30th September , 2022 is as follows:

ASSETS:

	TOTAL ₦'000	ADMISSIBLE ₦'000	IN ADMISSIBLE ₦'000
Cash and cash equivalents	8,713,370	8,713,370	-
Financial assets	5,662,027	5,662,027	-
Trade receivables	529,109	529,109	-
Reinsurance assets	2,394,711	2,394,711	-
Other receivables	265,343	71,249	194,094
Deferred acquisition cost	477,156	477,156	-
Investment properties	3,851,984	3,851,984	-
Investment in Subsidiaries	592,102	592,102	
Property (Land & Building)	1,348,277	1,348,277	-
Property and Equipment	1,002,957	1,002,957	-
Statutory deposit	535,150	535,150	-
Total assets	**25,372,186**	**25,178,092**	**194,094**
LIABILITIES			
Investment contract liabilities	1,087,810	1,087,810	
Insurance ccontract liabilities	9,206,852	9,206,852	-
Trade payables	1,420,309	1,420,309	-
Other payables	1,344,056	1,344,056	-
Deferred tax liabilities	99,110	-	99,110
Employee benefit liabilities	268,810	268,810	-
Current income tax liabilities	355,387	355,387	-
Total liabilities	13,782,334	13,683,224	99,110
SOLVENCY MARGIN			11,494,868
REQUIRED			5,000,000
SURPLUS			**6,494,868**
SOLVENCY RATIO			**230%**

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.

As at 30th September , 2022 the Company showed a positive solvency margin of N11,494,868,,000.00 and a solvency ratio of 230% which is higher than the regulators minimum capital adequacy of requirements of ₦5,000,000,000.00.