

**LASACO ASSURANCE PLC**

**UN AUDITED FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED**

**30 September, 2024**

## LASACO ASSURANCE PLC

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## Corporate Information

<b>Directors</b>	<p>Mrs. Olateju Phillips  Mr. Razzaq Abiodun  Mr. Rilwan Oshinusi  Mr. Ademoye Shobo  Otunba Akin Doherty  Prince Jamiu Adio Saka  Mr. Adeniyi Rasaq Saliu</p>	<p>Chairman  Managing Director/CEO  Deputy Managing Director(Corporate Services)  Executive Director -Technical  Non-exceutive Director  Non-executive Director  Non-executive Director</p>
<b>Company Secretary</b>	<p>Mrs. Gertude Olutekunbi  Plot 16, ACME Road  Ogba Industrial Estate  Ikeja  Lagos State.</p>	
<b>Registered Office</b>	<p>LASACO House  Plot 16, ACME Road  Ogba Industrial Estate  Ikeja  Lagos State.</p>	
<b>Registration Number</b>	31126	
<b>Tax Identification Number</b>	02306657-0001	
<b>Corporate Head Office</b>	<p>LASACO House  Plot 16, ACME Road  Ogba Industrial Estate  Ikeja  Lagos State.  Tel: (234) 01 - 2120557  E-mail: info@lasacoassurance.com  Website: www.lasacoassurance.com</p>	
<b>Registrars</b>	<p><b>APEL Capital &amp; Trust Limited</b>  8, Alhaji Bashorun Street  Off Norman Williams Crescent,  South West, Ikoyi  Lagos  Telephone: 01- 873928, 7401444-5  Mobile No: 07046126698</p>	
<b>Bankers</b>	<p>Polaris Bank Limited  First Bank of Nigeria Limited  Ecobank Nigeria Limited  Heritage Bank Plc  First City Monument Bank Limited  United Bank for Africa Plc  Guaranty Trust Bank Limited  Sterling Bank Plc</p>	

**Corporate Information (Cont'd)**

<b>Auditor</b>	<b>BDO Professional Services</b> (Chartered Accountants) ADOL House, 15 CIPM Avenue Central Business District Alausa, Ikeja, Lagos. P.O.Box 4929,GPO, Marina Lagos. www.bdo-ng.com
<b>Actuary</b>	<b>EY Actuaries</b> 10th & 13th Floor, UBA House 57 Marina Lagos Nigeria
<b>Estate Valuers</b>	<b>Oletubo &amp; Co Estate Surveyors &amp; Valuers</b> 9, Arapasanwu Street, off oluwaloimu Off Amore Street, Toyin Street, Ikeja  <b>Fola Oyekan &amp; Associates Estate Surveyors &amp; Valuers</b> 13, Ogunlana Drive , Surulere, Lagos
<b>Solicitors</b>	<b>Obioha Jude Idigbe &amp; Co</b> 10 Marina Onikan Lagos.  <b>Lawrence Osayemi &amp; Co</b> 38/40 Orlando Martins Street Off Igbosere Road Lagos.  <b>Abdulkareem &amp; Abdulkareem</b> 7 Gray Street Behind Yaba Chief Magistrate Court Yaba Lagos.
<b>Reinsurers</b>	African Reinsurers Corporation Continental Reinsurance Corporation SWISS Reinsurance Company WAICA Reinsurance Pool
<b>Our Vision</b>	To be a market leader in Insurance and Financial Services in Nigeria, creating and sustaining an exceptional brand and providing long term value to our Stakeholders.

**Corporate Information (Cont'd)**

<b>Our Mission</b>	We are committed to be the Insurance and Financial Services Company of choice in Nigeria, providing Products and Services of Superior Quality, using modern tools and a well motivated workforce to create long term value for all our Stakeholders.
<b>Core Values</b>	Excellence Professionalism Integrity Customer Focus Trust Accountability Creativity Teamwork
<b>Quality Policy Statement</b>	<p>LASACO Assurance Plc is committed to delivering Insurance and Financial Services Of Superior Quality, surpassing customers expectations and ensuring strict compliance with regulatory/statutory requirements.</p> <p>We are committed to continually improving the effectiveness of our Quality Management System.</p> <p>We establish measurable goals and objectives at Departmental levels which we review as the need arises ensuring timely, effective implementation of Company strategy.</p>

## UN AUDITED FINANCIAL STATEMENTS, PERIOD ENDED 30, SEPTEMBER 2024

RESULTS AT A GLANCE	30-Sep 2024 ₦'000	31-Dec 2023 ₦'000	₦'000	Changes %
<b>Statement of Financial Position</b>				
Total assets	33,056,381	26,970,480	6,085,901	23
Total liabilities	17,956,914	13,312,910	4,644,004	35
<b>Shareholders' funds</b>	15,099,467	13,657,570	1,441,897	11
	<b>30-Sep 2024 ₦'000</b>	<b>30-Sep 2023 ₦'000</b>	<b>₦'000</b>	<b>%</b>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>				
Gross written Premium	20,066,572	14,399,127	5,667,445	39
Insurance revenue	17,072,174	13,189,955	3,882,219	29
Insurance service expenses	(13,541,370)	(9,966,974)	3,574,396	36
Net expenses from reinsurance contract held	(3,178,627)	(2,315,309)	863,318	37
Insurance service results	352,177	907,672	(555,495)	(61)
Net Insurance and Investment results	4,670,600	3,109,244	1,561,356	50
Profit before tax	1,674,292	969,451	704,841	73
Taxation	(232,395)	(151,999)	(80,396)	53
Profit after taxation	1,441,897	817,452	624,445	76
Earnings per share ₦	0.79	0.45	0.34	76
Net Asset per share ₦	8.23	7.45	0.79	11

UN AUDITED FINANCIAL STATEMENTS, PERIOD ENDED 30, SEPTEMBER 2024  
CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT AND SECURITIES ACT NO. 29  
OF 2007

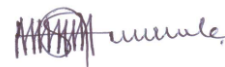
We the undersigned hereby certify the following with regards to the unaudited Financial Statements for the period ended 30 September 2024 that:

- We have reviewed the report;
- To the best of our knowledge, the report does not contain:
  - Any untrue statement of a material fact, or
  - Omit to state a material fact, which would make the statements, misleading in the light of circumstances under which such statements were made;
- To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the Company as of, and for the year presented in the report.
- We:
  - Are responsible for establishing and maintaining internal controls.
  - Have designed such internal controls to ensure that material information relating to the Company is made known to such officers by others within those entries particularly during the year in which the periodic reports are being prepared;
  - Have evaluated the effectiveness of the Company's internal controls as of date within 90 days prior to the report;
  - Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as of that date;
- We have disclosed to the auditors of the Company and audit committee:
  - All significant deficiency in the design or operation of internal controls which would adversely affect the Company's ability to record, process, summarise and report financial data and have identified for the Company's auditor any material weakness in internal controls, and
  - Any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal controls;
- We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



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



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**Mr. Akinwale Sofile**  
Chief Finance Officer  
FRC/2012/ICAN/00000000494

## 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 Management as well as their respective responsibilities and accountability.
  
- xiii Develops and enforces a code of conduct for Non-Executive Directors and a binding Statement of Standards of Business Conduct for compliance by all Company employees.
- xiv Ensures compliance with all relevant laws and regulations by the Company and its officers.

### 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 30 June, 2024. 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.



#### **Securiy Trading Policy**

The Company has a share trading policy which is being adhered to in compliance with the requirements 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 provide 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-24		31-Dec-23	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	1,833,585,855	100%	1,833,585,855	100%
<b>Substantial Shareholdings (5% and above)</b>				
Ibile Holdings Ltd	506,949,191	27.65%	506,949,191	27.65%
Canon Properties & Investments Ltd	232,941,185	12.70%	232,941,184	12.70%
<b>Total Substantial Shareholdings</b>	<b>739,890,376</b>	<b>40.35%</b>	<b>739,890,375</b>	<b>40.35%</b>
<b>Directors' Shareholdings (direct and indirect), excluding directors with substantial interests</b>				
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	0.16%
Prince Jamiu Adio Saka	250,000.00	0.01%	250,000.00	0.01%
Mr Adeniyi Saliu	-	-	-	-
Mr. Razzaq Abiodun (Direct)	746,000	0.04%	746,000	0.04%
Mr. Ademoye Shobo	156,345	0.01%	156,345	0.01%
<b>Total Directors' Shareholdings</b>	<b>1,889,756</b>	<b>0.09%</b>	<b>4,101,990</b>	<b>0.23%</b>
<b>Other Influential Shareholdings</b>				
STANBIC NOM./ AMCON / STERLING BANK PLC	66,865,000	3.65%	66,865,000	3.65%
SNNL/ASSET MGT CORPORATION OF NIG - TRAD	36,799,139	2.01%	36,799,139	2.01%
FIRST PENSION CUSTODIAN	29,188,213	1.59%	29,188,213	1.59%
JOINT HIERS RESOURCES	25,000,000	1.36%	25,000,000	1.36%
CALYX SECURITIES LTD.	22,709,327	1.24%	22,709,327	1.24%
OCEANIC TRUSTEES NOMINEE ACCOUNT	20,693,773	1.13%	20,693,773	1.13%
PYRAMID SECURITIES LIMITED	19,833,571	1.08%	19,833,571	1.08%
<b>Total Other Influential Shareholdings</b>	<b>221,089,023</b>	<b>12.06%</b>	<b>221,089,023</b>	<b>12.06%</b>
<b>Free Float in Units and Percentage</b>	<b>870,716,701</b>	<b>47.49%</b>	<b>868,504,467</b>	<b>47.37%</b>
<b>Free Float in Value</b>	₦ 6,530,375,253.75		₦ 9,466,698,690.30	

**Declaration:**

LASACO Assurance Plc with a free float percentage of 47.39% as at 30 September, 2024, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

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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 Section 30(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.

The Board of Directors authorized these financial statements on 24th October 2024.

**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 30 June 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), Companies and Allied Matters Act, 2020, Insurance Act CAP I17, LFN 2004 and Prudential Guidelines issued by National insurance Commission and Investment and Securities Act 2007.

### 1.3.1 Foreign currency translation

#### (a) Functional and Presentation Currency

The financial statements are presented in Nigerian currency (Naira) which is the Company's functional currency. Except otherwise indicated, financial information presented in Naira have been rounded to the nearest thousand (₦ '000)

#### (b) Transactions and balances in foreign currencies

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

### 1.3.2 Basis of measurement

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

- Financial instruments at fair value through profit or loss;
- Financial assets classified as FVOCI which are measured at fair value through other comprehensive income;
- Financial assets which are measured at amortised costs;
- Land and building (included in property and equipment) which are measured at fair value through other comprehensive income; and
- Investment properties which are measured at fair value.
- Insurance contract which are measured in line with the requirements of IFRS 17

### 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 2023 using the expected credit loss model.

**(iii) Impairment of financial assets**

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

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

**Staged Approach to the determination of Expected Credit Losses**

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

- Stage 1** The Company recognises a credit loss allowance at an amount equal to the 12 month expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not increased significantly after the initial recognition.
- Stage 2** The Company recognises a credit loss allowance at an amount equal to the lifetime expected credit losses (LTECL) for those financial assets that are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of ECL based on Lifetime probabilities of default that represents the probability of a default occurring over the remaining lifetime of the financial assets. Allowance for credit losses is higher in this stage because of an increase in credit risk and the impact of a longer time horizon being considered compared to 12 months in stage 1.
- Stage 3** The Company recognises a loss allowance at an amount equal to life-time expected credit losses, reflecting a probability of default (PD) of 100% via the recoverable cash flows for the asset. For those financial assets that are credit impaired. The Company's definition of default is aligned with the regulatory definition. The treatment of the loans and other receivables in stage 3 remains substantially the same as the treatment of impaired financial assets under IAS 39 except for the portfolios of assets purchased or originated as credit impaired.

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

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

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

## 1.5 Judgments, Estimates and Assumptions

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

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

### 1.5.1 Income Taxes

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

### 1.5.2 Retirement Benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of gratuity obligations. The assumptions used in determining the net cost (income) for gratuity include the discount rate, rate of return on assets, future salary increments and mortality rates.

The Company determines the appropriate discount rate at the end of the period. 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.

### 1.5.4 Liability for remaining coverage (LRC) and Liability for incurred claims (LIC)

The measurement of a group's liability resulting from the insurance contracts that it issues requires significant use of estimates and judgments. The Company estimates the liability for future insurance contract obligations, taking into account the expected cash flows for fulfilling these contracts. This involves making assumptions about future claim payments, premium income, and discount rates.

#### 1.5.5 Reinsurance contracts

The Company assesses the impact of the reinsurance contracts that it holds on its financial statements, including estimating the expected recoveries from reinsurers. This involves evaluating the terms of reinsurance agreements, the creditworthiness of reinsurers, and the effect on the measurement of reinsurance contract assets and liabilities.

#### 1.5.6 Fulfillment Cash Flows

In estimating its liabilities and assets as it relate to insurance and reinsurance contracts, the company makes significant assumptions relating to the future cash flows that will arise from fulfilling insurance contracts, considering variables such as claims experience, lapses, and policyholder behavior. These estimates require judgment and are influenced by historical data and actuarial projections. The Company incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events. The estimates of future cash flows reflect the Group's view of current conditions at the reporting date, using market variables consistent with observable market prices, where applicable.

#### 1.5.7 Risk adjustment

In the measurement of risk adjustment, the Company makes use of significant judgments including estimations, actuarial projections, and historical data in determining reasonable compensation for bearing non-financial risks as it relates to insurance contracts that its issued. It also employs similar assumptions and methodologies in estimating the expected reinsurance portion or recoverable as it relates to risk adjustment.

#### 1.5.8 IFRS 17 Transition

The measurement of the Company liability for the IFRS 17 transition resulting from the insurance contracts that it issues requires significant use of estimates and judgments. The Company estimates the IFRS 17 transition insurance contract obligations, taking into account the contract's fulfillment cashflows. The Company has applied the full retrospective approach to the transition to all short-term insurance contracts in force at the transition date.

For all groups of insurance and Reinsurance contracts for which the full retrospective approach was impracticable modified retrospective approach was adopted. This involves making assumptions about future claim payments, premium income, and discount rates.

#### 1.5.9 Discount rates

The determination of appropriate discount rates to value future cash flows is critical in the application of IFRS 17. The company considers factors such as the time value of money, credit risks, and liquidity premiums in selecting its discount rates. Significant judgment is used by the Company to ensure that the selected rates reflect the characteristics of the cashflows and the risks associated with insurance contracts.

### 1.6 Changes in Material Accounting Policies

#### 1.6.1 Material Accounting Policy Information

The Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also guide the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 2 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

**1.6.2 New standards, interpretations, and amendments effective from 1 January 2023**

The effective interpretations and IFRS Accounting Standards that need to be considered for financial years ended 31 December 2023 are listed below:

**Adoption of IFRS 17**

The Company has initially applied IFRS 17, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the Company has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022. Except for the changes below, the Company has consistently applied the accounting policies as set out in all periods presented in these consolidated financial statements.

Under IFRS 17, insurance revenue in each reporting period represents the changes in the liabilities for remaining coverage that relate to services for which the Company expects to receive consideration and an allocation of premiums that relate to recovering insurance acquisition cash flows. In addition, investment components are no longer included in insurance revenue and insurance service expenses. Insurance finance income and expenses are presented in the profit or loss separately from insurance revenue and insurance service expenses.

The accounting policies on the adoption of IFRS 17 are stated in note 3 of the material accounting policies.

**New standards, amendments, and interpretations issued but not yet effective**

There are new or revised IFRS Accounting Standards and Interpretations in issue that are not yet effective. The directors have considered all of these IFRS Accounting Standards and Interpretations and found none to apply to the business of the entity and therefore do not expect any impact on future financial statements.



## 2.1 SIGNIFICANT ACCOUNTING POLICIES

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

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

## 2.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include notes and coins on hand and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Due to their short-term nature, the carrying value of cash and cash equivalents approximates their fair value, hence they are carried at fair value in the statement of financial position.

## 2.3 FINANCIAL ASSETS

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

### 2.3.1 Recognition and initial measurement

Financial assets and liabilities, with the exception of other loans and receivables, are initially recognised on the trade date i.e. the date that the Company becomes a party to the contractual provisions of the instruments

This includes regular way trades: purchases or sales of financial assets that requires delivery of assets within the time frame generally established by regulation or conviction in the market place. Other loans and receivables are recognised when funds are transferred to the policy holder's accounts.

A financial asset or financial liability is measured initially at fair value or minus, for an item not at fair value through profit or loss, direct and incremental transactions costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition.

### 2.3.2 Classification and Measurement

Initial measurement of a financial asset or liability shall be at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs shall be recognized immediately in profit or loss. Financial assets include placement with banks, treasury bills and equity instruments.

The Company classifies its financial assets into the following categories in line with the provisions of IFRS 9:

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

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

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

## A Classification of Financial Assets

### a) Financial assets measured at amortised cost

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

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is determined using the effective interest method and reported in profit or loss as 'Investment income'.

The amortised cost of a financial instrument is defined as the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the 'effective interest method' of any difference between that initial amount and the maturity amount, and minus any loss allowance. The effective interest method is a method of calculating the amortised cost of a financial instrument (or group of instruments) and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's net carrying amount.

**b) Financial assets measured at FVTPL**

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

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

**c) Financial assets measured at FVOCI**

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

**Business Model Assessment**

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

- 1) The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- 2) How the performance of the portfolio is evaluated and reported to management;
- 3) The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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

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

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

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

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

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

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

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

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

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

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

#### **B. Classification of Financial Liabilities**

Financial liabilities shall be classified into one of the following measurement categories:

- a) Fair Value through Profit or Loss (FVTPL)
- b) Amortised cost

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

Financial liabilities accounted for at fair value through profit or loss fall into two categories:

Financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception

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

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

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

**(b) Financial Liabilities at amortised cost**

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

**C. Reclassifications**

The Company reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification 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 period.

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 period.

### (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.

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

#### (c) Debt instruments measured at fair through OCI

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



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

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

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

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

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

For POCI financial assets, the Company only recognises the cumulative changes in LT ECL since initial recognition in the loss allowance.

**(e) Collateral valuation**

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms: salary/other terminal benefits for the staff loans etc. The Company's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same as it was under IAS 39. Collateral, unless repossessed, is not recorded on the Company's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on periodic basis as deemed necessary.

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

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

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

**(g) Write - off**

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- amount obtained from realization of credit collateral security leaves a balance of the debt; or
- it is reasonably determined that no further recovery on the facility is possible.

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

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

**(h) Forward looking information**

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

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

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

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

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

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

### **2.3.7 Derecognition of financial assets**

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

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

### **2.3.8 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 OTHER RECEIVABLES AND PREPAYMENTS

### 2.5.1 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.

### 2.5.2 Prepayments

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

## 2.6 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 valuator's 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.

## 2.7 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.

## 2.8 INTANGIBLE ASSETS

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

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

**2.9 PROPERTY, PLANT AND EQUIPMENT****(i) Recognition and measurement**

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

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

**(ii) Subsequent costs**

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

**(iii) Depreciation**

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

<b>Assets class</b>	<b>Average useful life</b>
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 period the asset is derecognized.

**2.10 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.

## 2.11 RETIREMENT OBLIGATIONS AND EMPLOYEE BENEFITS

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

### (i) Defined contribution pension scheme

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

### (ii) Defined benefit gratuity scheme

A defined benefit plan is a pension plan that defines the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognised actuarial gains or losses and past services cost. The Board of directors approved the discontinuation of the defined benefit plan with effect from 23 September 2021 and authorised that qualified staff members as at the date be settled.

## 2.12 INCOME TAX LIABILITIES

Income tax expense comprises current and deferred tax

### (i) Current income tax

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

### (ii) Deferred income tax

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

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

However, deferred income tax is not recognized for:

- (a) Temporary differences arising on the initial recognition of goodwill
- (b) Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss
- (c) Temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

## 2.13 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.

#### 2.14 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.

#### 2.15 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.

#### 2.16 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.

#### 2.17 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 period, net of applicable deferred tax assets/liability on employee benefit obligation, are recognized in other comprehensive income.

#### 2.18 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.

#### 2.19 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.

#### 2.20 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 period-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'.

## 2.21 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 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.

**(b) Calculation of interest income and expenses (cont'd)**

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)".

**2.22 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.

**2.23 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.



**3 IFRS 17 ACCOUNTING POLICY**

**A Insurance contracts**

**Key types of insurance contracts issued, and reinsurance contracts held.**

The Company issues the following types of contracts that are accounted for in line with IFRS 17 Insurance

∅ Life insurance

∅ Non-life insurance

**(i) LIFE INSURANCE**

For the Life insurance products, the Company offers the following insurance contracts with the indication of IFRS 17 methodologies applied to these contracts:

**(a) Individual Life With-profit Policies** - These are endowment plans without participating features. The Company accounts for these policies by applying the General Model.

**(b) Individual Life Without-profit Policies including:**

- Term life insurance contracts providing level or decreasing sum assured coverage for a limited period in exchange for renewable fixed premiums.

- Whole of life assurance contracts. The Company accounts for these policies by applying the General Model.

**(c) Annuity Policies including**

• Fixed annuity contracts that provide the annuitant with a guaranteed income payout for a limited period.

• Deferred annuity contracts that provide the annuitant with a guaranteed income payout for life, with the first payment due at the end of the deferment period, provided all contractual premiums were paid. The policyholder is entitled to a surrender benefit (a portion of the accumulation balance at a guaranteed interest rate) if premiums are not fully paid. The Company accounts for these policies by applying the General Model.

**(d) Life Business** - Deposit-based policies. These contracts are individual term assurance plans providing a death benefit with non-distinct investment components. The Company accounts for these policies by applying the General Measurement Model.

**(e) Group Life Insurance** - The Company issues term assurance plans to provide death benefits to employees of businesses with coverage of one year or less. The Company accounts for these contracts by applying the Premium Allocation Approach (PAA).

**(ii) NON - LIFE INSURANCE**

The Company issues non-life insurance to individuals and businesses. Non-life insurance products offered include motor, property, marine, fire and personal accident. These products offer protection of the policyholder's assets and indemnification of other parties that have suffered damage due to a policyholder's accident. The Company accounts for these contracts by applying the Premium Allocation Approach (PAA).

**Reinsurance contracts**

The Company also holds the following types of reinsurance contracts to mitigate risk exposure.

• For the life business, the Company holds quota share reinsurance treaties and accounts for these treaties applying the PAA.

• For non-life, the Company holds facultative (excess of individual loss) reinsurance policies and quota share reinsurance contracts accounted for applying the PAA.

**B Definitions and classifications of Insurance Contract**

Insurance products sold by the Company are classified as insurance contracts when the Company accepts significant insurance risk from a policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the Company considers all its substantive rights and obligations, whether they arise from contract, law or regulation. The Company determines whether a contract contains significant insurance risk by assessing if an insured event could cause the Company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract. The Company does not issue any contracts with direct participating features.

**C Combining a set or series of contracts.**

Sometimes, the Company enters into two or more contracts at the same time with the same or related counterparties to achieve an overall commercial effect. The Company accounts for such a set of contracts as a single insurance contract when this reflects the substance of the contracts. When making this assessment, the Company considers whether:

- The rights and obligations are different when looked at together compared to when looked at individually.
- The Company is unable to measure one contract without considering the other.

**D Separating components from insurance and reinsurance contracts**

The Company assesses its insurance and reinsurance products to determine whether they contain components which must be accounted for under another IFRS rather than IFRS 17 (distinct non-insurance components). After separating any distinct components, an entity must apply IFRS 17 to all remaining components of the (host) insurance contract. Currently, the Company's products do not include distinct components that require separation. Some term life contracts issued by the Company include a surrender option under which the surrender value is paid to the policyholder on maturity or earlier lapse of the contract. These surrender options have been assessed to meet the definition of a non-distinct investment component in IFRS 17. However, receipts and payments of the investment components are excluded from insurance revenue and insurance expenses. The surrender options are considered non-distinct investment components as the Company is unable to measure the value of the surrender option component separately from the life insurance portion of the contract.

The standard requires an insurer to identify and separate distinct components in certain circumstances. When separated, those components are accounted for under the relevant IFRS (i.e., not under IFRS 17). Investment components that are highly interrelated with the insurance contract of which they form a part are considered non-distinct and are not separately accounted for. However, these non-distinct investment components are excluded from the insurance service results. Paragraph B18 of IFRS 17 states that an entity needs to assess the insurance risk excluding scenarios that have no commercial substance (ie no discernible effect on the economics of the transaction). Hence, to determine if an insurance contract includes an investment component the entity needs to assess whether scenarios in which no payments are made have commercial substance. The entity does not consider a scenario for which no payment is made if that scenario has no commercial substance. For LASACO, none of the products issued currently have distinct investment components. For LASACO deposit-based endowments, unallocated investment income is what covers policy expenses and management expenses as well as guaranteed death benefits. This effectively implies that the investment component in these products is interrelated with the risk component. The investment component for LASACO endowments comprises surrender and maturity benefits payable.

**E Level of aggregation**

IFRS 17 requires an entity to determine the level of aggregation for applying its requirements. The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In Companying insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company has determined that all contracts within each product line, as defined for management purposes, have similar risks. Therefore, when contracts are managed together, they represent a portfolio of contracts. Each portfolio is subdivided into a group of contracts to which the recognition and measurement requirements of IFRS 17 are applied. At initial recognition, the Company segregates contracts based on when they were issued. A cohort contains all contracts that were issued within 12 months. Each cohort is then further disaggregated into three groups of contracts:

- Contracts that are onerous on initial recognition
- Contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently
- Any remaining contracts For the Retail Life business, the determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis.

The composition of the group established at initial recognition is not subsequently reassessed. The profitability of a group of contracts is assessed by actuarial valuation models that take into consideration existing and new businesses. For short-term contracts accounted for by applying the PAA, the Company determines that contracts are not onerous on initial recognition unless there are facts and circumstances indicating otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances.

The Company considers facts and circumstances to identify whether a Company of contracts are onerous based on:

- Significant changes in external conditions including economic or regulatory changes e.g. (PRAN rate review)
- Changes to the organization or processes
- Changes in underwriting and pricing strategies
- Trends in experience and expected variability in cashflows.

This consideration is only required for Liability for Remaining Coverage (LRC) and not Liability for Incurred Claims (LIC) which is already measured at current fulfilment value. Fulfilment cashflows can be estimated at whichever aggregate level is deemed appropriate and then subsequently allocated into IFRS 17 portfolios and groups. The fact that incurred claims of a particular cohort is loss-making does not mean the LRC will be onerous as well. Judgement is applied to determine whether each cohort's LRC will be similar to this incurred experience and hence onerous. For example, actions taken to improve profitability in a historically loss-making cohort may indicate that the cohort will be non-onerous going forward.

All short-term contracts have currently been assessed as having no possibility of becoming onerous. Though the Fire portfolio (non-Life) has historically been loss-making, the portfolio has been showing some improvement post-implementation of PRAN rates and other underwriting strategies such as the removal of some toxic accounts etc. The Company expects that improvements will be sustained in future and therefore the cohort will be non-onerous. In subsequent periods, non-onerous contracts are re-assessed based on the likelihood of prevailing facts and circumstances leading to a significant possibility of becoming onerous. Reinsurance contracts held are assessed for aggregation on an individual contract basis and are assessed separately from insurance contracts. The smallest unit of account is a reinsurance contract, even where this contract covers more than one type of insurance product. However, there are cases where a reinsurance contract covers separate and identifiable product lines which are only included in the same legal document for administrative convenience. These contracts have been separated into different components. An example is the NLIP reinsurance contract covering Auto, Casualty and Employer's Liability Lines. Each reinsured line is managed separately and priced separately so they are treated as separate reinsurance contracts. If two or more reinsurance contracts are written on a particular product line, these may be grouped in the same portfolio as they will be covering risks of the same nature and will be managed together. For example, the Surplus contracts (1&2) on Fire have been grouped as they cover risks of the same nature and can be measured under the same measurement approach (PAA because they have a contract boundary of 1 year). While facultative and excess of loss contracts are in separate groups; though they cover the same risks and are even managed together, differing measurement approaches as well as recognition requirements may apply.

## **F Recognition**

Insurance contracts are recognised as at the date when the first payment is received by the policyholder. As LASACO adheres to the statutory "no premium no cover", the date premium is received from the policyholder will always be earlier or on the same date as the coverage period. This premium receipt date would then be used to separate the group of insurance contracts into yearly cohorts. The contract grouping shall not be reassessed until they are derecognized. As required by the standard, LASACO will recognize contracts from the date at which they are determined to be onerous, if this occurs before premium payment or cover commencement.

## G Contract Boundaries

The Company includes in the measurement of a Company of insurance contracts all the future cash flows within the boundary of each contract in the Company. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflect those risks. Or

- Both of the following criteria are satisfied:

- The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio.

- The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract are not recognized. Such amounts relate to future insurance contracts. For life contracts with renewal periods, the Company assesses whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals is established by the Company by considering all the risks covered for the policyholder by the Company, which the Company would consider when underwriting equivalent contracts on the renewal dates for the remaining service. The Company reassesses the contract boundary of each group at the end of each reporting period.

## H Measurement of insurance contracts issued

### 1 General Model

#### 1.1 *Insurance contracts - Initial measurement*

The Company measures a Company of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the Contractual Service Margin (CSM) representing the unearned profit in the contracts relating to services that will be provided under the contracts.

#### ***Fulfilment cash flows within the contract boundary***

The fulfilment cash flows are the current unbiased and probability-weighted estimates of the present value of the future cash flows, including a risk adjustment for non-financial risk. In arriving at a probability-weighted mean, the Company considers a range of scenarios to establish a full range of possible outcomes incorporating all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of expected future cash flows. The estimates of future cash flows reflect conditions existing at the measurement date including assumptions at that date about the future. The Company estimates expected future cash flows for a Company of contracts at a portfolio level and allocates them to the group in that portfolio systematically and rationally. When estimating future cash flows, the Company includes all cash flows within the contract boundary including:

- Premiums and any additional cash flows resulting from those premiums.
- Reported claims that have not yet been paid, claims incurred but not yet reported, future claims expected to arise from the policy and potential cash inflows from recoveries on future claims covered by existing insurance contracts.
- An allocation of insurance acquisition cash flows attributable to the portfolio to which the issued contract belongs.
- Claim handling costs.
- Costs of providing contractual benefits in kind, such as home and vehicle repair
- Policy administration and maintenance costs including recurring commissions expected to be paid to intermediaries for policy administration services only (recurring commissions that are insurance acquisition cash flows are treated as such in the estimate of future cash flows)

- Transaction-based taxes
- An allocation of fixed and variable overheads directly attributable to the fulfilment of insurance contracts including overhead costs such as accounting, human resources, information technology and support, building depreciation, rent, and maintenance and utilities.
- Costs incurred for performing investment activities that enhance insurance coverage benefits for the policyholder.
- Costs incurred for providing investment-related service and investment-return service to policyholders.
- Other costs specifically chargeable to the policyholder under the terms of the contract.

The Company does not provide investment-return services in respect of contracts that it issues, nor does it perform investment activities for the benefit of policyholders. The Company incorporates, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows. The Company estimates the probabilities and amounts of future payments under existing contracts based on information obtained, including:

- Information about claims already reported by policyholders.
- Other information about the known or estimated characteristics of the insurance contracts
  - Historical data about the Company's own experience, supplemented, when necessary, with data from other sources. Historical data is adjusted to reflect current conditions.
- Current pricing information, when available.

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) throughout the contract systematically and rationally based on the passage of time. The Company does not elect to accrete interest on insurance acquisition cash flows to be allocated to profit or loss.

#### **Discount Rate**

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognized in profit or loss at the end of each reporting period unless the Company has elected the accounting policy to present the time value of money separately in profit or loss and other comprehensive income.

The Company measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g., credit risk). In determining discount rates for cash flows, the Company uses the 'bottom-up approach' to estimate discount rates starting from a risk-free rate with similar characteristics, plus an illiquidity premium where applicable.

Risk-free rates are determined by reference to the yields of highly liquid FGN Bonds. The illiquidity premium is determined by reference to observable market rates, including sovereign debt, corporate debt and market swap rates.

#### **Risk adjustment for non-financial risk**

The Company measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk. The Company uses the cost of capital method in estimating the risk adjustment. The level of capital and the cost of the capital rate that feed this estimation technique are calibrated from the Company economic capital's approach within which the Company estimates the impact of non-financial risks.

The economic capital approach includes a quantitative measure of the Company's risk appetite which allows a specific measure of the Company's non-financial risk and the degree of its risk aversion for financial reporting purposes. The Company's economical capital approach, and the risk adjustment calculation derived from it, include the benefits of diversification at the issuing entity level. This is allocated to all the group of insurance contracts. Diversification benefits are derived from a study of the negative correlation that exists among the different non-financial variables impacting the cash flows from the portfolios of the Company and resulting in lower economic capital being necessary to absorb the residual level of uncertainty.

#### **Contractual service margin (CSM)**

The CSM is a component of the overall carrying amount of a Company of insurance contracts representing unearned profit that the Company will recognize as it provides insurance contract services over the coverage period. At initial recognition, the Company measures the CSM at an amount that, unless a Company of insurance contracts is onerous, results in no gains recognized in profit or loss arising from:

- The expected fulfilment cash flows of the Company.
- The amount of any derecognized asset for insurance acquisition cash flows allocated to the Company.
- Any other asset or liability previously recognized for cash flows related to the Company.
- Any cash flows that have already arisen on the contracts as of that date.

If a group of contracts is onerous, the Company recognizes a loss on initial recognition. This results in the carrying amount of the liability for the Company being equal to the fulfilment cash flows, and the CSM of the Company being nil.

A loss component is recognized for any loss on initial recognition of the Company of insurance contracts. The Company determines at initial recognition the Company's coverage units. The Company then allocates the Company's CSM based on the coverage units provided in the period. The Company allocates contracts acquired with claims in the settlement phase into an annual group based on the expected profitability of the contracts at the date of acquisition. The Company uses the consideration received or paid as an approximation of premiums to calculate the CSM on initial recognition.

#### ***Insurance acquisition cash flows***

The Company includes insurance acquisition cash flows in the measurement of a Company of insurance contracts if they are directly attributable to either the individual contracts in a Company, the Company itself or the portfolio of insurance contracts to which the Company belongs. The Company estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the Company but directly attributable to the portfolio. The Company then allocates them to the Company of newly written and renewed contracts on a systematic and rational basis.

The Company applies judgment in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to a group of insurance contracts. This includes judgements about whether insurance contracts are expected to arise from renewals of existing insurance contracts and, where applicable, the amount to be allocated to the group including future renewals and the volume of expected renewals from new contracts issued in the period. In the current and prior years, the Company did not allocate any insurance acquisition cash flows to future groups of insurance contracts, as it did not expect any renewal contracts to arise from new contracts issued in the period. In the current and prior years, the Company did not identify any facts and circumstances indicating that the assets may be impaired.

#### ***Deferred acquisition costs (DAC)***

Under IFRS 4, the Company recognised deferred acquisition cash flows separately as assets. Under IFRS 17, insurance acquisition cash flows are allocated to existing and future groups of insurance contracts on a systematic and rational basis. For insurance contracts measured under the GMM, on initial recognition of a group of contracts, the allocated insurance acquisition cash flows decrease the CSM and are thus implicitly deferred within the CSM, leading to a lower amount of CSM amortisation recognised in revenue in future reporting periods as services are rendered.

However, for presentation purposes, directly attributable acquisition costs allocated to a Company of contracts are amortised as an insurance service expense systematically on the basis of the passage of time, with an equal amount recognised as insurance revenue. Under the PAA, the Company recognised insurance acquisition cash flows in the liability for remaining coverage (LRC) and amortised insurance acquisition cash flows as insurance service expenses.

### **1.2 Insurance contracts - Subsequent Measurement (General Model)**

In estimating the total future fulfilment cash flows, the Company distinguishes between those relating to already incurred claims and those relating to future service. At the end of each reporting period, the carrying amount of the Company of insurance contracts will reflect a current estimate of the liability for remaining coverage (LRC) as at that date and a current estimate of the liability for incurred claims (LIC). The LRC represents the Company's obligation to investigate and pay valid claims under existing contracts for insured events that have not yet occurred, amounts that relate to other insurance contract services not yet provided (i.e. provision of investment-return and investment-related services) and investment components and other amounts not related to insurance contract services that have not yet been transferred to the LIC. The LRC is comprised of:

- (a) the fulfilment cash flows relating to future service,

- (b) the CSM yet to be earned and
- (c) any outstanding premiums for insurance contract services already provided.

The LIC includes the Company's liability to pay valid claims for insured events that have already been incurred, other incurred insurance expenses arising from past coverage service and the liability for claims incurred but not yet reported. It also includes the Company's liability to pay amounts the Company is obliged to pay the policyholder under the contract. This includes repayment of investment components when a contract is derecognized. The current estimate of LIC comprises the fulfillment cash flows related to current and past services allocated to the Company at the reporting date.

#### ***Changes in fulfillment cash flows***

At the end of each reporting period, the Company updates the fulfillment cash flows for both LIC and LRC to reflect the current estimates of the amounts, timing, and uncertainty of future cash flows, as well as discount rates and other financial variables. The Company has an accounting policy choice that calculates changes in fulfillment cash flows at the end of a reporting period for changes in nonfinancial assumptions, changes in discount rates, and financial assumptions. The Company first calculates the changes in discount rates and financial assumptions on the fulfillment cash flows (as expected at the beginning of the period) and then calculates changes in those cash flows from the change in non-financial assumptions. Experience adjustments are the difference between:

- The expected cash flow estimates at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows and insurance premium taxes)
- The expected cash flow estimates at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses)

Experience adjustments relating to current or past service are recognized in profit or loss. For incurred claims (including incurred but not reported) and other incurred insurance service expenses, experience adjustments always relate to current or past service. They are included in profit or loss as part of insurance service expenses. Experience adjustments relating to future service are included in the LRC by adjusting the CSM. The release of the CSM depends on whether the contract does not participate, participates indirectly, or directly participates in the performance of the specified underlying items. At the end of each reporting period, the Company re-estimates the LRC fulfillment cash flows, updating for changes in assumptions relating to financial and non-financial risks.

#### ***Adjustments to the CSM***

The following changes in fulfillment cash flows are considered to be related to future service and adjust (or 'unlock') the CSM of the Company of insurance contracts:

- Experience adjustments relating to the premiums received in the period that relate to future service, and any related cash flows such as insurance acquisition cash flows and premium-based taxes measured at the 'locked in' discount rates applicable when the contracts in the Company were initially recognized.
  - The change in the estimate of the present value of expected future cash flows in the liability for remaining coverage, related to non-financial variables, measured at the 'locked in' discount rates applicable when the contracts in the Company were initially recognized. All financial variables are locked in at initial recognition.
- Changes in the risk adjustment for non-financial risk relating to future service. The Company has elected not to disaggregate the change in the risk adjustment for non-financial risk between:
  - a change related to non-financial risk and
  - the effect of the time value of money and changes in the time value of money.
  - Differences between the amount of investment components that were expected to be payable in the period and the amount of investment components that became payable. The amount of investment components expected to be payable in the period is measured at the discount rates applicable before it became payable.

The following adjustments do not relate to future service and thus do not adjust the CSM:

- Changes in fulfillment cash flows for the effect of the time value of money and the effect of financial risk and
- Changes in the fulfillment cash flows relating to the LIC.

- Experience adjustments relating to insurance service expenses (excluding insurance acquisition cash flows)

Any further increases in fulfillment cash flows relating to future coverage are recognized in profit or loss as they occur, increasing the loss component of the Company of insurance contracts. Any subsequent decreases in fulfillment cash flows related to future coverage do not adjust the CSM until the loss component of the Company is fully reversed through profit or loss. At the end of the reporting period, the carrying amount of the CSM for a Company of insurance contracts without direct participating features is the carrying amount at the beginning of the period adjusted for:

- The effect of any new contracts added to the Company.
- Interest accreted on the carrying amount of the CSM measured at the discount rates determined at initial
- The changes in fulfillment cash flows related to future service, except:
- Increases in fulfillment cash flows that exceed the carrying amount of the CSM, giving rise to a loss that results in the Company of contracts becoming onerous or more onerous.
- Decreased fulfillment cash flows that reverse a previously recognized loss on a Company of onerous contracts.

- The effect of any currency exchange differences on the CSM
- The amount recognized as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period over the current and remaining coverage period. An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided. In determining the amount of the CSM to be released in each period, the Company follows three steps:

- Determine the total number of coverage units in the Company. The amount of coverage units in the Company is determined by considering the quantity of benefits provided under the contract and the expected coverage period for each contract.

- Allocate the CSM at the end of the period (before any of it is released to profit or loss to reflect the insurance contract services provided in the period) equally to each of the coverage units provided in the current period and expected to be provided in the future.

- Recognize in profit or loss the amount of CSM allocated to the coverage units provided during the period.

The number of coverage units changes as insurance contract services are provided, contracts expire, lapse or surrender and new contracts are added to the Company. The total number of coverage units depends on the expected duration of the obligations that the Company has from its contracts. These can differ from the legal contract maturity because of the impact of policyholder behaviour and the uncertainty surrounding future insured events. By determining the number of coverage units, the Company exercises judgment in estimating the likelihood of insured events occurring and policyholder behaviour to the extent that they affect the expected period of coverage in the Company, the different levels of service offered across periods, and the 'quantity of benefits' provided under a contract.

## 2 Premium Allocation Approach

### Insurance contracts

This is a simplification of the general model. The Company applies the PAA to the measurement of Company life and non-life insurance contracts with a coverage period of each contract in the group of one year or less.

Contracts with a coverage period above one year which are not immediately eligible for the PAA, were subjected to PAA eligibility by assessing the expected LRC cashflows under both the PAA and General Model approaches. However, there is no material difference in the measurement of the liability for remaining coverage between PAA and the general model, therefore, these qualified for PAA.

On initial recognition, the Company measures the carrying amount of the Liability for remaining coverage for insurance contracts held as the premiums received - Gross Written premiums (which will be unearned at the start) less the acquisition costs. The Company has determined that there is no significant financing component in group life and non-life insurance contracts with a coverage period of one year or less. The Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for such insurance contracts.



At subsequent measurement, the LRC is effectively the unearned premium reserve (UPR) under IFRS 4 less the deferred acquisition costs (DAC). Unlike IFRS 4, DAC will not be presented as an asset under IFRS 17. It is instead reflected in the overall insurance contract liability for remaining coverage, without being identified as a separate component in the balance sheet.

**Premium Experience Adjustment** : Where premium experience adjustments relate to current/ past service and are treated at the end of the period, this will be immediately recognized in the P&L as insurance revenue.

#### ***Insurance acquisition cash flows***

Insurance acquisition cash flows arise from the costs of selling, underwriting, and starting a group of insurance contracts that are directly attributable to the portfolio of insurance contracts to which the Company belongs. These include direct and indirect costs incurred in originating insurance contracts, including cashflows related to unsuccessful efforts to obtain new business.

Under the PAA, an entity can choose to immediately expense insurance acquisition cash flows in the P or L when incurred if and only if each insurance contract in a Company has a coverage period of one year or less. LASACO has opted not to expense acquisition cash flows immediately when incurred. Alternatively, an entity can recognize insurance acquisition cash flows in the measurement of liability for remaining coverage (LRC) and amortize insurance acquisition cash flows in the P or L (systematically - in line with earning pattern of premium revenue or passage of time, with the former being the method adopted by LASACO).

The existing IFRS 4 approach is to recognize separate deferred acquisition cost (DAC) assets for costs associated with writing new insurance contracts (e.g., commissions paid to brokers). Under IFRS 17, if acquisition costs are paid before the related insurance group is recognized, an entity shall recognize an asset. These assets are derecognized when the group of insurance contracts are recognized. If insurance acquisition cash flows are expected to be paid after the related group is recognized, then they are included as part of the measurement of insurance contracts (LRC). IFRS 17 allows for the deferral of acquisition costs to smooth out the recognition of profits. Paid acquisition costs are an asset that is amortized (or derecognized) when they are included in the measurement of the related Company of insurance contracts.

LASACO has chosen to defer all insurance acquisition cash flows and recognize them over the coverage period of contracts or groups they are attributed. Therefore, acquisition costs and related revenue are recognized over the same periods and in the same pattern, based on the passage of time. It must be noted that IFRS 17 requires allocation to future renewals if the acquisition cash flows are judged to support future renewals. Also the expensing acquisition costs policy choice only applies to contracts with a coverage period of one year or less. For contracts measured under PAA in the Company, insurance acquisition costs comprise of costs:

- that are directly attributable to individual contracts or groups of contracts in a portfolio belongs; with the costs being allocated to the group on a systematic and rationale method e.g., Activity-Based Costing method or based on GWP proportions or claims cost, etc.

### **3 Onerous contracts**

The Company considers an insurance contract to be onerous if the expected fulfillment cash flows allocated to the contract, any previously recognized acquisition cash flows, and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

On initial recognition, the onerous assessment is done on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped and such groups are measured and presented separately. Once contracts are allocated to a group, they are not reallocated to another group, unless they are substantively modified.

On initial recognition, the CSM of the group of onerous contracts is nil and the group's measurement consists entirely of fulfillment cash flows. A net outflow expected from a group of contracts determined to be onerous is considered to be the group's 'loss component'. It is initially calculated when the group is first considered to be onerous and is recognized at that date in profit or loss. The amount of the group's loss component is tracked for presentation and subsequent measurement. After the loss component is recognized, the Company allocates any subsequent changes in fulfillment cash flows of the LRC on a systematic basis between the loss component and the LRC excluding the loss component. For groups of onerous contracts, without direct participating features, the Company uses locked-in discount rates. They are determined at initial recognition to calculate the changes in the estimate of future cash flows relating to future service (both changes in a loss component and reversals of a loss component). For all issued contracts, other than those accounted for applying the PAA, the subsequent changes in the fulfillment cash flows of the LRC to be allocated are:

- Insurance finance income or expense
- Changes in risk adjustment for non-financial risk recognized in profit or loss representing release from risk in the period.
- Estimates of the present value of future cash flows for claims and expenses released from the LRC because of incurred insurance service expenses in the period.

The Company determines the systematic allocation of insurance service expenses incurred based on the percentage of loss component to the total fulfillment cash outflows included in the LRC, including the risk adjustment for non-financial risk, excluding any investment component amount. For contracts that are measured under PAA, the assumption is that there are no onerous contracts at initial recognition unless facts and circumstances indicate otherwise. If the measurement of the LIC results in a loss-making group, this does not translate to the LRC being onerous. In this case, the group will be assessed as to whether its LRC will be similar to the incurred experience and hence considered to be onerous. For example, actions taken to improve profitability on the fire portfolio which has been historically loss-making may indicate that the LRC will have a different loss experience. If facts and circumstances indicate that a group of contracts is onerous during the coverage period, the onerous liability is calculated as the difference between:

- the carrying amount of the liability for remaining coverage; and
- the FCF that relates to remaining coverage is similar to what is needed under the GMM. This difference is recognized as a loss and shall increase the liability for remaining coverage.

#### **I Measurement of Reinsurance contracts held**

##### **I.i Recognition**

Proportional reinsurance contracts held will be first recognized on the later of the beginning of the coverage period of the reinsurance contract or the date that the first underlying insurance contract in the treaty is initially recognized. For example, if we enter a surplus fire reinsurance contract on 1 January 2022 and the first fire insurance policy in the treaty is written in February 2022, then the date of recognition of the surplus reinsurance contract will be February 2022. Though the contract agreement is in place in January, cashflows on the contract don't start until February. Non-proportionate reinsurance coverage will be recognized at the beginning of the coverage period of the contract.

##### **I.ii Reinsurance contracts held measured under the PAA**

All reinsurance contracts with contract boundaries not exceeding one year are automatically considered to meet PAA eligibility. Most of the Company's Surplus reinsurance contracts are immediately eligible for PAA as they are written on a clean-cut basis. At the end of the period, the reinsurer withdraws from the contract and the reinsurance-held portfolio (including outstanding recoveries and ceded portion of unexpired premiums) is transferred to a new reinsurer. A smaller number of surplus reinsurance contracts and all Facultative contracts are written on an underwriting year basis. This basis extends the contract boundary beyond one year as coverage of contracts ceded to the treaty may continue even after the underwriting year has ended.

Where the reinsurance contracts held to cover a group of onerous underlying insurance contracts, the Company adjusts the carrying amount of the asset for remaining coverage and recognizes a gain when, in the same period, it reports a loss on initial recognition of an onerous group of underlying insurance contracts or on the addition of onerous underlying insurance contracts to a group. The recognition of this gain results in the recognition of the loss recovery component of the asset for the remaining coverage of a group of reinsurance contracts held.

**I.iii Reinsurance contracts held measured under the General Model**

The Company's quota share life reinsurance and the facultative reinsurance contracts held are accounted for by applying the measurement requirements of the General Model for estimates of cash flows and discount rates. The Company measures the reinsurance contracts held and the underlying insurance contracts issued using consistent assumptions. The Company includes in the estimates of the present value of expected future cash flows for a group of reinsurance contracts held the effect of any risk of non-performance by the reinsurer, including the effects of any collateral and losses from disputes. The effect of the non-performance risk of the reinsurer is assessed at each reporting date. In determining the asset representing the risk adjustment for non-financial risk transferred to the reinsurer, the Company assesses the amount of risk transferred by the Company to the reinsurer by calculating the risk adjustment of the underlying contracts before and after the effect of the reinsurance contracts held. The difference is recognized as the asset representing the risk adjustment reinsured.

On initial recognition, the Company recognizes any net cost or net gain on purchasing the group of reinsurance contracts held as a reinsurance CSM, unless the net cost of purchasing reinsurance coverage relates to events that occurred before the purchase of the group of reinsurance contracts, where the Company recognizes such a cost immediately in profit or loss as an expense as part of insurance service result. For a group of reinsurance contracts held, on initial recognition of an underlying onerous group of insurance contracts or on the addition of onerous underlying insurance contracts to a group, the Company establishes a loss recovery component and, as a result, recognizes a gain in profit or loss. The amount of the loss recovery component adjusts the CSM of a group of reinsurance contracts held. It is calculated at an amount equal to the loss recognized on the underlying insurance contracts multiplied by the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held.

After initial recognition, the carrying amount of the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held. Reversal of the loss recovery component adjusts the CSM and the risk adjustment of the group of reinsurance contracts held. After establishing a reinsurance loss recovery component, except for further additions of onerous contracts to the underlying group, its amount is adjusted for:

- Changes in fulfillment cash flows of underlying insurance contracts related to future service and do not adjust the CSM of their respective group
- Loss recovery component reversals to the extent those reversals are not changes in the fulfillment cash flows of the group of reinsurance contracts held.

These adjustments are calculated and presented in profit or loss. The Company adjusts the carrying amount of the CSM of a group of reinsurance contracts held at the end of a reporting period to reflect changes in the fulfillment cash flows applying the same approach as for insurance contracts issued, except when the underlying contract is onerous and the change in the fulfillment cash flows for underlying insurance contracts is recognized in profit or loss by adjusting the loss component. The respective changes in reinsurance contracts held are also recognized in profit and loss (adjusting the loss recovery component).

**J Modification and Derecognition**

The Company derecognizes the original contract and recognizes the modified contract as a new contract if the terms of insurance contracts are modified and the following conditions are met:

- If the modified terms were included at contract inception the Company would have concluded that the modified contract:
  - Is outside of the scope of IFRS 17
  - Results in a different insurance contract due to separating components from the host contract

- Results in a substantially different contract boundary
- Would be included in a different Company of contracts.
- The original contract met the definition of an insurance contract with direct participating features, but the modified contract no longer meets the definition.
- The original contract was accounted for applying the PAA, but the modified contract no longer meets the PAA eligibility criteria for that approach.

If the contract modification meets any of the conditions, the Company performs all assessments applicable at initial recognition, derecognizes the original contract, and recognizes the new modified contract as if it was entered for the first time. If the contract modification does not meet any of the conditions, the Company treats the effect of the modification as changes in the estimates of fulfillment cash flows. For insurance contracts accounted for applying the General Model, a change in the estimates of fulfillment cash flows results in a revised end-of-period CSM (before the current period allocation).

A portion of the revised end-of-period CSM is allocated to the current period, as is the revised CSM amount applied from the beginning of the period but reflecting the change in the coverage units due to the modification during the period. This portion is calculated using updated coverage unit amounts determined at the end of the period and weighted to reflect the fact that the revised coverage existed for only part of the current period.

For insurance contracts accounted for applying the PAA, the Company adjusts insurance revenue prospectively from the time of the contract modification. The Company derecognizes an insurance contract when, and only when the contract is:

- Extinguished (when the obligation specified in the insurance contract expires or is discharged or canceled)
- Modified and the derecognition criteria are met.
- When the Company derecognizes an insurance contract from within a Company of contracts, it:
  - Adjusts the fulfillment cash flows allocated to the Company to eliminate the present value of the future cash flows and risk adjustment for nonfinancial risk relating to the rights and obligations that have been derecognized from the Company.
- Adjusts the CSM of the Company for the change in the fulfillment cash flows (unless it relates to the increase or reversal of the loss component).
- Adjusts the number of coverage units for expected remaining insurance contract services to reflect the coverage units derecognized from the Company and recognizes in profit or loss in the period the amount of CSM based on that adjusted number.

When the Company transfers an insurance contract to a third party and that results in derecognition, the Company adjusts the CSM of the Company from which the contract has been derecognized for the difference between the change in the carrying amount of the Company caused by the derecognized fulfillment cash flows and the premium charged by the third party for the transfer.

When the Company derecognizes an insurance contract due to modification, it derecognizes the original insurance contract and recognizes a new one. The Company adjusts the CSM of the Company from which the modified contract has been derecognized for the difference between the change in the carrying amount of the Company as a result of an adjustment to fulfillment cash flows due to derecognition and the premium the Company would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

#### **K Presentation**

The Company has presented separately in the consolidated statement of financial position the carrying amount of portfolios of insurance contracts that are assets and those that are liabilities, and the portfolios of reinsurance contracts held that are assets and those that are liabilities. The Company disaggregates the amounts recognized in the consolidated statement of profit or loss and other comprehensive income into an insurance service result sub-total that comprises insurance revenue and insurance service expenses and, separately from the insurance service result, the 'net insurance finance income or expenses' sub-total.

The Company has voluntarily included the net insurance finance income or expenses line in another subtotal: net insurance and investment result, which also includes the income from all the assets backing the Company's insurance liabilities. The Company includes any assets for insurance acquisition cash flows recognized before the corresponding group of insurance contracts is recognized in the carrying amount of the related portfolios of insurance contracts issued. The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

### 3.1 Insurance Revenue

For the General Model, The Company insurance revenue depicts the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore, the relevant portion for the period of the total consideration for the contracts, (i.e., the amount of premiums paid to the Company adjusted for financing effect (the time value of money) and excluding any investment components). As the Company provides insurance services under a group of insurance contracts issued, it reduces its LRC and recognizes insurance revenue, which is measured by the amount of consideration the Company expects to be entitled to in exchange for those services.

For groups of insurance contracts measured under the General Model, insurance revenue consists of the sum of the changes in the LRC due to:

- The insurance service expenses incurred in the period measured at the amounts expected at the beginning of the period, excluding:
  - Amounts allocated to the loss component.
  - Repayments of investment components.
  - Amounts that relate to transaction-based taxes collected on behalf of third parties.
  - Insurance acquisition expenses.
  - Amounts relating to risk adjustment for non-financial risk.
- The change in the risk adjustment for non-financial risk, excluding:
  - Changes that relate to future service that adjust the CSM.
  - Amounts allocated to the loss component.
  - The amount of CSM for the services provided in the period.
  - The amount of CSM for the services provided in the period.
  - Other amounts, such as experience adjustments for premium receipts that relate to current or past service.

if any Insurance revenue also includes the portion of premiums that relate to recovering those insurance acquisition cash flows included in the insurance service expenses in each period. Both amounts are measured in a systematic way on the basis of the passage of time. For the Premium Allocation Approach (PAA), The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component) allocated to the period. When applying the PAA, the Group recognizes insurance revenue for the period based on the passage of time by allocating expected premium receipts including premium experience adjustments to each period of service. At the end of each reporting period, the Company considers whether there was a change in facts and circumstances indicating a need to change, on a prospective basis, the premium receipt allocation due to changes in the expected pattern of claim occurrence.

### 3.2 Insurance service expenses

Insurance service expenses arising from a Company of insurance contracts issued comprises:

- Changes in the LIC related to claims and expenses incurred in the period excluding repayment of investment components.
  - Changes in the LIC related to claims and expenses incurred in prior periods (related to past service)
  - Other directly attributable insurance service expenses incurred in the period.
- Amortization of insurance acquisition cash flows, which is recognized at the same amount in both insurance service expenses and insurance contract revenue.
- Loss component of onerous groups of contracts initially recognized in the period.
- Changes in the LRC related to future service that do not adjust the CSM, because they are changes in the loss components of onerous group of contracts.

### 3.3 Income or expenses from reinsurance contracts held.

The Company presents income or expenses from a group of reinsurance contracts held and reinsurance finance income or expenses in profit or loss for the period separately. Income or expenses from reinsurance contracts held are split into the following two amounts:

- Amount recovered from reinsurers.

An allocation of the premiums paid. The Company presents cash flows that are contingent on claims as part of the amount recovered from reinsurers. Ceding commissions that are not contingent on claims of the underlying contracts are presented as a deduction in the premiums to be paid to the reinsurer which is then allocated to profit or loss.

The Company establishes a loss recovery component of the asset for the remaining coverage for a group of reinsurance contracts held. This depicts the recovery of losses recognized on the initial recognition of an onerous group of underlying insurance contracts or on the addition of onerous underlying insurance contracts to a group. The loss recovery component adjusts the CSM of the group of reinsurance contracts held. The loss recovery component is then adjusted to reflect:

- Changes in the fulfillment cash flows of the underlying insurance contracts that relate to future service and do not adjust the CSM of the respective group to which the underlying insurance contracts belong.
- Reversals of loss recovery component to the extent those reversals are not changes in the fulfillment cash flows of the Company of reinsurance contracts held.
- Allocations of the loss recovery component against the amounts recovered from reinsurers reported in line with the associated reinsured incurred claims or expenses.

### 3.4 Insurance finance income and expenses

Insurance finance income or expenses present the effect of the time value of money and the change in the time value of money, together with the effect of financial risk and changes in financial risk of a group of insurance contracts and a group of reinsurance contracts held. The use of OCI presentation for insurance finance income and expenses The Company has an accounting policy choice to present all the period's insurance finance income or expenses in profit or loss or to split the amount between profit or loss and other comprehensive income (OCI).

When considering the choice of presentation of insurance finance income or expenses, the company examines the assets held for that portfolio and how they are accounted for. Currently, the Company presents all the period's insurance finance income or expenses in the profit or loss. The company may reassess its accounting policy choice during the duration of a group of direct participating contracts when there is a change in whether the Group holds the underlying items or no longer holds the underlying items. When such change occurs, the company includes the amount accumulated in OCI by the date of the change as a reclassification adjustment to profit or loss spread across the period of change and future periods based on the method and on assumptions that applied immediately before the date of the change. Comparatives are not restated. When applying the PAA, the Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for group life and non-life policies with a coverage period of one year or less. For those claims that the company expects to be paid within one year or less from the date of incurrence, the Company does not adjust future cash flows for the time value of money and the effects of financial risks. However, claims expected to take more than one year to settle are discounted by applying the discount rate at the time the incurred claim is initially recognized.

	NOTES	30 September 2024 N'000	31 December 2023 N'000
<b>Assets</b>			
Cash and cash equivalents	1	15,933,792	8,713,710
<b>Financial assets:</b>			
- At fair value through profit or loss	2.1	329,818	398,053
- At fair value through other comprehensive income	2.2	290,777	290,777
- At amortised cost	2.3	2,732,118	4,751,011
Trade receivables	3	1,376,704	676,669
Reinsurance contract assets	4	2,832,003	2,545,841
Other receivables and prepayments	5	495,914	536,044
Investment properties	6	4,567,754	4,567,754
Investment in subsidiaries	7	1,000,000	638,310
Statutory deposit	8	535,150	535,150
Intangible asset	9	61,145	77,591
Property, plant and equipment	10	2,901,206	3,239,570
<b>Total assets</b>		<b>33,056,381</b>	<b>26,970,480</b>
<b>Liabilities and shareholders' funds</b>			
<b>Liabilities</b>			
Insurance contract liabilities	11	12,188,722	9,749,498
Investment contract liabilities	12	1,061,385	646,777
Trade payables	13	2,827,067	1,203,081
Other payables and accruals	14	976,497	997,036
Income tax liabilities	15	527,001	340,276
Deferred tax liabilities	16	376,242	376,242
<b>Total liabilities</b>		<b>17,956,914</b>	<b>13,312,910</b>
<b>Equity</b>			
Share capital	17	916,793	916,793
Share premium	18	3,690,991	3,690,991
Deposit for shares	19	3,500,000	3,500,000
Statutory contingency reserve	20	3,457,806	3,017,419
Retained earnings	21	2,559,717	1,558,207
Fair value through other comprehensive income reserve	22	437,340	437,340
Assets revaluation reserve	23	536,820	536,820
<b>Shareholders' funds</b>		<b>15,099,467</b>	<b>13,657,570</b>
<b>Total liabilities and shareholders' funds</b>		<b>33,056,381</b>	<b>26,970,480</b>

The financial statements were approved and authorized for issue by the Board of Directors on 24th October 2024 and signed on its behalf by:



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



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

	Note	July - Sept 2024 N'000	Jan - Sept 2024 N'000	July - Sept 2023 N'000	Jan - Sept 2023 N'000
Insurance revenue	24	5,590,025	17,072,174	4,446,080	13,189,955
Insurance service expenses	25	(4,644,098)	(13,541,370)	(3,875,931)	(9,966,974)
Net expenses from reinsurance contract held	26	(1,716,644)	(3,178,627)	(884,267)	(2,315,309)
<b>Insurance service result</b>		<b>(770,717)</b>	<b>352,177</b>	<b>(314,118)</b>	<b>907,672</b>
Interest revenue calculated using effective interest method	27.1	360,362	807,387	166,943	511,855
Other investment income	27.2	12,678	29,479	1,777	17,244
Net fair value gain	28	-	2,434	-	129,618
Profit/(loss) on investment contract liabilities	29	(30,294)	(56,624)	(1,575)	(66,065)
<b>Investment results</b>		<b>342,746</b>	<b>782,676</b>	<b>167,145</b>	<b>592,652</b>
Net finance income/(expenses)	30	(4,216)	79,353	3,002	42,114
Net foreign exchange gains	31	926,970	3,456,394	1,150,071	1,566,806
<b>Net Investment results</b>		<b>1,265,500</b>	<b>4,318,423</b>	<b>1,320,218</b>	<b>2,201,572</b>
<b>Net insurance and Investment results</b>		<b>494,783</b>	<b>4,670,600</b>	<b>1,006,100</b>	<b>3,109,244</b>
Other operating income	32	28,776	271,241	60,433	82,627
Operating expenses	33	(2,141,811)	(3,267,549)	(760,348)	(2,222,420)
<b>Profit before taxation</b>		<b>(1,618,252)</b>	<b>1,674,292</b>	<b>306,185</b>	<b>969,451</b>
Income tax		9,662	(232,395)	(68,329)	(151,999)
<b>Profit after taxation</b>		<b>(1,608,590)</b>	<b>1,441,897</b>	<b>237,856</b>	<b>817,452</b>
<b>Other Comprehensive income:</b>					
<i>Items within OCI that may be reclassified to the profit or loss:</i>		-	-	-	-
Items within the OCI that will be reclassified to the profit or loss:					
Revaluation surplus on property, plant and equipment		-	-	-	-
Other Comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>(1,608,590)</b>	<b>1,441,897</b>	<b>237,856</b>	<b>817,452</b>
<b>Earning per shares</b>		<b>(0.88)</b>	<b>0.79</b>	<b>0.13</b>	<b>0.45</b>



LASACO ASSURANCE PLC  
STATEMENT OF CHANGES IN EQUITY  
FOR PERIOD ENDED 30 SEPTEMBER 2024

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	Share capital	Share premium	Deposit for shares	Contingency reserve	FVOCI Reserve	Asset revaluation reserve	Retained earnings	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance 1 January, 2024	916,793	3,690,991	3,500,000	3,017,419	437,340	536,820	1,558,207	13,657,570
<b>Total comprehensive income for the year:</b>								
Profit for the year	-	-	-	-	-	-	1,441,897	1,441,897
Transfer to contingency reserve	-	-	-	440,387	-	-	(440,387)	-
Dividend paid during the year	-	-	-	-	-	-	-	-
Changes in valuation of gratuity	-	-	-	-	-	-	-	-
Changes in valuation of land and building	-	-	-	-	-	-	-	-
Fair value gain on FVOCI	-	-	-	-	-	-	-	-
<b>Balance 30 Sept., 2024</b>	<b>916,793</b>	<b>3,690,991</b>	<b>3,500,000</b>	<b>3,457,806</b>	<b>437,340</b>	<b>536,820</b>	<b>2,559,717</b>	<b>15,099,467</b>
Balance 1 January, 2023	916,793	3,690,991	3,500,000	2,632,016	437,340	256,262	1,554,636	12,988,038
Profit for the year	-	-	-	-	-	-	496,827	496,827
Transfer to contingency reserve	-	-	-	293,862	-	-	(293,862)	-
Dividend paid during the year	-	-	-	-	-	-	-	-
Changes in valuation of land and building	-	-	-	-	-	-	-	-
Fair value loss on FVOCI	-	-	-	-	-	-	-	-
<b>Balance 30 Sept 2023</b>	<b>916,793</b>	<b>3,690,991</b>	<b>3,500,000</b>	<b>2,925,878</b>	<b>437,340</b>	<b>256,262</b>	<b>1,757,601</b>	<b>13,484,865</b>

		2024	2023
	Notes	N'000	N'000
<b>Cash flows from operating activities:</b>			
Premium received from policy holders		19,447,939	9,341,911
Premium received from deposit administration	12	639,024	152,215
Reinsurance premium paid	26.1	(7,845,388)	(3,775,268)
Direct claims Paid		(2,917,165)	(3,127,207)
Deposit administration withdrawals	12	(298,527)	(214,755)
Claims received from reinsurers		1,276,643	872,147
Rental income	32	16,100	14,150
Commission received	26.1	1,810,077	718,452
Commission paid		(1,405,376)	(1,411,833)
Maintenance expenses	25.2	(3,229,258)	(1,407,400)
Deposit received in advance	13	942,425	1,155,026
Cash paid to and on behalf of employees		(853,040)	(507,121)
Other operating cash payments		(2,050,695)	(950,145)
Company income tax paid	15	(45,670)	(33,456)
<b>Net cash absorbed from operating activities</b>		<u>5,487,089</u>	<u>826,716</u>
<b>Cash flows from investing activities:</b>			
Purchase of Bonds		(55,648)	-
Proceeds from redemption of other amortised cost		2,219,607	(264,234)
Purchase of fixed deposits		(857,813)	-
Additional investment in subsidiaries	7	(361,690)	-
Additions to Investment properties		-	(7,000)
Acquisition of property, plant and equipment		(25,250)	(49,228)
Proceeds from disposal on property, plant and equipment		-	11,790
Interest income	27.1	807,387	301,929
Dividend Income	27.2	29,479	58,450
<b>Net cash outflow from investing activities</b>		<u>1,756,072</u>	<u>51,707</u>
<b>Cash flows from financing activities</b>			
Dividends paid to equity holders		-	-
<b>Net cash outflow from financing activities</b>		<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents		7,243,161	878,423
Cash and cash equivalents at beginning of the year		8,713,710	9,414,472
Effect of movements in exchange rates on cash and cash equivalents		-	-
Cash and cash equivalents at end of the year		<u>15,956,871</u>	<u>10,292,895</u>
<b>Represented by:</b>			
Cash and cash equivalents at end of the year	1	<u>15,956,871</u>	<u>10,292,895</u>

UN AUDITED FINANCIAL STATEMENTS, PERIOD ENDED 30, SEPTEMBER 2024  
NOTES TO THE FINANCIAL STATEMENTS

1 Cash and Cash Equivalents	30-Sep 2024 N'000	31-Dec 2023 N'000
Balances with Local banks	4,353,030	4,788,023
Placement with banks (Note 1(a))	11,603,841	3,980,928
<b>Total cash and cash equivalents</b>	<u>15,956,871</u>	<u>8,768,951</u>
Allowance for credit losses (Note 1(b))	(23,079)	(55,241)
<b>Carrying value of cash and cash equivalents</b>	<u>15,933,792</u>	<u>8,713,710</u>
Current	15,933,792	8,713,710
Non-current	-	-

Short-term deposits are made for varying periods averaging between 1 - 90 days depending on the immediate cash requirements of the Company. All deposits are subject to an average interest rate of 8.28%. The carrying amounts disclosed above reasonably approximate fair value at the reporting date.

2 Financial Assets	30-Sep 2024	31-Dec 2023
The Company's financial assets are summarised by categories as follows:		
	N'000	N'000
Fair value through profit or loss (Note 2.1)	329,818	398,053
Fair value through other comprehensive income (Note 2.2)	290,777	290,777
Financial assets at amortised cost (Note 5.3)	2,732,118	4,751,011
	<u>3,352,713</u>	<u>5,439,841</u>
Current	-	-
Non-current	3,352,713	5,439,841
	<u>3,352,713</u>	<u>5,439,841</u>

2.1 Financial assets at fair value through profit or loss

	N'000	N'000
Balance at the beginning of the year	398,053	532,624
Fair gain during the period	182,938	111,290
Disposal	-	(245,861)
Impairment loss during the year	(251,173)	-
Balance at the end of the period	<u>329,818</u>	<u>398,053</u>

(a) Fair value through profit or loss

Management valued the Company's quoted investments at market value which is a reasonable measurement of fair value since the prices of the shares are quoted in an active market. The instruments are measured and evaluated on a fair value basis and fair value is determined by reference to published price quotations in an active market -classified as level 1 in the fair value hierarchy.

UN AUDITED FINANCIAL STATEMENTS, PERIOD ENDED 30, SEPTEMBER 2024  
NOTES TO THE FINANCIAL STATEMENTS

2.2 Fair value through other comprehensive income

Equity investments at FVOCI comprise the following individual investments:

	30-Sep 2024	31-Dec 2023
Equity securities	N'000	N'000
Fair value		
Energy & Allied Insurance Pool	119,153	119,153
Nigeria Liability Insurance Pool	18,761	18,761
WAICA Reinsurance Co. Limited	95,236	95,236
Health Care International	57,627	57,627
	<u>290,777</u>	<u>290,777</u>

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

	N'000	N'000
Balance at the beginning of the year	290,777	290,777
Fair value loss	-	-
Balance at the end of the period	<u>290,777</u>	<u>290,777</u>

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

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

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

2.3 Financial assets at amortised cost

	N'000	N'000
Bonds (Note 2.3(a))	2,420,349	2,364,701
Fixed deposits and Treasury bills (Note 2.3(d))	311,769	2,386,310
Allowance for Credit losses	(7,141)	(7,141)
	<u>2,732,118</u>	<u>4,743,870</u>

(a) Breakdown of the bonds

	Maturity date	Coupon Rate	Frequency	N'000	N'000
Federal Government Bond	March 2025	13.53%	Half yearly	569,065	569,065
Federal Government Bond	January 2027	12.50%	Half yearly	956,636	956,636
Federal Government Bond	September 2024	13.53%	Half yearly	50,000	50,000
Lagos State Bond	December 2031	13%	Half yearly	448,000	448,000
Federal Government bond	December 2031	13%	Half yearly	55,648	-
Federal Government Bond	April 2023	12.75%	Half yearly	291,000	291,000
Federal Government savings	March 2025	13.47%	Quarterly	50,000	50,000
				<u>2,420,349</u>	<u>2,364,701</u>

## UN AUDITED FINANCIAL STATEMENTS, PERIOD ENDED 30, SEPTEMBER 2024

## NOTES TO THE FINANCIAL STATEMENTS

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

	30-Sep 2024	31 Dec 2023
	N'000	N'000
(d) <b>Fixed deposits and Treasury bills</b>		
Balance at the beginning of the year	2,386,349	139,591
Additions during the year	-	2,348,519
Liquidation during the year	(2,245,812)	(139,472)
Interest earned	171,232	37,711
Balance at the end of the period	<u>311,769</u>	<u>2,386,349</u>
<b>3 Trade Receivables</b>	<b>N'000</b>	<b>N'000</b>
Amount due from Insurance Brokers (Note 3(b))	974,929	356,296
Receivables from Coinsurance and reinsurance companies (Note 3(c))	401,775	320,373
	<u>1,376,704</u>	<u>676,669</u>
(a) <b>Analysis of Trade Receivables</b>	<b>N'000</b>	<b>N'000</b>
Current	1,376,704	676,669
Non-current	-	-
(b) <b>Movement in due from Insurance Brokers</b>	<b>N'000</b>	<b>N'000</b>
Opening balance as at 1 January	356,296	320,695
Gross written premium from General Insurance Contracts	11,986,068	10,173,846
Gross written premium from Life Insurance Contracts	8,080,504	8,015,879
Premium received during the year	(19,447,939)	(18,154,124)
Balance at the end of the period	<u>974,929</u>	<u>356,296</u>
(c) <b>Movement in receivables from coinsurance and reinsurance companies</b>		
Opening balance as at 1 January	320,373	127,122
Amounts recoverable for Incurred claims	1,149,529	1,734,909
Claims received from reinsurers & co-insurers	(1,068,127)	(1,541,658)
Balance at the year period	<u>401,775</u>	<u>320,373</u>
(d) The Company's policy in line with the provisions of "No Premium, No Cover" on impairment of trade receivables recognizes trade receivables from Brokers only. Such receivables should not exceed a period of 30 days.		

	30-Sep 2024	31 Dec 2023
	N'000	N'000
<b>4 Reinsurance contract Assets</b>		
Asset for remaining coverage (note 4.1)	1,580,041	857,250
Asset for incurred claims (Note 4.2)	1,251,962	1,688,591
	<u>2,832,003</u>	<u>2,545,841</u>
Current	2,832,003	2,545,841
Non-current	-	-

4.1 Reconciliation of reinsurance contract assets - Aggregate

	Assets for remaining coverage		Assets for Incurred claims		30-Sep-24	Assets for remaining coverage		Assets for Incurred claims		31-Dec-23
	Non -Loss component	Loss recovery component	Estimate of present value for future cashflows	Risk adjustment for non financial risks		Non -Loss component	Loss recovery component	Estimate of present value for future cashflows	Risk adjustment for non financial risks	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening Balance	857,249	-	1,618,980	69,612	2,545,841	999,549	-	1,355,991	23,992	2,379,532
Reinsurance contract assets	-	-	-	-	-	(68,232)	-	-	-	(68,232)
Net reinsurance asset	857,249	-	1,618,980	69,612	2,545,841	931,317	-	1,355,991	23,992	2,311,300
Reinsurance expenses	7,845,388	-	-	-	7,845,388	5,149,705	-	-	-	5,149,705
Amounts recoverable for Incurred claims and other expenses	-	-	(1,276,643)	-	(1,276,643)	-	-	(2,613,856)	-	(2,613,856)
Changes to amounts recoverable for incurred claims	-	-	(701,849)	-	(701,849)	-	-	262,986	46,938	309,924
Net income or expense from reinsurance contracts held	7,845,388	-	(1,978,492)	-	5,866,896	5,149,705	-	(2,350,870)	46,938	2,845,773
Reinsurance finance income	152,117	-	-	-	152,117	90,410	-	(259,097)	(1,318)	(170,005)
Total changes in the statement of comprehensive income	7,997,505	-	(1,978,492)	-	6,019,013	5,240,115	-	(2,609,967)	45,620	2,675,768
<b>Cash flows in the period:</b>										
Reinsurance premium	(7,274,713)	-	-	-	(7,274,713)	(5,314,183)	-	-	-	(5,314,183)
Amounts received	-	-	1,541,862	-	1,541,862	-	-	2,872,956	-	2,872,956
Net cash (outflow)/inflow	(7,274,713)	-	1,541,862	-	(5,732,851)	(5,314,183)	-	2,872,956	-	(2,441,227)
Closing Balance of Reinsurance contract asset	1,580,041	-	1,182,350	69,612	2,832,003	857,249	-	1,618,980	69,612	2,545,841

4.2 Reconciliation of general reinsurance contract assets - measured under PAA

	Asset for remaining coverage		Asset for Incurred claims		30-Sep-24	Asset for remaining coverage		Asset for Incurred claims		31-Dec-23
	Non -Loss recovery	Loss recovery	Estimate of present value for future cashflows	Risk adjustment for non financial risks		Non -Loss recovery	Loss recovery	Estimate of present value for future cashflows	Risk adjustment for non financial risks	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening balance	638,308	-	961,727	69,612	1,669,647	757,088	-	734,259	15,662	1,507,009
Reinsurance contract assets	-	-	-	-	-	-	-	-	-	-
Deferred commission	-	-	-	-	-	-	-	-	-	-
Reinsurance contract assets	638,308	-	961,727	69,612	1,669,647	757,088	-	734,259	15,662	1,507,009
Reinsurance expenses	2,104,531	-	-	-	2,104,531	3,100,426	-	-	-	3,100,426
Amounts recoverable for Incurred claims and other expenses	-	-	(320,667)	-	(320,667)	-	-	(1,161,566)	-	(1,161,566)
Changes to amounts recoverable for incurred claims	-	-	(91,823)	(3,082)	(94,905)	-	-	227,568	53,950	281,518
Net income or expense from reinsurance contracts held	2,104,531	-	(412,490)	(3,082)	1,688,959	3,100,426	-	(934,098)	53,950	2,220,278
Reinsurance finance income	121,176	-	-	-	121,176	69,930	-	(92,710)	-	(22,780)
Total changes in the statement of comprehensive income	2,225,707	-	(412,490)	(3,082)	1,810,135	3,170,356	-	(1,026,808)	53,950	2,197,498
<b>Cash flows in the period:</b>										
Reinsurance expense	-	-	-	-	-	(3,289,136)	-	-	-	(3,289,136)
Amounts received	(2,110,682)	-	-	-	(2,110,682)	-	-	1,254,276	-	1,254,276
Net cash (outflow)/inflow	(2,110,682)	-	-	-	(2,110,682)	(3,289,136)	-	1,254,276	-	(2,034,860)
Closing Reinsurance contract assets	753,333	-	549,237	66,530	1,369,100	638,308	-	961,727	69,612	1,669,647

## 7.3 Reconciliation of group life reinsurance contract assets - measured under PAA

	Assets for remaining coverage		Assets for Incurred claims		30-Sep-24	Assets for remaining coverage		Assets for Incurred claims		31-Dec-23
	Non -Loss component	Loss recovery component	Estimate of present value for future cashflows	Risk adjustment for non financial risks	Total	Non -Loss component	Loss recovery component	Estimate of present value for future cashflows	Risk adjustment for non financial risks	Total
	N'000	N'000	N'000	N'000	N'000					
Opening balance	218,941	-	657,251	-	876,192	218,941	-	657,251	-	876,192
Reinsurance contract assets	-	-	-	-	-	-	-	-	-	-
Deferred commission	-	-	-	-	-	-	-	-	-	-
Net reinsurance assets	218,941	-	657,251	-	876,192	218,941	-	657,251	-	876,192
Reinsurance expenses	5,740,857	-	-	-	5,740,857	2,049,279	-	-	-	2,049,279
Amounts recoverable for Incurred claims and other expenses	-	-	(955,976)	-	(955,976)	-	-	(1,452,290)	-	(1,452,290)
Changes to amounts recoverable for incurred claims	-	-	(610,026)	3,084	(606,942)	-	-	35,519	(7,012)	28,507
Net income or expense from reinsurance contracts held	5,740,857	-	(1,566,002)	3,084	4,177,939	2,049,279	-	(1,416,772)	(7,012)	625,496
Reinsurance finance income /expenses	30,941	-	-	-	30,941	20,480	-	(166,387)	(1,318)	(147,225)
<b>Total changes in the statement of comprehensive income</b>	<b>5,771,798</b>		<b>(1,566,002)</b>	<b>3,084</b>	<b>4,208,880</b>	<b>2,069,759</b>		<b>(1,583,159)</b>	<b>(8,330)</b>	<b>478,271</b>
<b>Cash flows in the period:</b>										
Reinsurance premium	(5,164,031)	-	-	-	(5,164,031)	(2,069,759)	-	-	-	(2,069,759)
Amounts received	-	-	1,541,862	-	1,541,862	-	-	1,583,159	-	1,583,159
<b>Net cash (outflow)/inflow</b>	<b>(5,164,031)</b>		<b>1,541,862</b>		<b>(3,622,169)</b>	<b>(2,069,759)</b>		<b>1,583,159</b>		<b>(486,600)</b>
Closing Reinsurance contract assets	826,708	-	633,111	3,084	1,462,903	218,941	-	657,251	-	867,863

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	30-Sep 2024	31 Dec 2023
<b>5 Other receivables and prepayments</b>	<b>N'000</b>	<b>N'000</b>
Prepaid rent (Note 8(a))	82,440	93,866
Staff Loan (Note 8(b))	106,921	119,008
Policy Loan	8,000	12,039
Deposit for Land	30,000	30,000
Stock Brokers' current accounts	21,894	21,894
Other receivables (Note 5(c))	194,765	259,237
	<u>495,914</u>	<u>536,044</u>
	<b>N'000</b>	<b>N'000</b>
Current	495,914	536,044
Non-Current	-	-
	<u>495,914</u>	<u>536,044</u>
<b>(a) Prepaid rent</b>	<b>N'000</b>	<b>N'000</b>
Balance at the beginning of the year	93,866	64,128
Rent paid during the year	11,685	58,838
Amortised rent during the year (Note 37(b))	(23,111)	(29,100)
Balance at the end of the period	<u>82,440</u>	<u>93,866</u>
<b>(b) Staff loans</b>	<b>N'000</b>	<b>N'000</b>
Balance at the beginning of the year	119,065	1,500
Additions during the year	-	140,000
Repayment during the year	(12,087)	(22,435)
Balance at the end of the year	<u>106,978</u>	<u>119,065</u>
Expected credit loss (Note 5(d))	(57)	(57)
	<u>106,921</u>	<u>119,008</u>
<b>(c) Other receivables</b>	<b>N'000</b>	<b>N'000</b>
Sundry debtors	30,325	68,248
Interest receivables	82,556	48,683
SUBEB/LG fund	82,445	142,867
Expected credit loss (Note 5(f))	(561)	(561)
	<u>194,765</u>	<u>259,237</u>
<b>(d) Expected credit loss on staff loans</b>	<b>N'000</b>	<b>N'000</b>
Balance at the beginning of the year	57	-
Allowance of credit loss during the year	-	57
Balance at the end of the period	<u>57</u>	<u>57</u>
<b>(e) Expected credit loss on other assets</b>	<b>N'000</b>	<b>N'000</b>
Balance at the beginning of the year	-	3,629
(Write back)/allowance of credit loss during the year	-	(3,629)
Balance at the end of the period	<u>-</u>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS

	30-Sep 2024 N'000	31 Dec 2023 N'000
<b>(f) Expected credit loss on other receivables</b>		
Balance at the beginning of the year	561	197
Allowance of credit loss during the year	-	364
Balance at the end of the period	<u>561</u>	<u>561</u>
<b>6 Investment Properties</b>		
Balance at the beginning of the year	4,567,754	4,400,842
Additions during the year	-	40,500
Fair value gain	-	126,412
Balance at the end of the period/year	<u>4,567,754</u>	<u>4,567,754</u>
<b>7 Investment in Subsidiaries</b>		
Balance as at 1 January	638,310	318,655
Additions during the period	<u>361,690</u>	<u>319,655</u>
	<u>1,000,000</u>	<u>638,310</u>

LASACO Assurance Plc owned approximately 100 percent holdings in LASACO Properties Limited. The subsidiary is yet to fully commenced operations. The sum of NGN500million represents the capital injected into the Company by LASACO Assurance Plc.

LASACO Assurance Plc owned approximately 90 percent holdings in LASACO Trading and Investment Limited. The subsidiary is yet to fully commenced operations. The sum of NGN500million represents the capital injected into the Company by LASACO Assurance Plc.

	30-Sep N'000	31-Dec N'000
<b>8 Statutory deposit</b>		
Non life Business	320,150	320,150
Life Business	<u>215,000</u>	<u>215,000</u>
	<u>535,150</u>	<u>535,150</u>
Current	-	-
Non-Current	<u>535,150</u>	<u>535,150</u>

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

	30-Sep 2024 N'000	31-Dec 2023 N'000
<b>9 Intangible asset</b>		
<b>Cost</b>		
At 1 January	124,611	120,398
Addition	-	4,213
<b>Period end</b>	<u>124,611</u>	<u>124,611</u>
<b>Amortisation</b>		
At 1 January	47,020	14,128
Amortisation during the year	<u>16,446</u>	<u>32,892</u>
<b>30 September</b>	<u>63,466</u>	<u>47,020</u>
<b>Carrying amount:</b>		
<b>30 September</b>	<u>61,145</u>	<u>77,591</u>

10 Property, plant and equipment

Cost/Valuation	Land	Building	Furniture fittings & Equipment	Motor Vehicles	Total
<u>Cost</u>	N'000	N'000	N'000	N'000	N'000
At 1 January 2023	244,400	1,320,953	1,255,119	1,911,382	4,731,854
Additions	-	4,580	54,882	75,500	134,962
Disposals	-	-	(4,410)	(92,805)	(97,215)
Asset revaluation	85,540	203,666	-	-	289,206
<b>At 31 December 2023</b>	<b>329,940</b>	<b>1,529,199</b>	<b>1,305,591</b>	<b>1,894,077</b>	<b>5,058,807</b>
At 1 January 2024	329,940	1,529,199	1,305,591	1,894,077	5,058,807
Additions	-	-	25,250	-	25,250
Disposals	-	-	-	-	-
Asset revaluation	-	-	-	-	-
<b>At 30 September 2024</b>	<b>329,940</b>	<b>1,529,199</b>	<b>1,330,841</b>	<b>1,894,077</b>	<b>5,084,057</b>
<b><u>Accumulated depreciation</u></b>					
At 1 January 2023	-	-	709,221	742,800	1,452,021
Charge for the year	-	22,525	171,287	293,143	486,955
Disposals	-	-	(4,409)	(92,805)	(97,214)
Asset revaluation	-	(22,525)	-	-	(22,525)
<b>At 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>876,099</b>	<b>943,138</b>	<b>1,819,237</b>
At 1 January 2024	-	-	876,099	943,138	1,819,237
Charge for the year	-	-	86,738	276,876	363,614
Disposals	-	-	-	-	-
Asset revaluation	-	-	-	-	-
<b>At 30 September 2024</b>	<b>-</b>	<b>-</b>	<b>962,837</b>	<b>1,220,014</b>	<b>2,182,851</b>
<b><u>Carrying amounts at:</u></b>					
30 September 2024	329,940	1,529,199	368,004	674,063	2,901,206
31 December 2023	329,940	1,529,199	429,492	950,939	3,239,570

	30-Sep 2024 N'000	31-Dec 2023 N'000
<b>11 Insurance Contract Liabilities</b>		
Insurance contracts measured under PAA	11,318,195	8,836,811
Insurance contracts measured under GMM	870,527	912,687
	<u>12,188,722</u>	<u>9,749,498</u>

11.1 Reconciliation of Insurance Contract Liabilities - Aggregate (PAA and GMM)

	Liabilities for remaining coverage component		Liabilities for incurred claims		30-Sep-24	Liabilities for remaining coverage component		Liabilities for incurred claims		31-Dec-23
	Non -Loss component	Loss component	Estimate of present value of future cashflows	Risk adjustment for non financial risks	Total	Non -Loss component	Loss component	Estimate of present value of future cashflows	Risk adjustment for non financial risks	Total
Opening balance										
Insurance contract liabilities	4,637,480	-	4,836,102	275,916	9,749,498	4,603,061	-	3,462,611	49,582	8,115,254
Less: Deferred acquisition cost	-	-	-	-	-	-	-	-	-	-
Net Insurance Contracts	4,637,480	-	4,836,102	275,916	9,749,498	4,603,061	-	3,462,611	49,582	8,115,254
Insurance Revenue	(17,072,174)	-	-	-	(17,072,174)	(18,294,062)	-	-	-	(18,294,062)
Insurance Service Expenses:										
Incurred claims	-	-	6,099,064	-	6,099,064	-	-	6,644,711	-	6,644,711
Amortization of insurance acquisition cashflows	2,804,326	-	-	-	2,804,326	2,374,383	-	-	-	2,374,383
Changes to liabilities for incurred claims	-	-	(1,851,678)	25,670	(1,826,008)	-	-	2,269,134	226,979	2,496,113
Other insurance service expenses	-	-	4,629,636	-	4,629,636	-	-	3,434,602	-	3,434,602
Losses and reversals of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
	2,804,326	-	8,877,022	25,670	11,707,018	2,374,383	-	12,348,447	226,979	14,949,809
Insurance service results	(14,267,848)	-	8,877,022	25,670	(5,365,156)	(15,919,679)	-	12,348,447	226,979	(3,344,253)
Insurance finance expenses	(72,764)	-	-	-	(72,764)	174,911	-	(895,640)	(645)	(721,374)
Total changes in the statement of comprehensive income	(14,340,612)	-	8,877,022	25,670	(5,437,920)	(15,744,768)	-	11,452,807	226,334	(4,065,627)
<b>Cash flows in the period:</b>										
Premiums received	19,447,939	-	-	-	19,447,939	18,153,471	-	-	-	18,153,471
Insurance acquisition cash flows paid	(2,649,374)	-	-	-	(2,649,374)	(2,374,284)	-	-	-	(2,374,284)
Other insurance service expenses	-	-	(3,256,013)	-	(3,256,013)	-	-	(1,131,928)	-	(1,131,928)
Claims paid	-	-	(5,665,408)	-	(5,665,408)	-	-	(8,947,388)	-	(8,947,388)
Net cash inflow/(outflow)	16,798,565	-	(8,921,421)	-	7,877,144	15,779,187	-	(10,079,316)	-	5,699,871
Closing Insurance contract liabilities	7,095,433	-	4,791,703	301,586	12,188,722	4,637,480	-	4,836,102	275,916	9,749,497

## 11.1.1 Reconciliation of General Insurance Contract Liabilities - measured under PAA

	Liabilities for remaining coverage		Liabilities for incurred claims		30-Sep-24	Liabilities for remaining coverage		Liabilities for incurred claims		31-Dec-23
	Non loss component	Loss component	Estimate of present value of future cashflows	Risk adjustment	Total	Non loss component	Loss component	Estimate of present value of future cashflows	Risk adjustment	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Opening balance</b>										
Insurance contract liabilities	2,607,953	-	2,454,991	177,698	5,240,642	2,557,883	-	1,840,104	24,433	4,422,420
Less: Deferred acquisition cost	-	-	-	-	-	-	-	-	-	-
<b>Net Insurance contract liabilities</b>	<b>2,607,953</b>	<b>-</b>	<b>2,454,991</b>	<b>177,698</b>	<b>5,240,642</b>	<b>2,557,883</b>	<b>-</b>	<b>1,840,104</b>	<b>24,433</b>	<b>4,422,420</b>
Insurance Revenue	(10,985,672)	-	-	-	(10,985,672)	(10,497,544)	-	-	-	(10,497,544)
Insurance service expenses:										
Incurred claims	-	-	1,267,489	-	1,267,489	-	-	2,006,077	-	2,006,077
Amortization of insurance acquisition cashflows	2,495,612	-	-	-	2,495,612	1,557,978	-	-	-	1,557,978
Adjustments to liabilities for incurred claims	-	-	(790,367)	-	(790,367)	-	-	862,026	153,265	1,015,291
Other insurance service expenses	-	-	1,100,567	-	1,100,567	-	-	1,836,479	-	1,836,479
Losses and reversals of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
	2,495,612	-	1,577,689	-	4,073,301	1,557,978	-	4,704,582	153,265	6,415,825
Insurance service results	(8,490,060)	-	1,577,689	-	(6,912,371)	(8,939,566)	-	4,704,582	153,265	(4,081,719)
Insurance finance expenses	(72,764)	-	-	-	(72,764)	403,270	-	(247,137)	-	156,133
<b>Total changes in the statement of comprehensive income</b>	<b>(8,562,824)</b>	<b>-</b>	<b>1,577,689</b>	<b>-</b>	<b>(6,985,135)</b>	<b>(8,536,296)</b>	<b>-</b>	<b>4,457,445</b>	<b>153,265</b>	<b>(3,925,586)</b>
<b>Cash flows in the period:</b>										
Premiums received	11,100,900	-	-	-	11,100,900	10,144,246	-	-	-	10,144,246
Insurance acquisition cash flows paid	(1,061,784)	-	-	-	(1,061,784)	(1,557,880)	-	-	-	(1,557,880)
Other insurance service expenses	-	-	(1,475,678)	-	(1,475,678)	-	-	(800,971)	-	(800,971)
Claims paid	-	-	(852,943)	-	(852,943)	-	-	(3,041,587)	-	(3,041,587)
Net cash inflow/(outflow)	10,039,116	-	(2,328,621)	-	7,710,495	8,586,366	-	(3,842,558)	-	4,743,808
<b>Closing Insurance contract liabilities</b>	<b>4,084,245</b>	<b>-</b>	<b>1,704,059</b>	<b>177,698</b>	<b>5,966,002</b>	<b>2,607,953</b>	<b>-</b>	<b>2,454,991</b>	<b>177,698</b>	<b>5,240,642</b>

11.1.2 Reconciliation of Group life Insurance Contract Liabilities - measured under PAA

	Liabilities for remaining coverage		Liabilities for incurred claims		30-Sep-24	Liabilities for remaining coverage		Liabilities for incurred claims		31-Dec-23
	Non loss component	Loss component	Estimate of present value of future cashflows	Risk adjustment	Total	Non loss component	Loss component	Estimate of present value of future cashflows	Risk adjustment	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening balance										
Insurance contract liabilities	1,116,839	-	2,381,111	98,218	3,596,168	903,492	-	1,622,507	25,149	2,551,148
Less: Deferred acquisition cost	-	-	-	-	-	-	-	-	-	-
<b>Net Insurance Contracts liabilities</b>	<b>1,116,839</b>	<b>-</b>	<b>2,381,111</b>	<b>98,218</b>	<b>3,596,168</b>	<b>903,492</b>	<b>-</b>	<b>1,622,507</b>	<b>25,149</b>	<b>2,551,148</b>
Insurance Revenue	(6,074,448)	-	-	-	(6,074,448)	(7,900,055)	-	-	-	(7,900,055)
Insurance Service Expenses:										
Incurred claims	-	-	4,511,659	-	4,511,659	-	-	4,533,759	-	4,533,759
Amortization of insurance acquisition cashflows	1,028,807	-	-	-	1,028,807	816,405	-	-	-	816,405
Adjustments to liabilities for incurred claims	-	-	(782,913)	-	(782,913)	-	-	1,407,108	73,714	1,480,822
Other insurance service expenses	-	-	1,772,179	-	1,772,179	-	-	1,598,123	-	1,598,123
Losses and reversals of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
	<b>1,028,807</b>	<b>-</b>	<b>5,500,925</b>	<b>-</b>	<b>6,529,732</b>	<b>816,405</b>	<b>-</b>	<b>7,538,990</b>	<b>73,714</b>	<b>8,429,109</b>
<b>Insurance service results</b>	<b>(5,045,641)</b>	<b>-</b>	<b>5,500,925</b>	<b>-</b>	<b>455,284</b>	<b>(7,083,650)</b>	<b>-</b>	<b>7,538,990</b>	<b>73,714</b>	<b>529,054</b>
Insurance finance expenses	-	-	-	-	-	119,865	-	(648,503)	(645)	(529,283)
<b>Total changes in the statement of comprehensive income</b>	<b>(5,045,641)</b>	<b>-</b>	<b>11,001,850</b>	<b>-</b>	<b>5,956,209</b>	<b>(6,147,380)</b>	<b>-</b>	<b>14,429,477</b>	<b>146,783</b>	<b>8,428,880</b>
<i>Cash flows in the period:</i>										
Premiums received	7,266,789	-	-	-	7,266,789	7,993,537	-	-	-	7,993,537
Insurance acquisition cash flows paid	-	-	-	-	-	(816,405)	-	-	-	(816,405)
Other insurance service expenses	(326,799)	-	(2,650,590)	-	(2,977,389)	-	-	(330,957)	-	(330,957)
Claims paid	-	-	(2,988,659)	-	(2,988,659)	-	-	(5,800,926)	-	(5,800,926)
<b>Net cash inflow/(outflow)</b>	<b>6,939,990</b>	<b>-</b>	<b>(5,639,249)</b>	<b>-</b>	<b>1,300,741</b>	<b>7,177,132</b>	<b>-</b>	<b>(6,131,883)</b>	<b>-</b>	<b>1,045,249</b>
<b>Closing Insurance contract liabilities</b>	<b>3,011,188</b>	<b>-</b>	<b>2,242,787</b>	<b>98,218</b>	<b>5,352,193</b>	<b>1,116,839</b>	<b>-</b>	<b>2,381,111</b>	<b>98,218</b>	<b>3,596,168</b>

11.1.3 Reconciliation of Individual life Insurance Contract Liabilities - measured under GMM

	Liabilities for remaining coverage		Liabilities for incurred claims		30-Sep-24	Liabilities for remaining coverage		Liabilities for incurred claims		31-Dec-23
	Non loss component	Loss component	Estimate of present value of future cashflows	Risk adjustment	Total	Non loss component	Loss component	Estimate of present value of future cashflows	Risk adjustment	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening balance	60,294	-	-	-	60,294	375,287	-	-	-	375,287
Insurance contract liabilities	60,294	-	-	-	60,294	375,287	-	-	-	375,287
Less: Deferred acquisition cost	-	-	-	-	-	-	-	-	-	-
Net Insurance contract liabilities	60,294	-	-	-	60,294	375,287	-	-	-	375,287
Insurance Revenue	12,054	-	-	-	12,054	22,310	-	-	-	22,310
Insurance service expenses:										
Incurred claims	-	-	-	-	-	-	-	104,875	-	104,875
Amortization of insurance acquisition cashflows	-	-	-	-	-	-	-	-	-	-
Adjustments to liabilities for incurred claims	-	-	-	-	-	-	-	-	-	-
Other insurance service expenses	-	-	-	-	-	-	-	-	-	-
Losses and reversals of losses on onerous contracts	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	104,875	-	104,875
Insurance service results	12,054	-	-	-	12,054	22,310	-	104,875	-	127,185
Insurance finance expenses	-	-	-	-	-	(348,224)	-	-	-	(348,224)
<b>Total changes in the statement of comprehensive income</b>	<b>12,054</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,054</b>	<b>(325,914)</b>	<b>-</b>	<b>104,875</b>	<b>-</b>	<b>(221,039)</b>
<i>Cash flows in the period:</i>										
Premiums received	20,063	-	-	-	20,063	10,921	-	-	-	10,921
Insurance acquisition cash flows paid	-	-	-	-	-	-	-	-	-	-
Other insurance service expenses	-	-	-	-	-	-	-	-	-	-
Claims paid	-	-	-	-	-	-	-	(104,875)	-	(104,875)
Net cash inflow/(outflow)	20,063	-	-	-	20,063	10,921	-	(104,875)	-	(93,954)
Closing Insurance contract liabilities	92,411	-	-	-	92,411	60,294	-	-	-	60,294



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11.3 The age analysis of liability for outstanding claims (excluding IBNR) as at 30 September 2024 is as follows:

	Pending substantiating documents	Related to awaiting adjusters' report	Discharge Voucher not returned by clients	2024 'Total	2023 'Total
	N'000	N'000	N'000	N'000	N'000
0 - 90 days	383,787	195,432	253,882	833,101	944,510
91 - 180 days	155,461	77,560	152,458	385,479	573,491
181 - 270 days	136,523	64,332	142,777	343,632	372,107
270 - 365 days	47,268	54,908	60,349	162,525	127,453
365 days and above	-	-	-	-	35,667
	<u>723,039</u>	<u>392,232</u>	<u>609,466</u>	<u>1,724,737</u>	<u>2,053,228</u>

11.3.1 The age analysis of liability for outstanding claims (excluding IBNR) as at 30 September 2024 is as follows:

**General Business**

	Pending substantiating documents	Related to awaiting adjusters' report	Discharge Voucher not returned by clients	2024 'Total	2023 'Total
	N'000	N'000	N'000	N'000	N'000
0 - 90 days	178,675	195,432	95,432	469,539	523,278
91 - 180 days	76,556	77,560	69,780	223,896	285,662
181 - 270 days	70,409	64,332	82,110	216,851	245,359
270 - 365 days	21,560	54,908	25,827	102,295	109,342
365 days and above	-	-	-	-	35,667
	<u>347,200</u>	<u>392,232</u>	<u>273,149</u>	<u>1,012,581</u>	<u>1,199,308</u>

There are a total number of 445 outstanding claims for General business Insurance contracts for the period ending 31 March 2024. 206 outstanding claims are pending substantiating documents while 150 outstanding claims are awaiting adjusters' report.

The age analysis of liability for outstanding claims (excluding IBNR) as at 30 September 2024 is as follows:

**Group Life**

	Pending substantiating documents	Related to awaiting adjusters' report	Discharge Voucher not returned by clients	2024 'Total	2023 'Total
	N'000	N'000	N'000	N'000	N'000
0 - 90 days	205,112	-	158,450	363,562	421,232
91 - 180 days	78,905	-	82,678	161,583	287,829
181 - 270 days	66,114	-	60,667	126,781	126,748
270 - 365 days	25,708	-	34,522	60,230	18,111
365 days and above	-	-	-	-	-
	<u>375,839</u>	<u>-</u>	<u>336,317</u>	<u>712,156</u>	<u>853,920</u>

There are a total number of 155 outstanding claims for Non-Life as at the period ending 30 September, 2024. 375 outstanding claims are pending substantiating documents while Nil claims are awaiting adjusters' reports.

	30-Sep 2024	31-Dec 2023
	N'000	N'000
<b>12 Investment Contract Liabilities</b>		
Balance at the beginning of the year	646,777	1,067,294
Deposit during the year	639,024	328,444
Withdrawal during the year	(298,527)	(382,083)
	<u>987,274</u>	<u>1,013,655</u>
Guaranteed interest	74,111	4,316
Actuarial adjustment on investment contract liabilities	-	(371,194)
Balance at the end of the period	<u>1,061,385</u>	<u>646,777</u>
	N'000	N'000
Current	1,061,385	646,777
Non-current	-	-



UN AUDITED FINANCIAL STATEMENTS, PERIOD ENDED 30, SEPTEMBER 2024  
NOTES TO THE FINANCIAL STATEMENTS

	30-Sep 2024 N'000	31-Dec 2023 N'000
<b>13 Trade Payables</b>		
Premium payable (Note 13(b))	1,643,596	165,947
Commission payables ( Note 13(c))	241,046	10,116
Premium Deposit	942,425	1,027,018
	<u>2,827,067</u>	<u>1,203,081</u>
Current	2,827,067	1,203,081
Non - current	-	-

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

	N'000	N'000
<b>(b) Premium payable</b>		
Reinsurance premium payable	1,364,789	158,681
Co-Insurance premium payable	278,807	7,266
	<u>1,643,596</u>	<u>165,947</u>
<b>Movement in premium payable</b>		
Balance at the beginning of the year	165,947	165,947
Premium ceded to reinsurance & facultative reinsurance outward	4,567,890	6,568,287
Reinsurance premium paid during the year	(3,090,241)	(6,568,287)
	<u>1,643,596</u>	<u>165,947</u>

<b>(c) Movement in commission payable</b>		
Balance at the beginning of the year	10,116	10,116
Acquisition cost	1,639,455	2,374,383
Commission paid	(1,408,525)	(2,374,383)
	<u>241,046</u>	<u>10,116</u>

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

	30-Sep 2024 N'000	31-Dec 2023 N'000
<b>14 Other Payables and Accruals</b>		
Accruals (note 14a)	284,214	249,064
Unclaimed Dividend payable (Note 14(b))	497,044	518,429
Other creditors (Note 14(c))	107,616	77,670
SUBEB/LG managed fund	59,633	142,867
Payable on Cooperative scheme	27,990	9,006
	<u>976,497</u>	<u>997,036</u>

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

	30-Sep 2024 N'000	31-Dec 2023 N'000
<b>(a) Accruals</b>		
Audit fees	9,000	7,150
NAICOM Levy	200,665	161,827
Other Consultancy fees	74,549	-
Payable for Corporate gifts	-	80,087
	<u>284,214</u>	<u>249,064</u>

UN AUDITED FINANCIAL STATEMENTS, PERIOD ENDED 30, SEPTEMBER 2024  
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**(b) Unclaimed Dividend Payable**

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

	30-Sep 2024 N'000	31-Dec 2023 N'000
Balance at the beginning of the year	518,429	518,429
Payment to Registrar	(21,385)	-
Balance at the end of the period	<u>497,044</u>	<u>518,429</u>

**(c) Other creditors include the following:**

	N'000	N'000
Paye-As-You-Earn (PAYE)	21,345	25,646
Withholding tax	20,468	5,556
Value added tax	15,334	9,812
National Housing Fund	11,567	9,891
Pension payable	18,445	26,360
Others	20,457	405
	<u>107,616</u>	<u>77,670</u>

**15 Taxation****(a) Per Statement of Financial Position**

	N'000	N'000
Balance at the beginning of the year	340,276	278,249
Income tax for the year	207,345	70,181
Education Tax	8,245	42,693
Information Technology Development Levy	16,743	32,055
Police fund Levy	62	160
Payment during the year	(45,670)	(83,062)
Balance at the end of the period	<u>527,001</u>	<u>340,276</u>

**(b) Per Income Statement**

	N'000	N'000
Income tax	207,345	-
Minumum tax	-	63,760
Education Tax	8,245	42,693
Police fund Levy	62	84
Minumum tax	-	6,421
Police fund Levy	-	76
Deferred tax	-	217,485
	<u>215,652</u>	<u>330,519</u>
Information Technology levy	16,743	16,802
Underprovision - information Technology levy	-	15,253
	<u>232,395</u>	<u>362,574</u>

**16 Deferred Taxation****Deferred tax Liabilities**

Balance at the beginning of the year	376,242	127,584
Charge for the year	-	217,485
Assets revaluation reserve	-	31,173
Balance at the end of the period	<u>376,242</u>	<u>376,242</u>

	30-Sep 2024	31-Dec 2023
<b>17 Share Capital</b>		
(a) Issued and fully paid Value	000	000
Ordinary shares of 50k each	N916,793	N916,793
Number		
Ordinary shares of 50k each	1,833,586	1,833,586
Balance at the beginning of the year	916,793	916,793
Balance at the end of the year	916,793	916,793
<b>18 Share Premium</b>	N'000	N'000
Balance at the beginning of the year	3,690,991	3,690,991
Balance at the end of the year	3,690,991	3,690,991
<b>19 Deposit for shares</b>	30-Sep 2024 N'000	31-Dec 2023 N'000
Balance at the beginning of the year	3,500,000	3,500,000
Additions during the year	-	-
Balance at the end of the period	3,500,000	3,500,000

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

	30-Sep 2024 N'000	31-Dec 2023 N'000
<b>20 Statutory contingency reserve</b>		
Balance at the beginning of the year	3,017,419	2,632,016
Transfer from revenue reserve (note (21))	440,387	385,403
Balance at the end of the period	3,457,806	3,017,419

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

During the current year, this is calculated based on 3% and 1% of the gross premium for general and life businesses respectively.

	30-Sep 2024 N'000	31-Dec 2023 N'000
<b>21 Retained earnings</b>		
Balance at the beginning of the year	1,558,207	901,027
Profit for the year	1,441,897	1,317,621
Transfer to contingency reserves	(440,387)	(385,403)
Dividend paid	-	(275,038)
Balance at the end of the period	<u>2,559,717</u>	<u>1,558,207</u>

	30-Sep 2024 N'000	31-Dec 2023 N'000
<b>22 Fair value through other comprehensive income reserve</b>		
Balance at the beginning of the year	437,340	437,340
Fair value loss during the year	-	-
Balance at the end of the period	<u>437,340</u>	<u>437,340</u>

- (a) The fair value reserve shows the effect from the fair value measurement of financial instruments of the category available for sale. Any gains or losses are not recognised in the comprehensive income statement until the asset has been sold or impaired.

	30-Sep 2024 N'000	31-Dec 2023 N'000
<b>23 Asset revaluation reserve</b>		
Balance at the beginning of the year	536,820	256,262
Accumulated depreciation	-	22,525
Revaluation surplus	-	289,206
Revaluation surplus/(loss)	536,820	567,993
Transferred to deferred tax	-	(31,173)
Balance at the end of the period	<u>536,820</u>	<u>536,820</u>

24 Insurance revenue	30 September 2024 N'000			30 September 2023 N'000					
	Contract measured under GMM	Contract measured under PAA		Total	Contract measured under GMM	Contract measured under PAA		Total	
	Ind. life	Group Life Insurance contract	General business ins. contract	Total	Ind. life	Group Life Insurance contract	General business ins. contract	Total	
<i>Long term Insurance contract measured under GMM:</i>									
Expected claims expenses incurred in the period	164	-	-	164	211	-	-	211	
Changes in risk adjustment	205	-	-	205	118	-	-	118	
CSM recognised for the year	11,685	-	-	11,685	16,179	-	-	16,179	
	12,054	-	-	12,054	16,508	-	-	16,508	
<i>Short term Insurance contract measured under PAA:</i>									
	-	6,074,448	10,985,672	17,060,120	-	6,020,362	7,153,085	13,173,447	
<b>Insurance revenue</b>	<b>12,054</b>	<b>6,074,448</b>	<b>10,985,672</b>	<b>17,072,174</b>	<b>16,508</b>	<b>6,020,362</b>	<b>7,153,085</b>	<b>13,189,955</b>	

	30-Sep 2024	Restated 30-Sep 2023
<b>25 Insurance service expenses</b>	<b>N'000</b>	<b>N'000</b>
Insurance service expenses from contracts measured under the PAA (Note 25.1)	13,533,026	9,959,431
Insurance service expenses from contracts measured under the GMM	8,344	7,543
	<b>13,541,370</b>	<b>9,966,974</b>
<b>25.1 Insurance service expenses from contracts measured under the PAA</b>		
Incurred claims	6,099,064	5,136,137
Amortisation of acquisition expenses	2,804,326	1,575,461
Other insurance service expenses (Note 25.2)	4,629,636	3,247,833
	<b>13,533,026</b>	<b>9,959,431</b>
<b>25.2 Other insurance service expenses</b>		
Maintenance cost	3,229,258	2,295,367
Other management expenses	1,400,378	952,466
	<b>4,629,636</b>	<b>3,247,833</b>
<b>26 Net expenses from reinsurance contracts held</b>	<b>N'000</b>	<b>N'000</b>
Reinsurance expenses (Note 26.1)	4,455,270	3,486,708
Reinsurance claims recovery	(1,276,643)	(1,171,399)
	<b>3,178,627</b>	<b>2,315,309</b>
<b>26.1 Reinsurance expenses</b>	<b>N'000</b>	<b>N'000</b>
Reinsurance premium	7,845,388	5,729,388
Adjustments to assets for remaining coverage	(1,580,041)	(1,079,130)
Commission income	(1,810,077)	(1,163,550)
	<b>4,455,270</b>	<b>3,486,708</b>
<b>27 Investment Income</b>	<b>N'000</b>	<b>N'000</b>
Interest revenue calculated using effective interest method (Note 27.1)	807,387	511,855
Other investment income (Note 27.2)	29,479	17,244
	<b>836,866</b>	<b>529,099</b>
<b>27.1 Interest revenue calculated using effective interest method</b>	<b>N'000</b>	<b>N'000</b>
Interest from fixed deposit - annuity investments	24,753	21,567
Interest on bonds	159,009	120,679
Interest from statutory deposit	62,815	54,230
	246,577	196,476
Interest earned on fixed deposits	541,059	296,818
Interest earned on treasury bills	19,751	18,561
	<b>807,387</b>	<b>511,855</b>
<b>27.2 Other investment income</b>		
Dividend income	29,479	17,244
<b>27.3 Investment Income distribution</b>	<b>N'000</b>	<b>N'000</b>
Attributable to Annuity fund holders	24,753	21,567
Attributable to Policy holders	446,662	228,389
Attributable to Share holders	365,451	279,143
	<b>836,866</b>	<b>529,099</b>

	30-Sep 2024 N'000	30-Sep 2023 N'000
<b>28 Fair value gains</b>		
<i>Investment properties</i>		
Fair value gain	-	-
<i>Financial assets at fair value through profit or loss:</i>		
Fair value gain/(loss)	2,434	129,618
Profit on disposal of financial assets	-	-
	<u>2,434</u>	<u>129,618</u>
<b>29 Profit/(loss) on investment contract liabilities</b>		
Interest income	17,425	15,450
Commission paid	-	-
Guaranteed interest	(74,049)	(81,515)
	<u>(56,624)</u>	<u>(66,065)</u>
<b>30 Net finance expenses</b>		
Net finance expenses from insurance contracts	(72,764)	(51,123)
Net finance (income) or expenses from reinsurance contracts	152,117	93,237
	<u>79,353</u>	<u>42,114</u>
<b>31 Net foreign exchange gain</b>	<b>N'000</b>	<b>N'000</b>
Exchange gain on foreign currency denominate cash and cash equivalent	1,036,918	470,042
Exchange gain on fixed deposits above 90 days	2,419,476	1,096,764
	<u>3,456,394</u>	<u>1,566,806</u>
<p>The foreign exchange gains resulted from the currency's revaluation in 2024. The Company revalued its deposits and domiciliary account balances, hence the exchange gain of N3.4bn (2023: N416 million).</p>		
<b>32 Other operating Income</b>	<b>N'000</b>	<b>N'000</b>
Profit on sale of property,plant and equipment	-	10,379
Rental Income	16,100	16,100
Other sundry income	255,141	56,148
	<u>271,241</u>	<u>82,627</u>
<b>33 Operating Expenses</b>	<b>N'000</b>	<b>N'000</b>
Employee benefit expenses (Note 33(a))	853,040	847,530
Other management expenses	1,413,438	475,030
Directors expenses	420,560	351,764
Auditors' fees	12,500	12,500
Insurance levy	200,665	143,991
Amortisation	3,532	2,567
Depreciation	363,814	389,038
	<u>3,267,549</u>	<u>2,222,420</u>
<b>a Employee benefit expenses</b>	<b>N'000</b>	<b>N'000</b>
Salaries and Wages	686,248	680,941
Medical Expenses	20,003	26,237
Staff Training	79,961	75,598
Employers' Pension Contribution	66,828	64,754
	<u>853,040</u>	<u>847,530</u>

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 contracts, in response to the risk, the Company's assets and liabilities are allocated as follows:

	Policy Holders' Fund					Shareholders' Fund	
	Non-Life	Life			Total	TOTAL	TOTAL FUNDS
AS AT DECEMBER 2023	N'000	N'000	N'000	N'000		N'000	
<b>COMPANY</b>							
Cash and cash equivalents	3,758,820	2,745,650	725,998	757,572	7,988,040	7,945,752	15,933,792
<b>Financial Assets:</b>	-				-		
- At fair value through profit or loss	329,818		-	-	329,818	-	329,818
- At amortised cost	695,394	1,123,986	485,956	426,782	2,732,118	-	2,732,118
- At fair value through other comprehensive income	-	-	-		-	290,777	290,777
Investment in Subsidiaries						1,000,000	1,000,000
Trade receivables	694,549	682,155			1,376,704	-	1,376,704
Reinsurance contract assets	1,369,100	1,462,903	-	-	2,832,003	-	2,832,003
Other receivables and prepayments	-	-			-	495,914	495,914
Investment property	-	-			-	4,567,754	4,567,754
Statutory deposit	-				-	535,150	535,150
Intangible assets	-				-	61,145	61,145
Property, plant and equipment	-				-	2,901,206	2,901,206
<b>Total Assets</b>	<b>6,847,681</b>	<b>6,014,694</b>	<b>1,211,954</b>	<b>1,184,354</b>	<b>15,258,683</b>	<b>17,797,698</b>	<b>33,056,381</b>
<b>Liabilities:</b>							
Insurance contract liabilities	6,244,400	5,166,206	778,116	-	12,188,722	-	12,188,722
Investment contract liabilities	-	-	-	1,061,385	1,061,385	-	1,061,385
Trade payables	-	-	-	-	-	2,827,067	2,827,067
Other payables and accruals	-	-	-	-	-	976,497	976,497
Income tax liabilities	-	-	-	-	-	527,001	527,001
Deferred tax liabilities	-	-	-	-	-	376,242	376,242
<b>Total Liabilities</b>	<b>6,244,400</b>	<b>5,166,206</b>	<b>778,116</b>	<b>1,061,385</b>	<b>13,250,107</b>	<b>4,706,807</b>	<b>17,956,914</b>
Related Companies Loans							
<b>Assets Cover</b>	<b>603,281</b>	<b>848,488</b>	<b>433,838</b>	<b>122,969</b>	<b>2,008,576</b>	<b>13,090,891</b>	<b>15,099,467</b>

## 51 Capital Management Policy

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

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

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

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

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

### (a) Minimum Capital Requirement

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

### (b) Solvency Status

The Company met the criteria for solvency margin as stated in section 24(1) of the Insurance Act, CAP I17, LFN 2004, the solvency margin maintained is N10,326,489,000.00

### (c) Capital Adequacy Test

Based on the capital adequacy calculation below, LASACO Assurance Plc has a surplus of N14.6billion.

**30 September 2024**

**N'000                      N'000**

Shareholders' fund as per Statement of Financial Position		15,099,467
Less:		
Intangible Assets	(61,145)	
Deferred tax liability	(376,242)	
	(437,387)	
Capital base		14,662,080

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



(d) DETERMINATION OF SOLVENCY MARGIN	30-Sep 2024 N'000	Inadmissible N'000	30-Sep 2024 Admissible N'000	31-Dec 2023
<b>ASSETS</b>				
Cash and cash equivalents	15,933,792	-	15,933,792	8,713,710
Financial assets				
-FVTPL	329,818	-	329,818	398,053
-FVOCI	290,777	-	290,777	290,777
-Amortised Cost	2,732,118	-	2,732,118	4,751,011
Trade receivables	1,376,704	-	1,376,704	676,669
Reinsurance contract assets	2,832,003	-	2,832,003	2,545,841
Other receivables	495,914	(388,993)	106,921	119,008
Investment in subsidiaries	1,000,000	-	1,000,000	638,310
Investment in properties	4,567,754	(2,901,088)	1,666,666	1,666,666
Statutory deposit	535,150	-	535,150	535,150
Property, plant and equipment	2,901,206	(1,859,139)	1,042,067	1,380,431
Intangible assets	61,145	-	61,145	77,591
<b>Admissible assets</b>	<b>33,056,381</b>	<b>(5,149,220)</b>	<b>27,907,161</b>	<b>21,793,217</b>
<b>LIABILITIES</b>				
Insurance contract liabilities	12,188,722	-	12,188,722	9,749,498
Investment contract liabilities	1,061,385	-	1,061,385	646,777
Trade payables	2,827,067	-	2,827,067	1,203,081
Other payables and accruals	976,497	-	976,497	997,036
Income tax liabilities	527,001	-	527,001	340,276
Deferred tax liabilities	376,242	(376,242)	-	-
<b>Admissible liabilities</b>	<b>17,956,914</b>	<b>(376,242)</b>	<b>17,580,672</b>	<b>12,936,668</b>
<b>Solvency margin</b>			<b>10,326,489</b>	<b>8,856,549</b>
<b>Minimum share capital</b>			<b>5,000,000</b>	<b>5,000,000</b>
<b>Surplus in solvency margin</b>			<b>5,326,489</b>	<b>3,856,549</b>
<b>Percentage of solvency</b>			<b>52%</b>	<b>44%</b>

The Company's capital requirement ratio and Solvency margin is above the requirements of the Insurance Act CAP 117, LFN 2004.